



**2024** BOC KENYA  
PLC

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## ANNUAL REPORT AND FINANCIAL STATEMENTS






  
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## NOTICE OF THE 2025 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Eighty-Fourth Annual General Meeting of BOC Kenya PLC will be held at the Company's Head Office and factory site, Kitui Road, Industrial Area, Nairobi, on 26 June 2025, at 11:00 a.m. for the following purposes:-

### Ordinary Business

1. To receive, consider and if approved, adopt the Company's audited financial statements for the year ended 31 December 2024, together with the Reports of the Chairman, Directors and Auditors thereon.
2. To declare a final dividend of KES 6.15 per ordinary share, payable, net of Withholding Tax, on or about 21 July 2025 to Shareholders on the Register at the close of business on 31 May 2025.
3. To re-elect and appoint Directors:
  - (i) Mr. L. Githinji, retires and being eligible, offers himself for re-election in accordance with Article 28 of the Articles of Association.
  - (ii) Mr. J. Ramashala retires by rotation, and being eligible, offers himself for re-election in accordance with Article 29 of the Articles of Association.
  - (iii) In accordance with the provisions of Section 769 of the Companies Act 2015, Mr. S. Maina, Mr. J. Ramashala and Mrs. C. Wetende being members of the Board's Audit & Risk Committee be re-elected to continue to serve as Members of the said Committee.
4. To approve the remuneration of directors and the Directors remuneration policy and report for the year ended 31 December 2024.
5. To reappoint PricewaterhouseCoopers LLP Kenya to continue in office as External Auditors of the Company by virtue of Section 721(2) of the Companies Act 2015 and to authorise the Directors to fix their remuneration.

### Special Business

6. To consider and if appropriate, pass the following Special Resolutions:
  - i. **THAT** pursuant to Regulation 8.21 of the Thirteenth Schedule of the Capital Markets (Public Offers, Listings and Disclosures) Regulations 2023 the following policies be and are hereby approved:
    - a) Policy on Governing shareholder and stakeholder communication;
    - b) Policy on Corporate disclosures and procedures;
    - c) Policy on Dispute resolution for internal and external disputes; and
    - d) Policy on Appointment of Directors to the Board.
  - ii. **THAT** the Board be and is hereby authorised to regularly review and to approve any amendments to the following policies:
    - a) Policy on Governing shareholder and stakeholder communication;
    - b) Policy on Corporate disclosures and procedures;
    - c) Policy on Dispute resolution for internal and external disputes; and
    - d) Policy on Appointment of Directors to the Board.

### By Order of the Board,

R. T. Ngobi (Ms.)  
Company Secretary  
Kitui Road, Industrial Area  
P O Box 18010-00500  
Nairobi

**22 April 2025**

Notes accompanying this Notice of Annual General Meeting are contained on pages 4 to 5.

This Notice is also available for download on the Company's website [www.boc.co.ke](http://www.boc.co.ke).

## NOTICE OF THE 2025 ANNUAL GENERAL MEETING (continued)

### NOTES:

1. Any Member who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company.
2. A proxy form is provided with this report. The proxy form can also be obtained from the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).  
Shareholders who do not propose to be at the Annual General Meeting and intend to appoint a proxy are requested to do the following:
  - Complete the form provided and attach a copy of your National ID and a copy of the National ID of the proxy appointed.
  - Return the form (plus copies of the National ID's) to the Company's Registrar, Custody & Registrars, IKM Place, Fifth Ngong Avenue, Nairobi, P.O. Box 8484-00100, Nairobi or alternatively to the Registered Office of the Company so as to arrive not later than 2:30 p.m. on 23 June 2025.Duly signed proxy forms together with ID copies may also be emailed to [proxy@candrgroup.co.ke](mailto:proxy@candrgroup.co.ke) in PDF format. In accordance with the Company's Articles of Association, a copy of the entire Annual Report and Financial Statements may be viewed and or downloaded from the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).

### Unclaimed Dividends

All present and former shareholders of the Company are hereby notified that pursuant to the provisions of the Unclaimed Financial Assets Act No 40 of 2011 Parts II and III, dividends and shares which have not been claimed for a period of three (3) years or more will require to be delivered to the Unclaimed Financial Assets Authority ('the Authority') as abandoned assets on the appointed date.

For any unclaimed dividends, the preferred method of paying dividends which are below Kshs. 200,000 is through M-PESA. Shareholders who wish to receive their dividend through M-PESA and who have not registered for this mode of payment can opt to receive future dividends by dialling \*483\*038# or contacting the Share Registrar, Custody & Registrars Services Limited.

Therefore, all present and former shareholders with unpaid dividends are requested to urgently contact the Share Registrar, Custody & Registrars Services Limited at the address indicated below to claim any unpaid dividends to avert the risk of the dividends being forwarded to the Authority.

#### ***Custody & Registrars Services Ltd (C&R Group)***

*IKM Place, Tower B, 1st Floor*

*5th Ngong Avenue, Nairobi*

*Tel + 254 20 760 8216*

*Email: [info@candrgroup.co.ke](mailto:info@candrgroup.co.ke)*

For any unclaimed dividends, the preferred method of paying dividends which are below Kshs. 200,000 is through M-PESA. Shareholders who wish to receive their dividend through M-PESA and who have not registered for this mode of payment can opt to receive future dividends by dialling \*483\*038#.



## NOTICE OF THE 2025 ANNUAL GENERAL MEETING (continued)

Explanatory Notes to Resolutions proposed to be passed at the AGM to be held on 26 June 2025

### ORDINARY BUSINESS

#### Agenda Item 1 - Report and Accounts 2024

##### Resolution 1:

**THAT the Report of the Directors and the Financial Statements for the year ended 31 December 2024, as audited and reported by the Company's Auditors now submitted to this meeting be and are hereby approved and adopted.**

The Report and Accounts for the year ended 31 December 2024 were approved by the Board of Directors on 22 April 2025 and are presented and proposed for adoption by Shareholders.

#### Agenda Item 2 - Dividend

##### Resolution 2:

**THAT a final dividend of KES 6.15 per ordinary share payable, net of Withholding Tax, on or about the 21 July 2025 to Shareholders on the Register at the close of business on 31 May 2025 be and is hereby approved.**

The final dividend was approved by the Board of Directors on 22 April 2025 and is recommended for approval by Shareholders.

#### Agenda Item 3 – Re-election of Directors

##### Resolution 3:

**THAT Mr. L. Githinji be and is hereby re-elected a Director of the Company in accordance with Article 28 of the Articles of Association.**

Upon recommendation by the Nominations and Corporate Governance Committee Mr. L. Githinji was appointed as a Director by the Board effective 3 March 2025. In accordance with Article 28 of the Company's Articles of Association Mr. L. Githinji retires and offers himself for re-election.

##### Resolution 4:

**THAT Mr. J. Ramashala be and is hereby re-elected a Director of the Company in accordance with Article 29 of the Articles of Association.**

Mr. J. Ramashala retires by rotation and offers himself for re-election in accordance with Article 29 of the Company's Articles of Association.

#### Agenda Item 3 Directors re-election to Audit & Risk Committee

##### Resolution 5:

**THAT Mr. S. Maina, Mrs. C. Wetende and Mr. J. Ramashala be and are hereby elected to continue to serve as Members of the Board Audit & Risk Committee.**

## NOTICE OF THE 2025 ANNUAL GENERAL MEETING (continued)

### Explanatory Notes to Resolutions proposed to be passed at the AGM to be held on 26 JUNE 2025 (continued)

#### Agenda Item 3 – Directors re-election to Audit & Risk Committee (continued)

In accordance with the provisions of Section 769 of the Companies Act 2015, the above-named Directors offer themselves for re-election to continue to serve as Members of the Board Audit & Risk Committee.

#### Agenda Item 4 - Directors Remuneration Policy and Report

##### Resolution 6:

**THAT the Directors remuneration as stated in Note 30(f) of the Financial Statement and the Remuneration Report set out on page 47 of the Company's 2024 Annual Report, be and are hereby Approved.**

Resolution 6 is an advisory vote to approve the Directors' remuneration as stated on Note 30(f) to the Financial Statements and to approve the Director's Remuneration Policy and Report as prescribed by the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public.

The Remuneration Report is set out on page 47 of the 2024 Annual Report posted on the Company's website [www.boc.co.ke](http://www.boc.co.ke).

#### Agenda Item 5 - Re-Appointment of Auditors and Auditors Remuneration

##### Resolution 7:

**THAT in accordance with Section 721(2) of the Companies Act 2015, of Messrs PricewaterhouseCoopers LLP be and are hereby re-appointed as the Auditors of the Company and that the Directors be and are hereby authorised to fix their remuneration.**

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as the Companies External Auditors. In accordance with the provisions of Section 721(2), PricewaterhouseCoopers LLP offer themselves for re-appointment and it is proposed that the Directors be authorized to fix their remuneration for the ensuing financial year.

#### Agenda Item 6 – Delegation of Authority to the Board

##### Resolution 8:

**THAT pursuant to Regulation 8.21 of the Thirteenth Schedule of the Capital Markets (Public Offers, Listings and Disclosures) Regulations 2023 the following policies be and are hereby approved:**

- a) Policy governing shareholder and stakeholder communication;
- b) Policy on Corporate disclosures and procedures;
- c) Policy on Dispute resolution for internal and external disputes; and
- d) Policy on Appointment of Directors to the Board.

Resolution 8 seeks Shareholder approval of the above listed policies

##### Resolution 9:

**THAT the Board be and is hereby authorised to regularly review and to approve any amendments to the following policies:**

- a) Policy governing shareholder and stakeholder communication;
- b) Policy on Corporate disclosures and procedures;
- c) Policy on Dispute resolution for internal and external disputes; and
- d) Policy on Appointment of Directors to the Board.

Resolution 9 seeks delegation of authority to the Board to regularly review the policies approved by Shareholders and to approve any amendments made as appropriate.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. E. Vorster*	(Chairman)
Mr. L. Githinji	(Managing Director)
Mrs. C. Wetende**	
Mr. S. Maina**	
Ms. R. T. Ngobi	(Company Secretary)

### AUDIT AND RISK COMMITTEE

Mr. S. Maina**	(Chairman)
Mr. J. Ramashala *	
Mrs. C. Wetende**	
Mr. L. Githinji	(Permanent invitee)
Ms. R.T. Ngobi	(Secretary)

### NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE

Mrs. C. Wetende **	(Chairman)
Mr. E. Vorster*	
Mr. J. Ramashala *	
Mr. L. Githinji	(Permanent invitee)
Ms. R.T. Ngobi	(Secretary)

\* Non-Executive Directors

\*\* Independent Non-Executive Directors

*Nationality where not Kenyan:*

<b>Mr. E. Vorster*</b>	<b>(South African)</b>
<b>Mr. J. Ramashala *</b>	<b>(South African)</b>

### AUDITOR

PricewaterhouseCoopers LLP PwC Tower  
 P. O. Box 43963 – 00100, Nairobi

### TRANSFER AGENTS

Custody & Registrar Services Limited  
 IKM Place, 1st floor Fifth Ngong Ave  
 P. O. Box 8484-00100, Nairobi

### ADVOCATES

Kaplan & Stratton  
 Williamson House  
 4th Ngong Avenue  
 P. O. Box 4011 – 00100, Nairobi

J.A Guserwa & Company Advocates  
 5th Avenue Office Suits  
 P. O. Box 8384-00200, Nairobi

### BANKERS

Citibank N.A. Kenya  
 KCB Bank Limited

### SECRETARY AND REGISTERED OFFICE

Ms. R.T. Ngobi (CPS No. 726)  
 Company Secretary  
 Kitui Road, Industrial Area  
 P. O. Box 18010 – 00500, Nairobi



## ABOUT US

### Overview

BOC Kenya PLC's (the "Company") is a public Company formed under the laws of Kenya with its principal offices in Nairobi.

The Company set up in Kenya in 1940 and is part of the BOC organisation that was established in Britain in 1886. The Company's immediate majority shareholder is BOC Holdings (UK) and the ultimate majority shareholder is Linde plc.

Linde is a leading global industrial gases and engineering company with sales of \$31 billion (€26 billion) in the year 2021. The Group's mission is making our world more productive every day by providing high-quality solutions, technologies and services which are making our customers more successful and helping to sustain and protect our planet.

The Linde Group serves a variety of end markets including chemicals and energy, food and beverage, electronics, healthcare, manufacturing, metals and mining. Linde's industrial gases are used in numerous applications, from life-saving oxygen for hospitals to high-purity and specialty gases for electronics manufacturing, hydrogen for clean fuels and much more. Linde also delivers state-of-the-art gas processing solutions to support customer expansion, efficiency improvements and emissions reductions.

### Our Business

The Company's primary products in its medical and industrial gases business are atmospheric gases (oxygen, nitrogen and argon) and process gases (carbon dioxide, helium, hydrogen, specialty gases and acetylene etc). Ancillary to this, the Company supplies gas accessories, equipment and welding products. The Company also designs and builds medical and industrial gas storage facilities and gas pipelines (engineering services).

The Company's customer base cuts across a large spectrum and includes public and private hospitals, food processors, civil and mechanical engineering contractors, motor vehicle body builders, hotels and restaurants, the informal business sector ("Jua Kali") and small and medium enterprises.

Our business operates with the purpose of making our world more productive by meeting the needs of our customers.

Our product range includes:

#### Bulk (Liquid) Gases

- BOC has an Air Separation Unit (ASU) in Nairobi that produces liquid oxygen and liquid nitrogen with purity levels of 99.95%.

#### Packaged (Cylinder) Gases

- These comprise the Company's primary product line and include medical gases, industrial gases, special gases, gas mixtures and liquefied petroleum gas. Atmospheric gases, gas mixtures and acetylene are produced at the Company's Nairobi plant while the other gases are purchased from other gas suppliers, mostly overseas.

#### Engineering Services

- Supply of medical equipment, construction of medical and other gas pipelines, LPG installations, provision of Company owned cryogenic gas storage tanks and related maintenance services.
- BOC has a team of highly qualified engineers and technicians who provide Customer Engineering Services (CES) to the highest international standards including the following: Medical Oxygen KS 2170 – 1:2009; Medical Air – KS 2170 – 2008; Medical Nitrous oxide – KS – 2170-3:2008 and Medical Carbon Dioxide – KS -2170-4:2009.

## ABOUT US (continued)

### Mission and values

#### Safety, Health, Environment and Quality

Safety at BOC is non-negotiable. We pay great attention to the safety of operations, products, distribution fleet and our customers.

We conduct rigorous tests on our cylinders before any filling operation to ensure safety of products and users. Medical cylinders are subjected to more stringent tests and cleaning in line with health care standards.

All staff receive regular general safety and role specific training. Employees have access to the web-based Linde Plc Learning Management System (Intelex) on which they study and undertake tests on subjects relevant for their respective roles in the Company.

The Company's distribution fleet drivers are continuously trained in vehicle safety, including heavy commercial vehicle anti-rollover training in South Africa.

Completion of core training is mandatory before an employee is allowed to execute particular tasks.

We live the Linde mission of making our world more productive by providing high-quality solutions, technologies and services to our customers to make them more successful and helping to sustain and protect our planet.

#### Mission:

Our mission is to be the best performing medical gases, industrial gases welding products and welding accessories Company in our region, where our people deliver innovative and sustainable solutions for our customers in a connected world.

#### Vision:

Our vision is making our world more productive

#### Strategic Direction:

- A. Build on our individual and collective strengths across a larger global footprint.
- B. Profitably and sustainably grow our industrial and medical gases business by increasing network density.
- C. Leverage world-class engineering and technology capabilities to deliver a competitive advantage to the gases business and profitably grow with third party customers.

#### Values and Behaviours:

- **Safety** - We put safety first. We believe all incidents are preventable, and our goal is no harm to people, communities or the environment. We continuously work to improve our safety culture and performance worldwide.
- **Integrity** - We always strive to achieve our goals ethically, and with the highest integrity. We expect transparent and respectful interactions between management, employees and our business partners, consistent with our Code of Business Integrity.
- **Accountability** - We hold ourselves accountable for our performance, individually and collectively. We focus both on what we accomplish and how we accomplish it, and we are committed to delivering on individual and company goals.
- **Inclusion** - We embrace diversity and inclusion in order to attract, develop and retain the best talent and build high-performing teams. By hearing all voices and benefiting from diverse opinions, thoughts and perspectives, we achieve our full promise and potential; and
- **Community** - We are committed to improving the communities where we live and work. Our contributions support initiatives that make important and sustainable contributions to our world.

## ABOUT US (continued)

### Strategy

The strategy of the Company is geared towards long-term profitable growth and focuses on the provision of forward-looking products and services that support our customers in their various areas of operations.

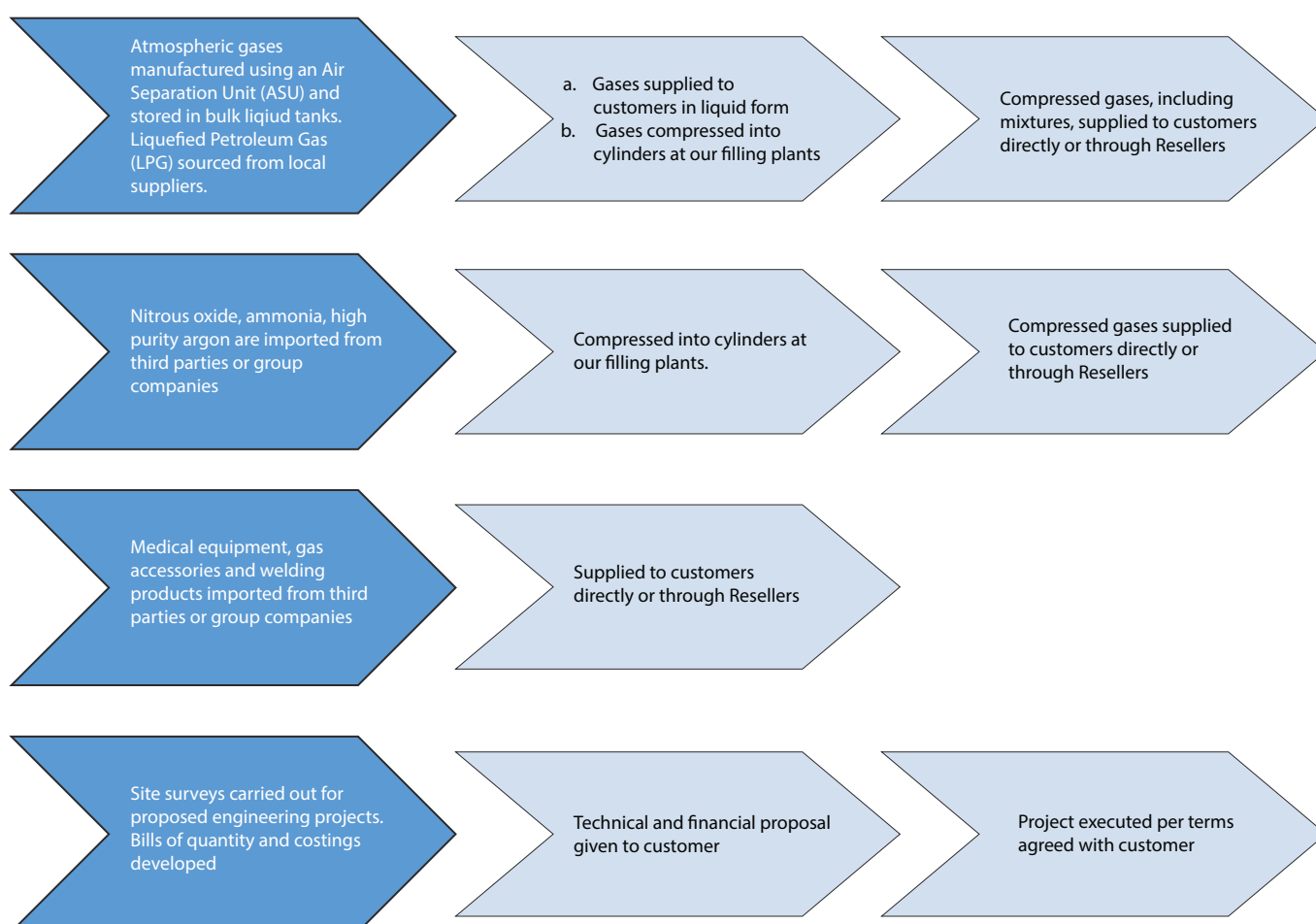
The Company acts responsibly towards its shareholders, business partners, employees, society and the environment in every one of its business areas and locations.

We seek to consolidate and grow the medical gases segment and to maintain and grow the industrial gases segment (especially oxygen and dissolved acetylene) and aim to become the gas supplier of choice in the Kenyan market. We seek to partner with real estate developers for Liquefied Petroleum Gas (Gas) reticulation and to provide innovative solutions to key segments in the agriculture and floriculture sectors and to partner with national referral and county governments to deliver quality medical supplies to public hospitals.

Our strategy is focused on four pillars: (1) Protecting the base business, (2) Creating new business streams, (3) Excellence in customer service operations and the (4) Execution and people pillar.

### Business Model

The Company's business model may be summarised as follows:





## ABOUT US (continued)

### Gases and Manufacturing Processes

Atmospheric gases are the highest volume products produced by the Company. Using air as its raw material, the Company produces oxygen, nitrogen and argon through cryogenic air separation.

Process gases, including carbon dioxide, hydrogen, helium, specialty gases are purchased from other gas companies locally or abroad while acetylene is produced at the Company's plant by reacting calcium carbide with water.

Gases have applications in either industrial or medical sectors, or in the case of oxygen in both sectors.

### Gases Distribution

The Company uses two basic distribution methods for industrial gases:

- (i) Merchant/bulk liquid - The merchant business is generally associated with distributable liquid oxygen and nitrogen. The deliveries generally are made from Company's Nairobi plants by tanker trucks to storage containers at the customer's site which are owned and maintained by the Company.
- (ii) Packaged or cylinder gases - Customers requiring small volumes are supplied products in metal containers called cylinders, under medium to high pressure. Packaged gases include atmospheric gases, carbon dioxide, hydrogen, helium, acetylene and related products. The Company also produces and distributes in cylinders a wide range of specialty gases and mixtures. Cylinders may be delivered to the customer's site or picked up by the customer at a Company facility or distributor store.

### Customer Engineering Services

The Company builds gas pipelines, primarily medical gas pipelines in hospitals. It also builds liquefied petroleum gas (LPG) pipelines.

For hospitals, the Company has the competency to provide a complete gas solution encompassing supply of the medical gas in liquid or in cylinders, construction of the medical pipelines and installation of the equipment / consumables necessary to deliver the gas to the patient's bed side.

## CHAIRMAN'S STATEMENT



*The Company recorded modest growth in profitability during the year, despite a 22% decline in turnover due to the absence of once-off engineering contracts concluded in the prior year.*

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for the year ended 2024.

### Proposed Shares Acquisition

As reported in the past four annual reports, Carbacid Investments Plc and Aksaya Investments LLP published a Notice of Intention on 26 November 2020 to acquire 100% of the Company's ordinary shares. The Board commenced steps to facilitate this transaction in accordance with the Capital Markets (Take-Overs and Mergers) Regulations.

However, following an appeal lodged by a minority shareholder to the Capital Markets Tribunal - which was determined in 2024 in favour of the Capital Markets Authority- Carbacid and Aksaya have since indicated that they no longer wish to proceed with the acquisition as the conditions precedent to the take-over were not fulfilled within the required timelines.

The Board now considers this matter closed.

### Business overview

The Company recorded modest growth in profitability during the year, despite a 22% decline in turnover due to the absence of once-off engineering contracts concluded in the prior year. The underlying performance of the core gases and welding products business showed improvement, supporting the overall profitability and the growth in headline earnings per share.

Further details of the financial performance are available in the Managing Director's Report (pages 13–15).

### Outlook

The Company remains focused on sustained profitability and operational efficiency. We are optimistic that the current profitability trend will continue in the coming years.

The Board is hopeful that economic conditions will begin to improve in 2024, as the Company also focuses on cost containment to improve profitability.

### Board of Directors

There were several changes to the Board during the year:

- Resignations: R. Mbugua (Chairman), A. Kamau (Finance Director), K. Kiprotich (Finance Director), and M. Mwangi (Non-Executive Director). We extend our sincere gratitude for their dedicated service over the years.
- Appointments: I joined the Board as Chairman alongside L. Githinji as Managing Director.

The Board remains committed to strong governance and creating long-term value for all stakeholders.

## **CHAIRMAN'S STATEMENT (continued)**

### **Appreciation**

We thank our customers across diverse sectors for their continued trust in our gases, medical gas pipeline systems, welding products, and accessories. Our goal remains to consistently deliver products of the highest quality and safety standards.

We also extend our appreciation to our employees, distributors, and partners whose contributions are integral to our success. We look forward to strengthening these partnerships as we grow and improve our service to customers. To our shareholders, we reaffirm the Board's commitment to responsible leadership and enhancing the Company's performance in the years ahead.

**Mr. E. Vorster**  
**Chairman**

**22 April 2025**



## MANAGING DIRECTOR'S REPORT



*During the year 2024 revenue decreased 22% from prior year due non-recurring medical gases infrastructure projects awarded to the Company in prior year*

### Vision and Mission

In line with the Linde Group's vision of making the world more productive, BOC Kenya is also pursuing this vision through providing cutting edge technology in gas and gas applications to major industries in Kenya as well as the East Africa Region

### Strategic Direction

The strategic focus of BOC Kenya is to expand its' presence in East Africa region through market development, local partnerships and a commitment to compliance and safety. Key objectives include an increase in sales volumes, improving profitability through cost containment, and enhancing supply chain resilience.

### Key Objectives

#### *Sales Volume growth*

The main products that the business supplies to the market are (i) Atmospheric gases (Oxygen, Nitrogen & Argon) (ii) Medical gases (iii) Special gas mixtures & (iv) Welding products. The sales volumes on Industrial & Medical gases, although encouraging, are growing at a slower pace than anticipated. Major projects within Kenya and the East Africa Region present growth opportunities for gases sales growth.

#### *Improving profitability through cost containment*

The business is focusing on reducing costs, key among the largest cost spend for the business being energy costs. There are plans underway to roll out solar energy for some of OC Operation sites. The other large cost element is on Distribution costs, the efficient use of our fleet will not only reduce cost for the business but will also lead to lower Co2 emissions.

#### *Enhancing supply chain resilience*

The business continues to seek ways to reduce supply chain disruptions and therefore improve customer delivery reliability. The long lead time for products sourced from South Africa and elsewhere is receiving attention from management and partnerships as well as alliances with other Linde owned entities are being established.

### Key performance indicators

Revenue streams / Sales revenue

The Company's core products are oxygen (which has both medical and non-medical applications), nitrogen and dissolved acetylene (DA). Oxygen and nitrogen are supplied to customers either in liquid form or packaged (compressed) into high pressure cylinders. The Company also constructs pipelines for the gases that it supplies - especially medical gases pipelines in health care facilities - and procures and installs storage tanks for such gases.

Gas sales in liquid form comprise medical oxygen supplied to hospitals that have cryogenic storage that are either owned by the Company or by the customer. The oxygen is then delivered to the patient at the bedside through medical pipelines in their wards and other patient care areas.

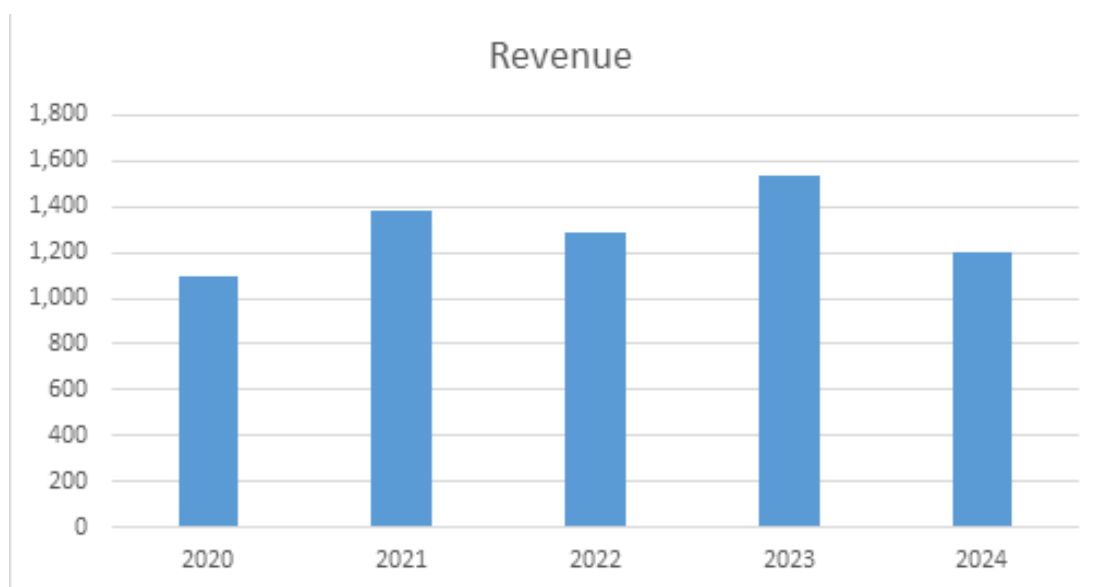
## MANAGING DIRECTOR'S REPORT (continued)

### Key performance indicators (continued)

Liquid oxygen and liquid nitrogen is supplied to customers and is likewise piped to the point of use. Filler materials constitute welding products.

During the year revenue decreased by 22% from prior year due to a decrease of KShs 366 Million in Services revenue on account of once-off contracts in prior year. These were in respect of medical gases infrastructure projects (medical oxygen tanks and reticulation of medical gases) in various hospitals.

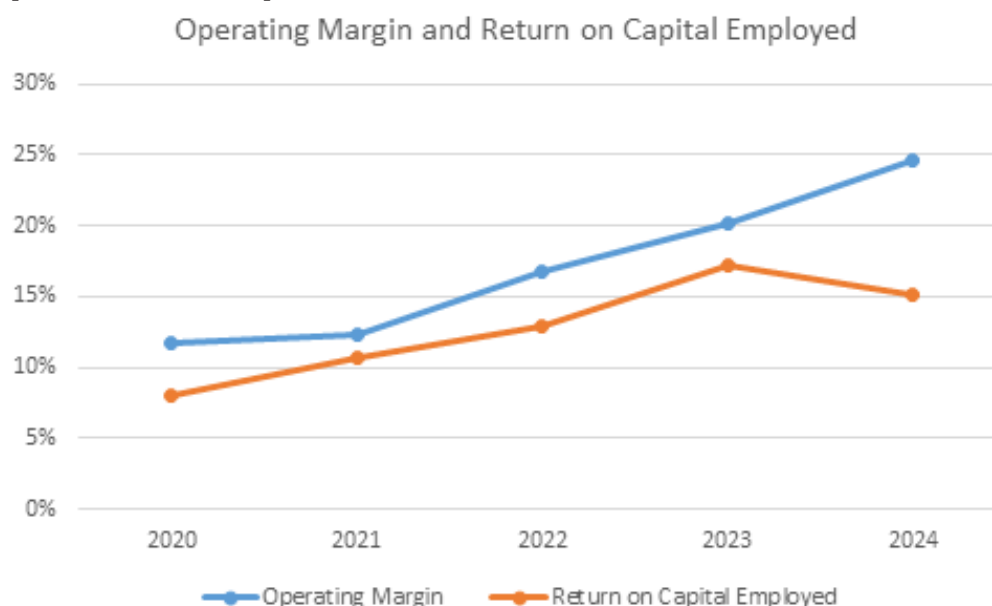
During the year 2024 revenue decreased 22% from prior year due to non-recurring medical gases infrastructure projects awarded to the Company in prior year. The infrastructure projects comprised medical oxygen tanks and reticulation of medical gases in various hospitals.



### Profitability and Return on Capital Employed (ROCE)

The reduction in revenue noted above, lead to a reduction in the Operating Margin (Earnings Before Interest and Taxes) for 2024. However, as is observable on Page 54, Profit before tax decreased only minimally from KShs 309 Million in 2023 to KES 295 Million in 2024 due to an increase in interest income.

Additional financial performance KPIs are presented on the table overleaf.



## MANAGING DIRECTOR'S REPORT (continued)

### Profitability and Return on Capital Employed (ROCE) (continued)

Additional financial performance KPIs are presented on the table.

	2020	2021	2022	2023	2024
Revenue	1,098,104	1,381,768	1,287,250	1,539,342	1,204,201
Gross profit	43.8%	40.5%	40.7%	49.1%	49.8%
Distribution costs	102,374	105,122	130,709	158,626	95,735
Selling & Admin costs	266,890	204,781	329,571	328,056	281,714
Operating profit	128,878	170,003	214,483	310,079	296,445
Operating profit/sales	11.7%	12.3%	16.7%	20.1%	24.6%
Quick assets <sup>2</sup>	560,541	585,794	277,118	632,182	676,843
Quick ratio	1.2	1.5	0.9	1.8	2.3
Liquidity ratio	2.5	2.9	3.9	3.9	4.8
Debt to equity ratio	0.30	0.3	0.2	0.2	0.2
Long term debt	Nil	Nil	Nil	Nil	Nil
Dividends	81,031	85,912	118,129	118,129	168,895
Dividend per share (KShs)	4.15	4.40	6.05	6.05	8.65
Capital expenditure	40,352	52,212	89,106	15,922	36,877
Return on total assets	6.2%	8.5%	11.0%	14.4%	13.1%

1. All figures in Kenya shilling thousands (KShs 000) unless indicated otherwise
2. Quick assets comprise bank balance and term deposits. Trade debt is excluded.

### Outlook

The global tariff wars are currently underway are creating uncertainty in the market and therefore dampening sentiments and resulting in freezing or delaying of projects in major industries.

The 1st Quarter sales performance started sluggishly with delays experienced on some medical gas installation projects which should have been completed in quarter 1 but have been moved to quarter 2. For the remainder of this year, there are however lower medical gas installations, as compared to previous periods, however, gas sales are expected to improve for the remainder of the year due to new contracts and management focus on improving industrial customer engagements as well as maintaining. Additionally, efforts are being made to increase coverage and improve operational efficiencies. These strategic initiatives are expected to drive growth and ensure a more resilient and agile operation moving forward.

### Appreciation

I would like to acknowledge and thank the customers, vendors and other stakeholders for their support in 2024. We look forward to a continuing working relationship with you in the coming years for our mutual benefit.

I would also like to thank members of our Board of Directors for their invaluable guidance and our shareholders who have placed their investment in our hands. We will continue to strive towards greater achievements in the years that lie ahead.

**Mr. L Githinji**  
**Managing Director**

**22 April 2025**



## GRI SUSTAINABILITY REPORT

The Company's Sustainability Report, prepared under the Global Reporting Initiative (GRI) Standards, is available on the website <https://www.boc.co.ke/>. In this section we present a summary of the report.

### Organizational Profile

BOC Kenya PLC stands as a leader in integrating sustainability into every facet of its operations and practices. This commitment is not just a line item on the agenda; it permeates the ethos and is evident in our contributions to health, economic growth, responsible production, and ethical governance.

### Sustainability Approach

The Company has adopted a comprehensive Sustainability approach grounded in internationally recognized frameworks, utilizing the GRI Standards, the UN Global Compact Principles and nine of the Sustainable Development Goals (SDGs).

By aligning its operations with GRI Standards, the Company ensures transparency and accountability in its sustainability reporting, facilitating informed decision-making for stakeholders.

The commitment to the UN Global Compact underscores the Company's dedication to ethical business practices, encompassing human rights, labour standards, environmental protection, and anti-corruption measures. Furthermore, by focusing on our nine SDGs, the Company aims to address critical global challenges, including health and well-being, inequality, climate change, and sustainable economic growth.

This multifaceted approach not only enhances the Company's reputation but also fosters long-term value creation while contributing positively to society and the environment.

This multifaceted approach not only enhances the Company's reputation but also fosters long-term value creation while contributing positively to society and the environment.



### Products and Services

BOC Kenya PLC specializes in industrial and medical gases that play a crucial role across various sectors, including healthcare, manufacturing, and food processing. Our offerings are engineered to enhance efficiency while also minimizing our environmental footprint. By providing high-quality gases essential for medical treatments and manufacturing processes, BOC Kenya not only supports vital industries but also promotes innovation and sustainability in production practices.

We believe that by remaining at the forefront of sustainable practices, we will not only protect our environment but also ensure the long-term success of our company and the communities we serve.

### Policies and Procedures

The Company has established a comprehensive sustainability policy that adhere to stringent environmental regulations and industry standards. The policy outlines our commitment to promoting sustainable practices throughout the supply chain.

### Strategies

The Company has established a comprehensive sustainability policy that adhere to stringent environmental regulations and industry standards. The policy outlines our commitment to promoting sustainable practices throughout the supply chain.

## GRI SUSTAINABILITY REPORT (continued)

### Contribution to the SDGs



**Good Health and Well-being** - Provision of medical gases and support services vital for healthcare facilities and emergency medical situations.



#### Responsible Consumption and Production

- The business is focused on implementing responsible production practices designed to minimize waste and optimize resource efficiency.



**Peace, Justice, and Strong Institutions** - Commitment to ethical standards and transparent practices.

### Environmental Performance



Implemented a comprehensive waste management program, resulting in **99.5%** of our waste diverted from a landfill.



In the past year, water consumption has risen significantly, reaching a total of **6,793.84** cubic meters, which marks an increase from **5,532** cubic meters recorded the previous year.



Reduced our carbon footprint by having no greenhouse gas emissions in the year through air quality assessments and routine maintenance of our trucks and equipment.



In the past year, the total amount of drums and cylinders collected for reuse was **4,805 kilograms**, a significant decrease from the previous year's collection of **11,139 kilograms**.

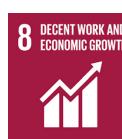


Total energy consumed amounted to **8,410,376 kWh**, reflecting a notable reduction compared to the previous year's consumption of **8,794,464 kWh** in 2024 due to significant efficiencies achieved in production processes.

### Social Performance



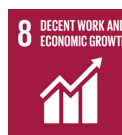
A remarkable safety record, with no recorded work-related injuries or work-related ill health within the year.



No incidents of discrimination and corrective actions taken, no forced or compulsory labour and no child labour within our operations and within our supply chain.



No reported incidents of non-compliance related to the health and safety impacts of our products and services.



No operations or suppliers where the right to freedom of association and collective bargaining was at risk.



Female leadership representation stands at **30%** within both boardrooms and across employee ranks.



No negative impacts on local communities.



The ratio of basic salary and remuneration for women compared to men stands at an impressive 1:1. We maintain the philosophy of Equal Pay for Equal Work.

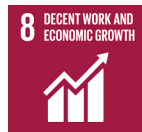


No incidents of non-compliance concerning product and service information and labeling and marketing communications

## GRI SUSTAINABILITY REPORT (continued)

### THE YEAR IN REVIEW (continued)

#### Remarks from leadership (continued)



On average, each employee underwent approximately one hour of training per week, amounting to a total of around 52 hours of training annually.



No incidents of corruption, no political contributions and no actions related to anti-competitive behaviour, antitrust violations, or monopolistic practices in the year.



The Graduate Management Programme and the Leadership development programme successfully trained one employee each equipping them with essential managerial skills and also fostered a deeper understanding of strategic decision-making within the organization.



No complaints regarding breaches of customer privacy or losses of customer data.

#### Sustainability Focus in 2025

As we look ahead to 2025, BOC Kenya PLC remains steadfast in our commitment to driving sustainable development and contributing to the achievement of the Sustainable Development Goals. Building upon the progress outlined in this report, our focus will be on deepening our impact on key SDGs, particularly in areas where we can leverage our core competencies. We will prioritize initiatives that enhance healthcare access (SDG 3), promote gender equality (SDG 5), and contribute to climate action (SDG 13). Through targeted investments, innovative partnerships, and continuous improvement, we aim to accelerate our contributions and create a more sustainable future for Kenya.

## BOARD OF DIRECTORS

### BOARD OF DIRECTORS AND DIRECTORS' PROFILES

BOC Kenya Plc (BOC) understands the importance of having a Board containing the right balance of skills, experience and diversity and the composition of the Board is regularly reviewed by the Board Nominations and Corporate Governance Committee. The skills and experience of the current Directors and the value they bring to the BOC Board is described below.



**MR. ECKHARDT  
VORSTER\*\***  
(AGE 49)

*Non-Executive Chairman*  
SOUTH AFRICAN

**Position:** Appointed Chairman and Non-Executive in September 2024. He is a Member of the Nominations and Corporate Governance Committee.

**Skills and experience:** Mr. Vorster is the Commercial Director for Linebooker Pty (Ltd) a South African Company. Prior to joining Linebooker Pty (Ltd) Mr. Vorster held various senior roles across the Linde Group (BOC's ultimate holding company) including Managing Director for Afrox Namibia and Afrox Botswana and Director Filling & Supply Chain for African Oxygen Limited in South Africa.

Mr. Vorster is an Accountant and holds a Master of Business Administration (Cum Laude) degree from the University of Stellenbosch.

**Key Appointments:** Mr. Vorster does not hold any other directorships



**MR. LAWRENCE  
GITHINJI**  
(AGE 54)

*Managing Director*  
KENYAN

**Position:** Appointed as Managing Director in March 2025.

**Skills and experience:** Mr. Githinji is an accomplished executive with extensive leadership experience in the industrial, energy, medical, water, extractives, and infrastructure sectors. Before joining BOC Mr. Githinji served as Managing Director of KONE Corporation where he had overall executive responsibility for the KONE business in Kenya and Uganda with a period in South Africa as well.

Prior to joining KONE Corporation he worked with Atlas Copco Group for 20 years. He held different roles during his long tenure with Atlas Copco Group including Global Product Manager based in Belgium, Regional General Manager based in Nairobi and eventually as Managing Director and Regional General Manager East & Central Africa. Mr. L. Githinji holds a Bachelor of Science Degree in Agricultural Engineering from the University of Nairobi and a Masters Degree in Strategic Management from Day Star University. He is a Member of the Kenya Society of Environmental, Biological and Agricultural Engineers.

**Key Appointments:** Mr. Githinji does not hold any other directorships.



## BOARD OF DIRECTORS (continued)

### BOARD OF DIRECTORS AND DIRECTORS' PROFILES (continued)



**MR. JOSEPH  
RAMASHALA  
(AGE 57)**

*Non-Executive Director  
SOUTH AFRICAN*

**Position:** : Appointed to the Board in September 2021. He is a Member of the Audit and Risk Committee and the Nominations and Corporate Governance Committee.

**Skills and experience:** Mr. Ramashala was based at African Oxygen Limited, BOC's sister Company in South Africa for 17 years, and his last role was the Director responsible for Emerging Africa with regional responsibility for general management, profitability, and new business development across 9 African countries. He brings to the Board a wealth of experience gained over twenty-seven years in the industrial gas industry and food and beverage industries. He holds a Bachelor of Commerce Degree (Law) from the University of Durban-Westville and a Bachelor of Commerce Degree (Business Management) from the University of South Africa.

**Key Appointments:** Mr. Ramashala holds directorships in BOC Zimbabwe Limited and Les Gaz Industriels Limited in Mauritius.

*\*Mr. J. Ramashala was Acting Managing Director during the year ended 31 December 2024 pending recruitment of a substantial Managing Director.*



**MRS. COSIMA  
WETENDE  
(AGE 49)**

*Independent  
Non-Executive Director  
KENYAN*

**Position:** : Appointed to the Board in March 2016. She is Chairman of the Nominations and Corporate Governance Committee and a Member of the Audit and Risk Committee.

**Skills and experience:** Mrs. Wetende is an Advocate of the High Court of Kenya practising as a Corporate/Commercial dispute resolution advocate, mediator and arbitrator and is a partner in the firm of Kaplan & Stratton Advocates. She holds Bachelor of Laws and Master of Law degrees from the University of Nairobi in addition to a Bachelor of Arts (Hons) Degree in Social Sciences. She is a Member of the Law Society of Kenya, the International Bar Association and a Fellow of the Chartered Institute of Arbitrators (Kenya Branch). She is ranked as a leading lawyer and dispute resolution practitioner in Kenya.

**Key Appointments:** Mrs. Wetende does not hold any other directorships

## BOARD OF DIRECTORS (continued)

### BOARD OF DIRECTORS AND DIRECTORS' PROFILES (continued)



**MR. STEPHEN MAINA**  
(AGE 55)

*Independent  
Non-Executive Director*  
KENYAN

**Position:** Appointed to the Board in June 2018. He is the Chairman of the Audit and Risk Committee.

**Skills and experience:** Mr. Maina is currently the Finance Director of Haco Industries Limited. Prior to this, he was the Managing Director and Principal Officer of AfroCentric Health Solutions Limited which provides health care and health insurance related consultancy services from 2015 to 2017. Between 2000 and 2013 he served in various Executive roles within the AAR Group including as Finance Director, MD Kenya Business and Group Head of Strategy. Mr. Maina is a Certified Public Accountant and in addition holds a Bachelor of Commerce (Accounting) Degree from the University of Nairobi and an MBA from United States International University (USIU)

**Key Appointments:** Mr. Maina does not hold any other directorships. He is a member of the Institute of Certified Public Accountants of Kenya



**MS. R. T. NGOBI**  
(AGE 63)

*Company Secretary*  
KENYAN

**Position:** Company Secretary since August 2014.

**Skills and experience:** Ms. Ngobi was educated in both Kenya and the UK. She holds a Bachelor of Laws Degree from the University of Kent, a Master of Laws Degree from the University of Cambridge and is a Certified Public Secretary and an accredited Governance Auditor. She is also an Advocate of the High Court of Kenya of 37 years standing with 24 years' experience as in-house Legal Counsel and Company Secretary of large global corporations with offices and agencies throughout Sub-Saharan Africa such as Unilever Kenya Limited and British American Tobacco Kenya Limited. In 2010 she founded Cosec Solutions Limited which provides company secretarial services and corporate governance solutions to various companies.

## BOARD OF DIRECTORS (continued)

### DIVERSITY OF SKILLS, QUALIFICATIONS AND EXPERIENCE

The Board as currently constituted offers a diverse range of skills and experience in relevant areas.

Skills and Competences for BOC Board	Vorster	Githinji	Maina	Ramashala	Wetende
Gas Industry Knowledge	✓	✓		✓	
Listed Company Board Experience			✓		✓
Governance Leadership/Corporate Management	✓	✓	✓	✓	✓
Trade Block Experience	✓	✓		✓	
Audit/Finance	✓		✓		
Risk Management	✓	✓	✓	✓	✓
Local Regulation/Public Policy/Govt. relations		✓	✓		✓
Legal					✓
Marketing/Sales/Distribution	✓	✓	✓	✓	
People/Organizational Development/Remuneration	✓	✓	✓	✓	✓
Information Technology		✓	✓		
Manufacturing Industry experience	✓	✓	✓	✓	
Public Health Experience	✓			✓	

## BOARD OF DIRECTORS (continued)

### BOARD MEMBERSHIP CRITERIA, REFRESHMENT AND SUCCESSION PLANNING

The selection of qualified Directors is fundamental to the Board's successful oversight of BOC's strategy and enterprise risks. As a result, ensuring that the Board is composed of Directors who bring diverse viewpoints and perspectives, exhibit a variety of skills, professional experiences and backgrounds, and effectively represent the long-term interests of shareholders is critical to the Board and the Nominations and Corporate Governance Committee.

The priorities for recruiting new Directors are continually evolving based on the Company's strategic needs and the skills composition of the Board at any particular time. These dynamic priorities ensure the Board remains a strategic asset capable of addressing the risks, trends, and opportunities that BOC will face in the future. In evaluating potential Director candidates, the Nominations and Corporate Governance Committee considers, among other factors, the criteria shown above in the skills and qualifications matrix for current Directors and any additional characteristics that it believes one or more Directors should possess based on an assessment of the needs of the Board at that time.

In every case, Director candidates must be able to contribute significantly to Board discussion and decision-making on the broad array of complex issues facing BOC.

### BOARD DIVERSITY

The Nominations and Corporate Governance Committee considers individuals with a broad range of business experience and varied backgrounds and strives to identify candidates with diverse backgrounds in line with the BOC Board Diversity Policy and the Policy on Appointments to the Board. The Committee and Board recognise the value of overall diversity and considers members' and candidates' opinions, perspectives, personal and professional experiences, and backgrounds, including gender, race, age and country of origin. The Board believes that the judgement and perspectives offered by a diverse Board of Directors improves the quality of decision making and enhances the Company's business performance. The Board believes that such diversity assists the Board to respond more effectively to the needs of customers, shareholders, employees, suppliers, and other stakeholders.

The BOC Board Diversity Policy and the Policy on Appointments to the Board are posted on the Company's website [www.boc.co.ke](http://www.boc.co.ke). The Board as currently constituted offers a diverse range of skills and experience in relevant areas

## DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements of BOC Kenya PLC (the “Company”) and its subsidiaries (together the “Group”) for the year ended 31 December 2024.

### 1 Principal activities

The principal activity of the Group is the manufacture and sale of industrial gases, medical gases, gas mixtures, sale of welding products and the installation of pipelines and storage tanks for the gases that it trades in.

### 2 Results and Dividend

The net profit for the year of KShs 211,647,000 (2023: KShs 198,058,000) has been added to retained earnings.

During the year the Company paid an interim dividend of KShs. 2.05 per share. No interim dividend was paid in prior year, 2023.

The Directors recommend approval at the next Annual General Meeting of a final dividend of KShs 6.15 per ordinary share amounting to a total of KShs 120,081,493 payable, net of Withholding Tax, on or about the 21 July 2025, to Shareholders on the Register at the close of business on 31 May 2025 (2023: 6.05 per share amounting to KShs. 118,128,948).

### 3 Board of Directors

The Directors who held office during the year and to the date of this Report are set out on page 6.

The following changes have taken place in the Board of Directors since the last Annual General Meeting held on 29 November 2024:

1. Mr. K. Kiplagat resigned as Finance Director on 31 December 2024; and
2. Mr. L. Githinji was appointed Managing Director on 3 March 2025.

Mr. L. Githinji retires and being eligible, offer himself for re-election in accordance with Article 28 of the Articles of Association.

Mr. J. Ramashala retires by rotation, and being eligible, offers himself for re-election in accordance with Article 29 of the Articles of Association.

### 4 Business overview and outlook

During the year revenue decreased 22% from prior year due non-recurring medical gases infrastructure projects awarded to the Company in prior year. The infrastructure projects comprised medical oxygen tanks and reticulation of medical gases in various hospitals. Revenue from industrial gases and medical gases increased 6.3% and 4.0% respectively.

Although revenue decreased markedly, operating profit decreased minimally by 4.4% largely due to cost containment and higher product pricing to recover cost increases.

It is expected that the profitability performance will be maintained in 2025.



## **DIRECTORS' REPORT (continued)**

### **5 Terms of appointment of the auditor**

PricewaterhouseCoopers LLP, having expressed their willingness, will be in office in accordance with the provisions of section 721 of the Companies Act, 2015.

The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

### **6 Statement as to disclosure to the Group's auditor**

The Directors in office at the date of this report confirm that:

- a) There is no relevant audit information of which the Company's auditor is unaware; and
- b) Each Director has taken all the steps that he or she ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **7 Approval of the Financial Statements**

The financial statements set out on pages 54 to 111 were approved and authorised for issue by the Directors on 22 April 2025.

**By order of the Board**

**R.T. Ngobi (Ms.)**  
Company Secretary

**22 April 2025**

## GOVERNANCE REPORT

### LEADERSHIP AND RESPONSIBILITIES

#### Overview

BOC Kenya PLC (BOC) is committed to the highest standards of corporate governance and has instituted systems to ensure that high standards of corporate governance are maintained at all levels of the organization. Throughout the year ended 31 December 2024 and to the date of this Annual Report, the Company endeavored to comply with the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the CMA Code) and the Capital Markets (Public Offers, Listings and Disclosures) Regulations 2023 (the CMA Regulations). The Company however believes that the most potent form of corporate governance comes from within, with external guides and codes being overlays to the standards that we, as a Group, set ourselves. Those standards are codified in our own Code of Business Integrity (formerly referred to as Code of Ethics) which every company within the Linde Group and every employee is expected to live up to.

#### The Role of the Board

The Board's principal collective duty is to create and deliver sustainable shareholder value through setting the Company's strategy and overseeing its implementation. In so doing, due regard is paid to matters that will affect the future of BOC, such as the effect the Board's decisions may have on employees, the environment, surrounding communities and relationships with customers and suppliers.

The Board ensures that Management achieves the right balance between promoting long-term growth and delivering short-term objectives. The existing corporate governance framework embeds the right culture, values and behaviours throughout BOC and supports the Board's role in determining strategic objectives and policies.

In addition to setting strategy and overseeing its implementation, the Board is also responsible for ensuring that Management maintains an effective system of internal control that provides assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations.

The key responsibilities of the Board include:

- To provide overall strategic direction and major corporate actions to be taken by the Company;
- Approval and adoption of the strategic and annual business plans, the setting of objectives and review of key risk and performance areas;
- Approval of commitments outside the authority delegated to the executive management, committees and individual directors;
- To review, at regular Board meetings, Management's performance against annual business plans and set objectives;
- To review periodic financial reports and approve the Annual Report;
- Declaring an interim dividend and recommending final dividends;
- Reviewing risk management, internal controls and business continuity plans;
- Reviewing the going concern ability of the Company;
- To establish appropriate systems of corporate governance in the Company;
- Ensuring work place policies and practices align with values and support sustainable success;
- Effective engagement, as appropriate, with shareholders, staff and under stakeholders;
- Establishing and monitoring compliance with the CMA Code, Company's Code of Business Integrity, other Group Policies, programs and procedures for safety, health and environment and laws and regulations; and
- Reviewing and agreeing Board succession plans and those of Senior Management Staff.

#### Board Governance framework

The Board has developed a Board Charter in order to document its corporate governance practices and principles, in recognition of the role of good governance in corporate performance, maximisation of shareholder value and protection of investors' rights, and also to promote the Company's standards of self-regulation. The objective of the Charter is to also ensure that all Board members are aware of their duties and responsibilities and that they act in the best interest of the Company and its stakeholders. The Board Charter was last reviewed by the Board on 22 April 2025 and is published on the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).

## GOVERNANCE REPORT (continued)

### Board Governance framework (continued)

The Board has established two principal Board Committees namely, the Audit and Risk Committee and the Nominations and Corporate Governance Committee. Under the authority of the Company's Articles of Association, each Board Committee has specific responsibilities delegated to it by the Board. Each Committee has its own Terms of Reference which are reviewed annually and updated as appropriate. The roles, membership and activities of these Committees are described in more detail later in this Report.

Responsibility for implementing strategy and day-to-day operations has been delegated by the Board to the Managing Director and the Executive team.

### Division of Responsibilities

The roles and responsibilities of the Chairman and the Managing Director are separate with each having clearly defined duties and responsibilities.

The Chairman is responsible for leadership of the Board, for ensuring its effectiveness and for facilitating the productive contribution of both Executive and Non-Executive Directors. He sets the agenda for Board meetings in consultation with the Managing Director and the Company Secretary. He is also responsible for ensuring that the interests of the Company's shareholders are safeguarded and that there is effective communication with them. The Chairman is accountable to the Board for leading the direction of the Company's corporate and financial strategy and for overall supervision of the policies governing the conduct of the business.

The Managing Director is responsible for the day-to-day management of the Company and is also responsible for the performance of the Group and is supported in this role by the Executive team. The Managing Director provides leadership to enable successful planning and execution of the objectives and strategies agreed by the Board. The Managing Director is also responsible for stewardship of the Company's assets and, jointly with the Chairman, for representation of the Company externally.

### Non-Executive Directors

The Board had four (4) Non-Executive Directors as at 31 December 2024 and as at the date of this Report. The role of the Non-Executive Director is to help develop strategy, review management proposals, and scrutinize performance of Management, to bring an external perspective to the Board, monitor reporting of performance and to be available to meet with shareholders and key stakeholders as appropriate.

### The Company Secretary

The Company Secretary is a member in good standing with the Institute of Certified Secretaries. The Company Secretary provides a central source of guidance and advice to the Board on matters of governance, statutory compliance and compliance with the regulators. The roles and responsibilities of the Company Secretary are more specifically delineated in the Board Charter published on the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).

### The Executive Team

The Executive team, led by the Managing Director\*, is responsible for overseeing the implementation of the strategy and policies set by the Board, and for creating the framework for their successful day-to-day operation. Their profiles are set out on page 19 of this Annual Report.

## GOVERNANCE REPORT (continued)

### The Executive Team (continued)

Principle Executive Team roles includes:

- Developing strategy for approval by the Board;
- Developing guidelines for the Company's functions;
- Ensuring functional strategies are effective and aligned;
- Managing functions;
- Reviewing functional budgets;
- Monitoring Company operating performance; and
- Overseeing the management and development of talent.

*\*Mr. L. Githinji was appointed Managing Director in March 2025. Prior to his appointment Mr. J. Ramashala was the Acting Managing Director.*

## BOARD EFFECTIVENESS

### Overview of the Board

#### Composition of the Board of Directors

In line with the requirements of the CMA Code and the CMA Regulations the majority of the Board are Non-Executive Directors with Independent Non-Executive Directors making up a third of the total number of Directors.

The Board comprises of the Chairman, who is a Non-Executive Director, one (1) Executive Director, and three (3) Non-Executive Directors. As at the date of this Annual Report the composition of the Board is as set out on pages 19 to 22 of the Report. The board structure thus satisfies the representation of the minority shareholders.

The Board Nominations and Corporate Governance Committee also considers Board succession planning and regularly reviews the composition of the Board and the Board Committees to ensure that there is an appropriate balance and diversity of skills, experience, independence and knowledge. The size of the Board is not fixed and may be revised from time to time to reflect the changing needs of the business.

The Directors biographies containing their relevant skills and experience, Board Committee membership and other principal appointments can be found on pages 19 to 22. The service contracts for the Executive Directors and the letters of appointment for the Chairman and Non-Executive Directors are available for inspection, upon Notice, at the Company's registered office.

#### Independence of Directors

The Independence of the Non-Executive Directors is considered annually by the Board Nominations and Corporate Governance Committee (NCG Committee) using the independence criteria set out in the CMA Code. During the course of 2024 and as at the date of this Report the NCG Committee assessed and confirmed to the Board the independence of Board Directors as follows:

• Mr. E. Vorster	-	Non-Executive Director
• Mr. L. Githinji	-	Executive Director
• Finance Director**	-	Executive Director
• Mrs. C. Wetende*	-	Independent Non-Executive Director
• Mr. S. Maina*	-	Independent Non-Executive Director
• Mr. J. Ramashala	-	Non-Executive Director

*\*Mrs. C. Wetende is the Chairman of the NCG Committee in compliance with the Code.*

*\*Mr. S. Maina is the Chairman of the Audit and Risk Committee in compliance with the Code.*

## GOVERNANCE REPORT (continued)

### BOARD EFFECTIVENESS (continued)

#### Board Diversity

The Board appreciates the benefits of diversity in all its forms, within its own membership and at all levels of the Company. The Board promotes diversity and also encourages initiatives to improve gender diversity in Senior Management roles. The NCG Committee considers the balance of skills and experience of current Directors when considering a proposed appointment. The Boards Diversity Policy and Policy on Appointments to the Board can both be read on the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).

#### Re-election

The Non-Executive Directors do not have service contracts with the Company but instead have Letters of Appointment for three years; subsequent reappointment is subject to endorsement by the Board.

In accordance with the Articles of Association of the Company, all Directors offer themselves for re-election at regular intervals under Articles 29 or under Article 28 upon appointment. At the Annual General Meeting held on 29 November 2024 Mr. E. Vorster and Mr. K. Kiprotich offered themselves for re-election.

At the Annual General Meeting to be held on 26 June 2025 Mr. L. Githinji and Mr. J. Ramashala will retire and being eligible offer themselves for re-election in accordance with Articles 28 and 29 respectively of the Articles of Association.

#### Board Work Plan

The Board's Work Plan for the ensuing year is approved by the Board typically at the last meeting of the year. The Work Plan is designed to enable the Board to drive the strategic agenda forward across all the elements of the Company's business model. The key Board activities in 2024 are set out on page 31. The 2025 Board Work Plan was approved by the Board on 29 November 2024.

#### Board Information

The Board receives high-quality, up to date information for review in good time ahead of each meeting. The Company Secretary ensures timely information dissemination within the Board and its Committees and between the Non-Executive Directors and Senior Management as appropriate. Intermittent updates from Management on the business are consistently disseminated to the Board in-between scheduled Board meetings.

#### Attendance at Board and Annual General Meetings

Members of the Board are expected to devote such of their time, attention and abilities as may be necessary to fulfill the duties of their appointments. This includes attendance at Board meetings which are held at least quarterly, the Annual General Meeting and other Board and General Meetings if called in addition to Board Committee meetings as appropriate.

In 2024 Members attended Board meetings held in April, June, August, and November in addition to the Annual General Meeting held in June 2023 as disclosed in the table below.

Name	Meetings Attended	Meetings Eligible to Attend
Mr. E. Vorster* (Chairman)	2	2
Mr. J. Ramashala*	6	6
Mrs. C. Wetende	5	6
Mr. S. Maina	6	6
Mr. K. Kiprotich*	1	1
Mr. R. Mbugua*	4	4
Mr. A. Kamau*	4	4
Mrs. M. Gathoga-Mwangi*	3	3



## GOVERNANCE REPORT (continued)

### Attendance at Board and Annual General Meetings (continued)

*\*Mr. E. Vorster was appointed a Non-Executive Director and Chairman on 1 September 2024*  
*\*Mr. K. Kiprotich was appointed Finance Director on 9 October 2024 and resigned on 31 December 2024*  
*\*Mr. R. Mbugua retired as a Non-Executive Director and Chairman on 31 August 2024*  
*\*Mrs. M. Gathoga-Mwangi resigned as a Non-Executive Director on 28 June 2024*  
*\*Mr. J. Ramashala was Acting Managing Director during the course of 2024*

### Board Induction

On appointment to the Board all Directors ordinarily receive induction which is tailored to the new Director's individual requirements. The induction schedule is designed to quickly provide the new Director with an understanding of how the BOC Group works and the key issues that it faces. The induction typically consists of a full program of briefings on all areas of the business including but not limited to the following:

- Introduction to the Board;
- Introductions to Senior Management;
- Business Overview Presentations;
- Sessions with the Board Chairman, Board Committee Chairmen, the Company Secretary and the External Auditors as appropriate;
- A Factory Tour; and
- Meetings with key stakeholders as appropriate.

Upon completion of the induction program the Director should have sufficient knowledge and understanding of his or her roles and responsibilities as a Director to the Board, the nature of the business, and the opportunities and challenges facing BOC to enable them to effectively contribute to strategic discussions and oversight of the Group.

Mr. E. Vorster was appointed as a Non-Executive Director and Chairman of the Board on 1 September 2024 whilst Mr. L. Githinji was appointed Managing Director on 3 March 2025. Both benefited from the inductions availed to themselves.

### Training and development

In order to continue to contribute effectively to Board and Board Committee meetings, Directors are encouraged to continually update their skills and knowledge of the business. The Directors are also provided with the opportunity to take part in training and development. As part of the annual one-on-one performance review with the Chairman, any particular development needs that can be met are discussed.

A training schedule for the year is organized for the Board which includes both formal training and functional presentations or topic specific briefings. The training schedule is approved by the Board.

During 2024, the Directors were able to secure training from the Company and other credible sources as prescribed by the CMA Code. The trainings included areas of governance in addition to trainings to enhance understanding of the operations of the Company and relevant emerging trends in the operating environment. A Refresher Tour of the Company's factory was also arranged for the Board in August 2024.

Trainings received by individual Directors from the Company and other credible sources during 2024 included but were not limited to the following topics:

Corporate Governance: Appreciating the evolving jurisprudence	-	January 2024
Cybersecurity eLearning – Safe and Secure	-	March 2024
Legal & Compliance Training	-	April 2024
2024/2025 Finance Bill Presentation	-	May 2024
ACFTA Masterclass	-	August 2024
Data Protection	-	November 2024

## GOVERNANCE REPORT (continued)

### Training and development (continued)

#### Access to independent advice

The Board recognises that there may be occasions when one or more Directors consider it necessary to take independent advice on various matters such as legal or financial advice, at the Company's expense. This is provided for in the Board Charter and the Terms of Reference of each Board Committee.

#### Board Evaluation

The Board conducts a critical evaluation of its effectiveness and that of its Committees, the Executive and Non-Executive Directors, Chairman, the Managing Director and the Company Secretary. The evaluation is conducted by each Director completing a Board Effectiveness Evaluation Form. This information is thereafter collated by the Company Secretary and presented to the full Board with a view to acknowledging the Board's strengths and most importantly identifying and recommending areas for improvement which, if thought fit, are approved.

The evaluation for 2024 was conducted by the Board during the month of March 2025. The full Board joined the Nominations and Corporate Governance Committee in evaluating the results.

The Board recognized the industry of the Acting Managing Director and the Executive Team throughout a very challenging year. The Board and Committee meetings were considered to be chaired effectively, with Company Secretariat support well regarded. Recruitment of a Managing Director after a lengthy recruitment process was applauded. The evaluation for 2024 identified opportunities for improvement with recommendations together with fresh action points identified for implementation and tracking throughout the course of 2025.

The new Chairman (Mr. E. Vorster) and the new Managing Director (Mr. L. Gthinji) were excused from the Peer Review section of the evaluation as they joined the Board in September 2024 and March 2025 respectively.

All Directors reviewed, under the Peer Review section of the evaluation, were considered to have performed well and each was considered to be making an effective contribution to the Board. Individual feedback is ordinarily given to all Board members by the Chairman. Feedback on the performance of the Acting Managing Director and Company Secretary during 2024 was given to them by the NCG Committee.

#### Time Commitment

It is expected that in order to discharge their responsibilities effectively all Directors allocate sufficient time to their roles on the Board. Before appointing prospective Directors, the Board takes into account their other commitments and significant time commitments are established and disclosed prior to appointment.

Directors are expected to attend, and to be well prepared for, all Board and Board Committee meetings, as well as making time to understand the business, meet with executives and regulators as appropriate, and complete ongoing training. The Chairman and other Non-Executive Directors endeavor to ensure that they have adequate time to discharge their responsibilities to the Board effectively. The Letters of Appointment issued to the Chairman and Non-Executive Directors set out the expectation that additional external appointments following appointment to the Board require prior notification to the Board (in the case of the Chairman) and the Chairman in the case of other Non-Executive Directors.

During 2024 the Chairman and the Board were not notified of any new significant external appointments for consideration and approval.

## GOVERNANCE REPORT (continued)

### Conflict of Interest

The Board has formal procedures for managing conflict of interest in accordance with the Board Charter, the Companies Act 2015 and the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

Any conflict of interest or apparent conflict of interest between the Company and its Directors is avoided. Directors are required to declare any potential or actual conflicts of interest that could interfere with their ability to act in the best interests of the BOC Group.

Any circumstances which may give rise to actual or potential conflicts of interest are disclosed to the Board upon appointment and subsequent changes highlighted as they arise. A Conflict of Interest Register is maintained for that purpose. Directors are also given the opportunity, at the start of every Board meeting, to declare any actual or potential conflict of interest with their role as Directors. During the duration of 2024 no conflict of interest was declared by any Director. The Board Conflict of Interest Policy can be read on the Company's website ([www.boc.co.ke](http://www.boc.co.ke)). A Conflict of Interest Policy is also maintained for all employees of the Company.

### Financial and Business Reporting

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position through the Annual Report. It is appropriate to treat this business as a going concern as there is sufficient existing financing available to meet expected requirements in the foreseeable future. The Audit and Risk Committee is assigned to review financial, audit and internal control issues and risks in supporting the Board of Directors which is responsible for the financial statements and all information in the Annual Report.

### Risk Management and Internal Control

The Board is responsible for determining the nature and extent of the significant risks that the Company is willing to take to achieve its strategic objectives and for maintaining sound risk management and internal control systems. With the support of the Audit & Risk Committee, the Board carries out a review of the effectiveness of its risk management and internal control systems covering all material controls including financial, operational and compliance controls and risk management systems.

The Directors have also defined procedures and financial controls to ensure that the Group's system of internal controls provide reasonable assurance that the assets are safeguarded, transactions are authorized and recorded properly, and that material errors and irregularities are either prevented or detected within a reasonable period of time. There is a clearly defined organizational structure within which individual responsibilities are identified in relation to internal controls. The structure is complemented by defined procedures, financial controls and information system controls.

The Group's internal audit department performs various activities in the evaluation of the risk management, control and governance process. Significant business risks and weaknesses in the systems of operating and financial controls are highlighted and brought to the attention of the Audit & Risk Committee, Senior Management and External Auditors. Areas accorded high-risk profiles are given urgent attention by Management. At every Board meeting the status of mitigations against identified business risks is reviewed to ensure timely implementation of corrective actions.

The Board, with advice from its Audit & Risk Committee, completed its annual review of the effectiveness of the system of risk management and internal control for the financial period ending 31 December 2023. No significant failings or weaknesses were identified and the Board is satisfied that, where specific areas for improvement have been identified, processes are in place to ensure that the necessary remedial action is taken and that progress is monitored.

### Remuneration

The Board assumes responsibility for the consideration and recommendation of the remuneration arrangements of the Chairman, Executive Directors, Non-Executive Directors, other senior executives and certain Group employees. The Board as a whole considers recommendations on the fees to be paid to Non-Executive Directors. No adjustments were made to the remuneration of Non-Executive Directors in 2024. The Directors Remuneration Report is on page 48 of this Report.

## GOVERNANCE REPORT (continued)

### Communication with Shareholders and Stakeholders

The Board is committed to promoting effective and open communication with all shareholders and stakeholders, ensuring consistency and clarity of disclosures at all times. The Company aims to engage with its shareholders and stakeholders transparently in order to facilitate a mutual understanding of their respective objectives.

**Financial reporting:** - The Board strives to ensure that shareholders (including institutional investors), regulators, other key stakeholders and the financial markets are provided with full and timely information about its performance. The Company aims to deliver all financial and strategic communications in a consistent and open way and to ensure that such disclosures are easily intelligible and present a balanced and understandable assessment of the Company's position and prospects. During 2024 the half-year and annual results were released in the local press, the Company's website and through distribution of the 2023 Annual Report.

**Annual General Meeting (AGM) participation:** - The Board and the Executive Team continue to consider the AGM as a key date in the calendar of events. The AGM provides a useful opportunity to the Board to engage with shareholders on key issues facing the Group and any questions they may have. The 2024 AGM was conducted physically at the Company's premises on 29 November 2024. The Chairman, all Directors and Executive Team members attended the AGM. 156 Shareholders together holding 15,337,478 shares representing 78.55% of total shareholding attended the AGM. All resolutions which were proposed at the 2024 AGM were passed unanimously by show of hands and by poll. Questions and or concerns raised by shareholders during question time were further considered and discussed by the Board at its subsequent meeting held in June 2025.

The 2025 AGM will be held physically at the Company's premises on 26 June 2025. The Notice of the AGM is on page 2 of this Report.

**Institutional investors:** - The Company is committed to managing relationships with institutional investors. The Company endeavours to conduct an Investor Briefing Session at least once a year following publication of either end year and or half year financial results to update investors on the Company's business and strategy. An Investor Briefing Session was planned to be held in the month of April 2025.

**Public policy engagement:** - The Company intermittently engages in dialogue on issues where it has a legitimate interest, i.e. where public policy directly affects its business and customers. Any communication undertaken is honest, comprehensive and accurate and underpinned by the Company's policy on Governing Shareholder and Stakeholder Communication which can be read on the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).

### Directors Loans

There were no loans made to Directors at any time during the year.

### Governance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, the Board appointed Ms. Catherine Musakali, of Dorion Associates LLP, to conduct the Company's 2024 Governance Audit. The 2024 Report of the Independent Governance Auditor is disclosed in this Annual Report on page 43. An unqualified opinion was issued which opinion will be presented to the shareholders at the 2025 Annual General Meeting. The Report is also availed on the Company's website ([www.boc.co.ke](http://www.boc.co.ke)). Implementation of recommendations made by the Governance Auditor are tracked by the Nominations and Corporate Governance Committee on behalf of the Board.

## GOVERNANCE REPORT (continued)

### Legal and Compliance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and the Company's Legal and Compliance Policy, the Board appointed Munyao, Muthama & Kashindi Advocates to conduct the Legal & Compliance Audit for the year ended 31 December 2024.

The overall Executive Summary emanating from the Audit is disclosed in this Annual Report on page 44 and also published on the Company's website [www.boc.ke.co](http://www.boc.ke.co). The Legal and Compliance Policy is also published on the Company's website. Implementation of the recommendations emanating from the audit are tracked by the Audit & Risk Committee on behalf of the Board.

### STRATEGIC BOARD ACTIVITIES IN 2024

Strategic Board activities conducted in 2024 include the following:

- Reviewing and monitoring implementation of the Company's strategy;
- Approval of Budget and oversight of resource allocation activities to support strategy execution;
- Endorsing the direction and activities proposed by Management to achieve the strategy and ensuring that Management was on track to deliver the Company's strategy;
- Discussing and improving the Board's understanding of key risks facing the Company and considering the potential impact on the business of specific risk factors in consultation with the Board Audit and Risk Committee;
- Keeping the Company's trading and performance against the 2024 Budget and the previous year under review and monitoring operational key performance indicators;
- Reviewing half-year results, trading updates, year-end results and the Annual Report;
- Keeping the competitive landscape under review;
- Reviewing the Company's Business Continuity Management process and Business Continuity Plans as well as the implementation of the improvement areas;
- Monitoring Safety, Health, Environment and Quality (SHEQ) incidents;
- Exploring savings and productivity opportunities;
- Monitoring the status of the Company's litigation proceedings;
- Monitoring compliance with the Companies Act 2015 and the CMA Code;
- Monitoring compliance with the Company's Code of Business Integrity;
- Reviewing the talent pipeline and succession planning for key roles in the organization;
- Reviewing strategies for securing safe on-site environments, effective connectivity for remote working (as appropriate) and for supporting Staff wellbeing;
- Reviewing succession planning at Board Level including Executive Directors and the Executive Team;
- Determining the independence of Non-Executive Directors and proposing Directors for re-appointment at the Company's 2024 AGM;
- Reviewing shareholder concerns raised at the AGM held on 29 November 2024;
- Reviewing the outcomes of the evaluation of the effectiveness of the Board and its Committees in 2023;
- Reviewing and approving submission to the Capital Markets Authority (CMA) on 31 April 2024, of the Company's CMA Reporting Template.



## LEADERSHIP AND RESPONSIBILITIES (continued)

### BOARD COMMITTEES

The Board has established and maintains two principal Board Committees, to which it has delegated some of its responsibilities namely, the Audit & Risk Committee and the Nominations and Corporate Governance Committee.

#### Audit and Risk Committee

##### Current Members

- Mr. S. Maina (Chairman)
- Mr. J. Ramashala
- Mrs. C. Wetende
- Ms. R.T. Ngobi (Secretary)

In 2024 Members attended Committee meetings held during the months of March, August, November and December as disclosed in the table below.

##### Attendance at meetings in 2024

Name	Meetings Attended	Meetings Eligible to Attend
Mr. S. Maina	4	4
Mr. J. Ramashala	4	4
Mrs. C. Wetende	4	4
Mrs. M. Gathoga-Mwangi*	1	1
Mr. A. Kamau*	2	2
Mr. K. Kiprotich	2	2
Ms. N. Nakana*	3	3

\*Mrs. M. Gathoga-Mwangi (Non-Executive Director), Mr. A. Kamau (Finance Director), Ms. N. Nakana (Group Internal Audit Manager) attended as Permanent Invitees.

\*Mrs. M. Gathoga-Mwangi resigned as a Non-Executive Director on 28 June 2024.

\*Mr. A. Kamau resigned as Finance Director on 30 September 2024.

\*Mr. K. Kiprotich was appointed Finance Director on 9 October 2024 and resigned on 31 December 2024.

#### Mandate and Role of the Audit and Risk Committee

The Board Audit and Risk Committee assists the Board of Directors in carrying out its responsibilities with respect to the management of business risks and internal controls and the conduct of business in accordance with the Code of Business Integrity.

The Board Audit and Risk Committee is comprised of two Independent Non-Executive Directors and one Non-Executive Director. The Chairman of the Committee, Mr. S. Maina, is an Independent Non-Executive Director. The Committee met four times during 2024. Attendance included internal and external auditors, as well as Permanent Invitees.

The Audit and Risk Committee is responsible for monitoring the integrity of the financial statements and any formal announcements relating to the Company's performance, considering any significant issues and judgements reflected in them before submission to the Board. The Committee keeps under review the consistency of the accounting policies applied by the Company, reviews the effectiveness of the accounting, internal control and business risk systems of the Company and, when appropriate, makes recommendations to the Board on business risks, internal controls and compliance.

## LEADERSHIP AND RESPONSIBILITIES (continued)

### Mandate and Role of the Audit and Risk Committee (continued)

The Committee is also responsible for monitoring compliance with the Company's Code of Business Integrity, the CMA Code, laws and regulations, monitoring and reviewing the effectiveness of the Company's internal controls; and monitoring and reviewing the performance of the Company's external auditors by keeping under review their independence and objectivity, making recommendations as to their reappointment (or, where appropriate, making recommendations for change), and approving their terms of engagement and the level of audit fees payable to them. The Board has an obligation to establish formal and transparent arrangements for considering how it should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the external auditors, which is delivered through the Audit & Risk Committee.

The Audit and Risk Committee is also responsible for monitoring and reviewing the effectiveness of the internal audit arrangements. The Group Internal Audit Manager is a permanent invitee to the Committee. The Group Internal Audit Manager presents a report to the Committee on the audit plan for the year as well as updates on ongoing and completed audits in addition to findings therefrom.

The Committee Chairman, Members of the Committee and the Company Secretary endeavor to meet with the external auditors at the end of at least one meeting of the year without Management, to discuss relevant issues as well as the progress of the audit.

### Key Audit and Risk Committee activities in 2024

The Board Audit & Risk Committee's agenda in 2024 continued to include its responsibilities for overseeing the performance and effectiveness of internal and external audit. The Committee also continued to exercise its responsibilities for ensuring the integrity of BOC's published financial information by debating and challenging the judgements made by Management and the assumptions upon which they are based.

Standing items of business considered by the Committee during 2024:

- Progress on the 2024 Internal Audit Plan;
- Periodic reports from the Group Internal Audit Manager on both local and regional process audits, the Management responses and action plans being put in place to address any concerns raised;
- Updates on key risks facing the business and mitigating steps put in place with deep dives into specific risk topics;
- The Company's 2023 results, 2024 half-year results, the External Auditors' reports for these, and interim management statements;
- The steps taken to validate the 'Going Concern' assessment at half year and year-end;
- A report from the Finance Director on the information flows, and drafting and approval processes for the preparation of the Annual Report, facilitating the Committee's advice to the Board that the 2023 Annual Report was fair, balanced and understandable.
- Quarterly reports on internal controls and compliance;
- Monitoring and tracking of implementation of findings from the Legal & Compliance Audit;
- Quarterly reports on security risks, frauds and losses;
- Updates on significant legal cases, Safety, Health, Environment and Quality issues;
- Reports on compliance with the Company's Code of Business Integrity;
- Fraud and or security incidents;
- 2025 External Auditor's Audit plan and fees for recommendation to the Board; and
- Annual review of External Auditors' independence.

### External Auditors Effectiveness

The Audit and Risk Committee, on behalf of the Board, is responsible for the relationship with the External Auditors. The Committee carries out an annual evaluation of the External Auditors, covering qualification, expertise and resources and objectivity and independence, as well as the effectiveness of the audit process. The evaluation takes into account the Committee's interactions with the External Auditors in addition to the following:

## LEADERSHIP AND RESPONSIBILITIES (continued)

### External Auditors Effectiveness (continued)

- experience and expertise of the External Auditors in their direct communication with, and support to the Committee;
- their professional skepticism;
- their effectiveness in completing the agreed external audit plan;
- content, quality and robustness of the external auditors' reports; and
- their provision of non-audit services and any other matters that may impact independence.

No material issues were identified from the evaluation of the External Auditors for the year 2023. The Committee remains satisfied with the effectiveness of the External Auditors including qualification, experience, resources, objectivity and independence. The Committee recommended and the Board approved the proposed re-appointment of PricewaterhouseCoopers at the 2024 AGM held on 29 November 2024.

### External Auditor Independence

The Committee has an established policy aimed at safeguarding and supporting the independence and objectivity of the Company's External Auditors, which is regularly reviewed and updated. The basic principle of the policy is that the Company's External Auditors may be engaged to provide additional services only in cases where those services do not impair their independence and objectivity.

The External Auditors may not be engaged to provide services if the provision of such services would result in the External Auditors:

- Having a mutual or conflicting interest with any Group company;
- Being placed in the position of auditing their own work;
- Acting as a manager or employee of any Group company; or
- Being placed in the position of advocate for any Group company.

Subject to the above, the External Auditors may provide certain tax services. The Committee recognizes that using the External Auditors to provide such services is often of benefit due to their detailed knowledge of the business.

The policy also requires the submission to the Committee, typically prior to the year end, of a Work Plan identifying the total fees for all audit-related services and tax services which it is expected will be undertaken by the External Auditors in the following year. In this way, the Committee has full visibility of spend on audit-related services and tax services enabling it to discharge its responsibility for keeping such fees under review and ensuring that neither their level, nor their nature, risk impairing the external auditors' independence and objectivity.

PwC reconfirmed its independence in 2024 and is expected to do so on an annual basis.

### Nominations and Corporate Governance Committee

#### Current Members

- Mrs. C. Wetende (Chairman)
- Mr. E. Vorster
- Mr. J. Ramashala
- Ms. R. T. Ngobi (Secretary)

## LEADERSHIP AND RESPONSIBILITIES (continued)

In 2024 Members attended the Committee meetings held during the months of March, August and November 2024.

### Attendance at meetings in 2024

Name	Meetings Attended	Meetings Eligible to Attend
Mrs. C. Wetende	3	3
Mr. E. Vorster*	1	1
Mr. J. Ramashala	3	3
Mr. R. Mbugua	2	2
Mrs. M. Gathoga-Mwangi*	1	1

\*Mr. E. Vorster was appointed a Non-Executive Director and Chairman on 1 September 2024

\*Mr. R. Mbugua retired as a Non-Executive Director and Chairman on 31 August 2024.

\*Mrs. M. Gathoga-Mwangi resigned as a Non-Executive Director on 28 June 2024.

### Mandate and Role of the Nominations and Corporate Governance Committee

The Nominations and Corporate Governance Committee is responsible for identifying candidates to fill vacancies on the Board and has oversight on the adherence and compliance by the Company to its Code of Business Integrity and to the principles and requirements of good corporate governance as espoused by the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (CMA Code)

The process of identification of candidates to fill vacancies to the Board is guided by the Board's Policy on Appointments to the Board and includes reviewing the structure, size and composition of the Board to ensure it has an appropriate balance of skills, expertise, knowledge and independence prior to recruitment.

For Non-Executive Director vacancies to be filled, the selection process will generally involve interviews of suitable prospective candidates by the Committee and its Chairman and thereafter recommendation to the Board for appointment.

The services of specialist external search firms are used for identification and shortlisting of appropriate candidates to take up Executive Director roles.

Mr. E. Vorster was appointed Non-Executive Director and Chairman of the Board on 1 September 2024. Mr. K. Kiprotich was appointed Finance Director on 9 October 2024 and resigned on 31 December 2024.

The Nominations and Corporate Governance Committee is also charged with the responsibility of assessing the Independence of Non-Executive Directors on an annual basis and evaluating the effectiveness of the Board and the effectiveness of the Directors in the discharge of their responsibilities.

The Committee also evaluates and makes recommendations with regard to the composition of all Board Committees. Following the introduction, by the CMA, of annual Governance Audits and compliance reporting the Committee provides oversight of implementation of the CMA Code and Compliance Reporting.

The Committee, on behalf of the Board, monitored implementation of recommendations that emanated from the last Governance Audit Report and the recommendations from the CMA to the Company's Compliance Report submitted on and 30 April 2024. The Compliance Report is available on the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).

### Key Nominations and Corporate Governance Committee activities in 2024

- Reviewing succession planning for the Board Executive Directors and Non-Executive Directors;
- Reviewing the effectiveness of the Board following the Board Evaluation exercise and making recommendations to the Board on actions to be adopted towards improvement;
- Monitoring implementation of the recommendations adopted by the Board following the Board Evaluation exercise;

## LEADERSHIP AND RESPONSIBILITIES (continued)

### Mandate and Role of the Nominations and Corporate Governance Committee (continued)

- Reviewing the Committee's effectiveness in 2023, following the Committee evaluation process;
- Reviewing and recommending approval, by the Board, of submission of the CMA Compliance Report as completed by the Company;
- Monitoring implementation of the recommendations from the Governance Audit Report;
- Monitoring implementation of recommendations made by the CMA from the CMA Compliance Report submitted by the Company;
- Reviewing the Independence of Directors against the criteria set under the CMA Code;
- Making recommendations to the Board in relation to Directors' annual appointment and re-election at the AGM;
- Reviewing the Corporate Governance Statement for the 2022 Annual Report;
- Reviewing the Composition of the Board's Committees;
- Review of the Boards' Diversity Policy and the Nominations Committee's Terms of Reference

### Retirement and Remuneration

The Board determines (upon recommendation of Management), the remuneration policies of the Company, and the terms and conditions of employment of the Executive Directors and Senior Management. The Board ensures that compensation for all employees is performance-driven and appropriately benchmarked against other companies in Kenya.

The Board is responsible for setting executive remuneration covering salary and benefits, performance related bonus arrangements, pensions and terms of service, evaluating and monitoring major changes to the policy on employee benefit structures for the Company.

Remuneration of Non-Executive Directors is also reviewed by the Board to ensure that the levels of remuneration and compensation are appropriate. Information on the aggregate amounts of emoluments and fees paid to Directors is disclosed in Note 30(f) of the financial statements. The Directors Remuneration and Policy Report is on page 45 of this Report.

### Key Retirement and Remuneration activities in 2024

- Reviewing the application and continuing impact of the Remuneration Policy during 2024;
- Reviewing succession planning of Executive Directors and the Executive Team and the talent pipeline;
- Reviewing the development of leaders in the Company and in particular activities to embed a high-performance leadership culture;
- Approval of annual salary increments;
- Approval of Non-Executive remuneration;
- Reviewing key Staff Training and development plans for 2024;
- Review and monitoring of the performance of the Company's two retirement funds; and
- Review and approval of HR related policies.

### Employment Equity

The Group is committed to the creation of an organization that supports the equality of all employees and is committed to the elimination of any form of discrimination in the work place. Our policy covers recruitment, staff development, retention and cultural diversity.

Our succession planning process identifies ability and talent, and monitors, on a regular basis, the performance of high-fliers. Individual development plans are agreed upon in collaboration with managers of the respective employees. The Group manages the development of functional skills through the "License-to-Work" approach. This approach ensures that all employees are competent to perform their specific duties within a given time frame. The Board also ensures that manpower plans are implemented timeously.



## GOVERNANCE POLICIES

### Board Charter and Committee Terms of Reference

The Board is governed by a Board Charter which stipulates the roles and responsibilities of the Board and its members, the composition of the Board and its Committees and respective Terms of Reference. The Board Charter and Committee Terms of Reference are periodically reviewed to ensure that they remain current and were most recently reviewed in April 2025. The Board Charter and Committee Terms of Reference are published on the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).

### Code of Business Integrity

Inextricably linked to good corporate governance is the Company's Code of Business Integrity. The Linde Group has always espoused the highest ethical standards of business conduct and full compliance with applicable laws, regulations and industry standards.

The Company believes in open and honest communication, fair treatment and equal opportunities and supports the fundamental principles of human rights.

While common sense, good judgement and conscience apply in managing a difficult or uncertain situation, the Code of Business Integrity assists in detailing the standards and priorities within The Linde Group, as well as specific rules covering human rights, safety at work and environmental and supply management. Guiding principles or core values within the Code define our responsibilities towards and what we expect from Directors, employees, local communities and the public, customers, suppliers and markets and Shareholders.

Allegiance to the Code of Business Integrity is the starting point from which employees draw inspiration and guidance for behaviour within a group, society or the organization. An integrity line has been established to enable employees to report contraventions of the Code of Business Integrity.

### Whistle Blowing and Staff Helpline

The Company has a Whistleblowing Policy which enables staff, in confidence, to raise concerns and to report incidents they consider to be against our established code of conduct without fear of reprisal. This facility is managed by an independent third party organization to further protect confidentiality. The Committee receives periodic reports on whistleblowing incidents, if any. The Audit & Risk Committee remains satisfied that the Company's policy and procedures enable proportionate and independent investigation of matters raised and ensures that appropriate follow-up action is taken. No whistleblowing incidents were reported during 2024.

The Whistleblowing Policy is published on the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).

### Procurement Policy

BOC Kenya PLC maintains a Procurement Policy that governs the procurement of goods and services. The policy and the related procedures are addressed particularly to those persons who deal directly with suppliers, ordering parties/contractors, and other business partners. The policy establishes principles for business conduct and for avoiding conflicts of interest that must be adhered to by each employee. It ensures that the most appropriate and effective controls are applied in the purchase of goods and services for the Company's needs.

In addition to the Code of Conduct for Suppliers, the Company's business partners are encouraged to commit themselves to these principles.

The Procurement Policy and the Code of Conduct for Suppliers to BOC Kenya PLC are published on the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).

### Statement on Insider Dealing

The Company is obligated by law and by its Code of Business Integrity to ensure that Directors and certain other employees, with insider information, do not abuse or place themselves under suspicion of abusing insider information that they may have or thought to have. This is especially key in periods leading up to an announcement of financial

## GOVERNANCE POLICIES (continued)

### Statement on Insider Dealing (continued)

results. To this end, the Company has a Share Trading Policy which sets out the requirements for BOC insiders, in dealing in shares of the Company.

In compliance with the Companies Act, 2015, the Company communicates ‘open’ and ‘closed’ periods for trading in its shares to the Directors and its employees at key periods during the year. To the best of the Company’s knowledge, there were no insider dealings during the 2024 financial year.

The Company’s Share Trading Policy is published on the Company’s website ([www.boc.co.ke](http://www.boc.co.ke)).

### Board Related Party Transactions Policy

The Board Related Party Transaction Policy enables the Board of BOC Kenya PLC to consider the approval and reporting of transactions between the Company and any of its Directors, Executive Officers or Significant Shareholders or certain entities or persons related to them. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in its Annual Report certain transactions between the Company and Related Parties as well as its policies concerning transactions with Related Parties. In addition, the Board reviews any Related Party Transactions involving Non-Executive Directors as part of the annual determination of their independence.

The Board Related Party Transactions Policy is published on the Company’s website [www.boc.co.ke](http://www.boc.co.ke).

During 2024 there were no reports of transactions between the Company and any of its Directors, Executive Directors and other Staff. Transactions between the Company and its parent company and associated companies are disclosed under Note 30 to the Financial Statements on Page 110.

### Safety Health and Environment Policy

#### Our principles:

- Health, safety and care for the environment (HSE) are foundational principles of our businesses.
- The health and safety of our colleagues, customers, business partners and communities in which we do business is our number one priority.
- Personal ownership for HSE through visible, demonstrated leadership and accountability at all levels throughout Group.

HSE principles shall be reflected in 100% of our behaviour, 100% of the time.

#### Our vision:

- Zero incidents.
- Safe, secure and healthy working conditions for all who work with and for us.
- High quality, safe and environmentally responsible products and services that meet or exceed the expectations of our customers.
- Responsible use of natural resources.
- Economic and environmental sustainability in everything we do.

#### Our commitment:

- Comply with applicable legal, regulatory, industry and corporate requirements.
- Design, construct and operate our facilities in a safe, secure, efficient and environmentally responsible way.
- Personal accountability to continuously improve our HSE performance through tracking against our goals and targets.
- Proactive management of risk in our business.
- Work with our business partners and our relevant industries to actively promote and enforce compliance with this policy.
- Promote open communication and learning with all stakeholders and sharing of HSE knowledge.
- Provide resources, training, equipment and other support to enable fulfilment of this policy.

The Board is committed to the implementation of this HSE policy.

## GOVERNANCE POLICIES (continued)

### Corporate Social Responsibility and Investment Policy

The Company's Corporate Social Responsibility and Investment Policy focuses on activities that are of material importance to the business and are of interest to our stakeholders and shareholders.

The Company combines long-term business success with environmental and social responsibility and considers sustainability to be an important part of its Corporate Strategy. It is aware of the potential adverse impacts of its business to on people, especially on safety and ensures that its operations and products meet the highest safety standards and that employees, contractors, business partners and customers receive continuous training.

The Company seeks to enhance the safety awareness of customers through product knowledge training with the objective of ensuring that they do not come to harm whilst using its products which include gases at cryogenic temperatures (below minus 150 degrees C), flammable gases and high-pressure cylinders and other gas containers. The Corporate Social Responsibility and Investment Policy is published on the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).

### Information Technology Policy

BOC Kenya PLC's information technology (IT) systems are covered under an IT Policy. The policy aims to protect the Company's investment in information technology infrastructure, IT equipment and mobile facilities, data/telecommunications networks and software, maintain the highest standards of cyber security, while protecting the Company's confidential and sensitive information. The IT Policy is published on the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).

### Operational Policies

There are other broad operation policies that guide Management in executing of the Company's operations in an efficient and socially responsible manner. The policies cover various operational functions across the Company including human resources, risk management, financial management, sustainability, environment, safety and health.



## *The Governance people*

### **GOVERNANCE AUDITOR'S REPORT**

The Code of Corporate Governance for Issuers of Securities to the Public, 2015 ("the Code"), requires the Board of a listed Company to subject the Company to an annual Governance Audit to check the level of compliance with sound governance practices.

The Code specifically requires the Annual Governance Audit to be conducted by a competent and recognized professional accredited for that purpose by the Institute of Certified Secretaries (ICS). In compliance with the Code, BOC Kenya Plc. retained Ms. Catherine Musakali of Dorion Associates ("the Auditor") to conduct a Governance Audit of the governance structures, procedures and processes of the Company in order to assure the Board that its goals, structure and operations are consistent with the law, the Code, as well as the latest developments in Corporate Governance; and that the Company has adopted best practices in Corporate Governance as a means of ensuring sustainability. The Code further requires that after undergoing the Governance Audit, the Board should provide an explicit statement on the level of compliance.

The scope of the Audit is derived from the Code, the Companies Act, 2015 and the Governance Audit Tool developed by the ICS. More specifically, the Audit covers the following broad areas;

1. Leadership and strategic management;
2. Transparency and disclosure;
3. Compliance with laws and regulations;
4. Communication with stakeholders;
5. Board independence and governance;
6. Board systems and procedures;
7. Consistent shareholder and stakeholders' value enhancement; and
8. Corporate social responsibility and investment.
9. Sustainability

### **Governance Auditor's Responsibility**

Our responsibility is to express an opinion on the existence and effectiveness of governance instruments, policies, structures, systems and practices in the Company in accordance with best governance practices as envisaged within the legal and regulatory framework. We conducted our Audit in accordance with the Institute of Certified Secretaries' Governance Audit Standards and Guidelines, which conform to global Standards. These standards require that we plan and perform the Governance Audit to obtain reasonable assurance on the adequacy and effectiveness of the Company's policies, systems, practices and processes. The Audit involved obtaining audit evidence on a sample basis. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

### **Opinion**

In our opinion, the Board has put in place a governance framework that is satisfactory and in this regard, we issue an unqualified opinion. Areas of needed improvements have been identified and reported.



**FCS. Catherine Musakali, ICPSK GA. No 006**  
 Dorion Associates LLP  
 Maralal Oasis, 3<sup>rd</sup> Floor, Argwings Kodhek Rd.,  
 Tel No.: +254202353383/+254 722616119  
**26<sup>th</sup> April 2025**

## LEGAL AUDITOR'S REPORT

### EXECUTIVE SUMMARY OF THE LEGAL COMPLIANCE AUDIT REPORT

#### Legal Compliance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, the Company undertakes a Legal Compliance Audit every two years to ascertain the level of adherence to the Constitution of Kenya 2010 and the relevant legal, regulatory and policy frameworks. BOC carried out its last independent legal compliance audit in 2024. BOC was assessed on compliance with laws and regulations pertaining to, inter alia, human resources, safety, health and environment, supply chain management and procurement processes, contracts, property, data protection, manufacturing, energy, ICT, customer service and financial processes.

BOC scored 93% in the legal compliance audit and was commended for having structures, policies, and practices that were substantively compliant with the relevant legal and regulatory framework governing its operations.

**Dr. Seth Wekesa, LSK No. P105/10082/13**

For: Munyao, Muthama & Kashindi (MMK) Advocates.



Date: 2nd December 2024.

## DIRECTORS' REMUNERATION POLICY AND REPORT 2024

### Information not subject to audit

The Directors Remuneration Policy and Report for the Executive and Non-Executive Directors applicable in 2024 were approved by the Shareholders at the 2024 Annual General Meeting held on 21 June 2024. The Report has been prepared in accordance with the relevant provisions of both the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the Code) on Directors remuneration and the Kenyan Companies Act, 2015.

### Principles of remuneration policy 2024

The Board considers the remuneration policy annually to ensure that it remains aligned to business needs and is appropriately positioned relative to the market. Its overriding objective is to reward the delivery of the Company's strategy in a manner that is simple, straightforward and understandable.

### Executive Directors

The Executive Directors remuneration package comprises core fixed elements (basic salary, retirement and other benefits) designed to recognise the skills and experience of the Executive Directors and to ensure current and future market competitiveness in attracting talent.

Executive Directors are eligible to participate in the Company's Short-Term Incentive Plan which is anchored on achievement of key business performance indicators.

The table below outlines the key components of the Executive Directors remuneration packages as compensation for their role as key senior management within the BOC Group.

The Company has a Directors and Officers insurance covering all Directors and Officers for the aggregate sum of Kenya Shillings 50 million.



## DIRECTORS' REMUNERATION REPORT 2024 (continued)

Information not subject to audit (continued)

Reward	Purpose and link to strategy	Mechanics of Reward	Performance metrics
Basic Salary	Attract and retain high calibre individuals to deliver the Company's strategic plans by offering market competitive remuneration to reflect an individual's skills and experience.	<ul style="list-style-type: none"> <li>- Paid in 12 equal monthly instalments during the year and is pensionable.</li> <li>- Reviewed annually with salary changes effective from April depending on performance.</li> </ul>	Individual and business performance
Pension	Provide competitive post-retirement benefit arrangements so as to attract and retain high calibre talent to drive delivery of strategy.	Annual contribution up to the 10% of basic salary.	None
Other benefits	Provide market competitive benefits which: <ul style="list-style-type: none"> <li>- facilitate the attraction and retention of high calibre talent to deliver the Group's strategic plans; and</li> <li>- recognise that such talent is global in source and that the availability of certain benefits are key enablers for attraction and retention.</li> </ul>	Range of benefits include: <ul style="list-style-type: none"> <li>- Housing allowance</li> <li>- Transport allowance</li> <li>- Medical insurance</li> <li>- Personal life and accident insurance</li> </ul>	None
Short term Incentives Plan	Incentivise the attainment of corporate targets aligned to the strategic objectives of the Group on an annual basis.	<ul style="list-style-type: none"> <li>- Payout is done annually in April after measurements and approval of results.</li> <li>- 100% of the bonus is paid in cash.</li> <li>- Payout is 25% of annual Salary for Managing Director and 15% for Finance Director</li> </ul>	Targets are set annually based on the group and company business plans.

### Service contracts – Executive Directors

Duration of current contracts	The Managing Director and the Finance Director are on permanent and pensionable contracts of employment.
Notice Period	Three months
Provision for early termination of contracts	On early termination of contracts, the executive directors are eligible for redundancy packages as follows: <ul style="list-style-type: none"> <li>- Salary in lieu of notice (if notice is not given)</li> <li>- Redundancy payment as per Kenya's labour laws</li> </ul> In the event that the contract is terminated for cause (such as gross misconduct), the Company may terminate the contract with immediate effect and no compensation would be payable.

## DIRECTORS' REMUNERATION POLICY AND REPORT 2024 (continued)

### Audited information

#### Executive Directors' remuneration and compensation for the year ended 31 December 2024

The following table shows a summary of remuneration for the Executive Directors in respect of qualifying services as directors and compensation as key management for the year ended 31 December 2024 together with comparative figures for 2023:

Name	Basic salary		Housing & Other allowances		Retirement benefits		Bonus		Grand total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Arthur Kamau	7,240	9,654	4,791	5,142	907	1,431	2,217	2,520	15,155	18,747
Kiplagat Kiprotich	1,057	-	865	-	220	-	-	-	2,142	-
<b>Total</b>	<b>8,297</b>	<b>9,654</b>	<b>5,656</b>	<b>5,142</b>	<b>1,127</b>	<b>1,431</b>	<b>2,217</b>	<b>2,520</b>	<b>17,297</b>	<b>18,747</b>

All figures in KShs' 000

#### The Chairman and Non-Executive Directors

The Company looks to recruit, as Non-Executive Directors, those who have a wide range of strategic and operational experience gained from other businesses or organizations. A Non-Executive Director is required, as a minimum, to make an annual time commitment of about 20 days and is expected to attend all Board and Committee meetings, and AGM, a strategic budgeting session as well as maintaining an appropriate level of knowledge about the business and its operations.

As a Listed Company, the quantum and structure of Non-Executive Directors' remuneration will primarily be assessed against the same remuneration comparator group of companies used for setting the remuneration for Executive Directors.

The remuneration components for Non-Executive Directors' are as follows:

Reward	Purpose and link to strategy	Mechanics of Reward	Performance metrics
Fees	Fees for Non-Executive Directors need to be sufficient to attract, motivate and retain individuals with skills and senior-level experience to drive the Company's strategy forward	<ul style="list-style-type: none"> <li>Fixed monthly retainer</li> <li>Sitting allowance for every committee or board meeting.</li> <li>Reviewed annually and adjusted as required</li> </ul>	As per Annual Board Evaluation.

#### Other terms: Non-Executive Directors

Shareholding requirements	There are no formal requirements for the Non-Executive Directors to hold shares in the Company. However, Non-Executive Directors are encouraged to acquire a small interest during the initial years after their date of appointment. The Non-Executive Directors do not participate in the Company's Short-Term Incentive Plan and are not members of any it's provident fund.
Terms of appointment	The Non-Executive Directors do not have service contracts with the Company but instead have letters of appointment, which are available for inspection at the Company's registered office upon notice.
Terms of termination	On termination, at any time, a Non-Executive Director is entitled to any accrued but unpaid Director's fees but not to any other compensation.

## DIRECTORS' REMUNERATION REPORT 2024 (continued)

### Audited information (continued)

The table below outlines the key components of the Non-Executive Directors remuneration packages during the year.

Name	Category	2024			2023		
		Fees KShs 000	Sitting allowance KShs 000	Total KShs 000	Fees KShs 000	Sitting allowance KShs 000	Total KShs 000
Robert Mbugua	Chairman Non-Executive	1,520	280	1,800	2,280	490	2,770
Cosima Wetende	Non-Executive	1,680	630	2,310	1,680	700	2,380
Steve Maina	Non-Executive	1,680	420	2,100	1,680	560	2,240
Marion Mwangi	Non-Executive	-	-	-	1,540	490	2,030
Joseph Ramashala*	Non-Executive	-	-	-	-	-	-
<b>Totals</b>		<b>4,880</b>	<b>1,330</b>	<b>6,210</b>	<b>7,180</b>	<b>2,240</b>	<b>9,420</b>

- Joseph Ramashala is a director nominated by the Company's Majority Shareholder, BOC Holdings (UK), and did not earn any personal remuneration for being on the Board. Joseph is a senior member of management at African Oxygen Limited, South Africa (Afrox), a sister company of BOC Kenya Plc.

By order of the Board

R.T. Ngobi (Ms.)  
Company Secretary

22 April 2025

## SHAREHOLDING STRUCTURE AT 31 MARCH 2025

### Major shareholders

Shareholder Name	Total Shares	Percentage Shareholding
BOC Holdings (UK)	12,765,582	65.38%
Kiuna, Kiuna Ngugi	3,497,026	17.91%
Standard Chartered Kenya Nominees Ltd A/C Ke004630	417,400	2.14%
Allied Storage Limited	127,479	0.65%
Standard Chartered Kenya Nominees Ltd A/C Ke004667	121,056	0.62%
Ogango, John Okuna	116,200	0.60%
Rosso Mrs Carolyn Anne Gray	110,143	0.56%
Ngugi, Margaret Wambui	100,281	0.51%
Ruparel, Shila Jayant Kumar Jamnadas	79,980	0.41%
Njoroge, Lucy Muthoni	79,000	0.40%
Total for Top Ten	17,414,147	89.19%
Other Shareholders	2,111,299	10.81%
Total Shares Issued	19,525,446	100.00%

### Domicile analysis

Domicile	Shares	%	Number of Shareholders
Foreign Companies	13,350,738	68.38%	5
Foreign Individuals	243,165	1.25%	23
Local Companies	419,115	2.15%	76
Local Individuals	5,512,428	28.23%	940
Total	19,525,446	100.00%	1,044

### Analysis by number of shares

Number of shares	Shares	%	Number of Shareholders
1 - 500	92,628	0.47%	605
501 – 5,000	611,547	3.13%	349
5,001 – 10,000	235,837	1.21%	34
10,001 – 100,000	1,330,267	6.81%	48
100,001 – 1,000,000	992,559	5.08%	6
>1,000,000	16,262,608	83.29%	2
Totals	19,525,446	100.00%	1,044

### Directors' shareholding

None of the directors holds shares in the Company.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their profit or loss for that year. It also requires the directors to ensure that the Group and Company maintain proper accounting records that are sufficient to show and explain the transactions of the Group and of the Company and disclose, with reasonable accuracy, their financial position. The directors are also responsible for safeguarding the assets of the Group and the Company, and for taking reasonable steps for the prevention and detection of fraud and error.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the IFRS Accounting Standards and in the manner required by the Companies Act. They also accept responsibility for:

- i. designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. selecting suitable accounting policies and applying them consistently; and
- iii. making accounting estimates and judgments that are reasonable in the circumstances.

Having assessed the Group's and Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors 22 April 2025 and signed on its behalf by:

Mr. S. Maina  
**Independent Non-Executive Director**  
**Chairman of the Audit & Risk Committee**

Mr. L. Githinji  
**Managing Director**

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOC KENYA PLC

## Report on the audit of the financial statements

### *Our opinion*

We have audited the accompanying financial statements of BOC Kenya Plc (the Group and Company) and its subsidiaries (together, the Group) set out on pages 54 to 111, which comprise the Group and Company statement of financial position at 31 December 2024 and the Group and company statement of profit or loss and other comprehensive income, Group and Company statement of changes in equity and Group and Company statement of cash flows for the year then ended, for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key audit matters*

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

We have determined that there are no key audit matters to communicate in our report.

### *Other information*

The other information comprises Notice of Annual General Meeting, Corporate information, About us, Chairman's statement, Managing Director's report, Sustainability, Board of directors report, Directors' report, Governance report, Directors' remuneration report, Shareholding structure and Form of Proxy which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

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Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu B Ngunjiri R Njoroge S O Norbert's B Okundi K Saiti



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOC KENYA PLC (CONTINUED)**

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### *Responsibilities of the directors for the financial statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOC KENYA PLC (CONTINUED)**

### **Auditor's responsibilities for the audit of the financial statements (continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

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

### **Report on other matters prescribed by the Companies Act, 2015**

#### *Report of the directors*

In our opinion the information given in the directors' report on pages 24 and 25 is consistent with the financial statements.

#### *Directors' remuneration report*

In our opinion the auditable part of the directors' remuneration report on pages 47 to 48 has been properly prepared in accordance with the Companies Act, 2015.

**FCPA Richard Njoroge, Practicing Certificate Number 1244**  
**Engagement partner responsible for the audit**

**For and on behalf of PricewaterhouseCoopers LLP**  
**Certified Public Accountants**  
**Nairobi**

**22nd April 2025**

## GROUP AND COMPANY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Revenue	6	1,204,201	1,539,342	1,204,201	1,536,907
Cost of sales	7	<u>(604,273)</u>	<u>(782,945)</u>	<u>(604,273)</u>	<u>(782,946)</u>
<b>Gross profit</b>		599,928	756,397	599,928	753,961
Distribution costs	7	(95,735)	(158,626)	(95,735)	(158,626)
Selling and administrative expenses	7	(246,989)	(300,468)	(251,347)	(295,092)
Impairment provision charge	4(a)	(34,725)	(27,588)	(34,725)	(36,235)
Other income	8(a)	<u>73,966</u>	<u>40,364</u>	<u>73,966</u>	<u>34,376</u>
<b>Operating profit</b>		296,445	310,079	292,087	298,384
Finance costs	8(b)	<u>(991)</u>	<u>(998)</u>	<u>(991)</u>	<u>(998)</u>
<b>Profit before income tax</b>		295,454	309,081	291,096	297,386
Income tax expense	9	<u>(83,807)</u>	<u>(111,023)</u>	<u>(83,807)</u>	<u>(112,321)</u>
<b>Profit for the year</b>		<u>211,647</u>	<u>198,058</u>	<u>207,289</u>	<u>185,065</u>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss:</i>					
Translation differences arising from foreign operations		(4,357)	(9,852)	-	-
Change in fair value of investments held at FVOCI (Note 15)	16	<u>100,980</u>	<u>44,550</u>	<u>100,980</u>	<u>44,550</u>
<b>Total other comprehensive income for the year net of tax</b>		<u>96,623</u>	<u>34,698</u>	<u>100,980</u>	<u>44,550</u>
<b>Total comprehensive income for the year</b>		<u>308,270</u>	<u>232,756</u>	<u>308,269</u>	<u>229,615</u>
<b>Earnings per share (KShs per share)</b>					
Basic and diluted	10	10.84	10.14	10.62	9.48

## GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

		GROUP		COMPANY	
	Note	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	432,097	479,751	442,854	490,508
Right-of-use asset	13	9,528	9,918	9,528	9,918
Intangible asset	14	3,737	-	3,737	-
Investments in subsidiaries	15	-	-	60	60
Equity investment - FVOCI	16	323,730	222,750	323,730	222,750
Deferred income tax	17	65,987	54,056	65,987	54,056
Total non-current assets		835,079	766,475	845,896	777,292
Current assets					
Inventories	18	254,349	187,623	254,349	187,623
Trade and other receivables	19	477,604	570,269	477,604	570,269
Current income tax	20	6,485	-	6,485	-
Cash and cash equivalents	21	676,843	633,449	676,843	633,449
Total current assets		1,415,281	1,391,341	1,415,281	1,391,341
TOTAL ASSETS		2,250,360	2,157,816	2,261,177	2,168,633
EQUITY AND LIABILITIES					
Equity					
Share capital	22	97,627	97,627	97,627	97,627
Share premium	22	2,554	2,554	2,554	2,554
Other reserves	23	232,127	135,504	274,003	173,023
Retained earnings		1,616,516	1,571,812	1,563,563	1,523,217
Total equity		1,948,824	1,807,497	1,937,747	1,796,421
Non-current liability					
Lease liabilities	24	7,563	7,624	7,563	7,624
Current liabilities					
Lease liabilities	24	1,052	1,052	1,052	1,052
Current income tax	20	-	60,112	-	60,112
Trade and other payables	25	292,921	281,531	314,815	303,424
Total current liabilities		293,973	342,695	315,867	364,588
TOTAL EQUITY AND LIABILITIES		2,250,360	2,157,816	2,261,177	2,168,633

The financial statements on pages 54 to 111 were approved and authorised for issue by the Board of Directors' on 22 April 2025.

**Mr. S. Maina**  
Independent Non-Executive Director

**Mr. L. Githinji**  
Managing Director

## GROUP STATEMENT OF CHANGES IN EQUITY

	SShare capital KShs'000	Share premium KShs'000	Other reserves KShs'000	Retained earnings KShs'000	Total equity KShs'000
<b>Year ended 31 December 2024</b>					
At start of year	97,627	2,554	135,504	1,571,812	1,807,497
Profit for the year	-	-	-	211,647	211,647
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences	-	-	(4,357)	-	(4,357)
Change in fair value of investments at FVOCI	-	-	100,980	-	100,980
Total other comprehensive income	-	-	96,623	-	96,623
<b>Total comprehensive income for the year</b>	-	-	96,623	211,647	308,270
<b>Transactions with owners</b>					
Dividends to equity holders				(118,129)	(118,129)
- Final dividend paid for 2023					
- Interim dividend paid for 2024	-	-	-	(48,814)	(48,814)
<b>Total transactions with owners</b>	-	-	-	(166,943)	(166,943)
<b>At end of year</b>	97,627	2,554	232,127	1,616,516	1,948,824

## GROUP STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023	Share capital KShs'000	Share premium KShs'000	Other reserves KShs'000	Retained earnings KShs'000	Total KShs'000
At start of year	97,627	2,554	100,805	1,460,642	1,661,628
Profit for the year	-	-	-	198,058	198,058
<b>Other comprehensive income, net of tax</b>			(9,851)		(9,851)
Foreign currency translation differences	-	-	44,550	-	44,550
Change in fair value of investments at FVOCI	-	-	-	-	-
Total other comprehensive income	-	-	34,699	-	34,699
<b>Total comprehensive income for the year</b>	-	-	34,699	198,058	232,757
<b>Transactions with owners</b>					
Dividends to equity holders					
- Interim dividend paid for 2022	-	-	-	(86,888)	(86,888)
<b>Total transactions with owners</b>	-	-	-	(86,888)	(86,888)
<b>At end of year</b>	97,627	2,554	135,504	1,571,812	1,807,497



## COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024	Share capital KShs'000	Share premium KShs'000	Fair value reserve KShs'000	Retained earnings KShs'000	Total equity KShs'000
At start of year	97,627	2,554	173,023	1,523,217	1,796,421
Profit for the year	-	-	-	207,289	207,289
<b>Other comprehensive income, net of tax</b>					
Change in fair value of investments at FVOCI	-	-	100,980	-	44,550
<b>Total comprehensive income for the year</b>	-	-	100,980	207,289	308,269
<b>Transactions with owners</b>					
Dividends to equity holders				(118,129)	(118,129)
Final dividend paid for 2023				(48,814)	(48,814)
Interim dividend paid for 2024		-	-	-	-
<b>Total transactions with owners</b>	-	-	-	(166,943)	(166,943)
<b>At end of year</b>	<u>97,627</u>	<u>2,554</u>	<u>274,003</u>	<u>1,563,563</u>	<u>1,937,747</u>

## COMPANY STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital KShs'000	Share premium KShs'000	Fair value reserve KShs'000	Retained earnings KShs'000	Total equity KShs'000
<b>Year ended 31 December 2023</b>					
At start of year	97,627	2,554	128,473	1,425,040	1,653,694
Profit for the year	-	-	-	185,065	185,065
<b>Other comprehensive income, net of tax</b>					
Change in fair value of investments at FVOCI	-	-	44,550	-	44,550
<b>Total comprehensive income for the year</b>	-	-	44,550	185,065	229,615
<b>Transactions with owners</b>					
Dividends to equity holders					
- Interim for 2022 paid	-	-	-	(86,888)	(86,888)
<b>Total transactions with owners</b>	-	-	-	(86,888)	(86,888)
<b>At end of year</b>	<u>97,627</u>	<u>2,554</u>	<u>173,023</u>	<u>1,523,217</u>	<u>1,796,421</u>

## GROUP AND COMPANY STATEMENTS OF CASH FLOWS

	Note	GROUP		COMPANY	
		2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
<b>Cash flows from operating activities:</b>					
Cash generated from operating activities	26	330,499	474,212	326,140	474,282
Tax paid	20	(162,335)	(50,547)	(162,335)	(50,547)
<b>Net cash flows from operating activities</b>		<u>168,164</u>	<u>423,665</u>	<u>163,805</u>	<u>423,735</u>
<b>Cash flows from investing activities:</b>					
Purchase of property, plant and equipment	12	(21,207)	(15,922)	(21,207)	(15,922)
Purchase of intangibles	14	(5,175)	-	(5,175)	-
Proceeds from disposal of equipment		-	9,007	-	9,007
Interest received		48,721	2,276	48,721	2,276
Dividends received		<u>25,245</u>	<u>25,245</u>	<u>25,245</u>	<u>25,245</u>
<b>Cash flows from/ (used in) investing activities:</b>		<u>47,584</u>	<u>20,606</u>	<u>47,584</u>	<u>20,606</u>
<b>Cash flows from financing activities</b>					
Payment of lease liabilities	24(d)	(1,052)	(1,052)	(1,052)	(1,052)
Dividends paid		<u>(166,943)</u>	<u>(86,888)</u>	<u>(166,943)</u>	<u>(86,888)</u>
<b>Cash flows used in financing activities</b>		<u>(167,995)</u>	<u>(87,940)</u>	<u>(167,995)</u>	<u>(87,940)</u>
<b>Increase /(Decrease) in cash and cash equivalents</b>		47,753	356,331	43,394	356,401
Cash and cash equivalents at start of year		633,449	277,118	633,449	277,048
Effects of exchange rate changes on foreign cash and cash equivalents		<u>(4,359)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at end of year</b>	21	<u><u>676,843</u></u>	<u><u>633,449</u></u>	<u><u>676,843</u></u>	<u><u>633,449</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 1 Reporting entity

The Company is incorporated as a limited liability company under the Kenyan Companies Act, 2015 and is domiciled in Kenya. Its registered address is at Kitui Road, PO Box 18010 – 00500 Nairobi Industrial Area. The consolidated financial statements of the Group comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group primarily is involved in the manufacture and sale of industrial and medical gases and welding products.

The Company’s shares are listed on the Nairobi Securities Exchange (NSE).

The ultimate holding company of BOC Kenya Plc is Linde Plc, which is an Irish-domiciled multinational chemical company formed by the merger of Linde AG of Germany (founded in 1879) and Praxair (founded in 1907 as Linde Air Products Company) of the United States.

### 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### (a) Basis of preparation

The consolidated and separate financial statements (the ‘financial statements’) have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC Interpretations and in the manner required by the Companies Act, 2015. The measurement basis applied is the historical cost basis, except for fair value through other comprehensive income investments which have been measured at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors’ best knowledge of current events, actual results may ultimately differ from those estimates.

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

In particular, information about significant areas of estimation and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 3 – *Critical accounting estimates and judgements*.

These financial statements are presented in Kenya Shillings, which is the Company’s functional currency. Except where otherwise indicated, financial information presented in Kenya Shillings has been rounded to the nearest thousand.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (a) Basis of preparation (continued)

#### Changes in accounting policies (continued)

- ii) Relevant new and revised standards and amendments in issue but not yet effective for the year ended 31 December 2024

Number	Effective date	Executive summary
Amendments to IAS 1, 'Presentation of Financial Statements' - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IFRS 16, 'Leases' - sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

*The above are considered to have no material impact on the Group.*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (a) Basis of preparation (continued)

#### Changes in accounting policies (continued)

#### ii) Relevant new and revised standards and amendments in issue but not yet effective for the year ended 31 December 2024

Number	Effective date	Executive summary
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (Published May 2024)	These amendments: <ul style="list-style-type: none"> <li>• clarify the requirements for the timing 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;</li> <li>• clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;</li> <li>• add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and</li> <li>• make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).</li> </ul>
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027 (Published April 2024)	IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.  Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (a) Basis of preparation (continued)

#### Changes in accounting policies (continued)

- ii) Relevant new and revised standards and amendments in issue but not yet effective for the year ended 31 December 2024

Number	Effective date	Executive summary
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2027 (Published May 2024)	<p>a. The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements.</p> <p>b. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.</p>

Number	Effective date	Executive summary
IFRS S1	Annual periods beginning on or after 1 January 2024 (Published June 2023) . Earlier application permitted as long as IFRS S2 Climate-related Disclosures is also applied.	<p>The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.</p> <p>IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').</p> <p>IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures. It sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity. IFRS S1 sets out the requirements for disclosing information about an entity's sustainability-related risks and opportunities. In particular, an entity is required to provide disclosures about:</p> <ol style="list-style-type: none"> <li>the governance processes, controls and procedures the entity uses to monitor, manage and oversee sustainability-related risks and opportunities;</li> <li>the entity's strategy for managing sustainability-related risks and opportunities;</li> <li>the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities; and</li> <li>the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation.</li> </ol>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (a) Basis of preparation (continued)

#### Changes in accounting policies (continued)

#### ii) Relevant new and revised standards and amendments in issue but not yet effective for the year ended 31 December 2024

Number	Effective date	Executive summary
IFRS S2	Annual periods beginning on or after 1 January 2024 (Published June 2023) . Earlier application permitted as long as IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information is also applied.	<p>IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects').</p> <p>IFRS S2 applies to:</p> <ol style="list-style-type: none"> <li>climate-related risks to which the entity is exposed, which are: <ol style="list-style-type: none"> <li>climate-related physical risks; and</li> <li>climate-related transition risks; and</li> </ol> </li> <li>climate-related opportunities available to the entity.</li> </ol> <p>IFRS S2 sets out the requirements for disclosing information about an entity's climate-related risks and opportunities. In particular, IFRS S2 requires an entity to disclose information that enables users of general purpose financial reports to understand:</p> <ol style="list-style-type: none"> <li>the governance processes, controls and procedures the entity uses to monitor, manage and oversee climate-related risks and opportunities;</li> <li>the entity's strategy for managing climate-related risks and opportunities.</li> <li>the processes the entity uses to identify, assess, priorities and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and</li> <li>the entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.</li> </ol>

#### (b) Business Combination

The consolidated financial statements include the results of the Company and its subsidiaries. A subsidiary is an entity controlled by BOC Kenya Plc. Control is the power to direct the relevant activities of the subsidiary that significantly affects the subsidiary's return so as to have rights to the variable return from its activities.

Where the Group has the ability to exercise joint control over an entity but has rights to specified assets and obligations for liabilities of that entity, the entity is consolidated on the basis of the Group's rights over those assets and liabilities.

#### i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Investments in subsidiaries are accounted for at cost in the Company's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (b) Business Combination (continued)

##### *ii) Changes in the Group's ownership interest in existing subsidiaries*

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair values of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

##### *iii) Balances and transactions eliminated at consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### *iv) Separate financial statements*

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment and investment in associates is accounted for using the equity method. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

#### **(c) Foreign currency translation**

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"). The consolidated financial statements are presented in Kenya Shillings, which is the Company's Functional and Presentation currency.

##### *(i) Transactions and balances in Group entities*

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items that are measured on historical cost basis in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are generally recognised in profit or loss. However, foreign currency differences arising from retranslation of equity investments are recognised in other comprehensive income.

##### *(ii) Foreign operations*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Group entity are translated at the closing rate at the reporting date; and
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (c) Foreign currency translation

When a foreign operation is sold, exchange differences recognised in other comprehensive income are reclassified to profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### (d) Revenue

The Group recognises revenue from the sale of goods and services in the ordinary course of the Group's activities. The Group recognises revenue at a point in time or over time as and when it satisfies a performance obligation by transferring control of a product or service to a customer.

The amount of revenue recognised is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as value-added tax (VAT), returns and discounts and after eliminating sales within the Group.

Revenue is recognised as follows:

- i. Sale of medical and industrial gases, equipment, accessories and welding products are recognised in the period in which the Group delivers products to the customer, the customer accepts the products and collectability of the related receivables is reasonably assured.
- ii. Revenue from container rentals, installation of gas tanks and the services are recognized overtime.
- iii. The Company follows the 5-step model of IFRS 15 (Revenue from contracts with customers) to determine how much revenue and at what time, or over which period of time, it will recognize revenue in respect of Customer Engineering Services (CES).

#### (e) Other income and finance costs

Other income comprises interest income on funds invested (including fair value through other comprehensive income), dividend income, gains on the disposal of fair value through other comprehensive income financial assets, dividends. Dividends are received from financial assets measured at fairvalue through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on overdraft and unwinding of the discount on lease liabilities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Interest expense on lease liabilities must also be presented as a component of finance cost in the statement of profit or loss and other comprehensive income. Costs which may also be classified as finance cost include other costs associated with the entity's management of cash, cash equivalents and debt.

Foreign currency gains and losses are reported on a gross basis as either finance income or finance cost.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (f) Income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

##### (i) Current income tax

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (g) Property, plant and equipment

All items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset to residual values over their estimated useful life as follows:

Buildings	40 years
Plant and machinery	5 - 20 years
Cylinders	15 - 25 years
Motor vehicles	5 - 10 years
Furniture, fixtures and equipment	3 - 10 years
Right of use assets	Over the remaining period of the lease

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (g) Property, plant and equipment (continued)

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work in progress represents assets that are under construction or that are not immediately available for use and is not depreciated but is reviewed for impairment.

Gains or losses on disposal of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) are recognised in profit or loss.

#### (h) Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised to their residual values over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised to their residual values over their estimated useful lives (not exceeding three years).

Intangible assets are derecognised when it is disposed of or when no future economic benefits are expected from its use or disposal.

#### (i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other related direct costs and production overheads (based on normal operating activities), but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. If the purchase or production cost is higher than the net realisable value, inventories are written down to the net realisable value.

#### (j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and for the purposes of the statement of cash flows, bank overdrafts.

#### (k) Financial instruments

Financial instruments include balances with banks, term deposits, equity and debt investments, trade and other receivables, trade and other liabilities, lease liabilities and inter-company balances.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (k) Financial instruments (continued)

##### *(i) Recognition and measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### *(ii) Classification and subsequent measurement*

###### **Financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group and Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group and Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (k) Financial instruments (continued)

##### (ii) Classification and subsequent measurement (continued)

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group does not have any financial assets measured at FVTPL.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.  The Group measures recognises trade receivables, cash, deposits, amounts due from related parties, certain investment securities, and other receivables at amortised cost.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.  The Group classifies its equity investments at FVOCI.

#### Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group classifies all its financial liabilities as subsequently measured at amortised cost.

#### (iii) Derecognition

##### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (k) Financial instruments (continued)

##### (iii) Derecognition (continued)

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### **Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

##### *(iv) Offsetting*

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

##### *(v) Impairment*

After initial recognition, a financial asset is measured in accordance with its category - at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

##### *Default*

The standard also sets out a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Company has adopted the default standard definition of 120 days past due.

##### *Subsequent measurement of receivables*

Receivables are generally subsequently measured at amortized cost. Therefore, in accordance, the Company recognizes loss allowances for expected credit losses on its receivables. No loss allowance is recognized for secured parts of a receivable.

##### *Subsequent measurement of other assets and other receivables*

A loss allowance for other assets and other receivables is recognized in accordance with the general impairment approach.

##### *Individual loss allowance*

In addition to the loss allowances for expected credit losses, all receivables which are considered as being material are assessed individually with regard to the probability of degree of recoverability.

The individual loss allowance for a credit-impaired receivable is the amount which will most probably be unrecoverable. If a range of equally probable alternative amounts exists, an unbiased and probability-weighted amount that is determined by evaluating the existing range of possible outcomes shall be considered.

The individual loss allowance is the full carrying amount when there is a high probability that the amount outstanding can no longer be recovered. If applicable, contractually secured parts for the outstanding amount or collaterals such as credit insurances are considered.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (k) Financial instruments (continued)

#### (v) Impairment (continued)

##### *Expected Credit Loss for Trade Receivables and Contract Assets*

The loss allowance for trade receivables and contract assets at initial recognition is measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are weighted average credit losses with the respective risks of default occurring as the weights that result from all possible default events over the expected life of a financial instrument.

The lifetime expected credit loss rates, that are used to impair the respective assets, are determined by using historical loss rates adjusted – if necessary – for forward looking information.

##### *Historical Loss Rates*

The historical loss rates for each entity within the Group is based on an aging analysis over the expected life of the trade receivables.

They are calculated as ratio between uncollected receivables outstanding (generated in the reference period) and the total historical population of trade receivables in the reference period. This historical population of receivables is defined as the total population of trade receivables generated in two annual periods t-1 and t-2 (reference period) before the fiscal year of the respective balance sheet date.

The assessment is made once a year at the year-end and is reviewed quarterly.

##### *Expected Credit Loss Rates*

Historical loss rates are adjusted for changes in the economic environment of the respective financial asset in order to make a determination of the Expected Credit Loss rates (ECL rates). The following parameters are considered:

- Changes in GDP level
- Changes in government policies
- Changes in economic sectors.

However, these changes are immaterial.

##### *Recognition of loss allowances*

The determined and adjusted - for forward looking information - loss rates are applied on the current population of trade receivable by each Entity as Expected Credit Loss (ECL) rates. Secured parts of trade receivables as well as VAT (if easily recoverable) are not considered for the determination of the loss allowances.

The recognition of the loss allowances is as follows:

##### Reversal of an impairment

Recoveries of receivables from impairments are reversed by adjusting the respective loss allowance account i.e. the profit or loss. However, the reversal should not result in a carrying amount that exceeds the original invoice amount respectively what amortized cost would have been (at the date of the reversal) had the impairment not been recognized.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### Write-off Policy

The Company will directly reduce the gross carrying amount of a financial asset when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

This is generally the case when the Company determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off, e.g. in the following cases:

- liquidation / bankruptcy proceedings for customer are finalized;
- (further) enforcement activities have been stopped without reasonable expectation of recovery of the amounts subject to the write-off

If the criteria for a write-off are fulfilled, the respective amounts subject to the write-off are derecognized from the balance sheet.

The derecognition of receivables is as follows:

- In advance of a write-off the respective receivable was - in general - subject to an impairment of 100% of its carrying amount due to the significant increase of credit loss which lead to a credit-impaired receivable or the passage of time.
- The actual write-off of the receivable is recognized by reducing the allowance against the receivable so that the amount of the write-off does not exceed the gross carrying amount of the receivable.

Write-offs do not have an impact on profit or loss, because the amounts written off are reflected in the loss allowance.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and Company's procedures for recovery of amounts due.

#### ***Presentation of allowance for ECL in the statement of financial position***

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### **(m) Provisions**

Provisions are recognised when the Group and Company have a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

#### **(n) Employee benefits**

##### *(i) Retirement benefit obligations*

The Group operates a defined contribution scheme for all its employees. Contributions to the defined contribution plan are recognised in profit or loss as incurred and presented as an employee benefit expense. Any difference between the amount recognised in profit or loss and the contributions payable is recorded in the statement of financial position under other receivables or other payables.

##### *(ii) Other Short-term employee benefits*

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **(o) Earnings per share**

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

#### **(p) Dividends**

Dividends payable to the Company's shareholders are recognised as a liability in the period in which they are declared.

#### **(q) Related party transactions**

The Group discloses the nature, volume and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the Directors, executive officers and Group or related companies.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 2 Summary of significant accounting policies (continued)

#### (r) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

##### *i) Group as a lessee*

The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. For leases of real estate for which the group is a lessee, it has elected to separate lease and non-lease components and instead accounted for them as separate component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee 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, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets 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. Low-value assets comprise IT equipment and small items of office furniture. Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

##### *iii) Group as lessor*

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method (before income tax expense), which reflects a constant periodic rate of return. Payments received under operating lease are charged to profit or loss on a straight-line basis over the period of the lease.

#### (s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director who makes operational decisions.

Segment profitability is presented in respect of the Group's distinguishable business segments at gross profit level. Segment distribution and selling expenses as well as segment assets and liabilities are not presented as doing so would necessitate apportionment or allocation with the resultant financial information not being meaningful. The Group has considered the Company to be the reportable segment as whole. The group was previously segmented by location however the subsidiaries in Uganda and Tanzania have since become dormant hence the group viewing the Company as a reportable segment.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 3 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### ***Income taxes***

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### ***Impairment of trade and other receivables***

A provision for impairment of trade receivables is made based on an ECL model. The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of expected credit losses. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

#### ***Impairment of property***

The Group determines the estimated recoverable amount based on valuation of property on period basis. Any impairment is recognised in line with Group policy out in note 2(g) above.

#### ***Useful lives of property, plant and equipment***

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The rates are set out in note 2(g) above.

### 4 Financial risk management

The Group's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risks which mainly comprise effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. This note presents information about the Group's exposure to financial risks, the Group's objectives, policies and processes for measuring and managing the financial risks. Further quantitative disclosures are included throughout these financial statements.

to the risks faced by the Group. The Group Board Audit Committee is assisted in its oversight role by Internal

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Board Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Board Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

#### (a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

##### *Trade and other receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases references. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of expected credit losses. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

##### *Write-off policy*

Where it is considered that there is no realistic prospect of recovering an element of an account against which an impairment allowance has been raised, then that amount will be written off. The determination is reached after considering information such as the occurrence of significant changes in the customer's position such that the customer can no longer pay the obligation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued) (a) Credit risk (continued)

The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Trade receivables (Note 19):				
Third party	447,608	544,082	447,608	544,082
Related party	15,512	15,512	15,512	15,512
Total trade				
Other receivables (Note 19)	777	489	777	489
Deposit and bank balances (Note 21)	676,843	633,449	676,843	633,449
Total	1,140,740	1,193,532	1,140,740	1,193,532

No collateral is held on any of the above assets. None of the above assets was impaired except for the following:

	Group		Company	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
<i>Trade receivables</i>				
Third party:				
Not past due	191,289	267,735	191,289	267,735
Past due 0-30 days	71,439	91,857	71,439	91,857
Past due 31-90 days	105,830	66,606	105,830	66,606
More than 90 days	198,819	202,928	198,819	202,928
	567,377	629,126	567,377	629,126
Add Related Parties:	15,512	15,512	34,504	34,504
Total receivables	582,889	644,638	601,881	663,630
Expected credit losses (Note 19):				
Third Parties	(119,769)	(85,044)	(119,769)	(85,044)
Related Parties	-	-	(18,992)	(18,992)
	(119,769)	(85,044)	(138,761)	(104,036)
Net trade receivables	463,120	559,594	463,120	559,594

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued) (a) Credit risk (continued)

Analysis of impairment provision

#### Group - 2024

	Government KShs'000	Non- government KShs'000	Total KShs'000
Year ended 2024	326,664	256,225	582,889
Loss rate	<u>23%</u>	<u>18%</u>	<u>21%</u>
Loss allowance	<u>74,466</u>	<u>45,303</u>	<u>119,769</u>

#### Group - 2023

	Government KShs'000	Non- government KShs'000	Total KShs'000
Year ended 2023	280,735	363,903	644,638
Loss rate	<u>20%</u>	<u>13%</u>	<u>16%</u>
Loss allowance	<u>57,182</u>	<u>46,854</u>	<u>104,036</u>

#### Company - 2024

	Government KShs'000	Non- government KShs'000	Total KShs'000
Year ended 2024	326,664	275,217	601,881
Loss rate	<u>23%</u>	<u>23%</u>	<u>23%</u>
Loss allowance	<u>74,466</u>	<u>64,295</u>	<u>138,761</u>

#### Company - 2023

	Government KShs'000	Non- government KShs'000	Total KShs'000
Year ended 2023	280,735	382,895	663,630
Loss rate	<u>20%</u>	<u>7%</u>	<u>13%</u>
Loss allowance	<u>57,182</u>	<u>27,862</u>	<u>85,044</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued) (a) Credit risk (continued)

The movement in expected credit losses in the year is as follows:

	Group		Company	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
At start of year	85,044	129,452	104,036	147,091
Reversed on debt write offs	-	(71,996)	-	(79,290)
Addition impairment charge in the year	<u>34,725</u>	<u>27,588</u>	<u>34,725</u>	<u>36,235</u>
At end of year	<u>119,769</u>	<u>85,044</u>	<u>138,761</u>	<u>104,036</u>
Comprising:				
Allowance on third party receivables	119,769	85,044	119,769	85,044
Allowance on related party receivables	<u>-</u>	<u>-</u>	<u>18,992</u>	<u>18,992</u>
Total	<u>119,769</u>	<u>85,044</u>	<u>138,761</u>	<u>104,036</u>

#### Cash balances held by financial institutions

The Company recognises loss allowances on cash balances at an amount equal to 12-month expected credit losses. The expected credit losses on cash balances are assessed by reference to external credit ratings such as Standard & Poor's Credit Rating Agency if available or historical information about counterparty default rates. The ECL was not material to the financial statements.

	Credit rating or classification	2024	2023
		Shs'000	Shs'000
Bank balances with financial institutions			
Citi Bank	BB	666,920	614,340
Standard Chartered Bank	BB	-	16,219
KCB Bank Kenya Limited	BB	<u>9,923</u>	<u>2,890</u>
Total		<u>676,843</u>	<u>633,449</u>

#### Intercompany receivables

Management assesses whether the individual intercompany debtors are in significant financial difficulty based on the net asset value of each entity. The net liquid position was therefore measured against the outstanding receivable and impairment losses booked as appropriate.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued)

#### (b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group'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 Group's reputation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses liabilities into relevant maturity groupings based on the remaining period at 31 December 2024 and 2023 to the contractual maturity date.

All figures are in thousands of Kenya shillings (KShs '000)

Group	Less than 1 year	1-5 years	Over 5 years	Total
<b>At 31 December 2024</b>				
Lease liabilities	1,052	4,208	20,502	25,762
Trade and other payables	<u>292,921</u>	<u>-</u>	<u>-</u>	<u>292,921</u>
Total	<u>293,973</u>	<u>4,208</u>	<u>20,502</u>	<u>318,683</u>
<b>At 31 December 2023</b>				
Lease liabilities	1,052	4,208	21,554	26,814
Trade and other payables	<u>281,531</u>	<u>-</u>	<u>-</u>	<u>281,531</u>
Total	<u>282,583</u>	<u>4,208</u>	<u>21,554</u>	<u>308,345</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued) (b) Liquidity risk (continued)

Company	Less than 1 year	1-5 years	Over 5 years	Total
<b>At 31 December 2024</b>				
Lease liabilities	1,052	4,208	20,502	25,762
Trade and other payables	314,815	-	-	314,815
<b>Total</b>	<b>315,867</b>	<b>4,208</b>	<b>20,502</b>	<b>340,577</b>
<b>At 31 December 2023</b>				
Lease liabilities	1,052	4,208	21,554	26,814
Trade and other payables	303,424	-	-	303,424
<b>Total</b>	<b>304,476</b>	<b>4,208</b>	<b>21,554</b>	<b>330,238</b>

#### (c) Market risk

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

#### i) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are South African Rand (ZAR), US Dollars (USD) and Great Britain Pound (GBP), Uganda Shillings (UShs) and Tanzania Shillings (TShs).

A 10 percent strengthening of the Kenyan Shilling against the following currencies at 31 December would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis has been performed on the same basis as in 2024 and 2023.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued) (c) Market risk (continued)

#### Group and Company:

	Profit or loss / equity	
	2024 KShs '000	2023 KShs '000
<b>As at 31 December</b>		
US Dollar	(5,356)	(2,396)
GBP	-	(2)
Euro	(38)	(38)
Rand	<u>(600)</u>	<u>(600)</u>
<b>Net impact</b>	<u>(5,994)</u>	<u>(3,036)</u>

A 10 percent weakening of the Shilling against the above currencies at 31 December would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued)

#### (c) Market risk (continued)

##### (ii) Interest rate risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

#### Group

	Effective interest rate %	Less than a year KShs'000	Due between 1 and 5 years KShs'000	Over 5 years KShs'000	Non- interest bearing KShs'000	Total KShs'000
<b>As at 31 December 2024</b>						
<b>ASSETS</b>						
Trade and other receivables	-	-	-	-	477,604	477,604
Cash and cash equivalents	9.79%	552,005	-	-	124,838	676,843
		<u>552,005</u>	<u>-</u>	<u>-</u>	<u>602,442</u>	<u>1,154,447</u>
<b>LIABILITIES</b>						
Lease liabilities	13%	1,052	4,208	3,355	-	8,615
Trade and other payables		-	-	-	292,921	292,921
		<u>1,052</u>	<u>4,208</u>	<u>3,355</u>	<u>292,921</u>	<u>301,536</u>
<b>As at 31 December 2023</b>						
<b>ASSETS</b>						
Trade and other receivables	-	-	-	-	570,269	570,269
Cash and cash equivalents	10.3%	302,005	-	-	331,444	633,449
		<u>302,005</u>	<u>-</u>	<u>-</u>	<u>901,713</u>	<u>1,203,718</u>
Lease liabilities	13.0%	54	296	8,326	-	8,676
Trade and other payables		-	-	-	281,531	281,531
		<u>54</u>	<u>296</u>	<u>8,326</u>	<u>281,531</u>	<u>290,207</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued)

#### (c) Market risk (continued)

#### (ii) Interest rate risk (continued)

#### Company

	Effective interest rate %	Less than 1 year KShs'000	Due between 1 and 5 years KShs'000	Over 5 years KShs'000	Non- interest bearing KShs'000	Total KShs'000
<b>As at 31 December 2024</b>						
<b>ASSETS</b>						
Trade and other receivables	-	-	-	-	477,604	477,604
Cash and cash equivalents	9.79%	552,005	-	-	124,838	676,843
		<u>552,005</u>	<u>-</u>	<u>-</u>	<u>602,442</u>	<u>1,154,447</u>
<b>LIABILITIES</b>						
Lease liabilities	13.0%	1,052	4,208	3,355	-	8,615
Trade and other payables	-	-	-	-	314,815	314,815
		<u>1,052</u>	<u>4,208</u>	<u>3,355</u>	<u>314,815</u>	<u>323,430</u>
<b>As at 31 December 2023</b>						
<b>ASSETS</b>						
Trade and other receivables	-	-	-	-	570,269	570,269
Cash and cash equivalents	10.3%	302,005	-	-	331,444	633,449
		<u>302,005</u>	<u>-</u>	<u>-</u>	<u>901,713</u>	<u>1,203,718</u>
<b>LIABILITIES</b>						
Lease liabilities	13.0%	54	296	8,380	-	8,730
Trade and other payables	-	-	-	-	303,424	303,424
		<u>54</u>	<u>296</u>	<u>8,380</u>	<u>303,424</u>	<u>312,154</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued)

#### (c) Market risk (continued)

#### (ii) Interest rate risk (continued)

#### Sensitivity analysis

An increase of one percentage point in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2024.

#### Effect in Kenyan Shillings thousands

	Profit or loss/equity	
	Group	
	2024	2023
	KShs	KShs
Interest bearing assets	5,434	3,020

A decrease of one percentage point in interest rates at the reporting date would have had an equal but opposite effect on the profit or loss, on the basis that all other variables remain constant.

#### (iii) Equity price risk

The Group is exposed to fluctuation in the market price on its equity investment. The fair value of the investment at 31 December 2024 and 31 December 2023 is as follows:

	2024	2023
	KShs	KShs
<b>Group and Company</b>		
Equity investment - FVOCI (Note 16)	323,730	222,750

#### Sensitivity analysis on equity prices

A decrease of 10% in the share prices would have the following effect on the other comprehensive income as follows:

	Other reserves	
	2024	2023
	KShs	KShs
<b>Group and company</b>		
Equity investment - FVOCI	(32,373)	(22,275)

An increase of 10% in the share price would have had an equal but opposite effect on the reserves, on the basis that all other variables remain constant.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued)

#### (d) Fair value of financial assets and financial liabilities

The fair values of other financial assets and financial liabilities is the same as the carrying amounts as shown in the statement of financial position due to their short-term nature.

Group	Financial assets at amortised cost KShs '000	Financial assets at FVOCI KShs '000	Other amortised cost KShs '000	Total carrying value KShs '000	Fair value KShs '000
<b>2024</b>					
<b>Financial assets</b>					
Equity investment - FVOCI	-	323,730	-	323,730	323,730
Trade and other receivables	477,604	-	-	477,604	477,604
Cash and cash equivalents	676,843	-	-	676,843	676,843
<b>Total</b>	<b>1,154,447</b>	<b>323,730</b>	<b>-</b>	<b>1,478,177</b>	<b>1,478,177</b>
<b>Financial liabilities</b>					
Trade and other payables	-	-	292,921	292,921	292,921
Lease liabilities	-	-	8,615	8,615	8,615
<b>Total</b>	<b>-</b>	<b>-</b>	<b>301,536</b>	<b>301,536</b>	<b>301,536</b>
<b>2023</b>					
<b>Financial assets</b>					
Equity investment - FVOCI	-	222,750	-	222,750	222,750
Trade and other receivables	570,269	-	-	570,269	570,269
Cash and cash equivalents	633,449	-	-	633,449	633,449
<b>Total</b>	<b>1,203,718</b>	<b>222,750</b>	<b>-</b>	<b>1,426,468</b>	<b>1,426,468</b>
<b>Financial liabilities</b>					
Trade and other payables	-	-	281,531	281,531	281,531
Lease liabilities	-	-	8,676	8,676	8,676
<b>Total</b>	<b>-</b>	<b>-</b>	<b>290,207</b>	<b>290,207</b>	<b>290,207</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued)

#### (d) Fair value of financial assets and financial liabilities (continued)

Company	Financial assets at amortised cost KShs '000	Financial assets at FVOCI KShs '000	Other amortised cost KShs '000	Total carrying value KShs '000	Fair value KShs '000
<b>2024</b>					
<b>Financial assets</b>					
Equity investment - FVOCI	-	323,730	-	323,730	323,730
Trade and other receivables	477,604	-	-	477,604	477,604
Cash and cash equivalent	<u>676,843</u>	<u>-</u>	<u>-</u>	<u>676,843</u>	<u>676,843</u>
	<u>1,154,447</u>	<u>323,730</u>	<u>-</u>	<u>1,478,177</u>	<u>1,478,177</u>
<b>Financial liabilities</b>					
Trade and other payables	-	-	314,815	314,815	314,815
Lease liabilities	<u>-</u>	<u>-</u>	<u>8,615</u>	<u>8,615</u>	<u>8,615</u>
	<u>-</u>	<u>-</u>	<u>323,430</u>	<u>323,430</u>	<u>323,430</u>
<b>2025</b>					
<b>Financial assets</b>					
Equity investment - FVOCI	-	222,750	-	222,750	222,750
Trade and other receivables	570,269	-	-	570,269	570,269
Cash and cash equivalent	<u>633,449</u>	<u>-</u>	<u>-</u>	<u>633,449</u>	<u>633,449</u>
	<u>1,203,718</u>	<u>222,750</u>	<u>-</u>	<u>1,426,468</u>	<u>1,426,468</u>
<b>Financial liabilities</b>					
Trade and other payables	-	-	303,424	303,424	303,424
Lease liabilities	<u>-</u>	<u>-</u>	<u>8,676</u>	<u>8,676</u>	<u>8,676</u>
	<u>-</u>	<u>-</u>	<u>312,100</u>	<u>312,100</u>	<u>312,100</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 4 Financial risk management (continued)

#### (d) Fair value of financial assets and financial liabilities (continued)

##### *Fair value hierarchy*

The valuation hierarchy, and types of instruments classified into each level within that hierarchy, is set out below:

	Level 1	Level 2	Level 3
Fair value determined using:	Unadjusted quoted prices in an active market for identical assets and liabilities	Valuation models with directly or indirectly market observable inputs	Valuation models using significant non-market observable inputs
Types of financial assets:	Listed equities	None	None
Types of financial liabilities:	None	None	None

The table below shows the classification of financial instruments held at fair value into the valuation hierarchy set out below as at 31 December:

##### Group and Company

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
<b>31 December 2024:</b>				
<b>Financial assets at FVOCI</b>				
Equity investment	323,730	-	-	323,730
<b>31 December 2023:</b>				
<b>Financial assets at FVOCI</b>				
Equity investment	222,750	-	-	222,750

#### (e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders. Capital comprises all components of equity (i.e. share capital, retained earnings, and other reserves).

There is no externally imposed capital requirement.

There were no changes in the Group's approach to capital management during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 5 Segment information

The Management and the Board is the Group's chief operating decision-maker. The chief operating decision - maker considers the business from a customer-sector perspective. Performance is measured based on each segment's gross profit percentage relative to budget and prior years.

Previously the entity considered the countries as operating segments. However, the Group has ceased operations that in Tanzania and Uganda in 2021, and therefore, the only operating segment remains Kenya/the Company.

### 6 Revenue

	Group		Company	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Sale of medical and industrial gases	954,842	931,771	954,842	931,771
Installations of gas tanks and services	146,870	515,108	146,870	512,673
Equipment, accessories & welding products	62,209	58,915	62,209	58,915
Container rentals	<u>40,280</u>	<u>33,548</u>	<u>40,280</u>	<u>33,548</u>
	<u>1,204,201</u>	<u>1,539,342</u>	<u>1,204,201</u>	<u>1,536,907</u>
<i>Recognised at a point in time</i>	1,017,052	990,686	1,017,052	990,686
<i>Recognised over time</i>	<u>187,149</u>	<u>548,656</u>	<u>187,149</u>	<u>546,221</u>
	<u>1,204,201</u>	<u>1,539,342</u>	<u>1,204,201</u>	<u>1,536,907</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 7 Other operating income and expenses

	Group		Company	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
<b>(a) Expenses by function comprise:</b>				
Cost of sales	604,273	782,945	604,273	782,946
Distribution costs	95,735	158,626	95,735	158,626
Selling and administrative expenses	246,989	300,468	251,347	295,092
	<u>946,997</u>	<u>1,242,039</u>	<u>951,355</u>	<u>1,236,664</u>
<b>(b) Expenses by nature comprise:</b>				
Product costs	268,366	464,516	268,366	464,516
Employee benefits and other staff costs	200,727	244,868	200,727	244,868
Electricity costs	172,823	188,166	172,823	188,166
Depreciation on property, plant and equipment (Note 12)	68,861	85,195	68,861	85,195
Depreciation on right of use asset (Note 13)	390	390	390	390
Amortisation of intangible assets (Note 14)	1,438	-	1,438	-
Fleet costs	41,753	59,357	41,753	59,357
Repairs and maintenance	29,417	38,519	29,417	38,519
Security and cleaning services	17,734	16,979	17,734	16,979
Travel and accommodation	15,171	12,339	15,171	12,339
Legal and professional fees	21,977	29,429	21,977	29,429
Directors' fees (Note 30(f))	6,210	9,420	6,210	9,420
Foreign currency exchange losses	10,273	(5,102)	14,632	(8,528)
Insurance	8,928	7,698	8,928	7,698
Management fee and group charges	35,835	30,725	35,835	23,509
Auditor's remuneration	7,514	8,374	7,514	8,374
Staff canteen	4,179	3,709	4,179	3,709
Software licences	2,391	4,952	2,391	4,952
Cylinder holding adjustments	2,261	22,787	2,261	22,787
Other expenses	<u>30,749</u>	<u>19,718</u>	<u>30,748</u>	<u>24,985</u>
	<u>946,997</u>	<u>1,242,039</u>	<u>951,355</u>	<u>1,236,664</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 7 Other operating income and expense (continued)

	Group		Company	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
<b>(c) Employee benefit expense</b>				
The following items are included within staff costs:				
Salaries and other staff cost	188,042	231,278	188,042	231,278
Social security benefits	1,355	730	1,355	730
Retirement benefits costs:	11,330	12,860	11,330	12,860
- defined contribution scheme				
	<u>200,727</u>	<u>244,868</u>	<u>200,727</u>	<u>244,868</u>

The average number of employees at Company and Group in 2024 was 55 (60 in 2023).

### 8 Other income and finance costs

	Group		Company	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
<b>(a) Other income</b>				
Dividend income	25,245	25,245	25,245	25,245
Interest income	48,721	2,277	48,721	2,277
Profit on disposal of property, plant and equipment	-	12,842	-	6,854
<b>Total</b>	<u>73,966</u>	<u>40,364</u>	<u>73,966</u>	<u>34,376</u>
<b>(b) Finance costs</b>				
Interest on lease liabilities (Note 24)	<u>991</u>	<u>998</u>	<u>991</u>	<u>998</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 9 Income tax expense

	Note	Group		Company	
		2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
<b>Current tax expense:</b>					
Current income tax charge	20	95,738	117,819	95,738	119,117
Deferred income tax credit	17	<u>(11,931)</u>	<u>(6,796)</u>	<u>(11,931)</u>	<u>(6,796)</u>
<b>Income tax expense</b>		<u>83,807</u>	<u>111,023</u>	<u>83,807</u>	<u>112,321</u>

The tax on the Group and Company profit before income tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Profit before income tax	<u>295,454</u>	<u>309,081</u>	<u>291,096</u>	<u>297,386</u>
Tax calculated at 30%	88,636	92,724	87,329	89,215
Tax effect of:				
Dividend income taxed at 5%	(6,311)	(6,311)	(6,311)	(6,311)
Expenses not deductible for tax	3,540	28,674	3,540	28,674
Income not subject to tax	(1,307)	(2,533)	-	-
Prior year under provision	<u>(751)</u>	<u>(1,531)</u>	<u>(751)</u>	<u>743</u>
<b>Income tax expense</b>	<u>83,807</u>	<u>111,023</u>	<u>83,807</u>	<u>112,321</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders with the weighted average number of ordinary shares outstanding during the year.

There were no potentially dilutive shares outstanding at 31 December 2024 or 31 December 2023. Therefore, the dilutive earnings per share and the calculation thereof equals the basic earnings per share.

	Group		Company	
	2024 '000	2023 '000	2024 '000	2023 '000
Net profit attributable to shareholders	211,647	198,058	207,289	185,065
Weighted average number of ordinary shares in issue (Number)	<u>19,525</u>	<u>19,525</u>	<u>19,525</u>	<u>19,525</u>
Basic and dilutive earnings per share (KShs)	<u>10.84</u>	<u>10.14</u>	<u>10.62</u>	<u>9.48</u>

### 11 Dividends per share

At the next Annual General Meeting a final dividend in respect of the year ended 31 December 2024 of KShs. 6.15 per share amounting to a total of KShs 120,081,493 to be proposed.

The Company paid an interim dividend of KShs. 2.50 in respect of the year 2024. No interim dividend was paid in 2023.

Payment of dividends is subject to withholding tax at a rate of either 5% for resident shareholders or 10% in for non-resident shareholders.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 12 Property, plant and equipment

#### (a) Group

	Land & Buildings KShs' 000	Plant & Machinery KShs' 000	Motor Vehicles KShs' 000	Cylinders KShs' 000	Furniture & Equipment KShs' 000	Work in progress KShs' 000	Total KShs' 000
<b>2023</b>							
Cost:							
At 1 January 2024	100,855	732,276	171,203	511,171	46,320	576	1,562,401
Additions	-	-	-	-	-	21,207	21,207
Transfers	-	3,005	9,181	3,589	6,008	(21,783)	-
<b>At 31 December 2024</b>	<u>100,855</u>	<u>735,281</u>	<u>180,384</u>	<u>514,760</u>	<u>52,328</u>	<u>-</u>	<u>1,583,608</u>
Depreciation:							
At 1 January 2024	(73,675)	(558,892)	(141,177)	(263,270)	(45,636)	-	(1,082,650)
Charge for the year	(2,587)	(23,451)	(11,801)	(29,448)	(1,574)	-	(68,861)
<b>At 31 December 2024</b>	<u>(76,262)</u>	<u>(582,343)</u>	<u>(152,978)</u>	<u>(292,718)</u>	<u>(47,210)</u>	<u>-</u>	<u>(1,151,511)</u>
<b>Carrying value:</b>							
At 31 December 2024	<u>24,593</u>	<u>152,938</u>	<u>27,406</u>	<u>222,042</u>	<u>5,118</u>	<u>-</u>	<u>432,097</u>

During the year, there were no disposals of fixed assets, hence no sales proceeds (2023 – KShs 9,006,908). The net book value of the disposed assets in 2023 was KShs. 2,151,848

Work in progress comprises costs incurred on assets under construction or on shipment. Such costs are capitalised when the asset has been completed and brought into use.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### (a) Group (continued)

2023	Land & Buildings KShs' 000	Plant & Machinery KShs' 000	Motor Vehicles KShs' 000	Cylinders KShs' 000	Furniture & Equipment KShs' 000	Work in progress KShs' 000	Total KShs' 000
Cost:							
At 1 January 2023	104,938	746,002	187,053	554,159	46,180	6,072	1,644,404
Additions	-	-	-	-	-	15,922	15,922
Transfers	-	-	15,528	5,750	140	(21,418)	-
Impairment	(4,083)	(13,726)	-	(48,738)	-	-	(66,547)
Disposals	-	-	(31,378)	-	-	-	(31,378)
At 31 December 2023	100,855	732,276	171,203	511,171	46,320	576	1,562,401
Depreciation:							
At 1 January 2023	(72,862)	(544,886)	(150,416)	(262,240)	(44,370)	-	(1,074,774)
Charge for the year	(2,686)	(27,568)	(19,937)	(33,738)	(1,266)	-	(85,195)
Impairment	1,873	13,562	-	32,708	-	-	48,143
Disposals	-	-	29,176	-	-	-	29,176
At 31 December 2023	(73,675)	(558,892)	(141,177)	(263,270)	(45,636)	-	(1,082,650)
Carrying value:							
At 31 December 2023	27,180	173,384	30,026	247,901	684	576	479,751

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 12 Property, plant and equipment (continued)

#### (b) Company

2024	Land & Buildings KShs' 000	Plant & Machinery KShs' 000	Motor Vehicles KShs' 000	Cylinders KShs' 000	Furniture & Equipment KShs' 000	Capital WIP KShs' 000	Total Fixed Assets KShs' 000
Cost:							
At 1 January 2024	100,855	743,032	171,204	511,170	46,320	577	1,573,158
Additions	-	-	-	-	-	21,207	21,207
Transfers	-	3,005	9,181	3,589	6,009	(21,784)	-
At 31 December 2024	100,855	746,037	180,385	514,759	52,329	-	1,594,365
Depreciation:							
At 1 January 2024	(73,677)	(558,890)	(141,180)	(263,269)	(45,634)	-	(1,074,774)
Charge for the year	(2,587)	(23,451)	(11,801)	(29,448)	(1,574)	-	(68,861)
At 31 December 2024	(76,264)	(582,341)	(152,981)	(292,717)	(47,208)	-	(1,151,511)
Carrying value:							
At 31 December 2024	24,591	163,696	27,404	222,042	5,121	-	442,854

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 12 Property, plant and equipment (continued)

#### (b) Company (continued)

2023	Land & Buildings KShs' 000	Plant & Machinery KShs' 000	Motor Vehicles KShs' 000	Cylinders KShs' 000	Furniture & Equipment KShs' 000	Capital WIP KShs' 000	Total Fixed Assets KShs' 000
Cost:							
At 1 January 2023	104,938	756,758	187,054	554,158	46,180	6,073	1,655,161
Additions	-	-	-	-	-	15,922	15,922
Transfers	-	-	15,528	5,750	140	(21,418)	-
Impairment	(4,083)	(13,726)	-	(48,738)	-	-	(66,547)
Disposals	-	-	(31,378)	-	-	-	(31,378)
At 31 December 2023	100,855	743,032	171,204	511,170	46,320	577	1,573,158
Depreciation:							
At 1 January 2023	(72,864)	(544,884)	(150,419)	(262,239)	(44,368)	-	(1,074,774)
Charge for the year	(2,686)	(27,568)	(19,937)	(33,738)	(1,266)	-	(85,195)
Impairment	1,873	13,562	-	32,708	-	-	48,143
Disposal	-	-	29,176	-	-	-	29,176
At 31 December 2023	(73,677)	(558,890)	(141,180)	(263,269)	(45,634)	-	(1,082,650)
Carrying value: At 31 December 2023	27,178	184,142	30,024	247,901	686	577	490,508

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 13 Right-of-use assets

#### Group and company

Right-of-use asset related to leased land.

	Note	2024 KShs'000	2023 KShs'000
<b>Cost:</b>		11,089	11,089
<b>Depreciation:</b>			
Start of year		(1,171)	(781)
Charge for the year	7(b)	(390)	(390)
End of year		(1,561)	(1,171)
<b>Net carrying amount at end of year</b>		<u>9,528</u>	<u>9,918</u>

### 14 Intangible assets

#### Group and company

Right-of-use asset related to leased land.

	Note	2024 KShs'000	2023 KShs'000
<b>Cost:</b>			
Start of year		4,267	4,267
Additions		5,175	-
		<u>9,442</u>	<u>4,267</u>
<b>Depreciation:</b>			
Start of year		(4,267)	(4,267)
Charge for the year	7(b)	(1,438)	-
End of year		<u>(5,705)</u>	<u>(4,267)</u>
<b>Net carrying amount at end of year</b>		<u>3,737</u>	<u>-</u>

### 15 Company

Company	Percentage shareholding	2023 KShs'000	2022 KShs'000
BOC Tanzania Limited	100%	10	10
BOC Uganda Limited	100%	50	50
<b>Total</b>		<u>60</u>	<u>60</u>

BOC Tanzania Limited and BOC Uganda Limited are incorporated in Tanzania and Uganda respectively. Both Companies are dormant.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 16 Equity investment FVOCI- Group and Company

	2024 KShs'000	2023 KShs'000
At start of year	222,750	178,200
Increase in fair value	<u>100,980</u>	<u>44,550</u>
At end of year	<u><u>323,730</u></u>	<u><u>222,750</u></u>

The balance relates to the fair value of equity shares held in Carbacid Investments PLC, which is quoted at the Nairobi Securities Exchange. The fair value is based on the quoted market prices at the year end. At inception in year 2000, the shares cost KShs 33,621,000

### 17 Deferred income tax

Deferred income tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2023 – 30%).

	Group and Company	
	2024 KShs'000	2023 KShs'000
Deferred income tax	<u><u>65,987</u></u>	<u><u>54,056</u></u>

The movement on the deferred tax account is as follows:

	Group and Company	
	2023 KShs'000	2022 KShs'000
At start of year	54,056	47,260
Recognised in profit or loss (Note 9)	<u>11,931</u>	<u>6,796</u>
At end of year	<u><u>65,987</u></u>	<u><u>54,056</u></u>

Consolidated deferred tax assets and deferred tax credit/(charge) to profit or loss account are attributable to the items on the next page:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### Group and Company:

	At 1 January Kshs '000	Recognised in profit or loss Kshs '000	At 31 December Kshs '000
<b>Year ended 31 December 2024</b>			
Property, plant and equipment	479	6,018	6,497
Accrued expenses and provisions	53,577	5,913	59,490
<b>Net deferred income tax asset</b>	<u>54,056</u>	<u>11,931</u>	<u>65,987</u>
	At 1 January Kshs '000	Recognised in profit or loss Kshs '000	At 31 December Kshs '000
<b>Year ended 31 December 2022</b>			
Property, plant and equipment	(16,298)	16,777	479
Accrued expenses and provisions	63,558	(9,981)	53,577
<b>Net deferred income tax asset</b>	<u>47,260</u>	<u>6,796</u>	<u>54,056</u>

### 18 Inventories

	Group		Company	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Finished goods and other saleable stock	214,461	139,174	214,461	139,174
Spare parts	71,161	73,050	71,161	73,050
Raw materials	21,497	22,999	21,497	22,999
Impairment allowance	(52,770)	(47,600)	(52,770)	(47,600)
	<u>254,349</u>	<u>187,623</u>	<u>254,349</u>	<u>187,623</u>

The cost of inventory recognised as an expense and included in cost of sales amounted to KShs 268,366,843 (2023 – KShs 464,515,766) for both Group and Company.

The inventories balance is net of the following provisions for slow moving and obsolete

	Group		Company	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
At start of year	47,600	59,930	47,600	54,103
Impairment provision charge / (credit) for the year	<u>5,170</u>	<u>(12,330)</u>	<u>5,170</u>	<u>(6,503)</u>
<b>At end of year</b>	<u>52,770</u>	<u>47,600</u>	<u>52,770</u>	<u>47,600</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 19 Trade and other receivables

	Group		Company	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Third party receivables:				
Trade receivables	458,587	409,127	458,587	409,127
Contract assets	108,790	219,999	108,790	219,999
Sub-total	567,377	629,126	567,377	629,126
Allowance for expected credit losses	(119,769)	(85,044)	(119,769)	(85,044)
Net of impairment allowance	447,608	544,082	447,608	544,082
Related party receivables (Note 30(c)):				
Trade receivables	15,512	15,512	34,504	34,504
Allowance for expected credit losses	-	-	(18,992)	(18,992)
Net of impairment allowance	15,512	15,512	15,512	15,512
Other receivables	777	489	777	489
Prepayments	13,707	10,186	13,707	10,186
<b>Total</b>	<b>477,604</b>	<b>570,269</b>	<b>477,604</b>	<b>570,269</b>

### 20 Current income tax

		Group		Company	
	Note	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
At Start of year		(60,112)	7,309	(60,112)	8,458
Tax paid		162,335	50,547	162,335	50,547
Charge for the year	9	(95,738)	(117,819)	(95,738)	(119,117)
Currency translation		-	(149)	-	-
Income tax receivable / (payable)		6,485	(60,112)	6,485	(60,112)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 21 Cash and cash equivalents

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	Group	
	2024	2023
	KShs'000	KShs'000
Short term bank balances	552,005	302,005
Cash at bank	124,838	331,444
	<u>676,843</u>	<u>633,449</u>

### 22 Share capital and share premium

#### (a) Share capital

	Number of shares	Share capital KShs'000
<b>Group and Company:</b>		
Authorised (ordinary shares)	20,000,000	100,000
Issued and fully paid 2024 and 2023	<u>19,525,446</u>	<u>97,627</u>

The total authorised and issued number of ordinary shares is 19,525,446 with a par value of Shs 5 per share. All issued shares are fully paid up.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### (b) Share premium

Share premium arose when the shares of the Company were issued at a price higher than the nominal (par) value.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 23 Other reserves

	Group		Company	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Fair value reserve	274,003	173,958	274,003	173,023
Foreign currency translation reserve	(41,876)	(38,454)	-	-
<b>Total</b>	<u>232,127</u>	<u>135,504</u>	<u>274,003</u>	<u>173,023</u>

#### (a) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of financial instruments measured at fair value through Other Comprehensive Income (OCI), recognised in other comprehensive income.

#### (b) Foreign currency translation reserve

Translation reserves relate to differences arising from closing and opening exchange rates applicable to assets and liabilities in the subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 24 Lease liabilities

The Company leases land in Nairobi Industrial Area where its offices and production facilities are located as well as in Mombasa and Kisumu where it has branch offices. Information on these leases for which the Company is a lessee is presented below.

		Group and Company	
	Note	KShs'000 2024	KShs'000 2023
(a) Lease liabilities			
At start of year		8,676	8,730
Interest on lease	8(b)	991	998
Payment/payable in the year		(1,052)	(1,052)
At end of year		8,615	8,676
Non-current		7,563	7,624
Current		1,052	1,052
		8,615	8,676
(b) Leases terms			
		Lease Term	Unexpired Lease Term
Nairobi		99 years	27 years
Mombasa		55 years	26 years
Kisumu		99 years	69 years
(c) Amounts recognised in profit or loss			
Depreciation of right-of-use assets	13	390	390
Interest on lease liabilities	8(b)	991	998
(d) Amount recognised in statement of cash flows			
Total cash outflows for leases		1,052	1,052

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 25 Trade and other payables

	Group		Company	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Cylinder deposits	119,684	114,447	119,684	114,447
Trade payables	63,714	72,761	63,714	72,761
Amounts due to related companies (Note 29(d))	9,105	8,012	30,999	29,906
Accruals and other payable	100,418	86,311	100,418	86,310
<b>Total</b>	<b>292,921</b>	<b>281,531</b>	<b>314,815</b>	<b>303,424</b>

### 26 Cash generated from operations

Reconciliation of profit before income tax to cash generated from operating activities::

		Group		Company	
	Note	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Profit before income tax		295,454	309,081	291,096	297,386
Adjustments for:					
Depreciation on PPE	12	68,861	85,195	68,861	85,195
Depreciation on ROU asset	13	390	390	390	390
Profit on sale of property and equipment		-	(6,854)	-	(6,854)
Amortisation of intangible asset	14	1,438	-	1,438	-
Impairment of PPE	12	-	18,454	-	18,454
Effect of foreign currency translations		(2)	(9,701)	-	-
Interest income	8	(48,721)	(2,277)	(48,721)	(2,277)
Interest on lease liability	24	991	998	991	998
Dividend income	8	(25,245)	(25,245)	(25,245)	(25,245)
Changes in working capital:		92,665	86,951	92,665	76,924
<i>Trade and other receivables</i>					
<i>Inventories</i>		(66,726)	15,064	(66,726)	15,064
<i>Trade and other payables</i>		11,394	2,156	11,391	14,247
<b>Cash generated from operating activities</b>		<b>330,499</b>	<b>474,212</b>	<b>326,140</b>	<b>474,282</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 27 Net debt reconciliation

This section analyses the net debt and movements in net debts of each period.

	Group		Company	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Net cash and cash equivalents	676,843	633,449	676,843	633,449
Lease liabilities	(8,615)	(8,676)	(8,615)	(8,676)
Net debt	<u>668,228</u>	<u>624,773</u>	<u>668,228</u>	<u>624,773</u>

	Group			Company		
	Liabilities from financing activities KShs'000	Other assets KShs'000	Total KShs'000	Liabilities from financing activities KShs'000	Cash KShs'000	Total KShs'000
Net debt as at 1 January 2023	(8,730)	277,118	268,388	(8,730)	281,453	272,723
Financing cashflows	1,052	356,331	357,383	1,052	351,996	353,048
Interest on lease	(998)	-	(998)	(998)	-	(998)
Net debt as at 31 December 2023	(8,676)	633,449	624,773	(8,676)	633,449	624,773
Financing cashflows	1,052	43,394	44,446	1,052	43,394	44,446
Interest on lease	(991)	-	(991)	(991)	-	(991)
Net debt as at 31 December 2024	<u>(8,615)</u>	<u>676,843</u>	<u>668,228</u>	<u>(8,615)</u>	<u>676,843</u>	<u>668,228</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 28 Contingent liabilities

At 31 December 2024, the Group and Company's bankers had issued various guarantees in favour of third parties (primarily the Group and Company's public sector customers) amounting KShs 35,077,207 (31 December 2023 – KShs 56,453,039).

The Company has the following bank facilities:

Facility description	Currency	Limit (US\$)	
		2024	2023
Trade Finance, Bonds and Guarantees	USD	1,561,000	1,561,000
Open-ended Bonds and Guarantees	KES	100,000	100,000
Overdrafts and advances	USD	1,000,000	1,000,000
Pre-settlement Exposure on Foreign Currency Transactions	USD	-	500,000

The facilities above were reviewed in 2024 and aligned with current business needs.

There are certain pending routine tax reconciliations with the tax authorities and labour-related legal claims for which provision has not been made in the books as the Directors are of the opinion that the possibility of payment is remote.

### 29 Capital commitments

At 31 December 2024, the Group had capital commitments of KShs 19,013,894 (2023 – Nil).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 30 Related party transactions

The ultimate parent of the Group is Linde plc a company incorporated and domiciled in Ireland while the immediate parent is BOC Holdings (UK). There are other companies that are related to BOC Kenya Plc through common shareholdings or common Directorships

The following transactions were carried out with related parties:

#### (a) Purchase of goods and services

	2024 KShs'000	2023 KShs'000
<b>Group</b>		
African Oxygen Limited	42,841	62,521
Cryostar SAS France	5,993	1,338
BOC Northern Technical (UK)	338	2,366
<b>Total</b>	<u>49,172</u>	<u>66,225</u>

#### (b) Sales to subsidiaries

There were no sales to related parties in the year (2023: nil)

#### (c) Outstanding balances included in receivables

	Group		Company	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Due to BOC Kenya Plc:				
African Oxygen Limited	15,512	15,512	15,512	15,512
BOC Tanzania Limited	-	-	18,992	18,992
	<u>15,512</u>	<u>15,512</u>	<u>34,504</u>	<u>34,504</u>
Allowance for impairment	-	-	(18,992)	(18,992)
<b>Net of impairment</b>	<u>15,512</u>	<u>15,512</u>	<u>15,512</u>	<u>15,512</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)

### 30 Related party transactions (continued)

#### (d) Outstanding balances included in payables

	Group		Company	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
African Oxygen Limited	-	-	21,894	21,894
BOC Uganda Limited	8,568	8,012	8,568	8,012
Cryostar SAS	537	-	537	-
<b>Total</b>	<u>9,105</u>	<u>8,012</u>	<u>30,999</u>	<u>29,906</u>

#### (e) Key management compensation

##### Group and Company

	2024	2023
	KShs'000	KShs'000
Salaries and short-term benefits	<u>36,877</u>	<u>21,747</u>

Key management compensation relates to salary and benefits paid to senior members of management excluding executive directors (whose remuneration is disclosed below)

#### (f) Directors' remuneration

	Group and Company	
	2024	2023
	KShs'000	KShs'000
Fees	6,210	9,420
Salaries and short-term benefits	<u>17,435</u>	<u>18,747</u>
<b>Total</b>	<u>23,645</u>	<u>28,167</u>

#### (g) Dividends paid

	Company
	2024
	KShs'000
Group and Company	
BOC Holdings (UK)	<u>109,146</u>
	<u>56,807</u>

### 30 Events after period end

There have been no events after reporting date that require adjustment to or disclosure in these financial statements.

**BOC KENYA PLC****PROXY FORM FOR THE 2025 ANNUAL GENERAL MEETING**

I/We \_\_\_\_\_

of P.O. Box \_\_\_\_\_

Share Account No. \_\_\_\_\_ being a Shareholder/Shareholders of the above-named Company hereby appoint:

Proxy Name: \_\_\_\_\_

Proxy P O Box \_\_\_\_\_

Proxy Mobile No. \_\_\_\_\_

Proxy Email address: \_\_\_\_\_

and failing him/her the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held physically at the Company's Head Office and factory site, Kitui Road, Industrial Area, Nairobi **Thursday 26 June 2025 at 11.00 a.m.**, and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2025.

Signature(s)/Seal: \_\_\_\_\_

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

**NOTES:**

1. Any Member who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company.
2. A proxy form is provided with this report. The proxy form can also be obtained from the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).
3. Shareholders who do not propose to be at the Annual General Meeting and intend to appoint a proxy are requested to do the following:
  - Complete the form provided and attach a copy of your National ID and a copy of the National ID of the proxy appointed.
  - Return the form (plus copies of the National ID's) to the Company's Registrar, Custody & Registrars, IKM Place, Fifth Ngong Avenue, Nairobi, P.O. Box 8484-00100, Nairobi or alternatively to the Registered Office of the Company so as to arrive not later than **2:30 p.m. on 23 June 2025**.


Duly signed proxy forms together with ID copies may also be emailed to [proxy@candrgroup.co.ke](mailto:proxy@candrgroup.co.ke) in PDF format.

In accordance with the Company's Articles of Association, a copy of the entire Annual Report and Financial Statements may be viewed and or downloaded from the Company's website ([www.boc.co.ke](http://www.boc.co.ke)).

VID-19  
EMERGENCY  
USE PROJECT



**BOC GASES**

**Liquid Oxygen**

**No Smoking**  
**No naked lights**  
**Use no oil or grease**





BOC  
GASES



BOC  
GASES

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