Combined Annual and Sustainability Report 2025

BAT KENYA

A Better Tomorrow™

A refined purpose:
The best choice any adult smoker can make will always be quitting combustible tobacco products completely.

For the last few years, the BAT Group's aim has been to build A Better Tomorrow™. This has meant working to reduce the health impact of our business by offering adult consumers a greater choice of reduced-risk* products compared to cigarettes.

Now is the time to take a step forward.

BAT's New Category products are not smoking cessation devices and are not marketed for that purpose.

A Better Tomorrow™ means Building a Smokeless World.

A Smokeless World built on Smokeless products where, ultimately, cigarettes have become a thing of the past.

A world where smokers have migrated from cigarettes to Smokeless alternatives.

A world where Tobacco Harm Reduction is both understood and accepted.

A world where smokers make a switch to better.

A BETTER TOMORROW™

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

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British American Tobacco Kenya plc
Combined Annual and Sustainability Report 2025

This is the Combined Annual and Sustainability Report (Combined Report) of British American Tobacco Kenya plc (BAT Kenya), comprising the Strategic Report, Sustainability Report, Governance Report and Audited Financial Statements for the year ended 31 December 2025.

References in this publication to 'the Company', 'BAT Kenya', 'the Business' 'we', 'us' and 'our', refer to British American Tobacco Kenya plc.

Whereas the Sustainability Reports of British American Tobacco Kenya plc (BAT Kenya), covering the financial year ended 31 December 2022 and 2023 were standalone publications, this report builds on the Company's 2024 inaugural Combined Annual, Financial and Sustainability Reporting requirements to provide a progress update on our financial and sustainability performance in 2025.

This Combined Report has been drawn up and is presented in accordance with, and reliance upon, applicable Kenyan company law and the Companies Act, 2015. The liabilities of the Directors in connection with this Report shall be subject to the limitations and restrictions provided by such law. A soft copy of the Combined Report is emailed to shareholders with valid email addresses in the database of our Shares Registrar. A digital copy can also be accessed on our website www.batkenya.com

Cautionary Statement

The material in this Combined Report is provided for the purpose of giving information about BAT Kenya to shareholders and is not provided for tobacco or nicotine product advertising, promotional or marketing purposes. This material does not constitute and should not be construed as constituting an offer to sell, or solicitation of an offer to buy any of our tobacco or nicotine products. Our products are sold in compliance with the laws of Kenya.

Certain sections of this Combined Report may contain forward-looking statements that are subject to risk factors associated with, amongst other things, the changing economic, regulatory and business dynamics affecting the Kenya and export markets. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated. Any forward-looking statements reflect knowledge and information available at the date of preparation of this Report and BAT Kenya is not obligated to update or revise these forward-looking statements, whether because of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements.

The Sustainability Report in this Combined Report may contain corrections and restatements of information provided in previous reports.

The scope of the Sustainability Report is the Company's operations in Kenya, i.e., offices, the cigarette manufacturing and commercial hub at Likoni Road in Nairobi's Industrial Area, the Green Leaf Threshing Plant (GLTP) in Thika, and trade, distribution and tobacco growing operations. It also addresses material aspects relating to key stakeholder groups: employees, regulators, business partners, consumers and society.

Statement of Use

BAT Kenya has prepared this Combined Annual and Sustainability Report for the period 1 January to 31 December 2025, with reference to the Global Reporting Initiative (GRI).

External assurance has not been conducted for the Sustainability Report. However, the Financial Statements have been audited by KPMG Kenya, who have expressed an unqualified audit opinion.

Overview

Corporate **information**

Board of Directors

Rita Kavashe*	(Chairperson)
Crispin Achola**	(Managing Director)
Catherine Chepkong'a**	(Finance Director)
Dr. Macharia Irungu*	
Martin Oduor-Otieno***	
Samuel Onyango*	
Marion Gathoga-Mwangi*	
Paul Muthaura*	
Phyllis Wakiaga*	
Kathryne Maundu	(Company Secretary)

Audit & Risk Committee

Samuel Onyango*	(Chairperson)
Martin Oduor-Otieno***	
Marion Gathoga – Mwangi*	
Paul Muthaura*	
Kathryne Maundu	(Committee Secretary)

Nominations & Governance Committee

Rita Kavashe*	(Chairperson)
Dr. Macharia Irungu*	
Paul Muthaura*	
Phyllis Wakiaga*	
Kathryne Maundu	(Committee Secretary)

Remuneration Committee

Marion Gathoga-Mwangi*	(Chairperson)
Phyllis Wakiaga*	
Samuel Onyango*	
Crispin Achola**	
Catherine Chepkong'a**	
Daniele Enganeben	(Committee Secretary)

* Independent Non-Executive Director
** Executive Director
*** Non- Executive, Non-Independent Director

Table 1: Corporate Information

Company secretary
Kathryne Maundu
C/O British American Tobacco Kenya plc
08 Likoni Road, Industrial Area
P.O Box 30000-00100, GPO
NAIROBI

External Auditor - Financial Statements
KPMG Kenya
Certified Public Accountants of Kenya
ABC Towers, 8th Floor
Waiyaki Way
P.O. Box 40612-00100
NAIROBI

Principal Advocates
Dentons Hamilton Harrison & Mathews
Wing A, 1 Floor
Delta Office Suites
Waiyaki Way
P.O Box 30333-00100
NAIROBI

Kaplan & Stratton Advocates
Williamson House
4th Ngong Avenue
P.O. Box 40111-00100
NAIROBI

Iseme, Kamau and Maema Advocates
Tower A, 5th Floor 5th Ngong Avenue,
off Bishops Road
P.O Box 11866 - 00400
NAIROBI

Principal Bankers
Absa Bank Kenya plc
Citibank NA
NCBA Kenya plc
Standard Chartered Bank Kenya plc

Shares Registrar
Image Registrars Limited
5th Floor, ABSA Towers
(formerly Barclays Plaza)
Loita Street
P.O Box 9287-00100
NAIROBI

Registered Office
British American Tobacco Kenya plc
08 Likoni Road, Industrial Area
P.O Box 30000-00100, GPO
NAIROBI

Overview

BAT at a **glance**

AS AT 31 DECEMBER 2025

118
Years of operation
in Kenya

2
Product categories
(Cigarettes & Nicotine pouches)

1
Tobacco-free oral
nicotine product brand

4
Cigarette
brands

+8
Markets served
(Kenya & the region)

56
Years on
the NSE

385
Direct employees
(excludes contracted staff)*

+80,000
Kenyans in
our value chain

2
Factories

8,423*
Local shareholders

KSHS
+90B**
Taxes paid
last five years

1.3M
Trees planted
In 2025

≈2,440
Tobacco farmers
contracted in Kenya

USD
≈100M
Annual forex
generation

63%
Women in BAT Kenya Leadership Team
(as at 31 April 2026)

Table 2: BAT Kenya at a Glance

* As at 31 March 2026 | ** Taxes in the form of Excise, VAT, Corporate tax, PAYE

Overview

BAT began operations in Kenya in 1907. BAT Kenya has been listed on the Nairobi Securities Exchange (NSE) since 1969 and has 8,558 shareholders, of whom 8,423 are local shareholders. The Company is in the business of tobacco farming and processing, manufacturing, sale and export of cigarettes and nicotine products. The Company has a manufacturing plant in Nairobi and a Green Leaf Threshing Plant in Thika. This is a strategic manufacturing hub for the BAT Group.

BAT Kenya is part of the BAT Group, a leading multi-category consumer goods business. BAT's purpose is to create A Better Tomorrow™ by building A Smokeless World.

We are a strong, forward-looking Company with a proven strategy to deliver sustained value for our stakeholders. Our diverse strengths - our strong heritage, unique brands, new product innovations and talented people are the foundations of our continuing progress.

Through our manufacturing hub in Nairobi and Green Leaf Processing plant in Thika, we make cigarettes chosen by most of Kenya's adult smokers, with a variety of brands sold in the Kenyan market. The Company also serves as a manufacturing hub for BAT Group's export markets in East and Southern Africa, and beyond.

Our business contributes to Kenya's socio-economic development in various ways, including supporting of over 80,000 workers in trade and business partners and 2,440 tobacco farmers concentrated in the counties of Meru, Bungoma, Busia, Migori and Homa Bay. We also provide direct and indirect employment opportunities for over 1,800 people.

Our sustainability agenda is informed by the BAT Group's strategic impact areas which are Tobacco Harm Reduction, Climate, Nature, Circularity and Communities. We registered various milestones in this realm as demonstrated in this report, including embedding our tobacco harm reduction journey with the introduction of an oral nicotine product in 2019 and the official relaunch of Velo in 2025. BAT Kenya is also a leading employer, having been certified eight consecutive times (2018 to 2025) as a Top Employer in Kenya and Africa, by the global Top Employers Institute.

On the diversity and inclusion front, the Company has seen sustained progress, specifically in terms of the representation of women in the organisation. We are also accelerating progress in the representation of people with disabilities within BAT Kenya. As part of this, we are a member of the Kenya Business and Disabilities Network (KBDN), an organisation that champions workplace inclusivity for persons with disabilities.

Overview

About our **business**

Regulatory landscape

While we are subject to the general regulatory frameworks that apply to all businesses, certain regulation is specific to our industry, key being the Tobacco Control Act, 2007 (TCA) and Tobacco Control Regulations, 2014 (TCR) whose purpose is to provide a legal framework for the control of the production, manufacture, sale, labelling, advertising, promotion, sponsorship and use of tobacco products .

We support regulation that is based on thorough evidence and research and is arrived at through robust consultative processes to deliver on the intended policy aims, while recognising unintended consequences.

As important, BAT Kenya operates in line with the BAT Group's Standards of Business Conduct (SoBC), which we have adopted locally and applies to all our directors, employees and contractors. The SoBC sets high standards of responsible behaviour and comprises our core policies for all Group companies worldwide, including on human rights, anti-bribery and corruption, and anti-illicit trade.

Complementing the SoBC, is our Supplier Code of Conduct (SCOC), which defines the minimum standards expected of all suppliers of goods or services. This includes compliance with applicable laws, respect for fundamental human rights and fair labour practices. As such, BAT Kenya is committed to driving responsible business practices in both its business and supply chain.

Further to the TCA and TCR, the sale of our products is governed by the BAT Group's Responsible Marketing Principles (RMP). A fundamental requirement of the RMP is that our tobacco and nicotine products should be sold responsibly to adults only and are not designed to appeal to children.

The Company fully supports laws and regulations prohibiting the sale of our products to anyone under the legal minimum age of 18 in Kenya, and we have a well- established programme aimed at Underage Access Prevention (UAP).

We are committed to complying with all applicable laws, and BAT policies and guidelines.

Tobacco Harm Reduction

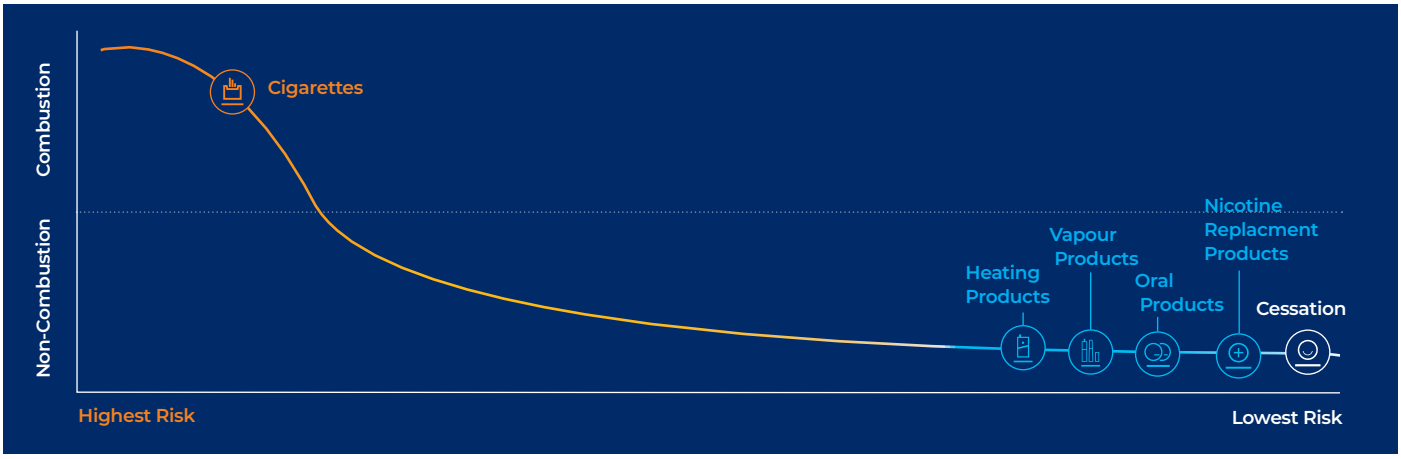
Tobacco Harm Reduction (THR) is a public health policy that aims to minimise the population level harm associated with using tobacco, through enabling adult consumers who would otherwise continue to switch to alternative forms of tobacco and nicotine products that have a lower risk* profile, in comparison to cigarettes.

It is widely acknowledged that most of the harm associated with conventional cigarettes is caused by the toxicants in the smoke produced by the burning of tobacco. BAT's ambition is to migrate adult smokers from cigarettes to Smokeless Products. These products include Heating Products (HP), Vapour Products commonly referred to as e-cigarettes and oral nicotine products (nicotine pouches). BAT is also very clear that Smokeless products are not risk-free. The best choice any adult smoker can make will always be to quit combustible tobacco products completely.

For BAT, achieving its THR ambition requires changes in consumer behaviour particularly regarding regulation and public health policies. In Kenya, this includes supporting the implementation of regulations that differentiate Smokeless Products from cigarettes, creating a framework that enables adult smokers to switch to alternative nicotine products and advancing the acceptance of Tobacco Harm Reduction (THR).

The image below explains the differing risk profile of various tobacco and nicotine products, demonstrating that the health risk of tobacco and nicotine products are different, and that some products are comparatively less harmful* than others.

Fig 1: Risk profile: Tobacco & nicotine products



*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

Risk continuum: Tobacco and nicotine products.

For THR to be effective, alternatives that deliver comparable satisfaction in nicotine delivery, use and sensorial aspects are needed to facilitate transition by adult smokers.

Given Kenya's progressive approach and position as a leader in both Africa and East Africa region, our government has a real chance to pave the way in reducing tobacco-related harm, by enacting and implementing regulations that enable tobacco harm reduction in our country, key being the differentiation of Modern Oral nicotine products from traditional combustible cigarettes.

World class science

Science and innovation are at the heart of BAT's Group transformation journey, of building A Smokeless World. The Group's research in Smokeless Products not only focuses on compliance with regulation, but it also contributes valuable data to the scientific community. BAT's research follows standardised regulatory endorsed methodologies where those exist, in line with requisite quality standards and practices (e.g. good laboratory practice and good clinical practice) and where possible, are conducted through third party contract research organisations.

THR ambition requires changes in consumer behaviour particularly regarding regulation and public health policies.

Tobacco Farming

Tobacco is diverse, and different types of tobacco are grown in different parts of the world. It is classified into four taste territories namely: Dark, Earthy, Bright and Aromatic. Kenya predominantly grows Earthy tobacco.

BAT Kenya is a contributor to the global leaf market through BAT's global leaf pool, which buys cut rag (processed loose tobacco) from its leaf growing markets worldwide. We have put in place infrastructure to facilitate the supply of high-quality leaf and safeguard its integrity.

Our leaf growing operations in Kenya are concentrated in the counties of Bungoma, Busia, Migori and Meru, where we partner with a majority of local tobacco farmers through annual contracting. In partnership with our contracted tobacco farmers, we have decades of experience in tobacco farming and processing.

The tobacco leaf growing season at BAT Kenya begins with farmer selection and contracting. Subsequently, the Company issues farmers with crop and farm inputs, including tobacco seeds, agrochemicals, fertilizer, and personal protective equipment (PPE).

To facilitate the implementation of Good Agricultural Practices (GAP), field extension services are provided to contracted farmers throughout the crop season. This is done through outsourced field technical officers in liaison with BAT Kenya's Area Leaf Managers. The key objective of this process is to build farmer capabilities,

BAT's ambition is to migrate adult smokers from cigarettes to Smokeless Products.

Fig 2: Omni

Omni™

The BAT Group set out its vision to build A Smokeless World by introducing Omni™, a progress summary of its efforts to create A Better Tomorrow™. Omni™ openly addresses the big questions facing our organisation and provides an overview of the science supporting BAT's Smokeless products. It also summarises the global THR evidence base compiled over the last decade.

Omni™ is an evidence-based manifesto for change, which captures BAT's commitment and progress towards Building a Smokeless World to create A Better Tomorrow™

Omni™

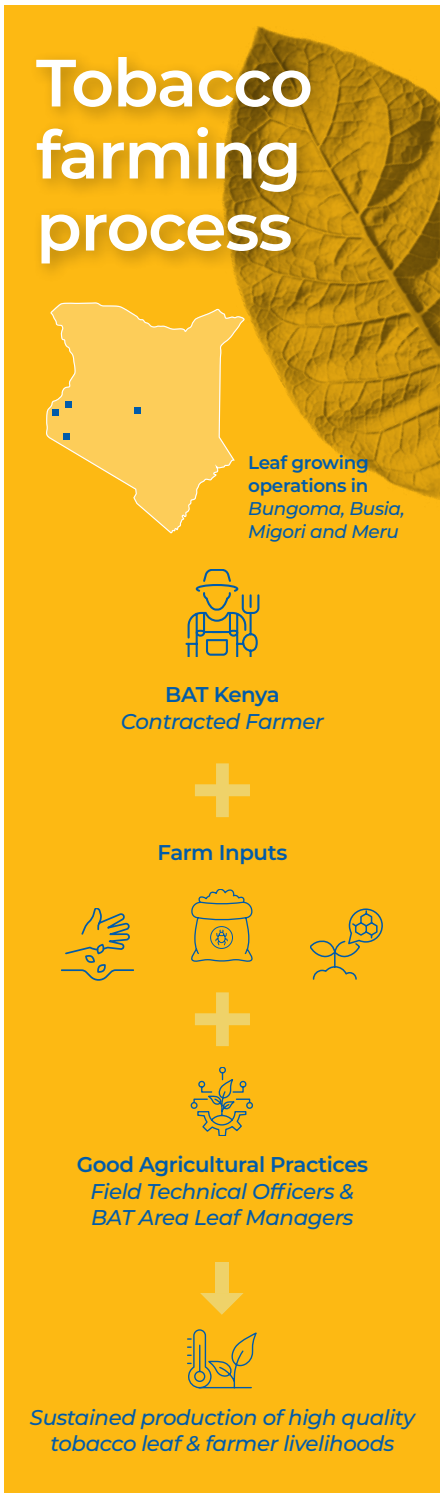
www.asmokelessworld.com

monitor progress and gather information to facilitate key decisions during the ongoing crop growing cycle and establish future needs of the Company's Leaf operations.

The third phase in leaf growing includes harvesting and curing of the tobacco leaf by farmers. Once harvested, tobacco leaf goes through a process called curing where the tobacco leaves are dried in a controlled environment to prepare them for processing at our Grean Leaf Threshing Plant (GLTP) in Thika. Subsequently, we purchase the cured tobacco from our farmers, upon which it is warehoused and transported to the GLTP, where it is prepared to produce cigarettes.

During the growing stage, the tobacco crop is in the soil for six months, after which it is harvested and cured for about three months. We encourage our farmers to grow alternative crops after harvesting tobacco, to enhance food security and soil nutrition. To facilitate this, we provide seeds for subsistence crops, including certified maize seeds at no cost. Additionally, depending on the season, to further enhance crop diversification, we provide seeds for other crops and plants at market competitive rates.

Leaf processing activities include leaf buying, warehousing, and threshing to meet stringent quality standards, as well as leaf grading and blending. The final steps include transportation of the processed leaf from our GLTP in Thika, to our cigarette manufacturing factory in Nairobi.



Sustainable tobacco programme

Sustainability considerations underpin the BAT Kenya tobacco leaf growing process. It includes protecting the integrity of the tobacco leaf, mitigating external risks such as adverse environmental impacts, ensuring the safety of farmers and their workers, and enhancing farmer livelihoods.

Through the BAT Group, BAT Kenya participates in the industry-wide Sustainable Tobacco Programme (STP), an initiative developed in collaboration with other global tobacco manufacturers to harness industry best practices and drive continuous improvement. The STP is aligned to various external standards including the International Labour Organisation (ILO) and the United Nations Guiding Principles on Business and Human Rights.

STP themes include water, human and labour rights, crop, soil health, natural habitats, livelihoods, climate change and governance and actions that can be taken to help prevent child and forced labour. The STP applies to all first-tier suppliers in our tobacco leaf supply chain.

Impact of the operating environment on tobacco farming

As part of efforts to build a future-fit business, BAT Kenya regularly reviews demand levels for Kenyan tobacco leaf in light of various operational factors. Over the last few years, consumer affordability challenges and the sustained growth of illicit trade in tax evaded cigarettes have adversely impacted the demand for legitimate tobacco products. Illicit trade has grown from less than 1% in 2015 to approximately 45% in 2025 (according to third party research). Further information on illicit trade in tobacco products is available in other parts of this Report.

Manufacturing excellence

Consumers are at the heart of our business, and we endeavour to provide them with the highest quality products at all times. Our cigarette manufacturing factory in Nairobi's Industrial Area and Green Leaf Threshing Plant in Thika, form a key hub for BAT's global business. We continue to invest in this operational infrastructure to build future-fit capabilities and deliver world – class results. In recognition of this, we have received various accolades internally and externally including at the annual Energy Management Awards hosted by the Kenya Association of Manufacturers (KAM) where we achieved a total of seven awards. This has notably been in the areas of energy management, transport, renewable energy, sustainable high-performance, and thermal savings.

A key component of our manufacturing efficiency is the BAT Group's Integrated Work Systems (IWS) tool anchored on four pillars i.e., people, structure, process and culture. IWS aims at achieving sustainable business results by embracing a Zero Loss Mentality and 100% Employee Involvement. With this framework, all employees actively participate in identifying loss areas and generating new innovative solutions to eliminate losses and increase productivity.

In 2025, the Nairobi factory's annual Overall Equipment Efficiency (OEE) was 67% vs a target of 69%, maintaining similar performance compared to 2024. However, the factory delivered a Mean Time Between Failure (MTBF) performance of 36 minutes from 29 minutes in 2024, a 17% improvement. This demonstrates improvement in equipment stability through reduction of unplanned downtimes.

Additionally, we set a new monthly MTBF performance record of 53.8 Minutes against the set target of 60 Minutes by 2026 (previous record: 50.1). These achievements are evident of improved employee capabilities in identifying losses in both processes and machinery. Notably, IWS-driven loss elimination delivered productivity savings of KShs 735 million from process improvements, waste reduction and energy saving initiatives.

In 2025, BAT Kenya continued to focus on building the technical and leadership skills of within teams through the following trainings:

- Loss elimination/ Autonomous Maintenance: To enhance the teams' capabilities to identify losses during the manufacturing process, how to eliminate them, and create standards to ensure non re-occurrence in future.
- Organization Performance Model (OPM) training: To enable the manufacturing and supply chain team's understanding of the organisation design and its impact on business results.
- Digitalisation and automation training: To drive the elimination of losses through faster visualization of data and shorten decision making time experienced in manual processes.

Quality Assurance

BAT Kenya has a quality management system in place, supported by the Quality pillar within the Integrated Work System (IWS) at our factory. Our approach to quality management involves active employee participation in quality processes, with a focus on reducing product defects and seeking to ensure we meet the needs of our consumers. We consistently work to minimize product quality issues in the manufacturing process aligned to IWS, that aims at preventing defect occurrence during production. To this end, we have implemented digital solutions (Mobile Vista for product defect classification and Global Lab Quality Vista for training on product quality) to enhance product quality, integrity, and traceability.

When they occur, reported product defects are handled through a robust corrective action/preventive action (CAPA) process embedded in our quality assurance management system as guided by the BAT Group. Additionally, we align to the provisions under licenses and certifications which include ISO 9001:2025 standards, Alliance for Water Stewardship (AWS), ISO 17025. Locally, our products are regulated by the Standards Act, Weight and Measures Act, Kenya Standard KS EAS 110 (cigarettes) and EAS 1198 (nicotine pouches) to further enhance our quality measures.

Business Continuity Planning (BCP)

The global threat landscape continued to evolve rapidly in 2025. Shifting geopolitical risks, contested elections across several regions, rising cybercrime sophistication, supply chain disruptions, the increasing frequency of severe climate related events and increasing unpredictable regulatory requirements. These disruptions were amplified by ongoing energy market volatility and global economic uncertainty, underscoring the critical need to operate with robust, adaptive, and integrated Business Continuity Management (BCM).

Several of these global developments translated into local resilience pressures that directly affected BAT Kenya's operating environment. Increasing political activity, anti-

Overview

government protests, social-economic pressure-driven demonstrations, and supply chain disruptions were amongst key drivers of disruptions impacting our BAT Kenya business.

Our BCM remains firmly rooted in protecting our people, assets, information, operations, reputation and minimizing negative financial impacts. Guided by these principles, our continuity objectives focused on the following:

- Reducing the potential of business interruption occurring;
- Ensuring that the business can respond effectively and deliver timely recovery from any business interruption to an acceptable pre-defined level;
- Maintaining (and seeking to improve) market position in the event of a business interruption; and
- Ensuring continued operation and viability of our organisation, and sustained delivery of shareholder value following business interruption.

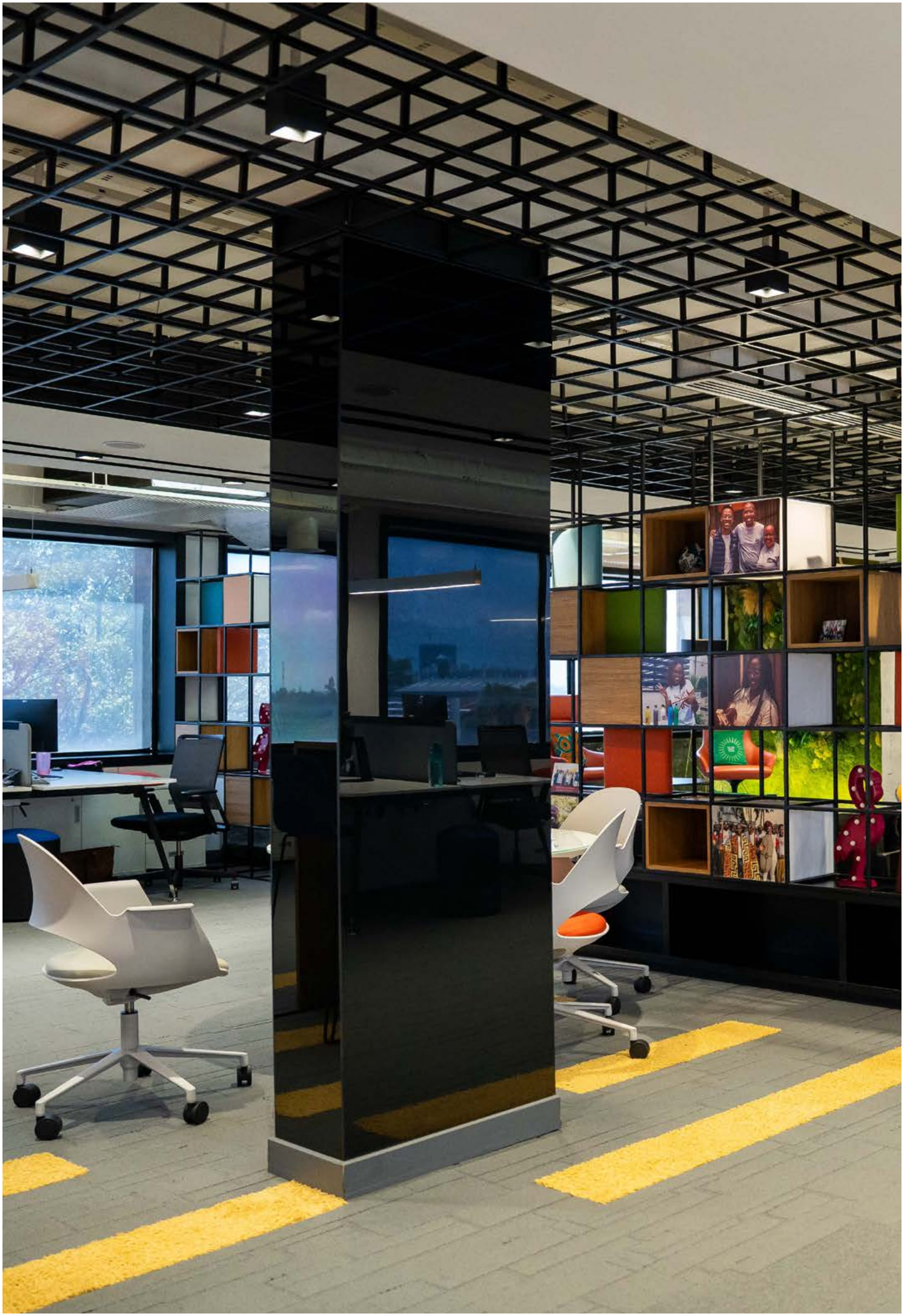
BAT Kenya strengthened its BCM capabilities by enhancing several critical components. Regular testing, simulations, and crisis management exercises improved leadership readiness and cross functional coordination. Updated Business Impact Assessments (BIAs) ensured our continuity strategies reflected current risk realities, while strengthened supplier resilience assessments helped reinforce stability within our broader value chain. We also expanded our crisis communication protocols, continued to invest in BCM training and awareness, and conducted ongoing assurance and compliance reviews, including internal audits aligned with BAT's global governance requirements.

As the operating landscape remains volatile, BAT Kenya continues to prioritise resilience as a strategic enabler. Our BCM will remain adaptive, data driven, and embedded within decision making processes, ensuring we can safeguard business continuity, protect our stakeholders, and deliver sustained value in a dynamic environment.

Below is a summary of select BAT Kenya contingency plans.

Mandated plans	Components
Denial of site	▪ Premises recovery ▪ Loss of key staff ▪ Information Digital Technology (IDT) remote working plan
Crisis management	▪ Crisis management structure ▪ Crisis communications
IT Service Continuity (ITSC)	▪ IT service continuity
Supply chain	▪ Finished goods contingency sourcing plan ▪ Wrapping materials sourcing plan ▪ Primary supply chain ▪ Secondary supply chain
Manufacturing	▪ Manufacturing recovery plan
Product recall	▪ Product recall plan
Pandemic plan	▪ Pandemic plan
Security plans	▪ Civil disorder (Evacuation plan) ▪ Natural event management plan

Table 3: Business Contingency Plans (BCPs)



Chairperson's **Report**

> By embedding sustainability into our strategy and daily operations, we continue to strengthen resilience and build long-term value.
>
> **Rita Kavashe**
> Chairperson

On behalf of the Board, Management and employees, I am pleased to present BAT Kenya's Combined Annual Financial and Sustainability Report for the year ended 31 December 2025.

The last financial year delivered mixed results, marked by a rise in illicit trade that resulted in a 10% decline in our net revenues, from 25.7 billion to KShs 23.2 billion.

However, despite the challenging operating environment, we registered an increase in profits, driven by effective cost management and lower financing costs, attributed to prudent financial management.

Our second year of publishing the Combined Annual Financial and Sustainability Report, 2025 marked meaningful progress in our journey to embed sustainability across all aspects of our operations, as detailed in this Report.

The tobacco sector, much like many others, continues to experience the effects of external pressures. Increasing competitive and regulatory demands, together with shifting consumer behaviours, continue to shape the operating environment. As the BAT Kenya Board, we remain committed to delivering long term value to our stakeholders through our refined Group strategy.

During the year under review, we integrated sustainable practices across our operations with a focus on biodiversity conservation, waste management, energy efficiency and the advancement of a circular economy. By embedding these priorities into our strategy and day-to-day activities, we seek to enhance resource efficiency, reduce our carbon footprint and build resilience to climate-related risks across our value chain.

These efforts form part of our deliberate strategy to future-proofing the business, supporting the communities we serve and remaining aligned with regulatory expectations.

We remain confident in the resilience of our business, our proven strategy and our ability to sustainably deliver shareholder value. Aligned with our purpose of building A Better Tomorrow™, we continue to advance A Smokeless World through innovative and reduced risk alternatives, as seen in the relaunch of our oral nicotine pouches during the year.

Our focus on Tobacco Harm Reduction remains steadfast. We continue to encourage adult smokers who would otherwise continue to smoke, to transition to smokeless alternatives in a responsible and sustainable manner.

Building on these efforts, we will continue to expand our product portfolio in this category through our oral nicotine pouches, VELO™.

Through our engagement with government and other policymakers, we continue to advocate for science-based

regulation, which is critical to realising A Smokeless World. Sustainable, science based regulation remains essential in unlocking the full potential of smokeless products in Kenya- a message we continue to reinforce through constructive national dialogue and transparent engagement with policymakers.

I recognise and applaud the BAT Kenya Leadership Team for its sustained efforts in fostering a positive working culture and creating a workplace where our people remain central to strategic delivery and long term business performance. In this regard, I extend my heartfelt appreciation to our employees, consumers, shareholders, regulators and partners whose trust and collaboration continue to shape a resilient and impactful future.

Key sustainability milestones achieved in 2025 include:

- 55% reduction in Scope 1 and 2 emissions (versus the 2020 baseline)
- 99% of waste recycled
- 42.2% total water recycled
- 100% of tobacco farmers growing alternative crops
- 73% representation of women in the Senior Leadership Team (Grade 37+)

Dividends

In line with our commitment to delivering sustainable shareholder value, the Board of Directors has proposed a final dividend of KShs 60 per share for the year ended 31 December 2025, to be presented for approval at the Annual General Meeting on 12 June 2026. Combined with the interim dividend already paid, this results in a total dividend of KShs 70 per share further reinforcing BAT Kenya's position as one of the highest yielding stocks on the Nairobi Securities Exchange (NSE).

Summary and Outlook

Looking ahead as a Board, we remain firmly committed to good corporate governance, and to achieving our business objectives in an honest, transparent and accountable manner. This will involve, but not limited to, supporting a regulatory agenda that aligns with national priorities.

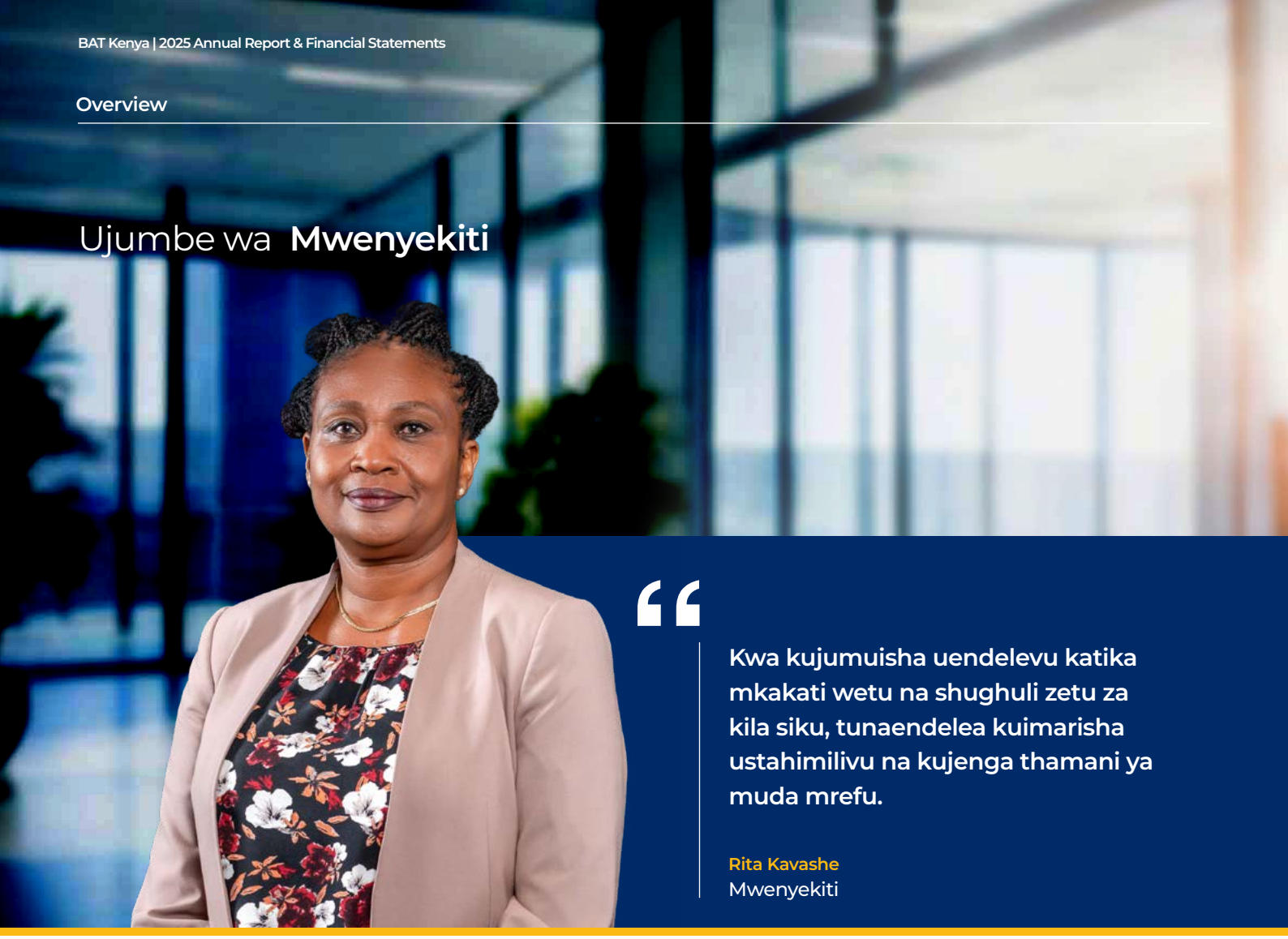
Combating illicit cigarettes trade will continue to be a top priority for the Board given its impact on government revenue, the sustainability of legitimate businesses and consumer safety. We will continue collaborating with relevant stakeholders and government agencies to restore market integrity while striving to deliver and maximise shareholder value.

99%
Waste recycled

55%
Reduction in scope 1 & 2 emissions

100%
Farmers growing alternative crops

Ujumbe wa **Mwenyekiti**



> **Kwa kujumuisha uendelevu katika mkakati wetu na shughuli zetu za kila siku, tunaendelea kuimarisha ustahimilivu na kujenga thamani ya muda mrefu.**
>
> Rita Kavashe
> Mwenyekiti

Kwa niaba ya Bodi, Usimamizi na wafanyikazi, nina furaha kuwaletea Ripoti ya Pamoja ya Kifedha na Uendelevu wa BAT Kenya kwa mwaka uliokamilika Desemba 31, 2025.

Mwaka uliopita ulikuwa na matokeo mseto, hasa ongezeko la biashara haramu ya tumbaku, ambayo ilisababisha kupungua kwa mapato yetu ya jumla kwa asilimia 10%, kutoka Shilingi 25.7 bilioni hadi Shilingi 23.2 bilioni.

Hata hivyo, licha ya mazingira haya magumu ya kibiashara, tuliandikisha ongezeko la faida, ikichangiwa na usimamizi bora wa matumizi na kupungua kwa gharama ya kifedha kutokana na usimamizi bora wa fedha.

Katika mwaka wa pili wa kuwasilisha Ripoti ya Pamoja ya Kifedha na Uendelevu, mwaka wa 2025 ulikuwa wa mafanikio katika safari yetu ya kushirikisha uendelevu katika shughuli zetu zote, kama inavyoelezwa kwenye ripoti.

Sekta ya tumbaku, sawa na ilivyo katika sekta zingine, inaendelea kukumbwa na changamoto kutoka nje. Changamoto hizi ni pamoja na kuongezeka kwa ushindani na usimamizi wa matumizi ya tumbaku, pamoja na mabadiliko ya tabia za watumizi, hali ambazo zinaendelea kubadilisha hali ya biashara. Kama Bodi ya BAT Kenya, tunaendelea kujitolea katika kuhakikisha tunaletea washikadau wetu manufaa kupitia kwa mkakati ulioboreshwa wa BAT Group.

Katika mwaka unaoangaziwa, tulishirikisha mbinu endelevu kwenye shughuli zetu kwa lengo la kulinda mazingira, usimamizi bora wa taka, utumizi mzuri wa kawi na kuendeleza uchumi mzunguko. Kwa kushirikisha mbinu hizi katika mkakati wetu na shughuli za kila siku, tunalenga kuhakikisha matumizi bora ya raslimali, kupunguza athari za kimazingira na kujenga ustahimilivu katika shughuli zetu dhidi ya athari zinazotokana na mabadiliko ya tabianchi.

Juhudi hizi ni sehemu ya mipango ya mkakati wetu wa kuhakikisha biashara imelindwa, kusaidia jamii ambazo tunahudumia na kutimiza masharti ya usimamizi wa matumizi ya tumbaku.

Tuko na imani ya ustahimilivu wa biashara yetu, mkakati wetu imara na uwezo wa kuendelea kuleta manufaa kwa wenyehisa. Kwa uwiano na lengo letu la kujenga Kesho Bora (A Better Tomorrow™), tunaendelea kuafikia lengo la Dunia Bila Moshi (A Smokeless World) kupitia ubunifu na bidhaa mbadala zenye madhara yaliyopungua, kama ilivyodhihirishwa na kuzinduliwa kwa tumbaku ya kutafuna katika mwaka husika.

Lengo letu la Kupunguza Madhara ya Tumbaku (Tobacco Harm Reduction) lingalipo, na tunahimiza watu wazima wanaovuta tumbaku na wangependa kuendelea waanze kutumia zile zisizo na moshi kwa kwa njia yenye uwajibikaji.

Overview

Katika kuendeleza juhudi hizi, tunapanua bidhaa zetu katika kitengo hiki kupitia kwa vipochi vya kutafuna vya VELO™.

Kupitia mashauriano na Serikali na wabunaji sera wengine, tunaendelea kuhimiza usimamizi uliojikita kwenye sayansi, hatua ambayo ni muhimu katika kuafikia Dunia Bila Moshi. Kanuni endelevu na za kisayansi za usimamizi ni muhimu katika kuhakikisha kuna bidhaa zisizo na moshi hapa Kenya. Tunaendeleza ujumbe huu kupitia mashauriano ya kitaifa na ya wazi na wabunaji sera.

Natambua na kupongeza Timu ya Uongozi wa BAT Kenya kwa kuendelea na juhudi za kuboresha mazingira bora ya kufanya kazi, ambapo wafanyikazi wanaendelea kuwa kiungo muhimu katika mafanikio na ustawi wa kibiashara. Kwa hili, natoa shukrani zangu kwa wafanyikazi, wateja, wenyehisa, wasimamizi na wadau ambao imani yao na ushirikiano zinaendelea kuchangia siku za baadaye zenye ustahimilivu na mafanikio.

Mafanikio makuu ya uendelevu yaliyoafikiwa 2025 ni:

- Upunguzaji wa asilimia 55% wa Daraja 1 na 2 ya utoaji hewa chafu (ikilinganishwa na mahitaji ya 2020).
- Kuchakata tena asilimia 99% ya taka
- Kusafisha asilimia 42.2% ya maji chafu
- Asilimia 100% ya wakulima kukuza mazao mseto
- Asilimia 73% ya uwakilishi wa wanawake katika Ngazi za Juu za Uongozi (Gredi 37+)

Mgao wa Faida

Katika juhudi za kujitolea katika kuendelea kuleta manufaa kwa wenyehisa, Bodi ya Wakurugenzi imependekeza malipo ya mwisho ya mgao wa faida ya Shilingi 60 kwa kila hisa kwa mwaka uliokamilika Desemba 31, 2025. Pendekezo hili litawasilishwa kwa uidhinishaji kwenye Mkutano wa Mwaka utakaofanyika Juni 12, 2026. Ikijumuishwa na mgao wa muda ambao tayari umelipwa, jumla ya mgao wa faida ya mwaka utakuwa Shilingi 70 kwa kila hisa. Hii inadhihirisha uthabiri wa BAT Kenya katika kutoa mgao wa faida wa juu zaidi katika Soko la Hisa la Nairobi (NSE).

Mukhtasari wa Hali ya Baadaye

Tunapoangazia mbele, kama Bodi tunaendelea kujitolea katika kuhakikisha usimamizi bora wa kampuni, na kuafikia malengo yetu ya kibiashara kwa uaminifu, uwazi na uwajibikaji. Mbali na mengine, hii itahusisha kuunga mkono ajenda ya usimamizi wa matumizi ya tumbaku inayolingana na azma za kitaifa.

Kukabiliana na biashara ya tumbaku haramu pia kutaendelea kuwa ajenda kuu ya Bodi, ikizingatiwa athari ambazo biashara hii imechangia katika kupungua kwa mapato ya Serikali, ustawi wa biashara halali na kuhatarisha maslahi ya wateja. Tutaendelea kushirikiana na wadau husika na taasisi za Serikali katika kurudisha biashara halali, huku tukijitahidi kuleta manufaa zaidi kwa wenyehisa.

99%
Taka zilisindikwa upya

55%
Upunguzaji wa uzalishaji wa hewa chafu (Scope 1 na 2)

100%
Wakulima wanaolima mazao mbadala

Managing Director's **Report**

> **Despite a complex operating environment, we remain focused on disciplined execution of our strategy to build a sustainable business for the future.**
>
> Crispin Achola
> Managing Director

2025 was a remarkable year for BAT Kenya. Despite a challenging operating environment, the Company reported strong financial performance for the year ended 31 December 2025, driven by effective cost management and lower financing costs.

Operating environment

The operating environment was marred by the growth of illicit cigarettes trade, which now dominates the market both locally and regionally. Illicit cigarettes prevalence represents 45% of the Kenyan domestic market, a significant increase from 37% in 2024 (according to third party research) resulting in an estimated government revenue loss of KShs 12 billion annually.

As a Company, we have enhanced our engagement with relevant Government agencies to drive action and combat the illicit trade menace. This has been achieved through coordinated and sustained enforcement actions, including enhanced insights and improved inter agency collaboration.

Regulatory outlook

The positive performance recorded by the business is a clear indication of its resilience, proven strategy, and ability to sustainably deliver shareholder value.

In line with our ambition to Building a Smokeless World, BAT Kenya engaged with relevant regulators in 2025 to obtain the required approvals and successfully reintroduced our oral nicotine pouch product, VELO™, into the Kenyan market.

During the year, we further engaged with policy makers in a transparent manner to support progressive, evidence-based regulation of the industry - including providing our contributions on the Senate Tobacco Control (Amendment) Bill, 2024 which has a direct impact on the operating outlook of our business and the potential risk of exacerbating the illicit trade problem in the industry.

BAT Kenya advocates for regulation that is evidence based, developed through consultative processes, and designed to achieve intended policy outcomes while recognising and mitigating potential unintended consequences.

We believe that a stable regulatory and fiscal environment will support responsible business operations, contribute to economic development, and ensure the sustainability of the more than 80,000 livelihoods connected to our value chain.

Tobacco Harm Reduction

Aligned with our purpose of building A Better Tomorrow™, we continue advancing towards A Smokeless World through innovative reduced risk alternatives.

Our engagements continue to emphasise the importance of science-based policy approaches, including consideration of Tobacco Harm Reduction (THR) as a complementary strategy

to reduce the health impacts associated with cigarette smoking. We therefore continue to encourage regulatory frameworks that allow adult smokers access to scientifically substantiated reduced risk alternatives.

Building a sustainable business

With our refined strategy as our north star, we continued to align our activities with our sustainability agenda anchored on five key areas: Tobacco Harm Reduction, Climate, Nature, Circularity, and Communities. These areas informed our 2025 agenda as outlined throughout this Report.

As a business, our principal focus area has always been to reduce the health impact of our business, and we continue to place great emphasis on driving excellence in environmental management. We remain committed to delivering a positive social impact and ensuring robust corporate governance across the business.

Our stakeholders

Anchored in shared values and a strong culture, is our talented workforce that has played a central role in building BAT Kenya and remains the cornerstone of our success. Our People agenda is guided by the Group's People Strategy, built around three ambitions for 2030: Enabling tomorrow's success for our business and colleagues, creating an amazing people experience, and making BAT Kenya the place to be for current and prospective talent.

The organisation continues to demonstrate consistent alignment with these values at all levels, supported by high performing teams that are actively contributing to the development of an enterprise of the future. In recognition of our people agenda, we were certified for the eighth consecutive year as a 2025 Top Employer in Kenya and Africa by the global Top Employers Institute.

Gender representation within BAT Kenya's leadership remains strong. As at April 2026, women constitute 63% of the Kenya Leadership Team. At the end of 2025, women held 73% of senior leadership roles (Grade 37+), up from 69% in the previous year.

At the heart of our business are our critical external stakeholders across our supply and value chain, who play a key role in driving the successful implementation of BAT's strategy.

Regarding farmers and communities, we continued working to enable prosperous livelihoods for all farmers in our tobacco supply chain. During the year, we achieved a 100% rate of tobacco farmers reporting the cultivation of other crops for food security and additional income, compared to 98% in the previous year. Additionally, 100% of our farmers were trained on crop diversification and sustainable agricultural practices.

At BAT Kenya, we recognise the importance of environmental stewardship in promoting long term sustainability and operational resilience. We continue to integrate sustainable practices across our operations and supply chain, focusing on biodiversity conservation, waste management, energy efficiency, and advancing a circular economy.

On Energy management, BAT Kenya prioritised improving energy efficiency and reducing energy wastage across operations in 2025 as outlined in page 44 of this report.

BAT Kenya remains aligned to the BAT Group's target of achieving a Deforestation and Conversion Free (DCF) tobacco supply chain by 2025 a milestone we have already achieved based on internal assessments.

We continue strengthening our efforts to restore areas of biodiversity significance within the communities where we operate. Through our Kijani afforestation programme - established in 1978 - we have partnered with various stakeholders to plant trees annually. Through this initiative, we aim to plant at least 2 million trees each year to support ecosystem restoration and biodiversity conservation.

BAT Kenya has adopted the Mt Elgon and Cherangany Hills ecosystems as part of this afforestation programme. In 2025, the Company planted tree seedlings across key conservation areas in Cherangany Hills, Oyani, and Ndakaini as highlighted on page 47 of this report.

Tackling Operational Waste

In 2025, our operations generated 1,105.6 tonnes of waste, a reduction from 1,151.8 tonnes in 2024. Of this, 99% was recycled and 1% incinerated, with zero waste sent to landfill.

As part of our ongoing initiatives, we actively participate in industry forums such as the Kenya Extended Producer Responsibility Organization (KEPRO), which champions proper post-consumer waste management.

Women Development

To enhance diversity and inclusion at the farm level and promote women's empowerment, we formally launched our Rural Women Development Programme (RuWDep) in 2023 following a successful pilot. In 2025, the programme trained 76 female farmers and 258 spouses of male farmers, totaling 334 participants.

Looking Ahead

Underpinned by a strong foundation and sustained progress against our strategy, the business is well placed for the period ahead.

Despite operating within a challenging and evolving regulatory environment, the organisation remains focused on disciplined execution of its strategic priorities as we endeavour to create A Better Tomorrow™.

Ujumbe wa **Mkurugenzi Mkuu**

> **Licha ya mazingira changamano ya uendeshaji, tunaendelea kuzingatia utekelezaji wa mkakati wetu kwa nidhamu ili kujenga biashara endelevu kwa siku zijazo.**
>
> Crispin Achola
> Mkurugenzi Mkuu

Mwaka wa 2025 ulikuwa wenye mafanikio makubwa kwa BAT Kenya. Licha ya mazingira magumu ya kibiashara, kampuni ilipata ustawi mkubwa wa kifedha katika mwaka ulioisha Desemba 31, 2025. Mafanikio haya yalitokana na usimamizi bora wa matumizi ya fedha na gharama za chini za kifedha.

Mazingira ya kibiashara

Mazingira ya kibiashara yalitatizwa na ongezeko la biashara ya sigara haramu, ambayo imechukua sehemu kubwa ya soko nchini na katika eneo hili. Hapa Kenya, sigara haramu zimechukua asilimia 45% ya soko, hili likiwa ni ongezeko kutoka asilimia 37% mnamo 2024 (kulingana na tafiti za makundi mengine). Hii imesababisha Serikali kupoteza mapato ya jumla ya Shilingi 12 bilioni kila mwaka.

Kama kampuni tumeimarisha ushirikiano wetu na taasisi husika za Serikali ili kufanikisha juhudi za kukabiliana na biashara ya sigara haramu. Hii imewezekana kwa kuendelea kuchukua hatua za pamoja, ikiwemo ukaguzi na ushirikiano wa utendaji kazi na mashirika husika.

Mazingira ya Usimamizi

Matokeo bora ambayo yamepatikana katika biashara ni ishara kuwa kampuni iko na ustahimilivu mkubwa, mikakati ifaayo na uwezo endelevu wa kuleta manufaa kwa wenyehisa.

Katika juhudi zetu za Kujenga Dunia Bila Moshi, mnano 2025 BAT Kenya ilishauriana na taasisi husika za kusimamia matumizi ya tumbaku ili kupata vibali mwafaka, na tukaweza kuanza tena biashara ya tumbaku ya kutafuna ya VELO™, katika soko la Kenya

Katika mwaka husika, tuliendela kujadiliana na wabunaji sera kwa njia wazi ili kushawishi uwepo wa usimamizi utakaoleta ustawi wa sekta hii na wenye mwongozo unaotegemea hali halisi, ikiwemo kutoa mchango wetu kwa Mswanda wa Marekebisho ya Kusimamia Tumbaku, 2024, ambao una athari za moja kwa moja kwa uendeshaji wa biashara yetu, pamoja na hatari ya kuchochea ongezeko la tatizo la biashara ya tumbaku haramu.

BAT Kenya inaunga mkono usimamizi wa tumbaku unaotegemea ushahidi wa kisayansi na ulioafikiwa kupitia mashauriano, na uliobuniwa kwa lengo la kuafikia malengo yanayotakikana, huku ukitambua na kuzuia kutokea kwa athari ambazo hazikutarajiwa.

Tunaamini kuwa mazingira thabiti ya usimamizi wa matumizi ya tumbaku na kifedha yatasaidia kuimarika kwa biashara, kuchangia katika ustawi wa kiuchumi na kuhakikisha kuwa zaidi ya watu 80,000 wanaotegemea biashara yetu kimapato wanaendelea kunufaika.

Kupunguza Madhara ya Tumbaku

Kulingana na malengo yetu ya kujenga Kesho Bora (Better Tomorrow™), tunaendeleza ajenda ya Kujenga Dunia Bila Moshi kupitia bidhaa mbadala zilizopunguzwa madhara.

Mashauriano yetu na wahusika yanaendelea kusisitiza kuhusu umuhimu wa kubuni sera zinazotegemea ushahidi wa kisayansi, ikiwemo kuzingatia mkakati wa Kupunguza Madhara ya Tumbaku (THR) kama njia ya kupunguza madhara yanahohusishwa na uvutaji tumbaku. Kwa hivyo, tunaendelea kuhimiza sera ambazo zinatoa fursa kwa watu wazima wanaovuta sigara kuweza kupata bidhaa mbadala zilizothibitishwa kisayansi kuwa zinapunguza madhara.

Kujenga Biashara Endelevu

Tukiongozwa na mkakati wetu mpya uliopigwa msasa, tuliendelea kupanga shughuli zetu kwa mujibu wa ajenda yetu ya uendelevu, ambayo inakita mizizi katika masuala matano makuu, ambayo ni: Kupunguza Madhara ya Tumbaku, Mazingira, Hali ya Asili, Uchumi Mzunguko na Jamii. Masuala haya yanaongozwa na ajenda yetu ya 2025 kama inavyojadiliwa katika Ripoti hii.

Kama biashara, lengo letu kuu limekuwa ni kupunguza madhara ya kiafya yanayotokana na biashara yetu, pamoja na kuendelea kupatia umuhimu mkubwa ustawi katika utunzaji wa mazingira. Tumejitolea katika kuchangia katika ustawi wa kijamii na kuhakikisha usimamizi bora katika biashara zetu zote.

Wahusika wetu

Wafanyikazi wetu waliohitimu wamekuwa sehemu muhimu ya kustawisha maadili bora na utamaduni imara, hali inayowafanya kuwa msingi mkuu wa mafanikio yetu. Ajenda yetu kuhusu wafanyikazi inaongozwa na Mkakati wa Wafanyikazi kwa msingi wa malengo matatu kufikia mwaka wa 2030. Malengo haya ni: Kuwezesha ustawi wa biashara yetu pamoja na washikadau wengine, kubuni mazingira mwafaka ya kufanya kazi, na kufanya BAT Kenya kuwa chaguo kuu kwa wafanyikazi wa sasa na baadaye.

Kampuni ya BAT Kenya inaendelea kuonyesha kujitolea kwake katika kufanikisha maadili haya katika ngazi zote. Hii imesaidiwa sana na wafanyikazi wanaochangia katika mafanikio ya biashara ya baadaye. Katika utambuzi wa ajenda ya wafanyikazi wetu, mnamo 2025 tuliweza kutuzwa na Taasisi ya Waajiri Wakuu kwa mwaka wa nane mfululizo kama Mwajiri Nambari Moja hapa Kenya na Afrika.

Katika kushirikisha jinsia zote katika ngazi za juu za uongozi katika BAT Kenya, tuliweza kupita malengo yetu ya asilimia 63% mwaka wa 2025, na sasa tuko na asilimia 73% ya uwakilishi wa wanawake katika vyeo vya juu vya usimamizi, ikilinganishwa na asilimia 69% mwaka uliotangulia.

Ustawi wa biashara yetu unategemea sana ushirikiano na washikadau wa nje katika kila hatua ya biashara yetu. Wadau hawa wanatekeleza wajibu mkubwa katika kufanikisha utekelezaji wa mkakati wa BAT.

Kuhusu wakulima na jamii, tuliendelea kufanya kazi kwa pamoja ili kuhakikisha mafanikio ya kimapato kwa wakulima wote wanaoshirikiana nasi. Katika mwaka husika, tulifanikiwa kwa asilimia 100% katika kuhakikisha wakulima wa tumbaku wanalima mazao ya chakula pamoja na mengine ya kuwaletea fedha, ikilinganishwa na asilimu 98% mwaka uliotangulia. Zaidi ya hayo, asilimia 100% ya wakulima wetu walipewa mafunzo kuhusu ukulima wa mazao mseto na mbinu za kilimo endelevu.

Hapa BAT Kenya tunatambua umuhimu wa utunzaji wa mazingira katika juhudi za kustawisha mazingira endelevu na stahimilivu ya kibiashara. Hivyo, tunaendelea kushirikisha mbinu endelevu katika shughuli zetu katika kila ngazi tukiangazia kulinda mazingira, usimamizi bora wa taka, matumizi bora ya kawi na kuimarisha uchumi mzunguko.

Katika Usimamizi wa Kawi, mnamo 2025 BAT Kenya ilipatia umuhimu mkubwa ustawishaji wa matumizi bora ya kawi na kupunguza uharibifu wake katika shughuli zetu zote, kama inavyoelezwa katika ukurasa wa 44 wa ripoti hii.

BAT Kenya inaendelea kuzingatia lengo la BAT Group la Kumaliza Uharibifu wa Misitu (DCF) unaotokana na kilimo cha tumbaku kufikia 2025, lengo ambalo tayari tumeafikia, kulingana na utathmini wetu.

Tunaendelea kuimarisha juhudi zetu za kurejesha maeneo muhimu kwa bioanuwai katika jamii ambazo tunashirikiana. Kupitia mpango wetu wa kupanda miti, ulionzishwa mnamo 1978, tumeshirikiana na wahusika kadhaa kupanda miti kila mwaka. Kupitia mpango huu, tunalenga kupanda angaa miti milioni 2 kila mwaka ili kusaidia katika kurejesha mazingira asili na kulinda bioanuwai.

Katika mpango huu, BAT Kenya imetengewa maeneo ya kupanda miti katika misitu ya Mlima Elgon na Charangany Hills. Mnamo 2025, BAT Kenya ilipanda miche katika Cherangany Hills, Oyani na Ndakaini, kama inavyoelezwa katika ukurasa wa 47 wa ripoti hii.

Usimamizi wa Taka

Katika mwaka wa 2025, shughuli zetu zilitoa tani 1,105.6 za taka, huu ukiwa ni upungufu ikilinganishwa na tani 1,151.8 mnamo 2024. Asilimia 99% ya taka hizi zilichakatwa tena ana asilimia 1% ikateketezwa, na hakuna taka zilizozikwa ardhini.

Tunaendelea pia kushiriki katika majukwaa ya kimazingira kama vile Shirika la Viwanda Kuhusu Jukumu la Taka (KEPRO), ambalo linahimiza usimamizi bora wa taka baada ya matumizi.

Ustawi wa Wanawake

Katika jitihada za kushirikisha wote katika ngazi ya mashambani na kuimarisha uwezo wa wanawake, tulianzisha Mpango wa Kuinua Wanawake Mashinani (RuWDep) mnamo 2023 baada ya majaribio. Katika mwaka wa 2025, mpango huu ulitoa mafunzo kwa wakulima 76 wanawake na wake 258 wa wakulima wa kiume, jumla ikiwa 334.

Kusonga mbele

Kwa msingi imara na kuendelea kwa mafanikio kulingana na mkakati wetu, biashara hii iko tayari kwa siku sijazo.

Licha ya kufanya kazi katika mazingira magumu na usimamizi wenye changamoto, kampuni imejitolea kuendeleza utekelezaji wa masuala makuu ya mkakati wake huku tukiangazia kujenga Kesho Bora (A Better Tomorrow™).

Finance Director's **Report**

> Consistent financial discipline and strong cash management continue to underpin our ability to deliver reliable returns to our shareholders.

Catherine Chepkong'a
Finance Director

Strong underlying performance despite headwinds from illicit trade

In 2025, the business delivered solid underlying results amid an increasingly challenging macro economic environment. Performance in the domestic market was negatively affected by a sharp rise in illicit, tax-evaded cigarettes, which now represent 45% of the market — up significantly from 37% in 2024, according to independent third party research. This surge in illicit trade not only erodes legitimate industry revenues but also denies the government an estimated KShs 12 billion in annual tax income.

Despite the heightened illicit activity dampening domestic revenue, the company's topline was supported by stable export sales, which contribute roughly half of total revenue, as well as the resumption of sales of our tobacco free oral nicotine pouches in the second half of the year. Profitability benefited from currency stability and disciplined cost management initiatives, which more than offset broader inflationary pressures.

Financial highlights

- Net revenue declined by 10% to KShs 23.2 billion, driven primarily by heightened illicit trade in the domestic market, partially offset by new revenue from oral nicotine pouch sales.
- Total cost of operations decreased by 15% to KShs 15.7 billion, reflecting lower sales volumes, the benefit of effective cost management and productivity initiatives implemented during the period.
- Finance income of KShs 0.2 billion, was earned, a significant improvement from KShs 0.8 billion exchange loss in the prior period, driven by Kenyan Shilling stability against the US Dollar and interest income from prudent cash management.
- Profit before tax increased by 18% to KShs 7.7 billion, driven by improvement in operating profit and lower finance costs.
- Closing cash at the end of the year increased by 15% to KShs 6.2 billion, reflecting prudent cash management throughout the year.

Overview

- The proposed total dividend increased by 40% to KShs 70 per share (2024: KShs 50 per share) reflecting our proven track record of consistently delivering sustainable shareholder value, underscored by solid underlying business performance. The sustained dividend yield of above 13% cements BAT Kenya stock as one of the highest yielding in the Nairobi Securities Exchange (NSE)

Looking ahead

We remain confident in the strength of our business, the resilience of our proven strategy, and our ability to continue delivering sustainable value to shareholders. In line with our purpose of building A Better Tomorrow™, we are advancing A Smokeless World through innovative, reduced risk alternatives demonstrated by the successful relaunch of our tobacco free oral nicotine pouches in the second half of 2025.

Our progress is driven by the commitment and energy of our people. We believe that this, combined with ongoing investments to build a more efficient, agile, and focused organisation, will enable us to deliver on our strategy and propel the Company to even greater success.

Our year in numbers

Net revenue (KShs)

23.2B

Operating profit (KShs)

7.5B

Finance income: (KShs)

0.2B

Profit before tax: (KShs)

7.7B

Cash generated from operations: (KShs)

8.6B

Proposed final dividend for 2025: (KShs)

60

(Interim KShs 10) (Total KShs 70)

GROUP STRATEGIC FRAMEWORKS

A BETTER
TOMORROW
BAT

BAT Group Strategy

Group strategic **navigator**

A BETTER TOMORROW™

Building a Smokeless World

BAT Kenya business strategy is informed by the BAT Group's strategic priorities.

To achieve our ambitions and accelerate our transformation, we're committed to Building a Smokeless World by Developing our Global multicategory portfolio.

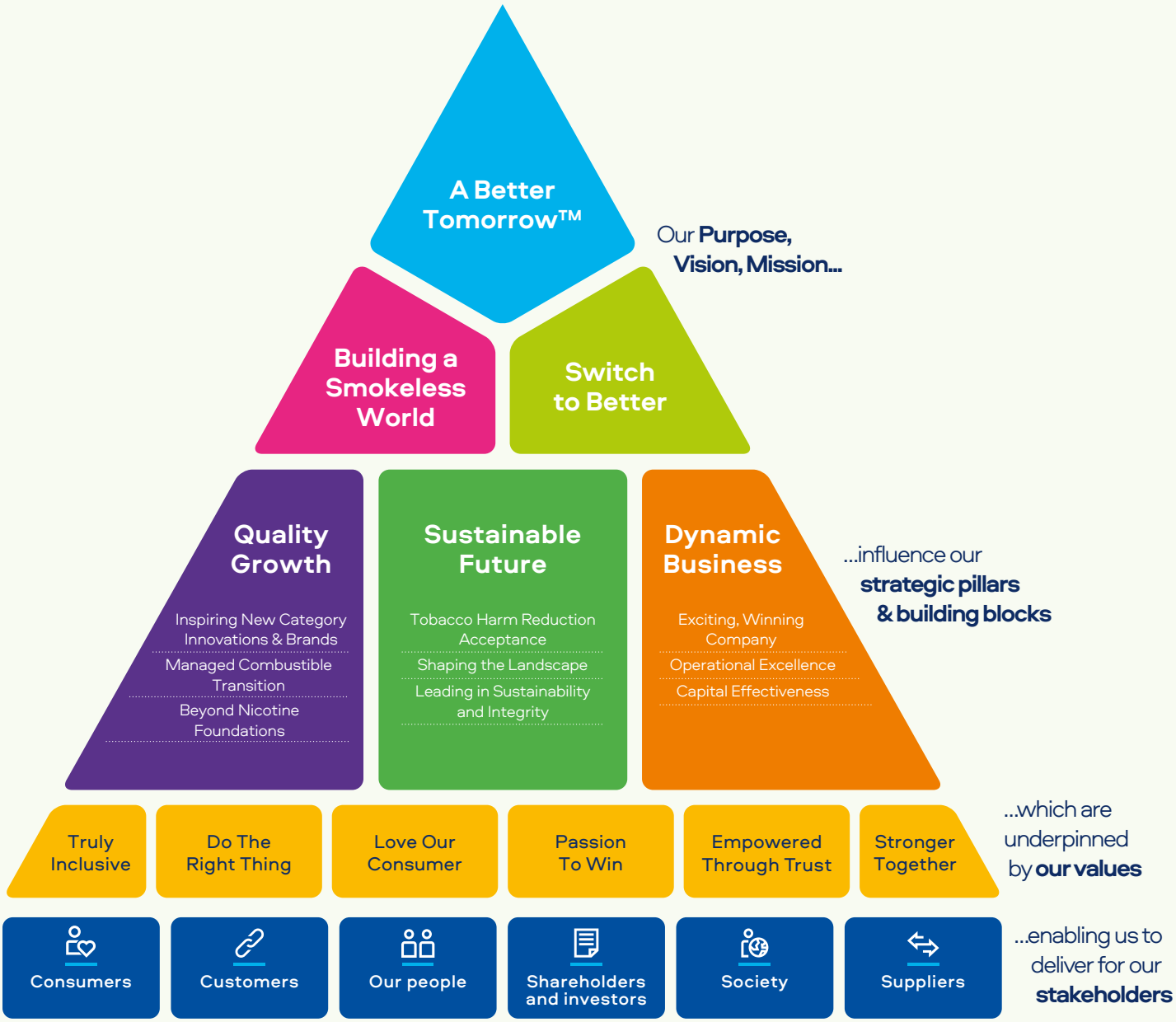


Fig 4: Group Strategic Navigator

Further information on the Group business model is available on page 12 of the Group Annual Report.

BAT Group Strategy

Group **values**

BAT's purpose is to create A Better Tomorrow™ by building A Smokeless World.

BAT Kenya has adopted the BAT Group values, The values have been developed with significant input from employees and promotes a culture that is future-fit by providing a foundation for sustainable growth.

We embrace diversity and celebrate our differences.

We are curious and safeguard the right to say what you think. We debate constructively yet progress together.

We act with integrity to achieve results.

We care about our impact on society and our planet. We are thoughtful in our decision making.

We understand the consumer better than anyone.

We are obsessed with innovation and our brands. We have the courage to test, fail fast, and learn to improve.

We equally value "How" and "What", and go the extra mile for success.

We prioritise effectively and act like owners of our business. We own our purpose with determination and resilience.

We start with trust and believe in each other.

We ensure decisions are made at the right level We understand that empowerment comes with accountability.

We pull together as one team, through good and bad.

We collaborate beyond borders and functions. We help each other grow and succeed.

BAT Group Strategy

Group sustainability **strategy**

BAT has refined the Group Sustainability Strategy

The BAT Group seeks to take a leading role in tackling some of the biggest global sustainability challenges.

The BAT Group aims to do this by responsibly Building a Smokeless World, reducing our use of natural resources and delivering our climate goals as we transition to A Better Tomorrow™. BAT strives to create a meaningful impact in the communities where we operate and inspire all our people to drive change.

BAT Kenya is informed by to the strategic impact areas of the BAT Group's sustainability strategy.

Our sustainability strategy

In addition to THR, our sustainability strategy is anchored in four interconnected impact areas:

CLIMATE | NATURE | CIRCULARITY | COMMUNITIES

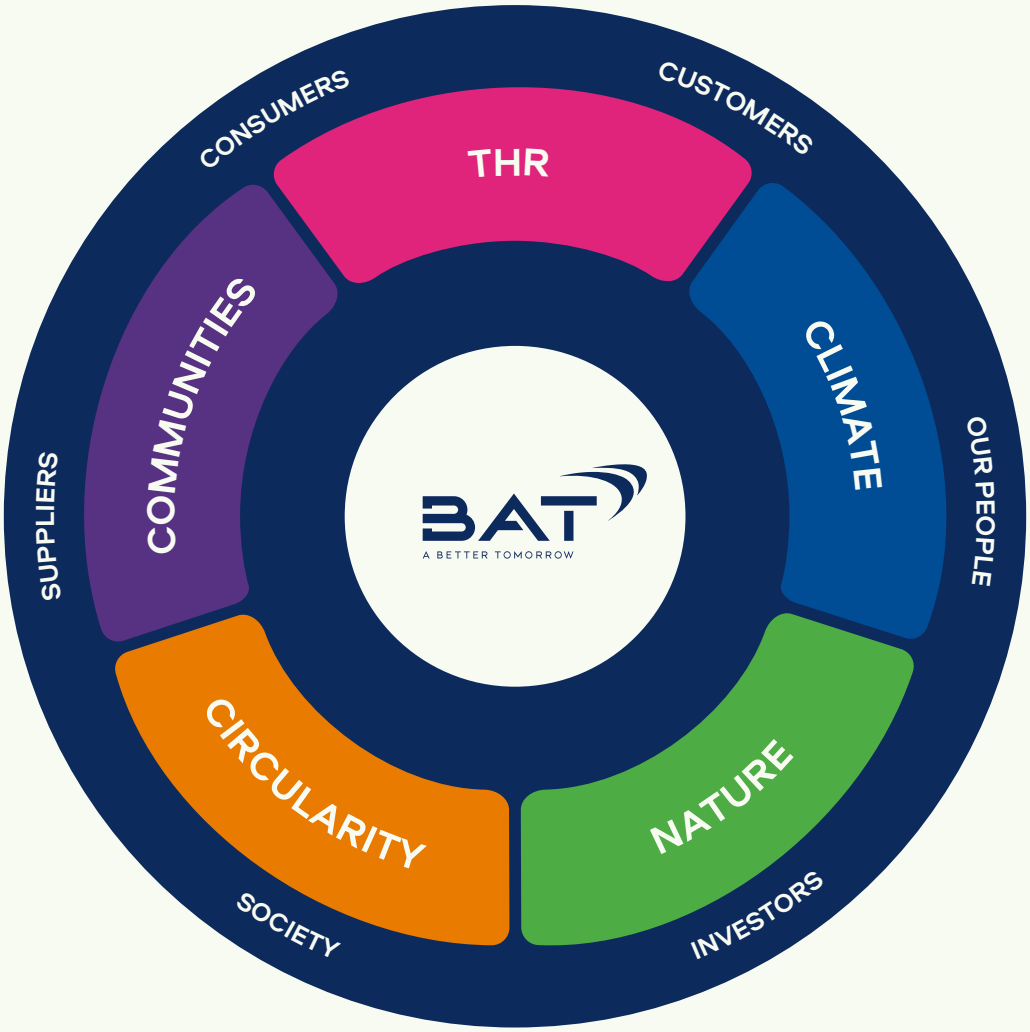


Fig 8: Group Sustainability Strategy

BAT Group Strategy

Our New 2030 **Sustainability Targets**

This page presents the Group's updated and new targets and ambitions for 2030. The Group's performance against these target will be reported in its FY26 Combined Annual and Sustainability Report.

CLIMATE

Remaining committed to our science-based emission reduction targets, while acknowledging our dependency on local grid decarbonisation.

60%
absolute reduction in Scope 1 and 2 GHG emissions *(versus 2020 baseline)*[1]
UPDATED TARGET

30.3%
reduction in Scope 3 (Forest, Land and Agriculture) FLAG emissions *(versus 2020 baseline)*[1]
UNCHANGED TARGET

42%
reduction in Scope 3 industrial (non-FLAG) emissions *(versus 2020 baseline)*[1]
UNCHANGED TARGET

>50%
of energy used in own operations to be from low-carbon sources
UPDATED TARGET

NATURE

Supporting BAT's long-term resilience through targets for protecting and restoring the natural resources that we rely on.

WATER POSITIVE
in our own operations[2]
NEW TARGET

100%
of prioritised water-stressed agricultural basins with water stewardship programmes
NEW TARGET

DEFORESTATION FREE
across our primary deforestation-linked commodities[3]
UPDATED TARGET

65%
of directly-contracted arable land adopting regenerative agriculture practices
NEW TARGET

CIRCULARITY

Broadening the scope of circularity targets, in line with BAT's overall transformation strategy.

50,000t
reduction in total product material use[4]
NEW TARGET

100%
of New Category products and packaging launched with eco-design principles[5]
NEW TARGET

100%
Vapour devices to have removable batteries[6]
NEW TARGET

100%
of markets investing in consumer education programmes for the responsible disposal of our New Category products[7]
NEW TARGET

COMMUNITIES

Strengthening social and supply chain resilience through new targets for farming, supplier and employee communities.

90%
of farming households engaged in livelihood programmes in priority geographies
NEW TARGET

ZERO
tolerance for child and forced labour in our supply chain[8]
UPDATED AMBITION

100%
of prioritised non-tobacco suppliers engaged in our enhanced Human Rights Due Diligence Framework
NEW TARGET

>85
Employee Engagement Index[9]
NEW TARGET

Notes: 1. Compared to a 2020 baseline. Our near-term 2030 science-based targets comprise a 50% reduction in Scope 1 and 2 GHG emissions. We have set an updated corporate target of 60% reduction in Scope 1 and 2 GHG emissions, reflecting our ambition to go beyond our current Science-Based Target. The Scope 3 industrial (non-FLAG) GHG emissions target includes purchased goods and services, upstream transportation and distribution, use of sold products, and end-of-life treatment of sold products. The Scope 3 FLAG GHG emissions target includes FLAG emissions and removals. Combined, these targets comprised 77% of Scope 3 emissions in 2020. Due to the complexity of consolidating Scope 3 data from our suppliers and value chain, we report Scope 3 data one year behind other metrics. Refer to the BAT 'Reporting Criteria' for our full methodology: bat.com/reporting. 2. Water Positive means BAT would return more water to the environment through restoration, replenishment and regeneration projects than it withdraws for its own operations. 3. In-scope commodities (currently pulp and paper, tobacco, curing wood) are assessed for deforestation. 4. Excludes materials where regulatory restrictions prevent reduction. 5. Excludes single-use Vapour products. Eco-design principles guide the design and development of products with lower environmental impact, emphasising the use of renewable or recyclable materials, reducing CO_2 emissions, and enhancing recyclability, durability, longevity and reusability. 6. Excludes markets where regulatory constraints prevent battery removability. 7. Excludes markets where regulatory constraints prevent implementation. 8. Due to the complex and systemic nature of child and forced labour, this represents an ongoing ambition rather than a time-bound target. 9. Employee Engagement Index focuses on employees' connection to their organisation, marked by committed effort to achieve goals (being engaged) in environments that support productivity (being enabled) and maintained personal wellbeing (feeling energised).

SUSTAINABILITY REPORT

BAT

Sustainability Report

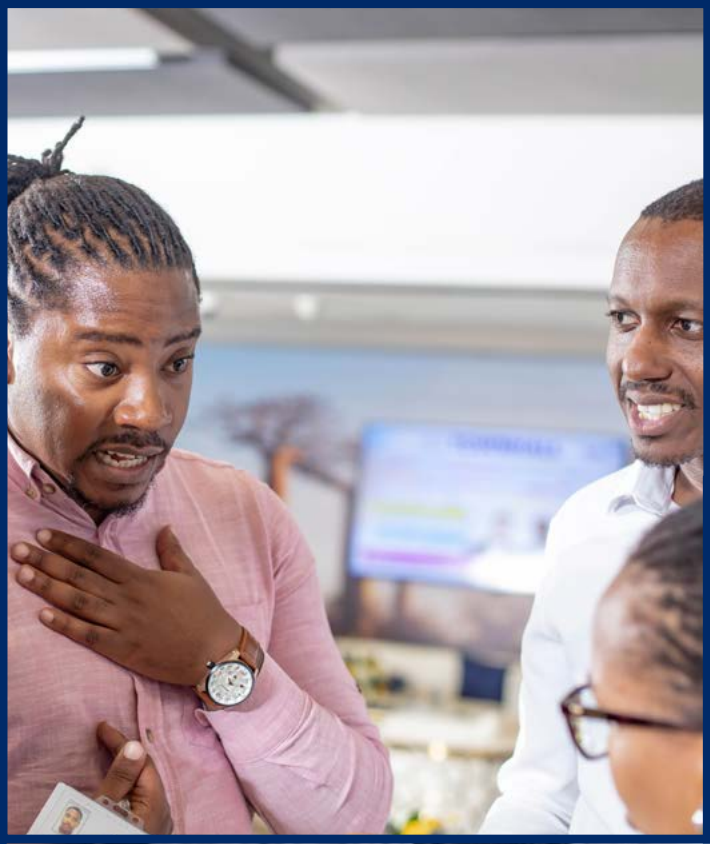
Creating shared **value**

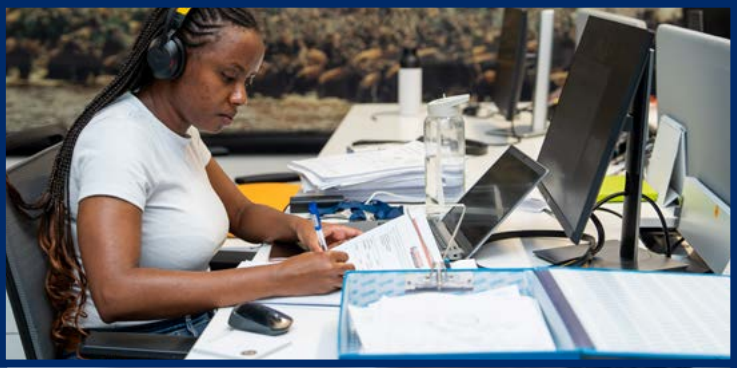
USTAWI is BAT Kenya's platform which seeks to drive a coherent approach to localising the BAT Group's Sustainability Strategy. USTAWI is a Swahili word which has nuanced meanings, including 'thriving and prosperity', which speaks to our ambition to create shared value for our stakeholders.

Direct economic value distributed in 2025.

Stakeholder	Scope	Amount paid (KShs Billion)		
		2025	2024	2023
Government	Taxes paid being Excise Duty, VAT, Solatium, Pay as You Earn (PAYE) and corporate tax.	16.8	18.9	19.7
Shareholders	Dividends (40% to minority shareholders).	5.5	5.0	5.7
Farmers	Payment for tobacco leaf purchases from farmers.	1.4	1.1	1.0
Employee (excludes reorganisation costs)	Employee salaries / wages and benefits.	1.8	1.9	2.0
Product distributors and traders	Payments to distributors and traders	0.6	0.4	0.7
Local suppliers	Payments for various goods and services.	5.3	5.3	6.3
International suppliers	Payments for various goods and services.	2.7	5.5	9.6

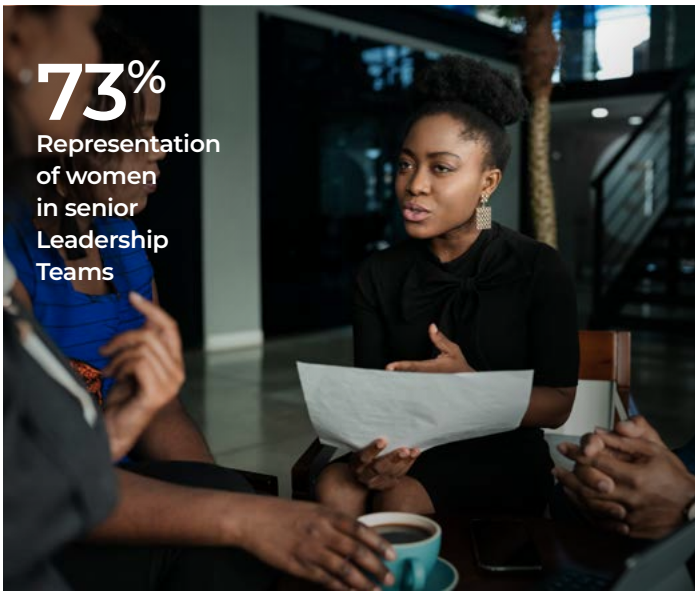
Table 4: Direct economic value generated and distributed.

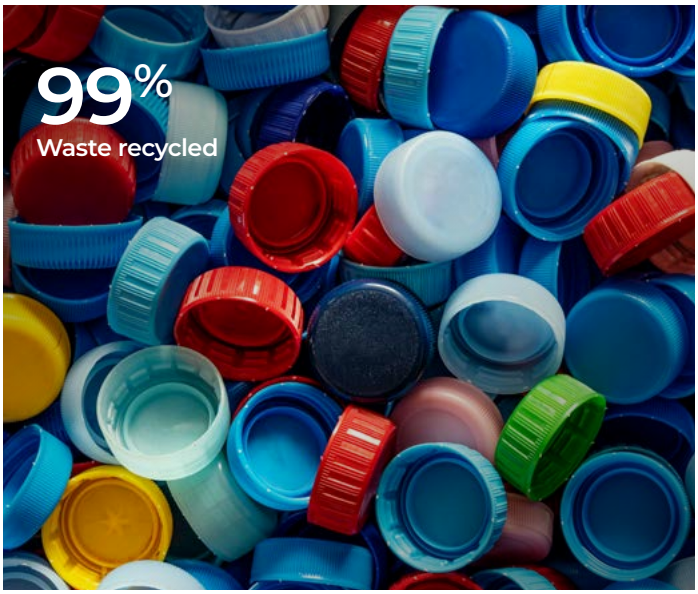


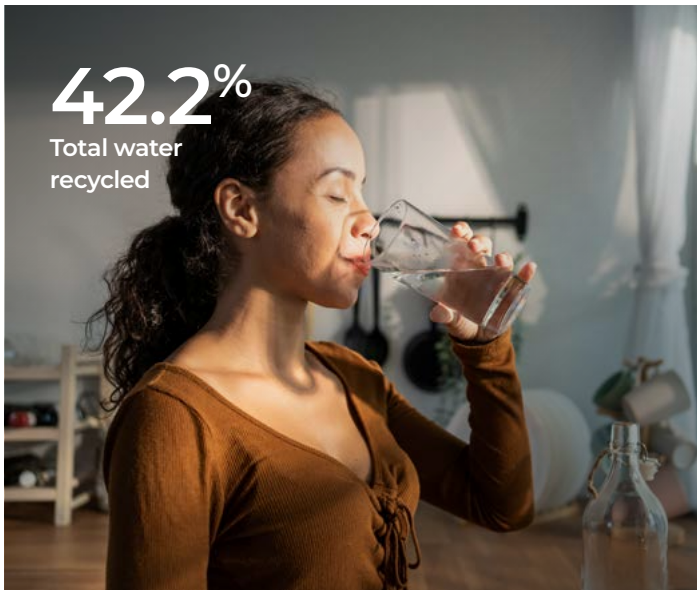


Sustainability Report

Sustainability **highlights**







Sustainability Report

Sustainability performance **reporting**

Sustainability reporting plays a critical role in the delivery of our strategy and purpose of realising A Better Tomorrow™ by building A Smokeless World. In this report, we disclose key performance metrics and information identified as material to our business. Our disclosures are guided by the Nairobi Securities Exchange ESG Disclosure Manual and the Global Reporting Initiative (GRI) Standards.

Stakeholder engagement

At BAT Kenya, we recognise the important role our stakeholders play in the success of our business. These include our employees, customers, suppliers, shareholders, regulators, and the farmers who produce our tobacco leaf. We are committed to maintaining sustainable and mutually beneficial relationships with our stakeholders through transparent and consistent communication. Our sustainability reporting supports this commitment by enhancing non-financial disclosures, strengthening transparency, and providing insights into our sustainability performance.

During the reporting period, we continued to strengthen stakeholder engagement by expanding dialogue channels and ensuring that stakeholder perspectives inform our decision-making processes. Ongoing engagement enables us to better understand emerging issues, respond to stakeholder concerns, stay aligned with market expectations, and develop solutions that create shared value.

Stakeholder	Why we engage	How we engage
Employees	It is important and essential that employees are fully engaged and aligned with our values, strategy and objectives to deliver sustained superior results and business sustainability. Addition-ally, BAT Kenya seeks to attract and retain top talent aided by regular, inclusive and transparent engagement with our workforce.	▪ Townhalls ▪ Training events ▪ Speak Up channels ▪ Employee intranet and internal forums ▪ Employee volunteering forums ▪ Employee listening tools: Your Voice Survey ▪ Policies
Shareholders	We ensure that shareholders have the required information on the management and perfor-mance of the business in a timely manner and facilitate effective feedback processes.	▪ Annual general meetings ▪ Annual reporting ▪ Media announcements ▪ Electronic communications/ meetings ▪ Website
Government and regulators	Transparent engagement with government and regulators is key to how we conduct our business.	▪ Meetings ▪ Regulatory filings ▪ Strategic events ▪ Public policy submissions
Consumers	To help ensure we are providing adult tobacco and nicotine consumers with a greater choice of innovative and less risky* products we engage our consumers within the con-fines of our regulatory remits	▪ Product information on packaging ▪ Consumer helpline ▪ Product analysis
Farmers	Our contracted tobacco farmers are valued business partners. We strive to ensure transparency in our interactions and engage-ment.	▪ One-on-one meetings or conversations ▪ Trainings and workshops ▪ Field visits ▪ Grievance mechanism ▪ Sustainable tobacco programs and assessments
Suppliers	Our suppliers are essential to an efficient and productive business. We thus ensure effective relation-ship management, including transparent engagements with our suppliers.	▪ Supplier review and audits ▪ Supplier voice survey and dialogue ▪ Strategic partnerships ▪ Supplier Code of Conduct
Customers *(distributors, wholesalers and retailers)*	Our customers are key to the im-plementation of our responsible marketing practices, tobacco control compliance and driving business growth.	▪ Contract discussion and account management ▪ Business to business programmes ▪ Sales calls and visits by trade representatives ▪ Audits and performance reviews ▪ Customer voice survey

Table 5: Stakeholder engagement

Sustainability Report

Materiality **assessment**

Materiality assessment remains a key process in identifying the most significant impacts for both our organisation and stakeholders. BAT Kenya conducted its first materiality assessment in 2022 and have reviewed our material topics on an annual basis since. This has enabled us to assess the level of importance of different topics to our stakeholders and our business - those with the highest level of importance in terms of our Sustainability Agenda are covered in our reporting.

The material topics included in this report were guided by applicable GRI Sector and best practices in agriculture and fast-moving consumer goods, affirming their relevance within our industry. The topics identified represent the impacts BAT Kenya has on the external environment.

The end-to-end process included:

1. Understanding the organisation's operating context,
2. Identifying actual and potential impact,
3. Assessing actual and potential impacts, and
4. Prioritising the most significant impacts for reporting

The materiality survey was co-developed with an independent consultant and deployed to the stakeholders for response. Consultation and deep dive sessions were also implemented as a follow up exercise to comprehensively understand their feedback. Using the results from the evaluations, our independent consultant analysed the responses, and we collaboratively prioritized identified topics based on the importance to BAT Kenya and its stakeholders for reporting practices.

For the current reporting cycle, the assessment showed that the previously identified material topics are still highly relevant, and thus they were retained.

We intend to refresh our comprehensive materiality assessment every three years; although an update was originally scheduled for the 2025 reporting period, the cycle has been extended following a deliberate review. This decision ensures alignment with anticipated regulatory developments while preserving the integrity and relevance of our disclosures. In the interim, we continue to actively monitor emerging sustainability issues to ensure our reporting remains robust, responsive, and reflective of evolving stakeholder expectations.

END-TO-END PROCESS FOR MATERIALITY ASSESSMENT

Understanding the operating ccontext

Identifying actual and potential impact

Assess actual and potential impacts

Prioritising impacts for reporting

Sustainability Report

List of material topics

Material topic	Impact Areas
Tobacco Harm Reduction (THR)	■ Consumer choice ■ World class science
Environmental management	■ Climate change ■ Water stewardship ■ Biodiversity and ecosystems ■ Circular economy ■ Sustainable agriculture
Farmer livelihoods and communities	■ Growing complementary crops ■ Improve agricultural productivity ■ Building community resilience ■ Supporting farmers and building trusted relationships
People, diversity and culture	■ Human rights ■ Employee wellbeing ■ Health and safety ■ Diversity and inclusion ■ Value and supply chain integrity ■ Employee development
Ethics and compliance	■ Business ethics ■ Responsible sales and communication ■ Sustainability governance

Table 6: List of material topics

Sustainability Report

BAT Kenya's Performance **Summary**

BAT Kenya's sustainability performance is tracked regularly through measurable targets and goals which are aligned to those of the BAT Group. The section below provides a summary of our 2025 performance.

(The reporting calendar year for climate, circular economy, waste and safety runs from 1 December to 30 November).

BAT Kenya Material Topic	BAT Kenya targets & goals	Metrics	BAT Kenya's performance		
			2025	2024	2023
Environmental management					
Climate Change	50% reduction in Scope 1 and 2 GHG emissions by 2030[1] (vs 2020 baseline)	Scope 1 CO2e emissions (tonnes CO2e)	2,826	2,991	3043
		Scope 2 CO2e emissions (Market - based) (tonnes)	716	773	697
	50% reduction in Scope 3 GHG emissions by 2030 (vs 2020 baseline)	Scope 1 & Scope 2 CO2e emissions (Market - based) (tonnes)	3,542	3,765	3741
		Energy consumption (MWh)	18,401	17,701	19,421
	50% renewable energy use by 2030	Renewable energy consumption (MWh)	1,124	1,341	1,271
		Renewable energy as a % of energy consumption	6.8%	7.6%	6.5%
Circular Economy	25% reduction in waste from BAT's operations by 2025 (vs 2017 baseline)	Waste generated (tonnes)	1,106	1,152	1,524
	90% recycling rate of total waste generated by 2025	% of waste recycled	99%	98.5%	97.8%
	<1% waste to landfill by 2025	Waste sent to landfill (tonnes)	0	0	0
Water	30% of water recycled by 2025	% of total water recycled	42.2%	36.6%	20.5%
	35% reduction in water withdrawn by 2025 vs 2017 baseline	Total water withdrawn (cubic meters)	30,405	27,312	35,404
	100% operations sites Alliance for Water Steward-ship certified by 2025	% of operations sites AWS certified	100%	100%	100%
	Soil & water management practices in our tobacco supply chain	% of tobacco hectares reported to have appropriate best practice on soil management im-plemented	71%	67%	64%
		Total water withdrawn (M3)	32,936	30,828	28,246
Biodiversity and ecosystems	100% of wood used by our contracted farmers as curing fuel to be from sustainable sources	% of sustainable wood fuel sources used by our contracted farmers for curing tobacco	100%	100%	100%

1 Compared to a 2020 baseline

Sustainability Report

BAT Kenya Material Topic	BAT Kenya targets & goals	Metrics	BAT Kenya's performance		
			2025	2024	2023
Social					
Human rights	Aiming for zero child and forced labour incidences by 2025 in our tobacco supply chain	% incidents of child labour reported as resolved by end of the growing cycle	100%	100%	100%
		% of farmers that received training /capacity building on child labour issues	100%	100%	100%
Farmer livelihoods & Communities	Working to enable prosperous livelihoods for all farmers in our tobacco supply chain	% of tobacco farmers reported to grow other crops for food or as additional sources of income	100%	98%	98%
		% of farmers trained on crop diversification	100%	74%	83%
		% of farmers trained on farm / business management	2% [2]	4% [3]	-
Health and Safety	Aim for zero accidents Group-wide year on year	No. of work-related accidents resulting in injury to employees and contractors	0	2	0
		Lost Time Incident Rate Injury (LTIR)	0	0.1	0
		Occupational illness cases	0	0	0
		No. of serious injuries (employees)	0	0	0
		No. of serious injuries (contractors)	0	2	0
		No. of fatalities (employees & contractors)	0	0	0
		No. of fatalities to members of public involving BAT vehicles	0	0	0
	100% of farmers and workers with sufficient personal protective equipment (PPE) for agrochemical use and tobacco harvesting	% of farms reported to have sufficient PPE for agrochemical use	100%	100%	100%
		% of farmers trained on agrochemical health and safety (% of farmers trained)	100%	100%	100%
Employees, Diversity and Culture	40% women in Senior Leadership teams by 2025	% women representation in senior management (37+) by 2025	73%	69%	57%
Governance					
Ethics and integrity	Aiming for 100% adherence to our Standards of Business Conduct (SOBC)	No. of established SOBC breaches	2	7	6
		% of employees who completed annual SOBC training and sign-offf	100%	100	100%

Table 7: BAT Kenya Sustainability Performance Summary

2 Focus on farmers in the Rural Women Development programme (RuWDep)
3 Focus on farmers in the RuWDep programme.

Sustainability Report

Strategic Management of our Material Topics

This section provides a performance overview of BAT Kenya's material topics.

Tobacco Harm reduction

GOAL

- Launch reduced risk* products in the market by 2025.

The transition to a Smokeless World presents several challenges, including non-evidence-based regulation, scepticism towards industry research, debates around the role of smokeless products in reducing smoking rates, and ongoing misconceptions about nicotine and product risk. Addressing these challenges requires more than scientific evidence and innovation; it also depends on constructive engagement and open dialogue. Through continued stakeholder engagement, we seek to foster discussions across the scientific and regulatory communities, enabling the exchange of insights, broader understanding, and support for the development of effective THR frameworks.

The BAT Group has a clear purpose to create A Better Tomorrow™ by building A Smokeless World. This is anchored in the Group's commitment to reduce the health impact of our business by providing adult smokers and nicotine consumers a wide range of less risky* alternatives, compared to cigarettes. It is widely accepted that most of the harm associated with tobacco is caused by inhaling the smoke produced by its combustion. That is why BAT is dedicated to the development and sale of a range of less risky* alternatives that meet the needs of adult smokers without burning tobacco. BAT is clear that combustible cigarettes pose serious health risks, and the only way to avoid these risks is to not start smoking or to quit.

Performance highlights

BAT Kenya's business model is aligned with the development of Smokeless Products, which form a central element of our long-term strategy to deliver a Better Tomorrow™ for adult consumers, who would otherwise continue to smoke.

Enabling consumer choice

BAT Kenya's product portfolio in 2025 included a range of cigarette brands alongside Modern Oral nicotine products. The Company first introduced oral nicotine pouches in 2019 as part of its reduced-risk* product category; however, the product was not available in 2024 due to regulatory uncertainty. In line with the Group's purpose of building A Better Tomorrow™, we continue to advance our ambition for A Smokeless World through the development of alternatives to combustible products. This commitment was demonstrated by the relaunch of our oral nicotine pouches in the second half of 2025.

The reintroduction of Smokeless Products in the Kenyan market reflects our efforts to respond to the evolving preferences of adult smokers while supporting the transformation of our business through the development and availability of alternative nicotine products.

Standards & regulation

We strongly advocate for a well-functioning regulatory framework in which effective oversight accelerates reductions in underage nicotine use and tobacco-related harm.

Realizing this ambition requires a progressive, evidence-based regulation supported by consistent and effective enforcement. We support strategies that appropriately balance Tobacco Harm Reduction (THR) objectives with critical public policy considerations, including underage access prevention, environmental impacts, and product quality and safety standards.

We maintain dialogue with policymakers and regulators to foster a clearer understanding of the positive role THR can play in public health outcomes, while advocating against overly restrictive or prohibitionary measures that may lead to unintended consequences, such as the expansion of illicit trade and reduced consumer access to regulated, potentially less risky alternatives.

We advocate four core principles that should underpin the development of any regulatory framework governing smokeless products:

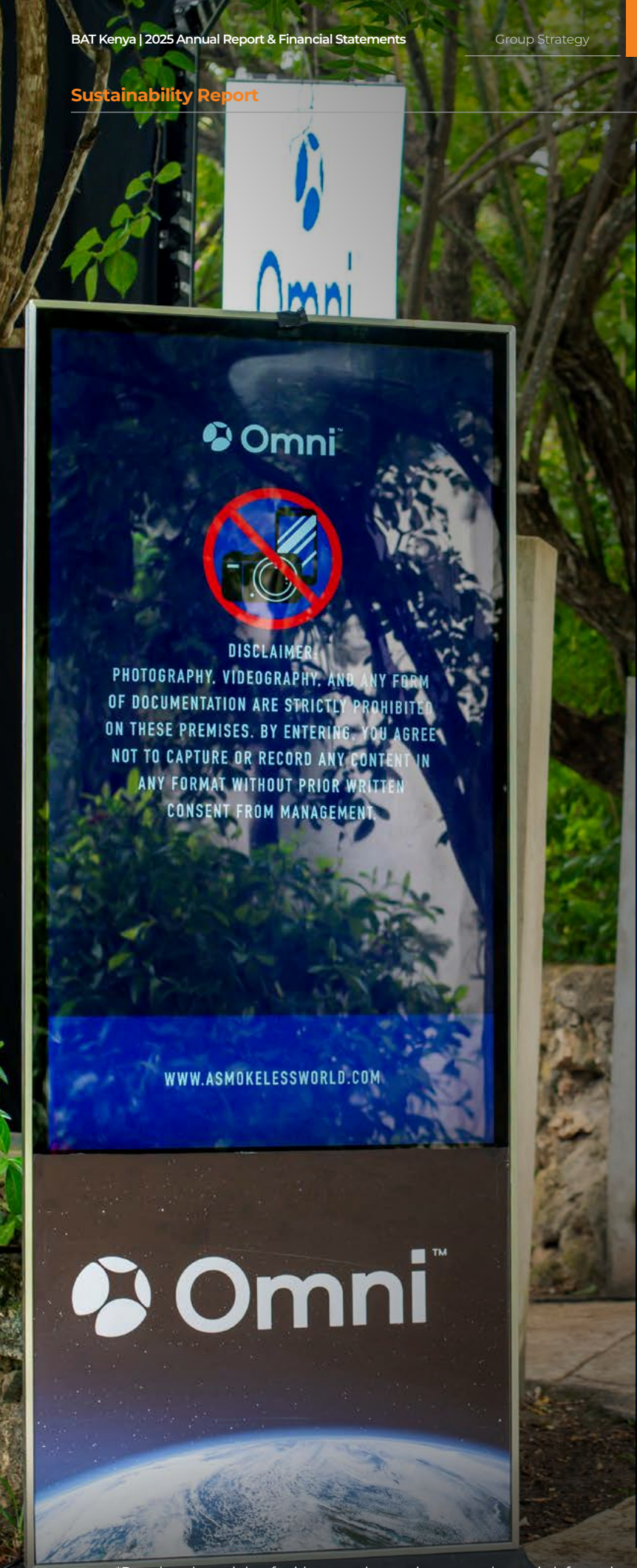
- based on science and evidence;
- ensure product quality and consumer relevance;
- allow adult-only access; and
- enable effective enforcement.

Kenya continues to witness growth in THR awareness both internally, among employees, board members and externally, public and policymakers. In 2025 the East African Standard on nicotine pouches was published, defining quality and safety parameters for the new category products and providing a guideline for the industry while protecting consumer safety.

Significant progress has been made in the development of regulations in parliament, with clear appreciation of the differentiated risk profiles of traditional tobacco and novel nicotine products in the draft Senate bill. This underpins the growing awareness of harm reduction principles amongst policymakers.

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

Sustainability Report



World Class Science.

In 2024, the BAT Group launched the Omni™, which is a progress summary of our journey to A Better Tomorrow™ by building A Smokeless World and cascaded to the end markets soon thereafter.

BAT Kenya officially rolled-out Omni™ on 31 July 2025, marking its debut on the African continent. This milestone, underscored BAT's continued commitment to advancing science-led, reduced-risk* alternatives and building A Smokeless World.

Omni™, is BAT's comprehensive science-backed resource on THR, highlighting the Group's commitment to reducing the health impact of its business by offering adult smokers a range of reduced-risk* alternatives to cigarettes. It provides in-depth insights for policymakers, regulators, public health authorities and scientist to support evidence-based decision-making.

It provides an overview of the science supporting our Smokeless Products and summarizes the global Tobacco Harm Reduction evidence base created over the last decade. It is structured to allow readers to explore its sections to learn more about Tobacco Harm Reduction and BAT's journey.

The Omni™ is intended to spur dialogue with stakeholders and aims to encourage discussions that can accelerate the adoption of effective Tobacco Harm Reduction.

Omni™

www.asmokelessworld.com

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

Sustainability Report

Environmental management

At BAT Kenya, we recognise the importance of environmental stewardship in supporting long-term sustainability and operational resilience. We seek to integrate sustainable practices across our operations and supply chain, focusing on biodiversity conservation, waste management, energy efficiency, and the promotion of a circular economy. By embedding these priorities into our strategy and daily operations, we aim to improve resource efficiency, reduce our environmental footprint, and strengthen resilience to climate-related risks across our value chain.

Sustainability Report

Climate change

GOAL

- 50% reduction in Scope 1 & 2 CO2e emissions by 2030 (vs 2020 baseline).
- 50% renewable energy use by 2030

Our approach and performance highlights

Climate change presents growing risks to ecosystems and natural resources, underscoring the need for urgent action. Our operations depend on natural resources, making it important to reduce our climate impact while strengthening resilience across our value chain. In response, we are implementing measures to support emissions reductions aligned with the goals of the Paris Agreement.

Our climate approach focuses on managing risks and reducing greenhouse gas emissions through practical actions within our operations. Key priorities include improving energy management and expanding the use of renewable energy, supporting our transition toward a lower-carbon footprint for Scope 1 and Scope 2 emissions and strengthening long-term operational resilience.

Scope 1 emissions - direct emissions from sources owned or controlled by the Company.

Our approach to reducing greenhouse gas (GHG) emissions focuses on improving energy efficiency, increasing the use of renewable energy, and reducing emissions from fleet operations. Key actions include developing site-specific decarbonisation roadmaps, investing in energy-efficiency initiatives, procuring renewable energy through power purchase agreements and on-site generation, and progressively introducing electric and hybrid vehicles into our fleet.

At our Nairobi manufacturing facility, we continue to enhance energy efficiency through measures such as improved boiler maintenance, insulation of steam distribution systems, and digital monitoring of steam traps to identify and address inefficiencies. Heavy Fuel Oil (HFO) consumption also declined significantly during the reporting period due to work process improvements that reduced both operational man-hours and fuel use. At the Green Leaf Threshing Plant (GLTP) in Thika, we are exploring lower-emission fuel alternatives, including biomass and LPG blends, while applying Integrated Work System (IWS) tools to optimise fuel use and operational performance.

In the longer term, and in line with the BAT Group Green Mobility Standard, we plan to transition fleet operations at GLTP and within our tobacco farming activities to electric forklifts and electric motorcycles, supporting our efforts to reduce emissions and improve operational efficiency.

Scope 2 emissions - Indirect emissions generated from purchased electricity, heat, steam or cooling.

These emissions can be;

i. 'Location based' - which uses a quantification method based on average energy generation emission factors for defined locations, including local, subnational, or national boundaries; or

ii. 'Market-based' which uses a quantification method based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with instruments or unbundled instruments on their own.

Our efforts to reduce Scope of 1 and 2 CO2e emissions are supported by a robust Renewable Energy Strategy.

This table provides a breakdown of our total emissions.

Location/ Source	Scope 1			Scope 2		
	Tonnes (Co2e)					
	2025	2024	2023	2025	2024	2023
Nairobi factory	1,754	1,979	2101	588	648	581
Thika factory	726	679	615	96	100	93
Offices	-	-	-	32	25	24
Fleet	346	333	327	-	-	-
Total	**2,826**	**2,991**	**3,043**	**716**	**773**	**698**

Table 8: Scope 1 & 2 emissions

The data above has been updated in accordance with the Group reporting methodology to include fugitive emissions.

Energy Management

In the year 2025, BAT Kenya placed emphasis on improving energy efficiency and minimizing energy wastage across its operations. The Energy Management Strategy for 2025 was structured around three core priorities:

- enhancing energy efficiency through process optimization and equipment upgrades;
- use of renewable energy and reducing overall power consumption across facilities; and
- lowering associated greenhouse gas emissions in line with the organization's sustainability commitments.

To support this, several initiatives were rolled out across our operations during the year 2025. These measures delivered significant energy savings and contributed to a noticeable reduction in environmental impact at both the Manufacturing facility and the Green Leaf Threshing (GLT) plant. These initiatives include: management and expanding the use of renewable energy, supporting our transition toward a lower-carbon footprint for Scope 1 and Scope 2 emissions and strengthening long-term operational resilience.

Manufacturing Factory - Nairobi

- Implementation of the Digital Manufacturing Platform (DMP) for electrical meters. The meter reading processes were digitalized to ensure accurate and instantaneous readings were applied to assist in timely decision making. This platform facilitates precise tracking of energy consumption patterns and supports detailed energy loss analysis. By identifying inefficiencies and areas of wastage, it enables targeted improvements in energy management and contributes to overall reductions in electricity usage and associated Scope 2 emissions.
- Training and capacity building. We had a re-focus on training to ensure competence is imparted at the right levels where influence of energy use is critical and most urgently required.
- Production Schedule Optimization at PMD Factory. The running patterns and shift schedules at the PMD factory were reviewed and revised. As a result, production operations were restructured to close fully by the end of each week. This adjustment reduces unnecessary energy consumption during non-productive periods
- Boiler Scheduling Optimization. Boiler operations at the facilities were rescheduled to commence on the same day as production activities. This adjustment eliminated the need for overnight hot standby mode, thereby minimizing energy waste associated with maintaining boilers in a ready state during non-operational hours.

Green Leaf Threshing Plant (GLTP) - Thika

- Optimised boiler start-up scheduling – Boiler start-up was aligned with operational schedules to ensure units begin operating on the same day of production, minimizing energy losses associated with overnight hot standby.
- Dual burner hybrid boiler installation – A dual-burner (hybrid) boiler capable of using fuels with lower emission factors was installed.
- Modification of the tips cylinder duct system – Adjustments were made to the tips cylinder duct system to improve airflow efficiency, optimizing energy consumption and supporting ongoing efforts to reduce energy waste across the factory.

Sustainability Report

Renewable Energy

At BAT, we recognise the importance of environmental stewardship in supporting long-term sustainability and operational resilience. We integrate sustainable practices across our operations and supply chain, focusing on biodiversity conservation, waste management, energy efficiency, and the promotion of a circular economy. By embedding these priorities into our strategy and daily operations, we aim to improve resource efficiency, reduce our environmental footprint, and strengthen resilience to climate-related risks across our value chain.

BAT Kenya energy consumption breakdown			
Location	Consumption MWh		
	2025	2024	2023
Manufacturing factory			
Fuel oil	5,696	5,658	6,868
Purchased Electricity	6,045	5,550	6,024
LPG	214	242	531
Solar	885	1,093	1,103
Diesel	120	208	72
Green Leaf Threshing Plant (GLTP)			
Fuel oil	2,309	1,959	1,793
Purchased Electricity	987	861	960
LPG	262	217	226
Solar	239	248	168
Diesel	26	166	25
Petrol	-	32	-
Kenya Trade, Marketing & Distribution Offices			
Purchased electricity	324	216	250
Fleet vehicles			
Fleet Vehicle Diesel	1,254	1,102	968
Fleet Vehicle Petrol	38	149	266

Table 9: Energy Consumption

Biodiversity and ecosystems

GOAL

- **100% of wood fuel used by our contracted farmers for tobacco curing to be from sustainable sources by 2030.**
- **Plant at least 2 million tree seedlings annually.**

Our approach and performance highlights

Biodiversity underpins healthy ecosystems and supports the stability of natural systems on which societies and economies depend. However, climate change and habitat loss continue to accelerate biodiversity decline. BAT Kenya's operations rely on natural resources such as tobacco leaf and water, making responsible management of these resources essential to maintaining environmental balance and operational continuity.

Recognising this responsibility, we aim to minimise environmental impacts across our operations and value chain while supporting biodiversity conservation through responsible resource management, ecosystem restoration initiatives, and collaboration with partners. Our approach is guided by the BAT Group Environmental Policy and Biodiversity Statement, which sets out clear commitments to mitigate environmental impacts and protect biodiversity. This framework supports both our current product portfolio and future business models by ensuring responsible sourcing, ecosystem management and alignment with evolving sustainability expectations.

Our Sustainable Tobacco Policy highlights our commitment to sustainable tobacco farming practices helps in ensuring human rights are the core of our business operations, the safety of our farmers and, their workers as well as enhancing farmer livelihoods. Additionally, our approach to protecting biodiversity and ecosystems is embedded in our Environmental Management Policy Statement.

In the communities where we operate, we are committed to responsible and sustainable management of natural resources. We continuously develop and implement sustainable agricultural practices that focus on:

- preserving natural capital and protecting ecosystems;
- enhancing the livelihoods of farmers and rural communities; and
- strengthening farmers resilience to the impacts of climate change.

These efforts are integral to our broader sustainability approach, ensuring that our operations support long-term environmental health, social well-being, and economic viability in the areas where we source raw materials and conduct our activities.

We strive to mainstream the use of sustainable wood fuel by our contracted farmers. This measure helps prevent tobacco cultivation in deforested natural ecosystems or on leased land that has undergone deforestation or land-use conversion. We also carry out due diligence on farming practices to ensure that natural ecosystems are not converted to tobacco production. This includes assessments to verify compliance with environmental safeguards and land-use standards.

In addition, we continue to provide training to farmers and field technicians. In 2025, we conducted the following trainings:

- natural resource preservation (sustainable wood fuel use);
- water management best practices; and
- integrated pest management.

The training has helped with ensuring the wood fuel used for curing is from sustainable sources and there is no deforestation or conversion that is done for tobacco to be grown.

In the area of regenerative agriculture and afforestation, we collaborate closely with a range of stakeholders, including our contracted farmers and local communities, to advance biodiversity conservation and ecosystem protection. Through these partnerships, we support and implement the training of these stakeholders on sustainable fuel sources for tobacco curing. They are then issued with tree seedlings which they plant to support in replenishing the wood fuel we use for tobacco curing. These initiatives aim to prevent the harvesting of wood in a way that leads to deforestation of natural ecosystems.

We undertake regular water risk assessments to identify areas of potential vulnerability in our operations and supply chain. These assessments inform the prioritization of capital expenditure and resource allocation to enhance water management practices and improve water recycling rates across our facilities. In our contracted tobacco farming operations, we provide targeted support to farmers to promote responsible water use. This includes guidance on selecting appropriate tobacco varieties suited to local water availability, the introduction of efficient technologies, and the adoption of optimized farming practices aimed at reducing overall crop water consumption.

Our contracted tobacco farmers participated in targeted training programmes on integrated pest management (IPM) to minimize chemical use and environmental impact, efficient barn construction for optimized fuel consumption during curing, fuelwood traceability and their responsibilities for compliance with environmental regulations under the National Environment Management Authority (NEMA)

BAT Kenya remains aligned with the BAT Group's target to achieve a Deforestation and Conversion Free (DCF) tobacco supply chain by 2025, a milestone we have already met based on internal data assessments. Compliance is monitored through our Farmer Sustainability Monitoring (FSM) and Modern BAT Leaf (MBL) systems, which track wood fuel

sources, farm geolocation, and wood harvesting practices. To promote sustainable wood fuel sourcing, farmers are trained on responsible practices and provided with tree seedlings for reforestation, issued in a mix of 60% exotic, 40% indigenous, and clonal varieties. We plan to seek independent verification of our internal assessments in the future.

Afforestation and biodiversity restoration

We continue to strengthen our efforts to restore areas of biodiversity significance within the communities where we operate. BAT Kenya has the Kijani afforestation programme, through which we have partnered with various stakeholders to plant trees since 1978. Through this initiative, we aim to plant at least 2 million trees each year to support ecosystem restoration and biodiversity conservation.

BAT Kenya has adopted the Mt Elgon and Cherangany Hills eco-systems as part of its afforestation programme. In 2025, the Company planted 189,000 tree seedlings across key conservation areas, including 83,000 in Cherangany Hills, 105,000 in Oyani, and 1,000 in Ndakaini. The survival rate of seedlings planted in Cherangany Hills and Oyani will be assessed in 2026, after which the number of successfully established trees will be reported.

To help replenish the used wood fuel and provide a sustainable source of fuel for tobacco curing. We distributed approximately 668,274 tree seedlings of exotic species planted for the purpose of producing firewood for curing and/or wood for construction in the current crop year. Additionally, we donated approximately 19,000 tree seedlings to Vihiga County and 200 seedlings to NEMA in Migori County. To ensure the trees grow to maturity, we train the farmers on the importance of having sustainable wood fuel for curing purpose and for conservation. We conduct survival rate analysis of the planted tree seedlings to establish what percent survived. We also work with Kenya Forestry Service (KFS) to ensure the tree seedlings are safeguarded from negative external factors.

In partnership with tobacco farmers, government agencies, and community stakeholders, these afforestation efforts have supported natural forest preservation and protected vital water catchment areas nationwide. It is key to note that the number of trees planted through our afforestation initiatives outnumber those used for tobacco curing. In the reporting period, 25,861 tons of wood fuel was calculated and estimated to be used for curing tobacco.

Breakdown of seedlings planted / donated in 2025 as part of community biodiversity initiatives.

Region	Name of BROA site/ Institutions	Seedlings planted
Oyani	Otacho hills	50,000
	Taragwiti hills	30,000
	Oyani River	25,000
Nairobi	Ndakaini dam	1,000
	Cherengany Hills	83,000
GRAND TOTAL		**189,000**
Seedling issued to farmers		
Leaf Growing Operations	Seedling for the purpose of Curing (Exotic)	668,274
	Seedling for Conservation (Indigenous)	437,270
GRAND TOTAL		**1,105,544**
Seedlings donated		
Leaf Growing Operations	Vihiga County	19,000
	NEMA	200
GRAND TOTAL		**19,200**

Table 10: Breakdown of seedlings planted/Donated/issued to contracted farmers in 2025

Agricultural waste Management.

Our agricultural waste management efforts extend to the farmers contracted within our tobacco supply chain. This involves targeted capacity-building activities designed to equip farmers with the knowledge, skills and resources required for responsible waste handling.

In 2025, our contracted tobacco farmers received targeted training on the safe application of agrochemicals. The programme covered proper handling techniques, the correct use of personal protective equipment (PPE) and best practices to safeguard their health and minimize exposure risks. To support compliance, farmers were provided with appropriate PPE for use during application activities.

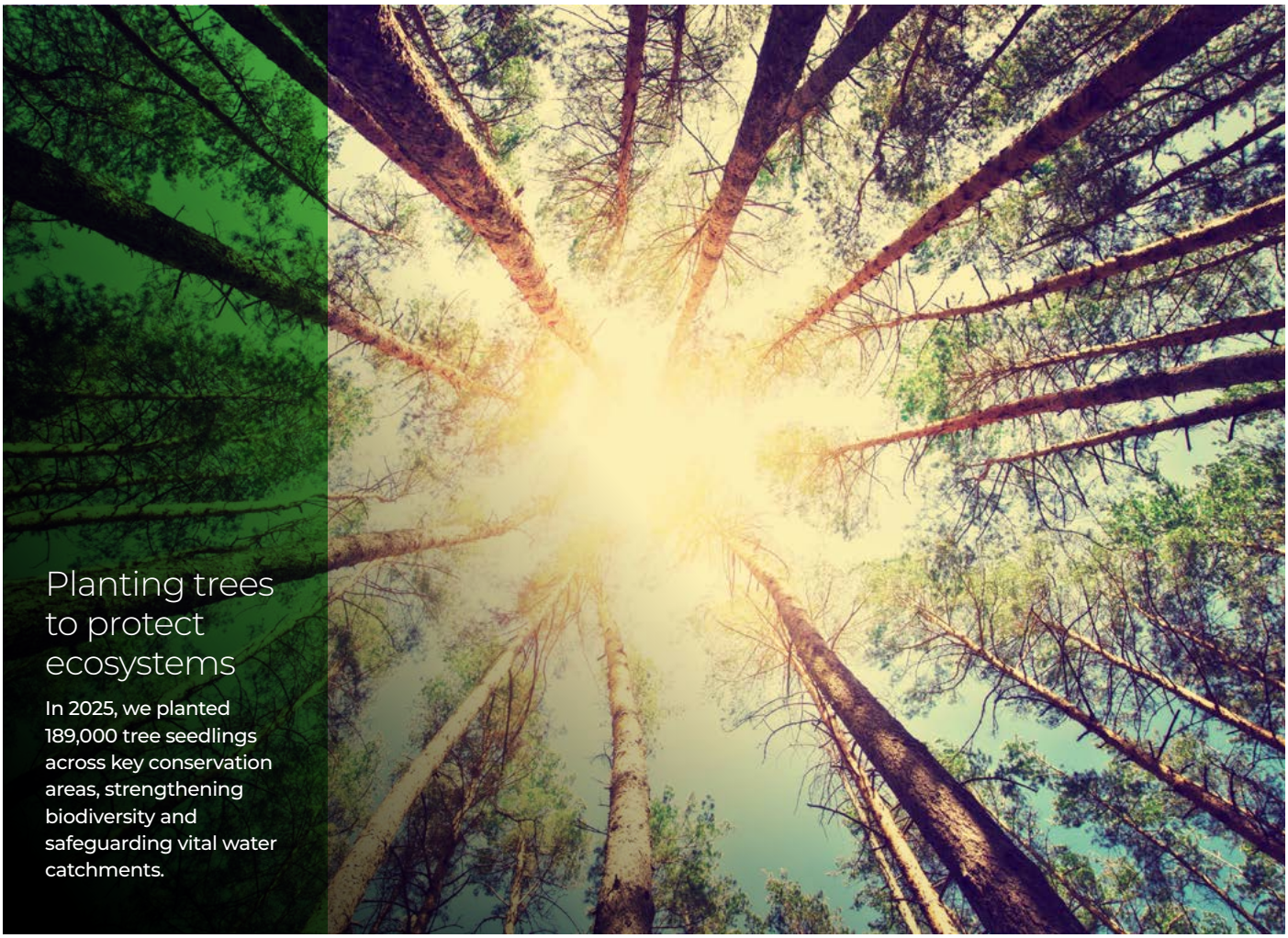
Farmers are also required to store agrochemical containers securely in a lockable chemical box or dedicated store to prevent unauthorized access and reduce the risk of accidental exposure or misuse.

To protect the environment, we supply farmers with designated hazardous waste bags for the safe storage of empty agrochemical containers (CPA containers). These containers are collected by BAT Kenya at regular intervals for proper disposal. All collected waste was incinerated in accordance with applicable environmental regulations, as no suitable supplier capable of recycling the material was available during the period.

Breakdown of waste collected from farmers.

Waste from farmers	2025 Tonnes	2024 Tonnes
Amount of waste collected from farmers	1.60	1.47
Amount recycled	0	0.39
Amount incinerated	1.60	1.08

Table 11: Breakdown of waste collected from farmers.



Sustainability Report

Water stewardship

GOAL

- 35% reduction in water withdrawn by 2025 vs 2017 baseline.
- 30% water recycled from our own operations by 2025.
- 100% of operations sites being Alliance for Water Stewardship (AWS) certified by 2025.

Our approach and performance highlights

Water is a critical natural resource that is replenished through the natural water cycle, but its availability is limited and shared among many users. We recognise the importance of using water efficiently and responsibly across our operations. Our activities in agriculture and manufacturing can place pressure on fresh water resources if not properly managed. We therefore focus on responsible water management practices to reduce impacts on ecosystems and support the sustainable use of water in the communities where we operate.

Our Water Security Standard offers guidance for operational sites, including specific actions for those in water-stressed areas. We aim to achieve the highest feasible levels of water conservation throughout our value chain and act as responsible water stewards. This includes engaging stakeholders to better understand shared challenges, risks and opportunities. In 2025, we held two stakeholder engagements to review the overall water stewardship plans for our sites. By optimizing water use, we reduce negative ecological impacts while safeguarding community access to water, which is a core aspect of Good Water Governance (GWG).

At BAT Kenya's manufacturing sites, we pursue various water stewardship initiatives, to reduce water withdrawal, minimize losses and increase recycling rates in alignment with the Alliance for Water Stewardship (AWS) certification process. In our direct operations at the manufacturing factory and Green Leaf Threshing Plant (GLTP), approximately 80% of water is used for tobacco leaf conditioning, with the remaining 20% allocated to amenities. For BAT Likoni, the 2025 water recycling target was set at 36% and achieved 42% increase through enhanced effluent plant output and increased recycling of chiller water. Both the Nairobi factory and Thika GLTP sites underwent AWS certification reviews: Nairobi successfully completed recertification, while Thika passed its surveillance audit.

Additionally, we collaborated with the Nairobi Water & Sewerage Company (NW&SC) team for a tree-planting activity at Ndakaini Dam, where 1,000 tree seedlings were planted in the adjacent area to support watershed conservation.

Water use in tobacco farming and processing.

In tobacco farming, water plays an important role in irrigation. We promote responsible water use among our contracted farmers through continuous training and the adoption of efficient irrigation practices. Innovative approaches such as float bed nurseries help improve water efficiency during seedling production. At the Green Leaf Threshing Plant (GLTP), water is primarily used for tobacco leaf conditioning and site amenities. To reduce freshwater use, process wash-off water is recycled for non-potable purposes such as gardening and washrooms.

Water management risks include pollution from improper agrochemical handling, over-abstraction of water resources, and potential groundwater contamination. To address these risks, we provide farmers with training on safe agrochemical use and collect empty containers for proper disposal. We also monitor water withdrawals, promote water recycling, and conduct regular water quality testing to ensure responsible water use and protect surrounding ecosystems and communities.

Location	Water Usage (M3)		
	2025	2024	2023
Nairobi factory			
Water withdrawn	21,824	18,838	25,095
Water recycled	20,390	14,189	7,198
Water recycled %	48.3%	43.0%	22.3%
Thika GLTP			
Water withdrawn	8,148	8,136	9,962
Water recycled	1,766	1,603	1,928
Water recycled %	17.8%	16.5%	22.3%
Offices			
Water withdrawn	433	338	347
Total water withdrawn	**30,405**	**27,312**	**35,404**
Total water recycled	**22,156**	**15,792**	**9,126**
% of total water recycled	**42.2%**	**36.6%**	**20.4%**

Table 12: Water usage in own operations

Sustainability Report

Circular economy

GOAL

- 25% reduction in waste from our operations by 2025 (vs 2017 baseline).
- 90% recycling rate of total waste generated by 2025.
- <1% waste to landfill by 2025.

Our approach and performance highlights

Growing pressure on natural resources requires companies to rethink how products are designed, used, and disposed of. At BAT Kenya, we align with the BAT Group's circular economy ambitions, assessing the environmental impacts of our products and packaging while integrating circular principles to reduce waste, lower greenhouse gas emissions, and support biodiversity conservation.

We continue to strengthen circularity across our operations by maintaining zero waste to landfill and adopting BAT Group product and packaging innovations that improve resource efficiency. Our approach focuses on applying the BAT Group's eco-design principles in manufacturing, increasing the use of more sustainable materials, enhancing traceability across the value chain, and encouraging responsible consumption and disposal among customers.

Circularity is also a key enabler of BAT Group's transition toward a smokeless future, where eco-design principles guide the development of new category products to improve material efficiency and end-of-life management. These efforts also support compliance with emerging regulations such as Extended Producer Responsibility (EPR), which hold producers accountable for the lifecycle impacts of their products and packaging.

Our packaging composition

For our cigarette packs, the BAT Group has introduced paper inner bundling, where legally permitted, to replace aluminium and plastic laminates so that they can be recycled where recycling facilities exist, an approach adopted by BAT Kenya. Considering this, BAT Kenya's recyclable materials amounted to 1,094.8 tonnes while other non-recyclable materials amounted to 10.8 tonnes

Tackling operational waste

In 2025 our operations generated 1,105.6 tonnes of waste, a reduction from 1,151.8 tonnes generated in 2024. Of this, 99 % was recycled while 1% was incinerated, with zero waste sent to landfill. Food waste from our canteens at the Nairobi and Thika sites is collected by an approved vendor and converted to compost which is used as manure.

Tobacco and food waste generated at our sites is collected by approved waste vendors and processed into organic manure for agricultural use. This approach supports responsible waste management while contributing to resource recovery and sustainable farming practices.

No	Type of waste	Weight in Tonnes (2025)	Weight in Tonnes (2024)
1	Hazardous waste	13.9	18.2
2	Plastic and polythene	55.7	75.1
3	Paper waste	17.3	50.6
4	Boiler ash	-	-
5	Scrap metals	4.9	121.5
6	Solid waste	-	884.7
7	Liquid waste	-	1.8

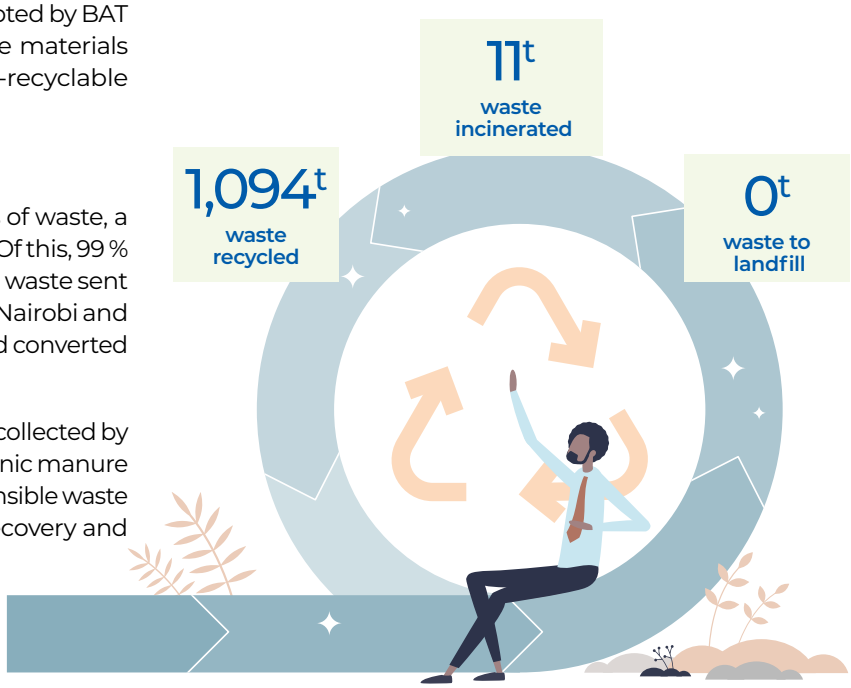
Table 13: Types of waste in tonnes

As part of our ongoing initiatives, we actively participate in industry forums such as the Kenya Extended Producer Responsibility Organization (KEPRO) aimed at championing proper post-consumer waste management.

Total waste metrics

Waste	Weight in tonnes		
	2025	2024	2023
Total waste generated	1,105.6	1,151.8	1,523
Total waste sent to landfill	-	-	-
Total waste recycled	1095	1,134	1,490
Incinerated waste	11	17	30

Table 14: Total waste metrics



Sustainability Report

Health and safety

GOAL

- **Zero accidents business-wide annually**
- **100% of farmers and workers with sufficient personal protective equipment (PPE) for agrochemical use and tobacco harvesting.**

Our approach and performance highlights

BAT Kenya aims to provide and maintain safe & healthy working conditions, equipment and systems of work for all employees and other associated personnel on company premises. This includes providing training and supervision as may be required for this purpose.

Occupational health and safety

As we work towards our aim of zero accidents, we continue to focus on the timely identification of hazards, assessment of workplace risks, and the maintenance of appropriate controls. This is supported by ongoing risk assessment practices and by embedding health and safety requirements across our operations and supplier engagement, so that expectations are understood beyond our employees and across third parties working with us.

A practical area of focus in 2025 was site risk assessments with key process owners to validate control measures, alongside the proactive review of high and medium risk activities through behaviour-based safety observation to identify opportunities to strengthen controls.

Nurturing a culture of Zero Harm

In 2025 we continued to strengthen our "Back to Basics" Health and Safety (HS) programme whereby our staff were re-trained on the business-as-usual processes of occupational safety at the workplace. Key areas of reinforcement include:

- Site risk assessments with key process owners to validate control measures and confirm that controls match the risks in each process.
- Learning from incidents in other markets outside Kenya, using those lessons to challenge "business as usual" controls and identify improvement areas.

Behavior-based safety observations, with a proactive focus on high and medium risk activities, to spot gaps early and strengthen controls before an incident occurs.

Sustainability Report

In our ongoing commitment to enhance safety in the workplace, we initiated a safety drive under the Integrated Work System (IWS) process, focusing on employee involvement. This initiative was aimed at not only increasing awareness about safety but also fostering a sense of ownership at all levels within the organisation. Through this process, we worked to ensure that safety practices were deeply ingrained in our daily operations.

Additionally, in 2025 our Health and Safety (HS) approach focused on strengthening foundational risk management practices across staff, factory operations, and the supply chain by reinforcing accountability at process-owner level. By ensuring that each process owner fully understood the risks inherent in their operations, the application and monitoring of controls became more effective and sustainable. The use of structured tools within the Sustainability Pillar further promoted cross-functional participation, embedding safety ownership within respective teams and functions. We also leveraged learnings from incidents in other markets outside Kenya to proactively identify system gaps and reassess existing controls, even where performance appeared strong. This collaborative approach enabled the site to close the year with zero safety incidents, a significant achievement. In addition, our fleet operations delivered outstanding performance, earning two exemplary recognitions at the AA Road Safety Excellence Awards.

We successfully maintained a Zero Harm environment throughout 2025. By fostering a culture of vigilance and accountability, we reached the end of the year with no reportable accidents, aligning our daily operations with our long-term strategic goal of Net Zero Harm."

Health and safety training

We continuously enhance our Health and Safety training to provide employees with robust knowledge, skills, and experience to undertake their work safely. In 2025, we conducted various trainings including: risk assessment, implementation of Lockout-Tagout (LOTO) protocols, including the development of machine-specific and task-specific procedures, as well as integration with Permit-to-Work systems to ensure safe isolation of hazardous energy during maintenance and operation We also implemented the following statutory trainings:

Training	Number of people trained 2025
Defensive driving	56
First Aid	16
Fire safety	24
Work at height	10

Table 15: Health and Safety training

Building a culture of Zero Harm

We closed the year with no reportable safety incidents, driven by strong risk management and employee ownership of safety.

Sustainability Report

Human rights

GOAL

- Zero child and forced labour in our tobacco supply chain by 2025.
- 100% of product materials and higher-risk indirect service suppliers to have undergone at least one independent labour audit within a three-year cycle.

Our approach and performance highlights

At BAT Kenya, we believe all people must be treated with dignity and respect. We are committed to upholding human rights principles in line with the UN Guiding Principles on Business and Human Rights. This commitment is embedded in our Standards of Business Conduct (SoBC) and Supplier Code of Conduct (SCoC), which guide how we protect people's rights in our workplace, across our value chain and in the communities where we operate.

Our human rights focus covers both direct operations and the supply chain. In Kenya, a key risk area remains tobacco farming, where child labour, worker welfare and health and safety require continued oversight and action.

We are committed to fair and humane treatment for all employees and contractors. Our employees are expected to uphold dignity, fairness and respect in all interactions, and all forms of discrimination, harassment and bullying are prohibited under our SoBC.

We maintain grievance reporting channels and escalation structures, including the Speak Up portal, which supports anonymous reporting of alleged breaches of the SoBC. The portal is accessible to employees, contractors and members of the public. Reported matters are investigated, and where allegations are substantiated, disciplinary action is taken in line with our policies.

Managing human rights in tobacco farming

Farmer safety

Safeguarding the wellbeing of our farmers requires clear safety protocols and continuous monitoring throughout the growing cycle.

We provide farmers with recommended pesticides accompanied by detailed safety guidance, and we deliver training on the correct handling, storage and application of Crop Protection Agents (CPA). To mitigate the risk of Green Tobacco Sickness during harvesting activities, we supply Personal Protective Equipment (PPE) for both agrochemical application and leaf handling. Field monitoring is undertaken to track PPE availability and condition throughout the season and support compliance. Our CPA container takeback programme supports safer agrochemical waste disposal. Farmers receive purpose-designed disposal bags, which are collected for disposal. In 2025, 99.7% of farmers returned all empty CPA containers, as well as other chemical containers from their homes.

Prevention of child and forced labour

The Standards of Business Conduct (SoBC) prohibit all forms of modern slavery, including forced, bonded, trafficked, or exploited labour. Our Sustainable Tobacco Programme (STP) Policy promotes good labour practices across the supply chain and prohibits the employment of persons under the age of 18. To support implementation, we apply the Child and Forced Labour Prevention Procedure, which guides the identification, prevention, monitoring, and reporting of labour-related risks.

In addition, we apply traceability and segregation processes to separate and remove any tobacco associated with incidents of child or forced labour. These requirements are supported by training for field staff and farmers, particularly during high-risk periods such as school holidays, to strengthen awareness and compliance with our labour standards.

Recognising that child labour often originates from economic vulnerability, BAT Kenya has also developed community-based programmes to address underlying drivers. The Women's Development Program builds the capability of female farmers and spouses of male farmers by offering training on women's rights, financial literacy and agricultural skills focused on establishing kitchen gardens. Participating women receive two cans of vegetable seeds to support the start or expansion of kitchen gardens. This strengthens household food security and creates an additional source of income, helping reduce the risk factors associated with child labour.

Value and supply chain integrity

BAT Kenya's supply chain is categorised into two main sections: indirect (goods and services necessary to operate our business) and direct (materials used in the manufacture of our finished products). The Company conducts comprehensive assessments across its supplier value chain, including verification of employee age records to prevent forced and child labour. We also obtain confirmations from suppliers to ensure they meet all statutory obligations, including payment of wages and dues to their employees and subcontractors.

We actively engage suppliers through our Supplier Enablement Programme, which provides structured support. The programme focuses on building awareness, strengthening capabilities, and establishing clear action plans to drive progress. In the reporting period, no breaches of the Supplier Code of Conduct were reported, and we conducted ESG social audits on two suppliers as part of our ongoing supplier oversight.

Sustainability Report

Farmer livelihoods

GOAL

- **Prosperous livelihoods: we are committed to enabling prosperous livelihoods for all our contracted tobacco farmers in our tobacco supply chain.**

Our approach and performance highlights

BAT Group sources the majority of its global tobacco leaf volumes from its own leaf operations, with BAT Kenya playing an important role in this supply chain. In Kenya, we work with contracted farmers to cultivate high-quality tobacco leaf, which the Company purchases at competitive prices. In 2025 we contracted 2,440 farmers mainly in Migori, Homa Bay, Bungoma, Busia, and Meru counties. Despite the ever-changing climate conditions, our partnership with our tobacco farmers yielded 5.5 million kilograms of purchased leaf in 2025 at Kshs 1.4bn.

To support sustainable farming and strengthen farmer livelihoods, we have adopted BAT Group's THRIVE system, which focuses on five key capitals: financial, natural, human, physical, and social. The BAT Group also participates in the Sustainable Tobacco Programme (STP), a global industry initiative that promotes responsible agricultural practices and continuous improvement in tobacco production.

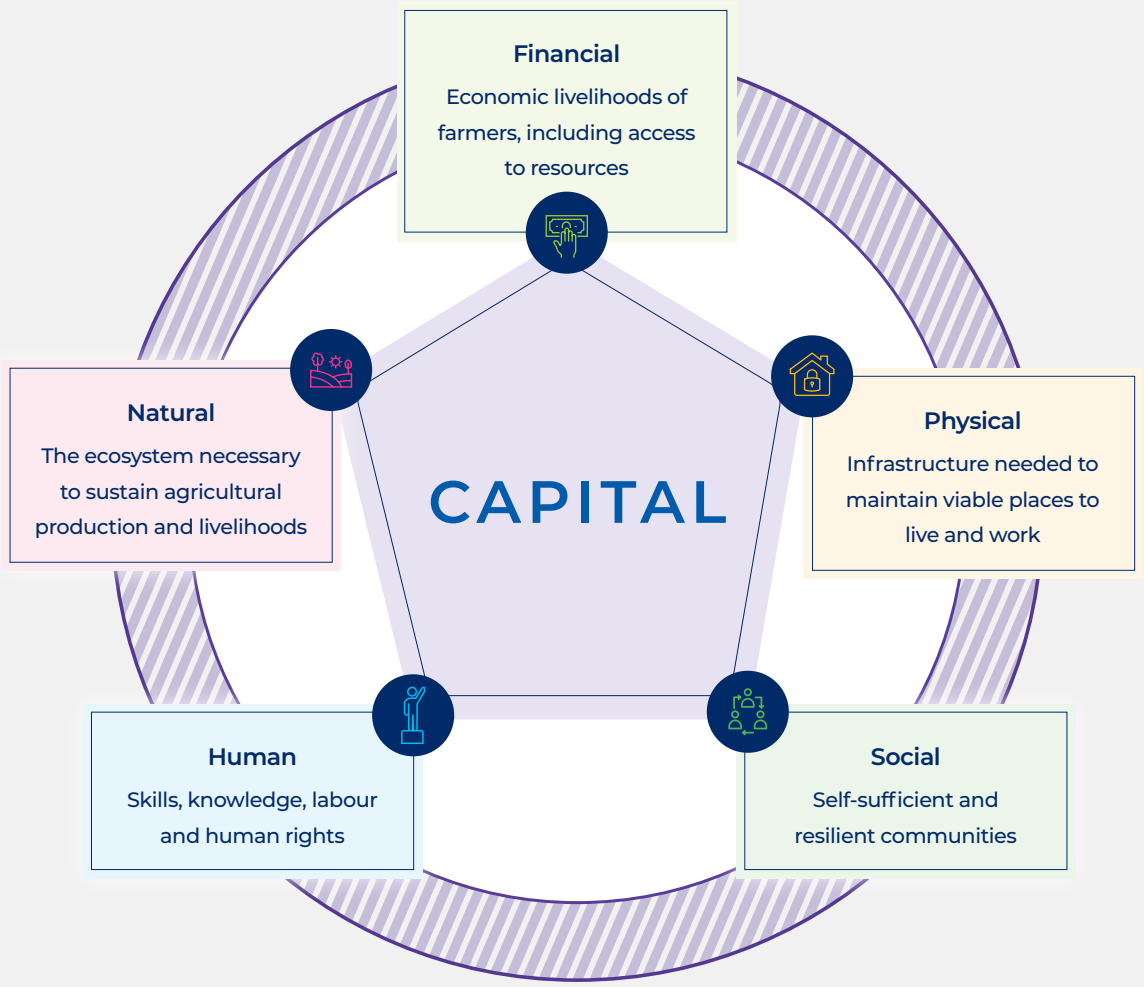
In 2025 our partnership with farmers yielded

5.5M KG

of tobacco leaf valued at

KSHS 1.4B

The five 'capitals' of our Thrive system



Sustainability Report

Supporting farmers and building trusted relationships

We work with our farmers to implement mechanised farming solutions and new technologies that support increased productivity, reduce manual labour, and improve health and safety conditions. Through our farm extension services, we provide training and capacity building to enhance farmer productivity, with our Field Technical Officers (FTOs) playing a central role.

FTOs support contracted farmers throughout the growing cycle by providing agronomic guidance, strengthening farming skills, and promoting improved yields and resilience. During the growing season, FTOs visit farmers regularly to offer technical assistance and monitor farming practices. These visits also support awareness and monitoring of human rights standards across our farming operations. The figure below illustrates how our extension services support farmers throughout the growing cycle.

Sustainability Report

SPOTLIGHT

Perez on the move, supporting farmers through field-based leadership

BAT Kenya's Leaf Executive programme provides practical, field-based support to contracted tobacco farmers through regular farm visits, group training, and continuous follow-up. Leaf Executives promote Good Agricultural Practices (GAP) and reinforce the Company's quality standards, helping farmers improve productivity, crop quality, and sustainable farming outcomes.

Perez Muiru has served as a Leaf Executive for the past two years, supporting approximately 300 farmers across her territory. Travelling mainly by motorbike to reach remote farming communities, she navigates challenging terrain to provide timely technical guidance on pest and disease management, fertiliser application, crop diversification, and crop quality management. Her work focuses on helping farmers adopt practices suited to their local conditions while addressing common challenges such as labour shortages, limited access to finance, and climate variability.

Through regular engagement and training, Perez also promotes climate-smart practices including crop rotation, agroforestry, and the use of drought-tolerant varieties. Her practical approach to farmer support has contributed to improved productivity and crop quality. As one of the few women operating in this role, Perez also serves as a visible role model, encouraging greater participation of women and youth in agriculture within the communities she supports.

Sustainable agriculture

BAT Kenya implements a diverse range of initiatives to promote sustainable agricultural practices, as highlighted below. Furthermore, we conduct extensive research into methodologies for optimizing crop yields and facilitating the adoption of good agricultural practices.

In 2025 we sustained and initiated various programmes covering the following areas:

Hybrid seeds

Following the introduction of hybrid tobacco seeds in 2022, we successfully scaled adoption to 100% coverage in 2025.

Soil Health

Soil health remains a priority due to risks such as erosion, reduced organic matter, biodiversity loss, and imbalanced pH levels. In 2022, we introduced a soil testing programme to assess pH levels and apply liming where needed to improve nutrient availability and crop uptake. Farmers also receive training on soil conservation practices.

In 2025, 87.9% of contracted farmers implemented at least one soil management practice, covering 70.5% of tobacco-growing hectares. Practices included wide base high ridges, terrace and strip planting, contour planting, and the use of buffer zones.

Input optimisation

To safeguard the quality and the integrity of our tobacco crop, we provide our contracted farmers with fertiliser and guidelines on its application. Recommendations are tailored to cost effectiveness, tobacco variety, soil conditions and carbon emissions implications.

BAT's tobacco leaf growing research team conducts trials to determine the most effective fertiliser application rates, with findings subsequently shared with the farmers. This is complemented by on-farm demonstration sessions designed to deepen farmers' practical understanding of optimal crop fertilisation techniques.

Pest management

Agrochemical use across BAT operations worldwide is governed by the BAT Group Leaf Supplier Manual, which establishes the standards all suppliers and operations must follow. Every agrochemical applied in tobacco growing must be registered with the relevant government authority in the country of use. Residue levels are monitored through an annual risk assessment, benchmarked against the Guideline Residue Levels set out in Cooperation Centre for Scientific Research Relative to Tobacco (CORESTA) Guideline No. 1. Farmers also receive regular training on the safe handling, storage, and application of agrochemicals.

Beyond compliance, we are actively developing an Integrated Pest Management (IPM) programme aimed at reducing reliance on conventional chemical inputs. The programme introduces biological alternatives, including natural predators such as birds and biologically derived pesticides and herbicides. Most IPM techniques are currently in a trial phase, with broader implementation planned as results are validated.

Chemical weeding

Weeding represents the most costly and labour-intensive activity in tobacco cultivation, making it one of the higher-risk areas for child labour. To mitigate this risk and help farmers lower production costs by reducing reliance on manual labour, we introduced chemical weeding in 2023. By 2025, the programme had been extended to cover approximately 26% of total cultivated hectarage.

Highlights

- Currently, 41% of the total tobacco hectarage of our contracted farmers is mechanically ploughed. These mechanical interventions help reduce the cost of production through reduction of manual labour and time taken to prepare land and transplanting seedlings from the nurseries.
- Hybrid seed usage has been scaled to cover 100% of our total portfolio. These seeds offer greater vigour and improved resilience to drought conditions, contributing to improved yields.
- The float bed nursery system, introduced in 2021 alongside the Central Seedling Unit (CSU), provides a technology-driven approach to seedling production that requires less manual labour and water while ensuring precise fertiliser dosing. This system produces more uniform, vigorous seedlings with improved survival and yield compared to conventional seedbeds and removes the need for farmers to establish nurseries near rivers. The programme was later expanded through decentralised seedling units located at farmer homesteads. By 2025, 31% of tobacco seedlings were produced using this method.
- To support the effective rollout of new technologies and drive improvements in yield, quality and sustainability, ongoing investment is being made in farmer capability through the deployment of specialised field technicians. These technicians complement existing internal and external training programmes, with extension services ensuring that quality standards are embedded from the earliest stage of seed planting through to the final product.

The adoption of technology and mechanisation has led to encouraging results, contributing meaningfully to crop yield growth and more efficient water use. Water withdrawal occurs only at the seedling development stage, as field crops are rain-fed. Total water withdrawn from tobacco farming in 2025 was 32,936m^3 with overall water efficiency at 10.85m^3/Ha.

Complementary crops/diversification

We continue to support our farmers to have diverse sources of livelihood which improves their financial health and

wellbeing. In 2025, we sustained our distribution of certified maize seeds to farmers to plant during the rainy season, issuing about 16 tonnes. This is aimed at enhancing food security and increasing household incomes through the sale of surplus maize harvests.

Further, we introduced a vegetable garden project under our women's development program. As part of this, 96 kilogrammes (Kgs) of vegetable seeds, kale and black nightshade were distributed to farmers and women in the program. By the year end, the project proved successful, with most of the vegetables contributing to food security within the homesteads.

Building farmer resilience

Through THRIVE, we encourage our farmers to diversify their income sources to improve food security and reduce dependence on tobacco. We also engage farmers through empowerment programmes covering community development initiatives, health and safety protocols, environmental management and grievance mechanisms.

Crop insurance

A key component of our leaf operations at BAT Kenya is facilitating crop insurance against adverse weather events. Climate change has increased the exposure of our tobacco farmers to crop losses from floods, drought, pest attacks and disease outbreaks, heightening the vulnerability of farming households. The crop insurance facility helps to mitigate these financial risks and uncertainties, supporting greater stability in their farming operations.

Training and capacity building

To further support farmers in improving their crop yields and livelihoods, we conduct regular training covering a range of relevant topics. These include tobacco growing and curing skills, barn management techniques, crop diversification, women and community development, hygiene and sanitation, and the prevention of child labour.

Below is a snapshot of attendance to the training programmes conducted in 2025:

Trainings conducted	Percentage of farmers
Farmers trained on crop diversification	100%
Farmers trained on farm/business management	2%
BAT Farmers trained on women empowerment	3 %

Highlighted outcomes	Percentage of farmers
Tobacco farmers reported to grow crops for food or income diversification	99%
Contracted farmers and other farmworkers having access to PPE	100%

Table 16: Farmer training programmes

Women development

To ensure diversity and inclusion at the farm level and drive women empowerment, we formally launched our Rural Women Development Programme in 2023 following a successful pilot the prior year. In 2025, the training covered 76 Female farmers and 258 spouses of the male farmers totalling to 334 participants.

Women-led gardens improving food security

Vegetable seeds helped families grow food and support daily nutrition.

FARMER SPOTLIGHT

Isaac Mwiti Magiri, Meru

Isaac Mwiti Magiri has farmed in Meru for seventeen years, including eight years as a BAT Kenya contracted farmer. He farms eight acres in total (four owned and four leased). Farm income supports a household of five: Isaac, his wife and three children. For Isaac, tobacco farming is linked to household stability, enabling him to keep his children in school through the returns earned from the crop.

Through BAT Kenya's crop diversification programme, Isaac has expanded into maize, avocado and mangoes, with four of his eight acres under crop succession. Maize yields average around 15 bags per acre and generate approximately KShs 110,000 per harvest, while mangoes contribute a further KShs 30,000 per harvest. These additional income streams reduce reliance on a single crop and support household food security.

To support sustainable curing, Isaac sources wood fuel from his own plantation, where he has grown approximately 220 trees. This keeps his curing inputs within BAT Kenya's deforestation-free requirements while reducing input costs.

Isaac has attended training facilitated by BAT Kenya's Field Technical Officers covering agronomy, fertiliser application, child labour awareness and community development. During the growing season, his FTO visits twice a month, and Isaac credits the consistency of support as a factor in improvements in farm management and yields.

Isaac's experience highlights the role that stable contracting, practical training and crop diversification can play in strengthening resilience and livelihoods for smallholder farmers.

Land Rights

We conduct annual monitoring and mapping of land used by our contracted farmers to confirm land rights and maintain legal compliance. As part of our commitment to zero deforestation and zero land conversion, we monitor risks related to the clearing of native forests and the conversion of natural or biodiversity-sensitive areas for tobacco farming.

Before onboarding new farmers, we assess factors such as proximity to areas of biodiversity concern. We also keep farmers informed of relevant regulatory and legislative developments affecting their operations.

Community resilience and engagement

We recognise the importance of investing in the local communities where we operate. We engage our farmers who form part of these communities through a structured approach that includes farmer barazas, meetings and farm visits. In 2025, we also conducted focus group discussions and the insights gathered will be used to strengthen future programmes.

For the broader community, we work through local and county governments to deploy community programmes, ensuring that initiatives are aligned to the community needs. Past efforts have included environmental clean-up activities as well as water, health and sanitation initiatives.

Sustainability Report

People, diversity and culture

GOAL

- 45% representation of women in Senior Leadership teams by 2025
- 5% representation of people with disabilities in the organisation by 2026

Performance highlights

Our people are the cornerstone of our success as a business, and as we continue the journey of transforming our business, we want to attract the best talent and offer an inspiring place to work. Employees continue to be critical drivers of the organization's success. Anchored in shared values and a strong culture, our talented workforce has played a central role in building BAT Kenya. The organization continues to demonstrate consistent alignment with these values at all levels, supported by high performing teams that are actively contributing to the development of the enterprise of the future.

Our People agenda is guided by the Group's People Strategy and built around three ambitions for 2030:

- enabling tomorrow's success for our business and colleagues,
- creating an amazing people experience; and
- making BAT the place to be for current and prospective talent.

This is complemented by the Group's six corporate Values, which act as a compass to ensure our people have a clear understanding of what is expected of them to help us Build A Smokeless World.

People Strategy

Sustainability Report

Diversity and inclusion

We continue to foster an inclusive culture that values, champions and celebrates the diversity of our employees, stakeholders, and the communities we serve. Embracing diversity is not only central to our values but fundamental to our long-term business sustainability, creating a respectful, supportive environment where everyone can thrive while cultivating diverse, high-performing teams that drive innovation and competitive advantage.

Gender mainstreaming

We seek to promote gender representation across BAT Kenya. One of our key D&I targets is achieving 45% representation of women in senior management roles in the organisation by 2025. We have achieved this target, tracking at 73% as at 2025.

Head count	Head count	Women	Men
2025			
Senior leadership	11	8 (73%)	3 (27%)
BAT Kenya Leadership Team (as at April 2026)	8	5 (63%)	3 (37%)

We have invested in initiatives targeting both men and women, including embedding gender driven affinity programmes in our workplace (Men in BAT and Women in BAT). These groups provide employee driven safe spaces for them to share and engage on diverse life and professional experiences to support learning and development as well as foster employee wellbeing.

Breakdown of employee gender representation in the organisation in 2025

Head count	Head count	Women	Men
Full Time Employees	385	137 (36%)	248 (64%)
Global Graduate Management Trainees *(Considered as fulltime employees)*	3	3 (100%)	-
Interns	41	22 (54%)	19 (46%)

Table 17: Breakdown of employee gender representation in the organisation in 2025

Breakdown of gender per Function

FUNCTION	Men	Women
Operations	185	55
Marketing	34	45
Finance	17	16
Corporate, Regulatory Affairs	3	4
Legal & Security	4	6
Information Digital Technology	3	2
Executive & Corporate Services	1	-
Human Resources (HR)	1	9
Grand Total	**248**	**137**

Table 18: Breakdown of gender per function

Persons with disabilities

The year 2025 commenced with a company-wide training focused on People with Disabilities (PWD), reinforcing the organization's commitment to diversity, equity, and inclusion. The session was spearheaded by a designated Disability Champion, who provided valuable insights into disability inclusion in the workplace.

The training highlighted the various barriers faced by people with disabilities, including physical, attitudinal, and systemic challenges that often limit equal participation at work. The facilitator also unpacked statutory tax credits related to the employment of people with disabilities, as well as the qualifying criteria and compliance requirements. This created awareness of both social and business cases for inclusion.

Sustainability Report

The training empowered leaders and employees to recognize their individual roles in driving inclusion, fostering a culture of empathy, accountability, and shared responsibility. As a result, the organization strengthened its commitment to inclusive practices, positioning disability inclusion as an integral part of its people strategy rather than a compliance exercise.

Head count	2025
Male	5
Female	3

Our commitment to supporting PWDs continues to progress, evidenced by our partnership with the National Council for Persons with Disabilities (NCPWD) and FUZU Recruitment Agency Kenya Limited. As registered employers, we actively post job openings and invite applications for various positions from a diverse group of applicants.

Generations

We believe that diversity in age representation brings about different perspectives which enrich our business strategy and ways of working. We have seen a steady increase of the latest generation in our organisation as they enter the workforce. The table below shows disaggregated data of BAT Kenya's employees age profile in the last year.

Employee generational bracket in 2025

Employee generational bracket	Gender	
	2025	
	Male	Female
Gen X (1965 – 1980)	85 (85%)	16 (15%)
Gen Y (1981 – 1996)	133 (60%)	87 (40%)
Gen Z (1997 – 2012)	30 (45%)	36 (55%)

Table 19: Employee generational bracket

Fit for purpose organisation design.

To support sustained growth, we recognise the need to adapt and transform in response to changing business demands. In 2025, we prioritised business simplification as part of our efforts to build a future-ready organisation. This included optimising roles and organisational structures to improve efficiency and strengthen our ability to deliver on our transformation objectives.

Our leadership academy and employee development

Building our leadership capabilities continues to remain a core component of the Company's leadership development agenda. It is designed to strengthen present and future leaders' capabilities by building the mindsets and behaviors required to foster an inclusive culture, navigate change effectively, and drive sustainable business performance

We offer a diverse array of leadership programs designed to support employees at their current level and guide them upon promotion. These programs encompass a wide range of topics, including Line Manager upskilling, and effective leadership of self, teams, and others.

We take proactive and robust steps to develop and nurture top quality talent through various programmes, covering personal and professional growth. We believe in nurturing and accelerating careers internationally, leveraging on our global presence. As a net exporter of talent, we had 17 Kenyans working for other BAT entities abroad versus 4 expatriates working in our Kenya entity.

Type	Total	Female	%	Male	%
International Assignees	9	2	22%	7	78%
Local to Local	8	2	25%	6	75%

Table 20: Employee generational bracket

In 2025, we remained committed to strengthening our employees' capabilities while building new skills to support the achievement of our organisational objectives. This commitment was delivered through a range of learning platforms, as outlined below:

The Grid

The GRID, our all-in-one learning platform, continues to be a key driver of development across the organization. By bringing together internal tools such as EdApp, SharePoint and Stream, alongside external resources including LinkedIn Learning, TED and Harvard, the GRID offers diverse and relevant learning opportunities for both graduate trainees and management. This year, we expanded access to the non-management population, ensuring that all employees had the opportunity to learn and grow.

Across the organization, teams collectively dedicated over 4,600 hours to learning, focusing on critical areas such as organizational leadership capabilities, product launches, IWS and people management processes. 71% of our employees successfully used this platform. The GRID continues to play a vital role in nurturing a culture of continuous learning, development, and growth for everyone.

EdApp

In 2025, EdApp played a critical role in strengthening trade marketing capabilities and embedding a culture of on-the-go learning across the organisation. By enabling more digital, bite-sized learning and incorporating gamification, EdApp made learning both engaging and enjoyable.

During the year, the courses deployed through EdApp achieved an average completion rate of 97%, with over 234 learning hours recorded an increase from 70 hours in 2024, representing a 258% growth in learning hours. The learning interventions focused on building leadership capabilities, strengthening negotiation skills, and enhancing effective team management through coaching.

Sustainability Report

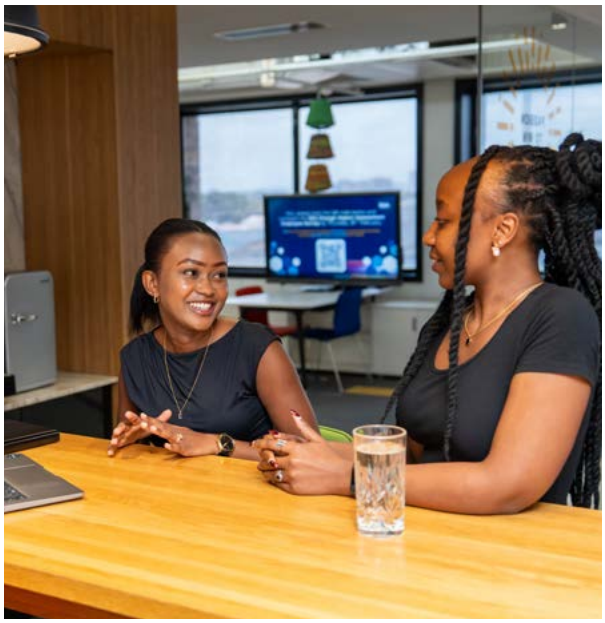
Success Factors

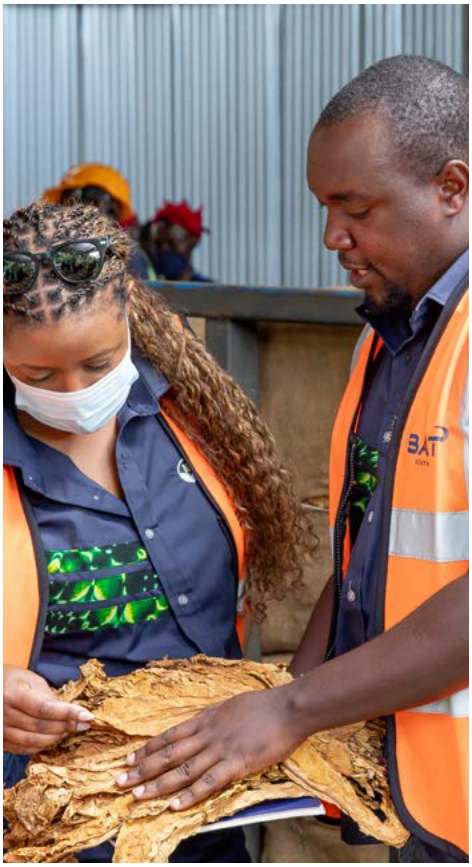
The platform also supported capability development within the Operations team through courses such as Work Process Improvement, Manufacturing Sustainability Essentials – Water Edition, and Pest and Hygiene Management, contributing to a total of 258 learning hours.

Pagetiger

In 2025, the platform played a critical role in strengthening leadership capability through the deployment of the License to Lead programme, equipping managers with essential leadership and people management skills to support effective, responsible, and inclusive leadership.

These training platforms collectively contribute to a culture of continuous learning at BAT, empowering employees to enhance their capabilities and drive the organization's success.





WOMAN IN STEM SPOTLIGHT

Esther Kisyoka

In the fast-paced world of global supply chain and manufacturing, success is shaped by lifelong learning, courageous leadership, and relentless continuous improvement. My journey at BAT Kenya has been shaped by exactly that; learning fast, leading boldly, and improving relentlessly.

I joined the Company in 2020 as a Global Graduate Trainee in Operations, armed with an undergraduate degree in Mechanical Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and an eagerness to learn. I began my career on the factory floor, where I quickly discovered that theory only comes alive when tested in real production environments. Over time, I transitioned into supply chain and transformation roles; a shift that reflects my belief that strong engineering foundations, when paired with business and systems thinking, can unlock powerful end-to-end impact.

From those early days, I learned that credibility is earned through discipline, data, and delivery. I also learned the value of boldness and agility, because in operations, waiting for perfect conditions often means missing critical opportunities.

In 2021, I stepped into a Line Lead role, accountable for frontline factory performance, safety, and team leadership. This chapter sharpened my technical skills and, more importantly, taught me that great results are driven by fully engaged people. I learned the power of 100% employee involvement, leading with empathy, and practicing situational leadership, because leadership must adapt before it can scale.

By 2022, I transitioned into Supply Chain as a Strategic Account Manager, responsible for delivering 100% On-Time-In-Full (OTIF) service, protecting market supply, and aligning cross-functional teams across planning, manufacturing, quality, and commercial functions in multiple countries. It was here that I truly understood that no function wins alone, only integrated systems do. I also learned the art of influencing without authority and the importance of intentional stakeholder engagement.

In 2023, I moved into Process Improvement and Transformation within the growing New Categories segment, shifting my focus from managing flow to redesigning systems. I began leading digitalization and continuous improvement initiatives across New Categories supply chains, developing operational dashboards, performance visibility tools, and data-driven risk management frameworks that enable faster and smarter decisions. In this space, I learned to operate comfortably in ambiguity, because transformation rarely follows a straight line.

Alongside my career progression, I made a deliberate decision to sharpen my business acumen by enrolling in the Executive MBA at Strathmore Business School. Balancing a demanding role with rigorous academic expectations required discipline, sacrifice, and exceptional time management. I was honoured to serve as Class Vice President for the Class of 2023, and through consistency and resilience, I graduated with a Distinction. For me, it was living proof that growth happens when commitment meets courage.

My work has also evolved to leading complex product life-cycle management initiatives, product launches, SKU optimization and working capital management. In such environments, adaptability is not optional, it is a survival skill.

At heart, I am a business generalist aiming to drive transformation on global stages driven by passion, refined by experience, and guided by purpose. I am deeply passionate about mentorship and representation, and I actively support young professionals and women in operations because I believe that we rise by lifting others, and we build by creating pathways. Sustainable success is achieved when talent is developed, not merely deployed.

My journey has also extended to global platforms, including serving as a Berlin Global Dialogue Young Voice, contributing to conversations on business, sustainability, and economic transformation.

Looking ahead, my ambition is to continue driving future-fit, digitally enabled, and ESG- aligned supply chain systems that are not only efficient, but resilient and socially responsible.

My purpose is simple and deeply personal: to live authentically, lead intentionally, and create quietly powerful ripples of change, choosing magnanimity over ambition. My story is a reminder that when women in STEM are given opportunity, mentorship, and challenge, they do not merely participate in transformation, they lead it.

Esther Kisyoka

Employee wellness

As part of our ongoing commitment to strengthening our Employee Value Proposition, BAT Kenya remains focused on supporting the holistic wellbeing of our employees. In 2025, our wellness and wellbeing programme was refreshed to align more closely with BAT's global LiveWell framework, which places employee health and wellbeing at the centre of sustainable performance and workforce resilience.

This enhancement marked an important evolution of our approach, expanding the programme from three core pillars: physical, mental (emotional), and financial wellbeing to a more comprehensive four pillar framework through the introduction of social wellbeing. The enhanced model recognizes that employees are best positioned to perform sustainably when they are healthy, secure, connected, and supported both in and beyond the workplace.

Integrated approach to employee wellbeing

Collectively, our enhanced wellness framework, flexible working practices, and targeted support for parents and caregivers reflect a cohesive and integrated approach to employee wellbeing. By aligning local initiatives with BAT's global LiveWell strategy, we continue to create an inclusive and supportive work environment that enables employees to thrive and perform at their best, both now and in the future.

Physical wellness

Physical wellbeing continues to serve as a foundational pillar of our wellness strategy. Throughout the year, employees participated in a range of initiatives designed to promote physical activity, fitness, and healthy lifestyle choices, including organized hikes, cycling activities, danceathons, and participation in annual marathon events.

The strength and inclusiveness of the programme have encouraged employees to take greater control of their personal health and wellbeing. Our ongoing focus on preventive healthcare delivered measurable benefits, including increased participation in annual wellness screenings, supporting the early identification and management of certain lifestyle-related health conditions.

Mental, emotional and psychological wellness

Mental wellbeing remains a priority within our people's agenda. We continued to focus on building awareness and strengthening psychological safety, ensuring that employees feel confident to speak up, share feedback, raise concerns, and respectfully challenge perspectives without fear of judgement or reprisal. Psychological safety remains a key enabler of our ambition to foster a Truly Inclusive workplace, supporting collaboration, innovation, and accountability across teams.

Financial wellness

Financial wellbeing remains an integral component of our holistic wellness framework. Recognizing the strong link between financial security and overall wellbeing, we continued to deliver targeted financial literacy initiatives, including sessions on budgeting and financial planning. These initiatives are designed to equip employees with the knowledge and tools necessary to manage their finances responsibly, support long-term financial resilience, and contribute to improved peace of mind for employees and their families.

Social wellbeing

Introduced in 2025, the social wellbeing pillar recognizes the importance of meaningful relationships, inclusion, and a sense of belonging in the workplace. This pillar focuses on strengthening interpersonal connections, promoting collaboration, and fostering inclusive environments where employees feel connected to both their colleagues and the wider BAT community.

Parents@BAT

BAT Kenya continues to demonstrate its commitment to supporting employees across different life stages through the Parents@BAT programme. This initiative supports both biological and adoptive parents and goes beyond statutory requirements, reflecting our belief that supporting parents and caregivers is fundamental to employee wellbeing, engagement, and sustained productivity.

The programme provides a minimum of 16 weeks of fully paid maternity leave for new and adoptive mothers, 10 days of paternity leave, a guaranteed return to work, flexible working arrangements, and access to an online advice and coaching platform. In addition, two dedicated mothers' rooms are available at our Nairobi premises, offering safe and private spaces for nursing mothers. In line with the nature of our business and applicable regulatory requirements, access to BAT premises is restricted to individuals aged 18 years and above.

By fostering an environment in which parents and caregivers feel supported, the programme enables employees to better balance professional and personal responsibilities, contributing to improved wellbeing, retention, and performance.

Flexible working

BAT Kenya promotes work–life integration through flexible working arrangements designed to meet the evolving needs of our workforce. Office-based employees follow a hybrid model, working a minimum of three days onsite and two days remotely, supporting both collaboration and flexibility. Flexible working hours also remain an established practice, helping employees manage commuting challenges, balance personal commitments, and remain productive. This approach supports our Diversity and Inclusion agenda, aligns with our value of being consciously responsible, and reinforces BAT Kenya's position as an employer of choice.

NextGen

The NextGen programme was initially introduced as a flagship mentorship programme to drive our D&I agenda and build a talent pool of young talent that could feed into

Sustainability Report

BAT Kenya's talent pipeline. Over the years, NextGen has evolved into the umbrella programme encompassing various initiatives including: The Mind the Gap Mentorship Programme, our Internship and Global Graduate Programmes, and Battle of Minds.

Mind the Gap

Through Mind the Gap, our student mentorship programme, we seek to continuously build a solid pool of entry level talent and contribute to the preparation of continuing adult students with disabilities and those in science, technology, engineering and mathematics courses (STEM), work with students in their final years to help them as they transition into the working life. We've partnered with several institutions including Kenyatta University, University of Nairobi, Rongo University and Jomo Kenyatta University of Agriculture & Technology.

Our managers collaborate directly with these universities to provide mentorship and teach the soft skills that matter in the workplace. Students don't just hear about working at BAT—they get to experience what a typical day looks like. They walk away with practical knowledge they can use.

The programme has grown in 2025. We updated the curriculum with new content and saw participation jump to 96 students across four countries: Kenya led with 61, followed by South Africa with 18, Mozambique with 10, and Uganda with 7.

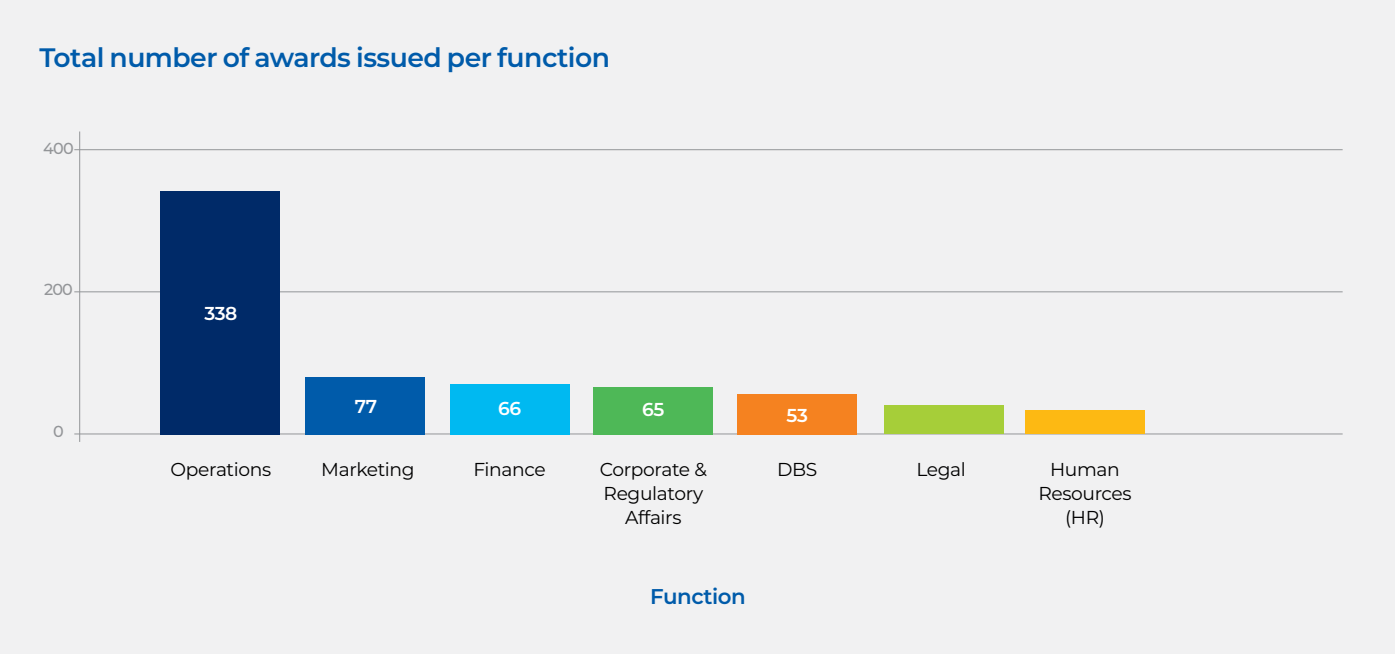
Categorisation of Mentorship session	No of BAT Mentees	Hours of engagement
1. Soft skills series 2. Career development series 3. Entrepreneurship and business management series 4. One-on-one mentorship sessions	61	30

Table 21: Training delivery - Mind the Gap Programme

Reward and Recognition

In our quest to provide fair and competitive remuneration and benefits to our employees, we continue to make reward-related investments and decisions to support our employees, based on a robust review of prevailing organisational and market realities.

In 2025 we continued to embed a culture of recognition in line with our values, and this included both cash and non-cash incentives covering both our employees and contracted personnel across all functions as represented herein:



Sustainability Report

Industrial Relations

Industrial relations with BAT Kenya unionized employees remain an integral part of people and performance agenda, across our operations in GLT and Nairobi. Engagement between management and union representatives continues to be constructive, supporting a stable and productive working environment.

BAT Kenya maintains structured engagement with the Kenya Union of Commercial Food and Allied Workers (KUCFAW), which represents approximately 110 factory-based employees. The Collective Bargaining Agreement (CBA) with KUCFAW serves as a key mechanism in balancing employee welfare with business sustainability and competitiveness. In 2025, this collaborative framework was reinforced through the successful negotiation and execution of the 2025–2027 CBA, in partnership with KUCFAW and the Federation of Kenya Employers (FKE).

Item	Statutory requirement	CBA provision
Basic pay	Ranges from Kshs 16,113.75 to Kshs 36,360.92 depending on the occupation.	Kshs 60,191
Leave allowance	Minimum not provided	Kshs 28,500
Housing allowance	Up to 15% of basic pay	Kshs 30,450
Shift allowance	Minimum not provided	Up to 17% of basic pay
Redundancy	15 days for every year worked	4 days for every month worked
Meal allowance	Minimum not provided	Provided
Leave	Annual leave: 21 days Sick leave · 30 days on full pay · 15 days on half pay	Annual leave: 30 days Sick leave: · 3 months on full pay · 3 months on half pay · 3 months on 1/3 pay - in any given year
Acting allowance	Minimum not provided	17% of basic pay
Responsibility allowance		19% of basic pay

Table 22: Breakdown of the key provisions in the 2025-2026 CBA

Pay equity

BAT Kenya firmly believes that gender equity is key for an inclusive environment where individuals can thrive, facilitating exceptional business results. In line with this commitment and our reward strategy, we conduct an Annual Salary Review (ASR) where salary increases are awarded based on an employee's annual performance rating. Line managers facilitate this process transparently in line with set guidelines, considering the employee's position within the salary band of their grade. We continuously monitor pay gaps across grades based on market dynamics. At each grade level, we offer market-competitive pay ranges that employees can progress into based on performance and tenure. Top performers continue to benefit from an accelerated pay increase matrix.

Sustainability Report

Pay Gap Report

The following pay gap summary information applies to non-unionised direct employees of BAT Kenya.

BAT Kenya, uses 'Total Pay' to recognise performance. We invest significantly in employee development to ensure that employees can perform at an optimal level and bring their uniqueness and contribution to the business. For each grade level, we have market-competitive pay ranges that our talent can grow into, depending on their performance and time in grade. This is the main determinant of any existing pay gaps, where there are no special factors such as in operations where less women apply for technical jobs. Pay growth can be accelerated by a pay increase matrix that awards higher pay increases for top performers.

The charts below highlight the average time in grade and the pay distribution within the grades, which is impacted by Years of service (YOS) and the annual salary review (ASR). From our most recent analysis, our men talent group has a higher average time in grade. This means that on average, they stay longer within the same pay grade than women. Our retention of more women should contribute to a more balanced average time in role.

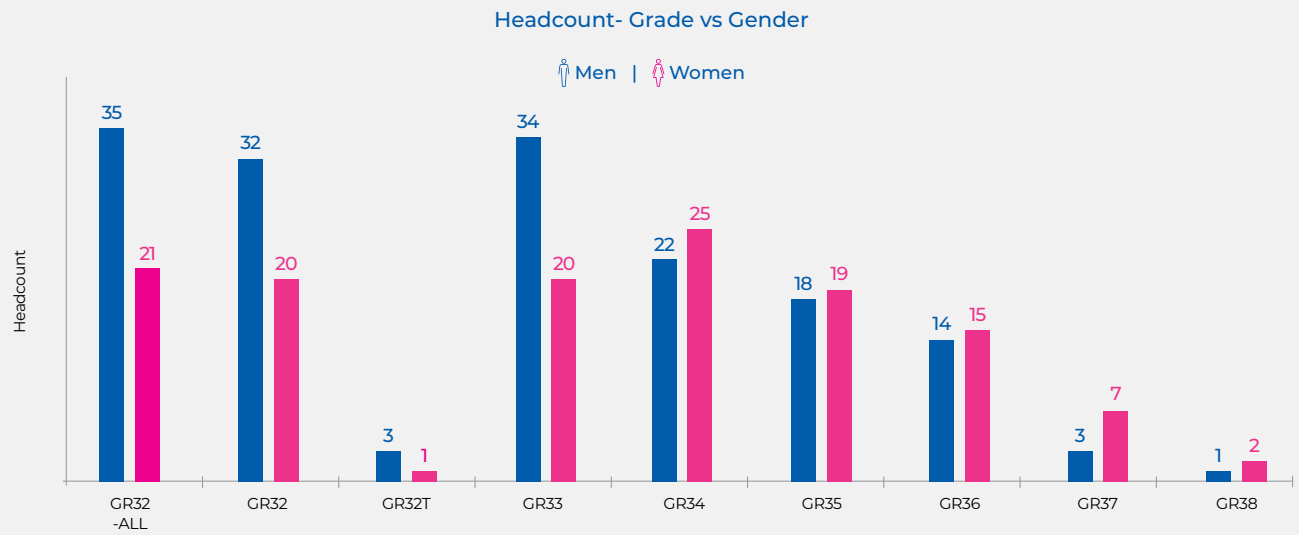


Figure 9: Headcount- Grade vs Gender including international assignees.

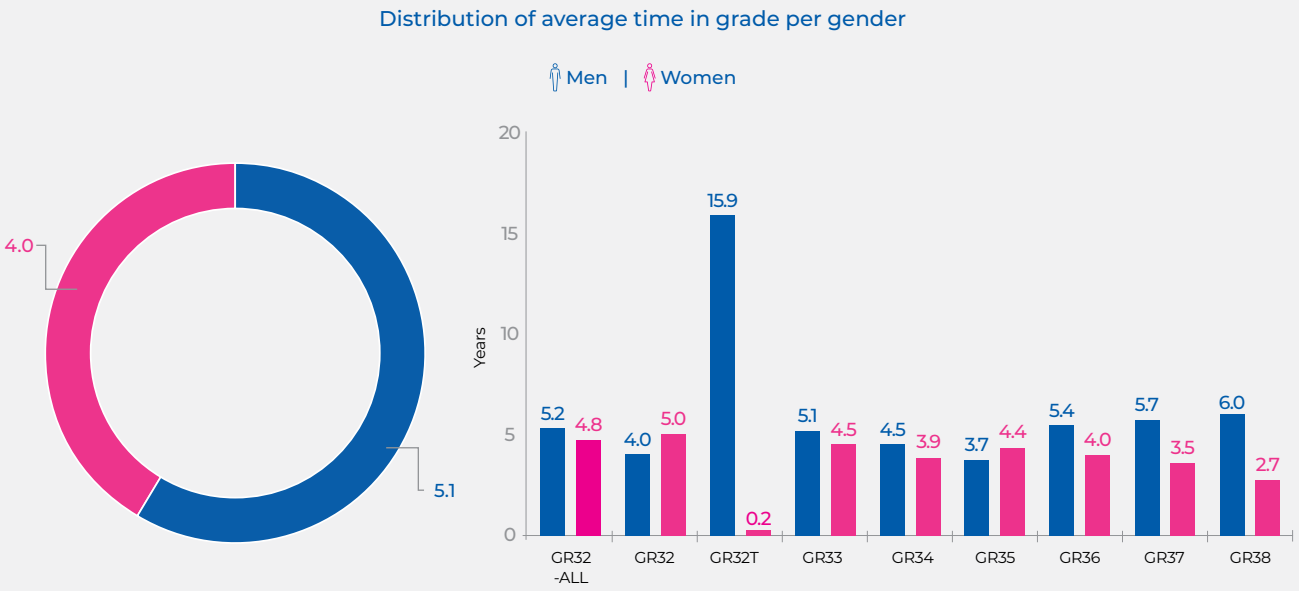


Figure 10: Average time in grade.

Figure 11: Average time per grade.

Sustainability Report

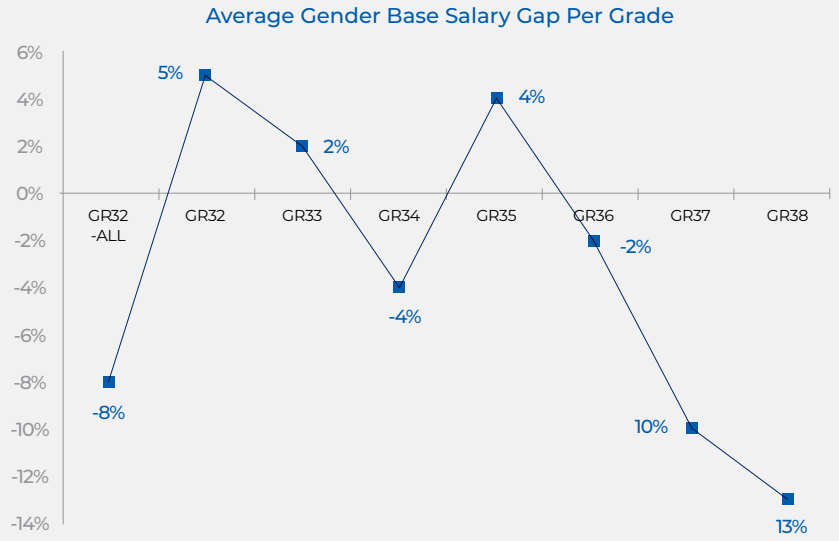


Figure 12: Average gender base salary gap per grade

On average, men employees spend more time in grade compared to women which in turn has progressed their salaries over time compared to their women colleagues, notably the pay gap is closing (compared to 2024) in grades 33 to 35 which is generally seen as a result of the reduction time in grade differences between genders.

Sustainability Report

Responsible sales practices and communication

GOAL

- Ensuring responsible sales practices for all our products

Our approach and performance highlights

Our marketing practices are governed by the BAT Group Responsible Marketing Principles (RMP), Responsible Marketing Code (RMC) and local laws. The RMP emphasizes responsible, accurate and adult targeted sales practices and communication. A crucial aspect of responsible selling is Underage Access Prevention (UAP), mandatory health warning, supported by guidelines and toolkits including third party distribution channels.

Prevention of underage access

Globally, BAT is clear that our products are only ever targeted at adult consumers only. Further, we recognise concerns regarding underage consumption, particularly with respect to New Category products. At BAT Kenya, we have a robust programme for Underage Access Prevention (UAP), which covers various aspects, including:

- Regular training and education workshops for our retailers and trade partners. This includes trainings on compliance with the applicable regulations and guidelines on the sale of our products.
- Retailer spot checks carried out by BAT trade representatives to ensure all points of sale display the appropriate health warnings and minimum legal age information notices.
- Contractual requirements and undertaking by traders to adhere to applicable regulations.
- Clear health warnings and age restrictions are affixed on our product packaging so that parents and adults are clear that the product is not suitable for anyone under the age of 18 years in Kenya. The active ingredient is also clearly identified on the packaging.

Building sustainable trade partnerships and future-fit capabilities

BAT Kenya continues to strengthen responsible sales practices through targeted capability building, compliance monitoring, and digital solutions across its distribution network. Initiatives such as Positive Edge support Trade Marketing and Distribution (TMD) teams and distributors through training and field accompaniment to reinforce ethical sales execution. Quarterly reviews of Distributor Journey Plans (DJPs) and outlet classifications help maintain optimal market coverage while ensuring adherence to responsible sales standards. Underage Access Prevention (UAP) remains a priority, with compliance integrated into the Khonecta platform during trader onboarding and supported by annual training for field teams and distributors to enforce strict age-verification practices.

Digitalisation plays an important role in improving transparency and operational oversight. Platforms such as Khonecta and BizTrack provide performance dashboards that track regional performance, route-to-market KPIs, volume variance, and compliance indicators. These tools also support trader engagement through communication, pricing updates, and responsible trading guidelines. Following the implementation of Project Ijayo, quarterly Business Review Meetings (BRMs) were introduced with a focus on sustainability and depot profitability. Structured depot profitability reviews enable distributors to analyse operational performance, including return on investment, cost efficiency, and route optimisation, supporting more sustainable and financially viable distribution practices.

Sustainability Report

Ethics and Compliance

- **Full compliance with the BAT Group's Standards of Business Conduct (SOBC) and governance processes and procedures.**

Our approach and performance highlights

Building and maintaining trust with stakeholders is essential to our business. We promote ethical conduct and ensure compliance through strong governance structures, clear processes, and transparent communication.

BAT Kenya's governance framework is guided by BAT Group's policies, procedures, and standards, together with applicable local laws and regulations. This framework supports consistent decision-making, accountability, and responsible business practices aligned with BAT's values and legal obligations.

The key Group policies, procedures and standards that guide ethics and compliance in Kenya include:

i. Standards of Business Conduct (SoBC) sets out BAT's core policies and expectations for how we do business which all our employees and contractors are expected to comply with. The SoBC covers areas such as Speak Up, respect in the workplace, human rights, health, safety and welfare, environmental responsibility, lobbying and engagement, and conflicts of interest. The SoBC also addresses key integrity and compliance topics including anti-bribery and corruption, gifts and entertainment, political contributions, community investment, protection of corporate assets and financial integrity, competition and anti-trust, anti-money laundering and tax evasion, sanctions, anti-illicit trade, and data privacy amongst other areas.

ii. Supplier Code of Conduct (SCoC) defines the minimum standards expected of suppliers who deal with the BAT Group companies. It covers compliance and business integrity requirements, human rights and labour expectations, environmental sustainability, and standards relating to trade and marketing. It also sets expectations for cybersecurity, confidentiality and information security where suppliers handle BAT information, systems or data.

iii. Responsible Marketing Principles (RMPs) governs the marketing of all BAT products and require that marketing is targeted only at adult consumers. The RMPs are supported by the Responsible Marketing Code, which provides additional direction and practical guidance on how the principles are applied.

iv. Policies Management Policy sets out the procedure that all Company functions must follow when creating new policies or amending existing policies. It provides a consistent process for policy development, review, approval and communication to ensure policies are clear, controlled and implemented effectively.

v. Contract Management Policy (CMP) sets expectations for how contracts are managed and how compliance requirements are applied across Sub-Saharan Africa, including Kenya. It supports consistency in contracting practices and aligns contractual decision-making with BAT's values, which guide our actions, decisions and interactions as we grow the business and deliver our purpose, Building A Better Tomorrow™.

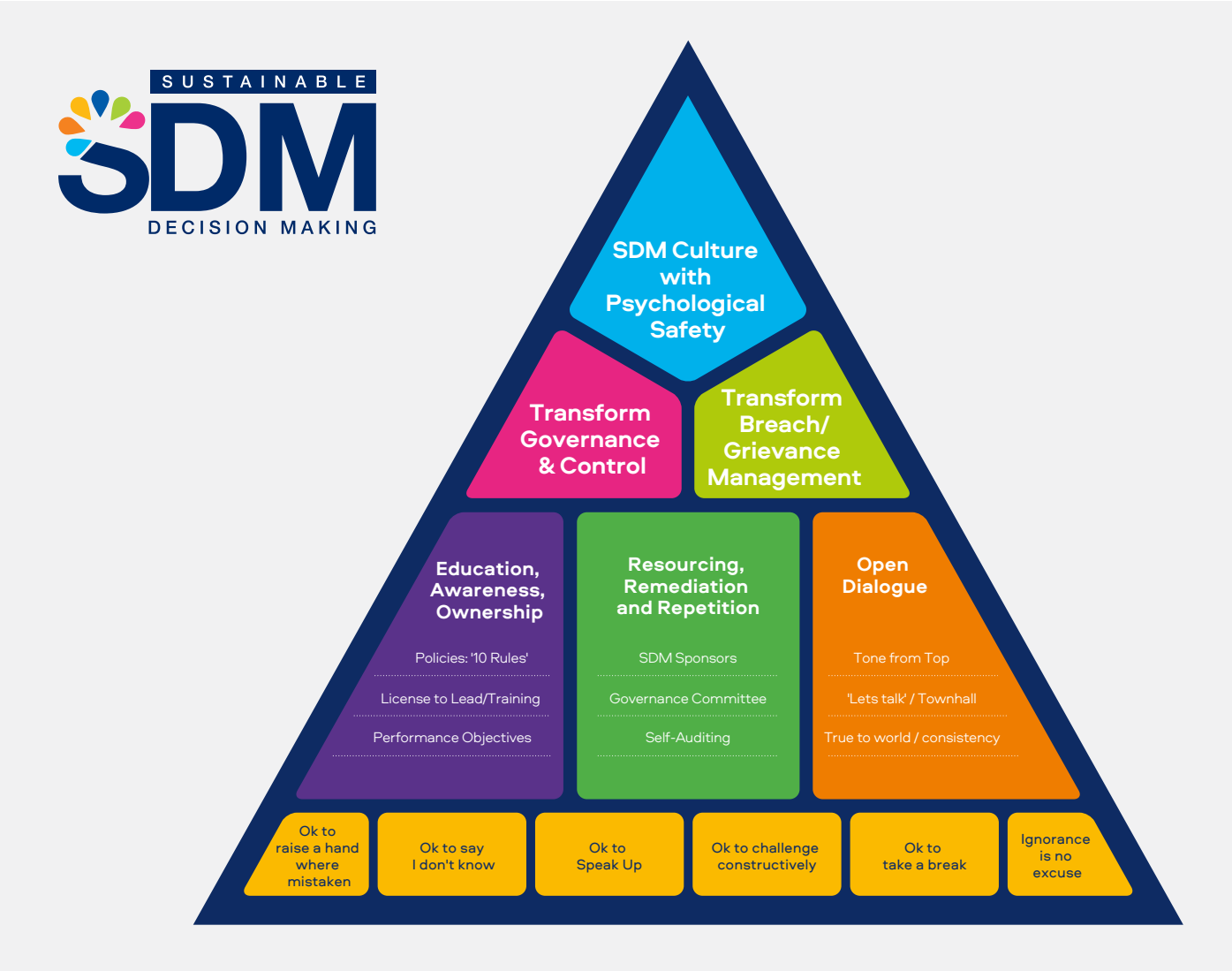
vi. Procurement Policy sets out the requirements and processes that guide procurement across Sub-Saharan Africa, including Kenya. It is designed to strengthen procurement practices and controls, support sustainable procurement, and embed consistent ways of working through business partnering and employee enablement on key procurement requirements and sustainability themes.

Our approach and performance highlights

Sustainable Decision Making (SDM) aims to strengthen internal governance and controls by fostering a culture where employees feel safe and empowered to speak up and actively contribute to the success of the business. In 2025, BAT Kenya continued to strengthen its governance and compliance culture through a series of mandatory training programmes designed to enhance employee awareness of legal, regulatory and ethical obligations. In total, eight governance-related training initiatives were delivered during the year, covering areas such as: sanctions compliance, anti-financial crime, counter-terrorist financing, competition law, data privacy, records management and contract management.

Through these programmes, BAT Kenya continues to reinforce employee understanding of governance requirements and ensure that ethical conduct, compliance with applicable laws and adherence to internal policies remain embedded across the organisation.

Sustainability Report



Anti-Financial Crime (AFC) management

The Group's Third Party Anti-Financial Crime Procedure sets out Group-wide minimum mandatory procedures required for our dealings with third parties. Designed to assess and mitigate third-party risks regarding bribery and corruption; money laundering; terrorist financing; illicit trade (supply chain compliance); sanctions; and the facilitation of tax evasion. The BAT Group's framework to support the management of bribery and corruption risks within its operations includes:

- Employee training and the cascade of relevant updates to procedures
- Conducting due diligence on potential service providers and other third parties before onboarding them. As required, due diligence includes investigating any source of funds, payment arrangements, sanctions risks, and tax compliance among other factors.
- Risk based AFC clauses in contracts with service providers and other third parties.
- Ongoing management and recertification of suppliers and other third parties
- BAT Kenya drives compliance by providing all employees with guidance for operational implementation of the AFC Procedure focusing on "10 Golden Rules of AFC" driven through an employee engagement initiative – Sustainable Decision Making.
- Periodic reviews of policies and procedures to ensure they are up to date and capture emerging issues.
- Annual review of Anti-Bribery and Corruption risks.

Preventing & addressing non-compliance

To enhance business integrity, our stakeholders, including employees, undergo annual governance training on various disciplines. The following were conducted in 2025:

- Underage Access Prevention training
- Competition law compliance training
- Standard of Business Conduct training
- Data Privacy training
- Records management training
- Anti-Financial Crime and Contract Management Policy training

In the reporting period, 6 breaches were reported and

investigated, with two cases substantiated. Appropriate remediation actions were implemented for the substantiated cases.

Safeguarding data privacy and protection

Protecting corporate and personal data remains a priority for BAT Kenya and reflects our commitment to responsible business conduct. During the reporting period, we strengthened our data privacy practices and governance frameworks to ensure compliant handling of personal data in line with applicable data protection laws.

We hold valid registration certificates as a data controller and data processor issued by the Office of the Data Protection Commissioner. Oversight is provided through established governance structures involving the Governance Committee, Legal and Information Security teams, and a designated Data Protection Officer.

Our approach is supported by a comprehensive policy framework and technical controls such as access management, multifactor authentication, and encryption, alongside organisational measures including contractual safeguards and incident management processes. No data privacy breaches were recorded during the reporting period.

We continuously monitor our systems to ensure they function correctly and that everyone adheres to the established policies and procedures. As a result of this robust system, we did not experience any data privacy breaches during the reporting period.

Employees can report a suspected a data breach, by either:

1. Informing the local IDT or local legal counsel immediately, who must then report the alleged breach by completing an online form on the Cyber Security Data Breach Reporting Tool, or:
2. Emailing the cyber security team, or
3. Raising an incident request on the IT Service desk portal.

Competition Law

At BAT, we recognise that strict compliance with competition and antitrust laws is essential to ensuring fair market practices. We remain committed to promoting ethical conduct across our value-chain and continue to embed responsible business behaviour throughout our commercial operations.

To this end, BAT Kenya implemented comprehensive measures to ensure compliance with competition law, and these include:

- Engagement of external competition law experts for specialist guidance on practices, arrangements and engagements that carry heightened competition law sensitivities;
- Implementation of preventive measures such as pre-approval requirements for high-risk activities and structured review processes for engagements with competitors, business partners and regulators;
- Maintenance of a comprehensive policy framework with guidelines that address key competition law risks such as collusive dealings, activities by dominant undertakings, interactions with competitors, and handling competitor information;
- Internal trainings of employees on competition law obligations supported by regular communications and guidance materials to reinforce responsible decision making; and
- Collaboration with the competition authorities to further strengthen our internal practices and uphold full compliance with our obligations through attendance of trainings organized by the authority and cooperation on any inquiries.

No incidences of non-compliance arose during the reporting period.

Tax

Our comprehensive tax management strategy is built to ensure full compliance with all applicable laws and regulations in Kenya. However, BAT Kenya remains vulnerable to unforeseen increases in taxes related to tobacco and New Categories products within the country.

Comparative breakdown of payments to the Government (2025-2024)

Tax	KShs in Mn	
	2025	2024
Excise	9,220	11,324
VAT	3,534	4,042
Corporate Tax	2,425	2,001
PAYE	595	611
Solatium	247	269
Customs	427	310
Tax stamps	335	389
Total taxes	**16,783**	**18,946**

Table 23: Imperative breakdown of payments to the Government (2025-2024)

Sustainability Report

Sustainability governance

GOAL

- Effective management of sustainability governance

Our approach and performance highlights

BAT Kenya embeds sustainability as a core driver of business value through a strategic governance framework that ensures accountability and execution at every organizational level.

Our approach is aligned to the BAT Group's sustainability agenda and governance processes, localised to reflect Kenya's specific operating context, material issues, and stakeholder landscape. In addition to Board and Management oversight, we have established a Sustainability Management Committee that serves as a dedicated forum for embedding sustainability as a strategic priority by coordinating delivery across functions, tracking performance against our commitments, and ensuring that sustainability considerations are integrated into how we run our business day to day.

Driving efficiencies for sustainability through digital automation at BAT Kenya

In 2025 we advanced our sustainability agenda through technology investments across our operations. We implemented a Digital Manufacturing Platform (DMP) for real-time energy and utilities monitoring across our factory in Nairobi. This initiative directly advances our sustainability agenda by enabling a data-driven approach to resource management. Real-time visibility into our consumption patterns allows us to rapidly identify key loss drivers and analyse long-term usage trends, helping us reduce waste, optimise operational efficiency and lower our overall carbon footprint.

Agri360 ESG

Agriculture continues to evolve, and at BAT Kenya we are adapting by strengthening the integration of sustainability into our agricultural operations. As sustainability has become increasingly strategic to the business, we introduced Agri360 ESG, a digital system designed to monitor and manage the sustainability performance of our contracted farmers.

Developed with input from users, the platform enhances flexibility, efficiency, and coverage of key sustainability topics across the agricultural value chain. Agri360 ESG supports BAT's agri-sustainability goals by improving data collection, strengthening data quality, and enabling more informed decision-making at both local and global levels.

The system enhances our ability to track field-level data more accurately, strengthening transparency and supporting the continuous improvement of our sustainability practices within the agricultural supply chain.

IT Operations

We implement a structured four-year refresh cycle for IT hardware to maximise asset value while reducing electronic waste. This approach ensures devices remain efficient and secure throughout their lifecycle, with extended usability through refurbishment, an employee hardware purchase programme, and responsible recycling and e-waste disposal. Through this process, we optimise resource use and reduce our environmental footprint while supporting our broader sustainability objectives.

Employee Digital Experience

Employee digital experience remains a key focus within our operating model. Flexible working arrangements are supported by secure remote access tools that enable employees to work and collaborate effectively from different locations. This approach helps promote work–life balance while also contributing to reduced commuting-related emissions.

Our approach to regulation

BAT Kenya advocates for regulation that is evidence-based, developed through consultative processes, and capable of achieving intended policy outcomes while recognising potential unintended consequences. We believe that a stable regulatory and fiscal environment supports responsible business operations, contributes to economic development, and sustains the livelihoods of the more than 85,000 adults connected to our value chain.

As a participant in the tobacco and nicotine sector, we engage transparently with policymakers and stakeholders on tobacco control matters in appropriate forums. During the reporting period, we actively participated in the public review process of the Tobacco Control (Amendment) Bill, tabled in the Kenyan Senate in August 2024. As part of the public participation process, BAT Kenya submitted written policy inputs to the Senate Health Committee on the regulation of nicotine products, including oral nicotine pouches and electronic cigarettes, and subsequently presented oral submissions during the stakeholder consultation forum and further through continued engagements with stakeholders and policy makers.

The Company's engagements continue to emphasize the importance of science-based policy approaches, including consideration of Tobacco Harm Reduction (THR) as a complementary strategy to reduce the health impacts associated with cigarette smoking.

We therefore continue to encourage regulatory frameworks that allow adult smokers access to scientifically substantiated

reduced-risk alternatives*. In line with our ambition of realising A Better Tomorrow™ by building A Smokeless World, BAT Kenya engaged with relevant regulators in 2025 in appropriate forums to obtain the required approvals and to reintroduce our oral nicotine pouch product, VELO™, into the Kenyan market.

Preventing and tackling illicit trade in tobacco and nicotine products

Illicit trade in the tobacco industry continues to grow and remains a significant challenge, undermining legitimate businesses, increasing tobacco consumption, and reducing government tax revenues. In Kenya, illicit cigarette prevalence has risen substantially from negligible levels in 2015 to an estimated 45% of the market in 2025 resulting in an estimated KShs 12 billion in lost government revenue annually (according to third party research). Currently, nearly one in every two cigarettes consumed in Kenya is illicit and tax-evaded, with many products smuggled from neighbouring countries or entering the market as counterfeit imports.

BAT Kenya continues to engage with policymakers and government agencies to support stronger enforcement measures and promote balanced fiscal policies that help address the growth of illicit trade. We welcome the Kenyan Government's decision to allocate KShs 600 million to strengthen the Kenya Revenue Authority (KRA) through system upgrades and modern data technologies aimed at improving compliance monitoring and detecting tax evasion. We remain supportive of these efforts and hope that they will help close regulatory gaps that enable illicit trade to persist.

Memberships and Affiliations

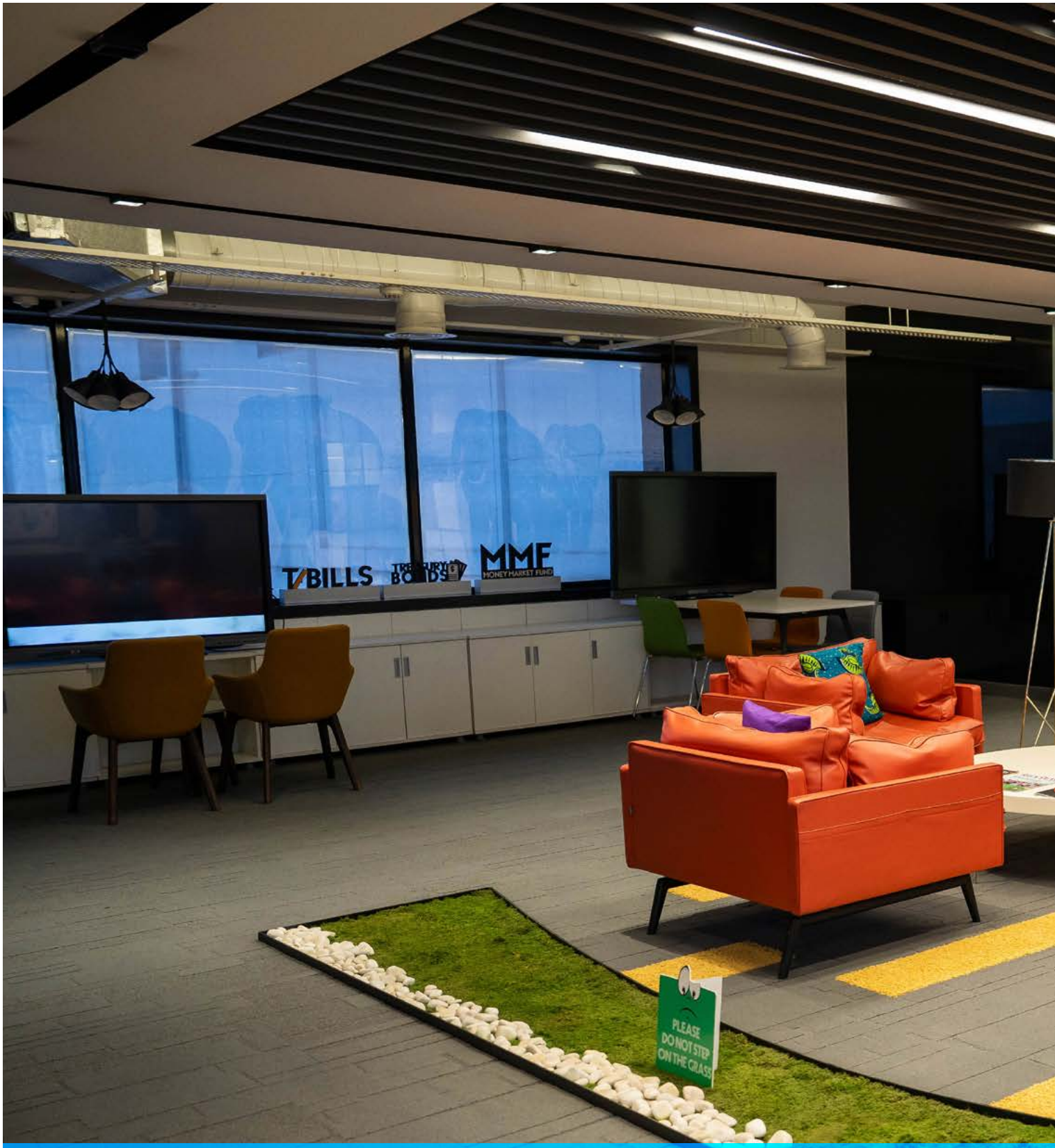
Organisation
Kenya Extended Producer Organisation (KEPRO)
Kenya Private Sector Alliance (KEPSA)
East African Business Council (EABC)
Kenya Association of Manufacturers (KAM)
Kenya National Chamber of Commerce & Industry (KNCCI)
The Retail Trade Association of Kenya (RETRAK)
Pubs Entertainment & Restaurants Association of Kenya (PERAK)
Bar, Hotels and Liquor Traders Association (BAHLITA)
Kenya Business and Disability Network
Federation of Kenya Employers

Table 24: Memberships and affiliations (2025)

Issuing institution / framework	Award / recognition / certification
Global Top Employer Institute	■ Certified Top Employer in Kenya and Africa for eight consecutive years as at 31 December 2025.
Kenya Association of Manufacturers – Energy Management Awards	1. Sustained High Performance Winner – Thika GLT 2. Sustained High Performance Runners up – Likoni Road Factory 3. Transport Award Winner– Thika GLT 4. Electrical Savings Band 2 Runners up – Likoni Road Factory 5. Electrical Savings Band 3 Runners up – Thika GLT 6. Renewable Energy Award Band 2 category Winner – Likoni Road Factory 7. Renewable Energy Award Band 3 category Winner – Thika GLT
AA Kenya	■ AA Road Safety Excellence Awards.

Table 25: Awards, recognitions or certifications (2025)

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.



CORPORATE GOVERNANCE REPORT

BAT
HANG ON
A MINUTE
LA QUALITE
A VOTRE PORTEE

Corporate Governance Report

Board of **Directors**

RITA KAVASHE
CHAIRPERSON

Nationality: Kenyan
Age: 60

Position:

Independent Non-Executive Chairperson since September 2020. Non- Executive Director since July 2020. Chairperson of the Board Nominations & Governance Committee and member of the Anti-Illicit Trade Sub-Committee.

Leadership and experience:

Rita is a highly respected business leader with extensive experience in strategic leadership, market development and corporate governance. She currently serves as the Chair of the Board and Managing Director of Isuzu East Africa Limited (formerly General Motors East Africa), the largest motor vehicle assembler in East Africa. She joined General Motors in 1995 and held various senior leadership roles in Sales and Marketing, both in Kenya and South Africa, playing a key role in strengthening the company's regional market presence and commercial performance and notably leading the successful transition from General Motors to Isuzu East Africa, in 2017. Through her leadership across multinational environments, she has built strong expertise in organisational leadership, commercial strategy and stakeholder engagement.

Academic and Professional Background:

Rita holds a Bachelor's degree in Education from Moi University, Eldoret and a Master's degree in Business Administration (MBA) from the University of Nairobi. She is also an Executive Coach certified by the Academy of Executive Coaches (AOEC) UK.

Recognition:

In 2017, in recognition of her contribution to business leadership and national development, Rita was awarded a state honour, of the Moran of the Order of the Burning Spear (MBS) by the Head of State.

Distinct Board Expertise:

Rita brings deep expertise in board leadership, governance stewardship and strategic oversight. As Chairperson, she provides strong leadership of the Board's governance agenda, fostering constructive debate, independent oversight and effective decision-making.

Her extensive executive leadership experience in multinational organisations enables her to guide the Board in shaping long-term strategy, strengthening stakeholder relationships and supporting sustainable business growth. She also brings valuable insight into market expansion, organisational leadership and performance management across complex operating environments.

Key Appointments:

- Director - BAT Kenya Tobacco Company Limited
- Chair of the Board and Managing Director - Isuzu East Africa Limited
- Independent Non-Executive Director - Safaricom PLC
- Independent Non-Executive Director - Bamburi Cement Plc (Lafarge Group)
- Member of the Advisory Council - Kenya Private Sector Alliance (KEPSA)
- Advisory Board Member - Palmhouse Foundation
- Trustee - University of Eldoret Endowment Trust

Corporate Governance Report

CRISPIN ACHOLA
MANAGING DIRECTOR

Nationality: Kenyan
Age: 55

Position:

Executive Director since January 2021.

Leadership and experience:

Crispin joined BAT Kenya in 1999 where he remained until 2017, holding various senior roles within BAT Kenya and the Group, including, Managing Director Mozambique, Cluster General Manager- Mozambique, Zambia, Zimbabwe & Malawi, and Managing Director, Sudan. Subsequently, he joined the Kimberly-Clarke Corporation where he held the position of General Manager; West, East & Central Africa (WECA) and Managing Director Nigeria. Crispin returned to BAT in 2021 in his current role.

Academic and Professional Background:

Crispin holds a Bachelor of Commerce, Business Administration from the University of Nairobi and a Master of Business Administration (MBA) from Strathmore University. He is a member of the Marketing Society of Kenya, the Management Forum, British Council-Uganda, Kenya Association of Manufacturers -Multinational Caucus and the Nigeria Employers' Consultative Association.

Key Appointments:

- Director BAT Kenya Tobacco Company Limited
- Director BAT Area Limited

Corporate Governance Report

CATHERINE CHEPKONG'A
FINANCE DIRECTOR

Nationality: Kenyan
Age: 35

Position:

Executive Director since April 2026.

Leadership and experience:

Catherine is an accomplished finance professional with over 14 years' experience across senior, multi-market commercial and corporate finance roles within the BAT Group. She brings strong strategic insight, commercial acumen, financial stewardship, and disciplined risk management to drive sustainable business performance.

Prior to her appointment as Finance Director in April 2026, she held several senior leadership roles, including Head of Finance and Non-Executive Director in Uganda, Finance Controller for East Africa Markets, Head of Finance for the Horn of Africa and Indian Ocean Islands, and most recently, Finance Controller for East and Southern Africa Markets. She also serves as a Trustee and Chair of the BAT Kenya Staff Provident Fund.

Academic and Professional Background:

Catherine holds an MBA from Durham University Business School (UK) and a Bachelor of Commerce from Strathmore University Business School (Kenya). She is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and the Institute of Certified Public Accountants of Kenya (ICPAK).

Key Appointments:

- Director, BAT Kenya Tobacco Company Limited
- Director, BAT Area Limited
- Director, BAT Rwanda Limited
- Director, BAT Distribution Tanzania Limited
- Trustee and Chairperson, BAT Kenya Staff Provident Fund

Corporate Governance Report

PHYLLIS WAKIAGA
NON-EXECUTIVE DIRECTOR

Nationality: Kenyan
Age: 44

Position:

Independent Non-Executive Director since October 2023. Member of the Board Remuneration Committee and the Nominations and Governance Committee. She is Chairperson of the Anti-Illicit Trade Sub-Committee.

Leadership and experience:

Phyllis is an accomplished governance and public policy expert with more than two decades of experience spanning corporate leadership, government relations, sustainability and private sector development.

She currently serves as a Senior Advisor at the Tony Blair Institute for Global Change where she supports governments and institutions in shaping and implementing policy reforms that drive economic growth, industrial development and investment competitiveness. Prior to this, Phyllis was the CEO and Secretary to the Board at Kenya Association of Manufacturers (KAM), where she played a pivotal role in advancing industrial policy, strengthening private sector advocacy and fostering public-private dialogue to support economic growth.

Academic and Professional Background:

Phyllis is an Advocate of the High Court of Kenya and holds a Master's degree in International Trade and Investment Law from the University of Nairobi and an Executive Master of Business Administration from Jomo Kenyatta University of Agriculture and Technology, where she is currently pursuing a Ph.D. in Leadership and Governance.

Recognition:

In 2025, in recognition of her contribution to public policy, private sector development and national economic advancement, Phyllis was awarded a state honour, of the Moran of the Order of the Burning Spear (MBS) by the Head of State.

Distinct Board Expertise:

Public policy and regulatory affairs| Sustainability leadership| Stakeholder engagement

Key Appointments:

- Non-Executive Director - Institute of Economic Affairs
- Non-Executive Director - Kenya Roads Board
- Non-Executive Director - I&M Group plc
- Non-Executive Director - Jubilee Allianz
- Non-Executive Director - Mabati Rolling Mills
- Non-Executive Director - International Centre for Research on Women (Africa Board)
- Member, Board of Trustees - United States International University

Corporate Governance Report

DR. MACHARIA IRUNGU
NON-EXECUTIVE DIRECTOR

Nationality: Kenyan
Age: 59

Position:

Independent Non-Executive Director since July 2019. Member of the Board Nominations and Governance Committee.

Leadership and experience:

Dr. Irungu is a respected industry leader with over 28 years' experience in the oil and energy sector, both in Kenya and internationally. He is the immediate former Managing Director of Kenya Pipeline Company Limited, where he oversaw critical national energy infrastructure and operational transformation within the organisation. He has over 28 years' experience in various senior management roles within the oil industry, both locally and internationally.

His leadership experience spans strategic management, energy infrastructure operations and sector development within the petroleum industry.

Academic and Professional Background:

Dr. Irungu holds a Doctor of Philosophy degree in Strategic Management from the University of Nairobi and a Master's degree in Business Management (Marketing) from Newport University (USA), alongside a Bachelor of Science degree in Industrial Chemistry from the University of Nairobi.

He is a Member of the Institute of Directors (Kenya), Kenya Institute of Management and the American Chamber of Commerce among others.

Recognition:

In recognition of his exemplary service in steering Kenya through the COVID-19 pandemic, Dr. Irungu was awarded the Presidential Order of Services – Uzalendo award, in June 2020. In 2021, he was further honoured with the award of the Moran of the Order of the Burning Spear (MBS) by the Head of State, in recognition of his contribution to national development.

Distinct Board Expertise:

Energy sector leadership| Strategic infrastructure management| public sector and regulatory insight

Key Appointments:

- Board Member - KAG East University Council

Corporate Governance Report

MARION GATHOGA-MWANGI
NON-EXECUTIVE DIRECTOR

Nationality: Kenyan
Age: 54

Position:

Independent Non-Executive Director since May 2020. Chairperson of the Board Remuneration Committee, member of the Board Audit & Risk Committee and member of the Anti-Illicit Trade Sub-Committee.

Leadership and experience:

Marion is a seasoned business leader with over two decades of senior executive experience across diverse industries including automotive, industrial gases, FMCG, professional services and media. She currently serves as the Managing Director of Inchcape Kenya, part of the Inchcape Group PLC, a global automotive distribution, retail and after-sales leader, where she leads the company's strategic growth, operational performance and market expansion in Kenya, Tanzania and Uganda.

Prior to this role, Marion served as the Group Chief Executive Officer of Standard Media Group PLC. She also held senior leadership roles at African Oxygen Pty (AFROX), a Linde Company recognized for its global leadership in gases and engineering solutions, where she served as the Business Unit Director for Bulk and Onsites as well as Healthcare Director. Earlier in her career, she served as Managing Director of BOC Kenya Plc.

Marion's career spans senior leadership positions across various multinational organisations including Inchcape Automotive, Nestlé Foods (K) Limited, Bayer East Africa Limited, Cadbury Kenya and East Africa (Kraft Foods), Unga Limited, Parmalat Botswana Pty (Groupe Lactalis) and The Association of Certified Chartered Accountants (ACCA). Through these roles she has built strong expertise in business transformation, operational excellence, stakeholder management and performance leadership across complex operating environments.

Academic and Professional Background:

Marion holds a Bachelor of Science degree (Honours) in International Business Administration from USIU-A and a Practitioner Diploma in Executive Coaching from Academy of Executive Coaches.

She is a part-time Academic Director for the Women in Leadership program at Strathmore Business School, thereby contributing to leadership development. Marion is a Member of the Women Corporate Directors (WCD) and Women on Boards Network, reflecting her commitment to advancing board diversity and leadership development.

Distinct Board Expertise:

Commercial leadership| Business transformation| Human capital| Organisational performance

Key Appointments:

- Director – Inchcape Kenya & Tanzania
- Director - ABSA Bank Kenya plc
- Trustee - Palmhouse Foundation

Corporate Governance Report

SAMUEL ONYANGO
NON-EXECUTIVE DIRECTOR

Nationality: Kenyan
Age: 69

Position:

Independent Non-Executive Director since July 2019. Chairman of the Board Audit and Risk Committee and member of the Board Remuneration Committee.

Leadership and experience:

Samuel is a distinguished accounting professional and board leader whose career spans more than four decades in audit, professional services and governance. He is the immediate former CEO of Deloitte East Africa, where he led the firm through a period of regional growth and strengthened its advisory and assurance capabilities.

Beyond professional practice, Samuel has played an influential role in shaping the accounting profession in East, Central and Southern Africa. His leadership roles include serving as Chair of the Institute of Certified Public Accountants of Kenya (ICPAK) and President of the then East, Central and Southern Africa Federation of Accountants (ECSAFA), representing the region at the International Federation of Accountants (IFAC).

Academic and Professional Background:

Samuel holds a Bachelor of Commerce, Accounting Option (First Class Honors) from the University of Nairobi. He is a Fellow of the Institute of Certified Public Accountants of Kenya (FCPA), a Fellow of the Institute of Chartered Accountants in England & Wales (FCA), a Life Member of the Institute of Certified Secretaries of Kenya and a Member of the Institute of Certified Public Accountants of Uganda. He is also a trained Arbitrator and Mediator at the International Law Institute, George Town University, Washington DC.

Distinct Board Expertise:

Audit leadership| Financial Reporting integrity| Professional standards leadership

Key Appointments:

- Non-Executive Director - Equity Bank (Kenya) Limited
- Director - Jadala Investments Ltd

Corporate Governance Report

DR. MARTIN ODOUR-OTIENO
NON-EXECUTIVE DIRECTOR

Nationality: Kenyan
Age: 69

Position:

Non-Executive Director since August 2016. Member of the Board Audit and Risk Committee.

Leadership and experience:

Dr. Oduor-Otieno is a distinguished business leader with extensive experience spanning financial services, public sector leadership and corporate governance. He is the Founder and CEO of The Leadership Group Limited, a Nairobi-based consulting firm, which is involved in facilitating board practice and leadership development, as well as providing executive coaching and business advisory services. Prior to this, he worked with Deloitte East Africa as a Financial Services Industry Partner and KCB Group as Chief Executive Officer, among other senior private sector appointments. He has also served as Permanent Secretary, Ministry of Finance and Planning and the Treasury, in the Government of Kenya.

Academic and Professional Background:

Dr. Oduor-Otieno holds an honorary Doctor of Business Leadership degree from KCA University, Executive MBA from ESAMI/ Maastritch School of Management and Bachelor of Commerce degree from University of Nairobi. He is also an alumnus of the Harvard Business School's Advanced Management Program.

Dr. Oduor-Otieno is a Fellow of the Kenya Institute of Bankers, Fellow of the Institute of Certified Public Accountants of Kenya, Fellow of the Institute of Directors Kenya and Fellow of the Institute of Certified Secretaries of Kenya in addition to holding an International Coaching Federation Credential at the level of Professional Certified Coach.

Recognition:

In recognition of his contribution to national development and leadership in the financial sector, Dr. Oduor-Otieno was awarded the honour of the Chief of the Order of the Burning Spear (CBS) by the Head of State.

Distinct Board Expertise:

Audit and risk oversight| Financial services leadership| Governance| Leadership development

Key Appointments:

- Group Chairperson - East African Breweries Plc
- Chairperson - Kenya Breweries Limited
- Chairperson - UDV (Kenya) Limited
- Chairperson – AfricaNenda Foundation
- Non-Executive Director - Standard Bank Group – retired June 2025
- Non-Executive Director - Standard Bank of South Africa – retired June 2025
- Non-Executive Director - Sanlam Allianz Holdings Kenya
- Founder and CEO - The Leadership Group Limited

Corporate Governance Report

PAUL MUTHAURA
NON-EXECUTIVE DIRECTOR

Nationality: Kenyan
Age: 47

Position:

Independent Non-Executive Director since October 2023. Member of the Board Nominations and Governance Committee and the Audit and Risk Committee.

Leadership and experience:

Paul is a governance and financial markets leader with a distinguished career spanning regulatory leadership, financial sector development and policy reform. Through to December 2025 he served as the CEO of the Africa Carbon Markets Initiative, where he contributed to shaping the development of carbon markets and climate finance frameworks and led efforts to scale high-integrity carbon markets across the continent. Paul previously served as an Independent Consultant with EMRD Advisory Limited, CEO and Principal Officer at ICEA Lion General Insurance Company Ltd and CEO of the Capital Markets Authority (CMA) Kenya where he spearheaded initiatives strengthening market integrity, broadening product diversity and investment participation and advancing regulatory innovation.

Academic and Professional Background:

Paul is an Advocate of the High Court of Kenya and an Honorary Fellow of the Institute of Certified Public Secretaries. He is an Executive Coach and Systemic Team Coach from the Academy of Executive Coaching (AoEC). He holds a Master of Philosophy in Business Administration from the Maastricht School of Management, Holland; a Masters in Banking and Finance Law from the London School of Economics and Political Science; a Bachelor of Laws from the University of Warwick, England and an Executive Diploma in Financial Management from KCA University, Kenya.

Recognition:

Paul was awarded the National Honour of the Order of the Moran of the Burning Spear (MBS) in 2017, in recognition of his contribution to the development and deepening of the capital markets in Kenya.

Distinct Board Expertise:

Capital markets stewardship| Regulatory insight| Corporate Governance | Climate finance leadership

Key Appointments:

- Trustee, International Valuation Standards Council
- Board Member of ICEA LION Asset Management
- Independent Member of the Financial Sector Deepening Trust Kenya

Corporate Governance Report

KATHRYNE MAUNDU
COMPANY SECRETARY

Nationality: Kenyan
Age: 48

Position:

Company Secretary since January 2026.

Leadership and experience:

Kathryne is an accomplished governance professional with close to two decades of experience spanning corporate governance, board advisory, regulatory compliance company secretarial practice, stakeholder engagement, board dynamics, and compliance, with a strong specialization in public listed companies.

Kathryne's professional career spans leadership roles where she has served as Company Secretary for leading companies listed at the Nairobi Securities Exchange (NSE), including NCBA Group PLC, Safaricom PLC, EABL, and Eaagads Limited. She brings proven expertise in navigating governance and regulatory frameworks and supporting boards in delivering their mandates. She is the Founding Partner of Governaxis Advisory LLP, a specialist governance advisory firm which partners with boards to strengthen governance frameworks, accountability, and sustainable performance.

Academic and Professional Background:

Kathryne is a Fellow of the Institute of Certified Secretaries and an accredited Governance Auditor. She holds a Bachelor of Laws Degree from the University of Nairobi, a Diploma in Law from Kenya School of Law and postgraduate qualifications in Corporate and Securities Law and International Business Law from the University of London. She is an Advocate of the High Court of Kenya as well as a Commissioner of Oaths and Notary Public.

Recognition:

In 2025, in recognition of her contribution to corporate governance and advancing best practice within the governance profession in Kenya, Kathryne was awarded a state honour, of the Elder of the Order of the Burning Spear (EBS) by the Head of State.

Distinct Board Expertise:

Governance frameworks and regulatory compliance| Board and Committee effectiveness| Listed entity governance| Board-Management interface and decision facilitation| Stakeholder engagement

Key Appointments:

- Partner, Governaxis Advisory LLP

Corporate Governance Report

Leadership **Team**

1.

Okasha Salia

HEAD OF COMMERCIAL KENYA

Okasha began his career with BAT in 2006 as a Trade Marketing Representative in Ghana and has since built an impressive track record across Trade Marketing & Distribution, Brand Marketing, Strategic Planning and Insights, Project Management, and General Management. His extensive experience spans multiple markets in Sub-Saharan Africa and the Caribbean.

Okasha has held multiples roles over the period in the business including Country Manager for Niger, Country Manager for Burkina Faso, Planning Manager for West & Central Africa, Head of Trade for the West Indian Tobacco Company Ltd in Trinidad & Tobago, Transformation Projects Manager for West & Central Africa, and most recently, General Manager for West Central Africa Markets. His career is defined by delivering impactful results in dynamic and challenging environments.

A Chartered Marketing Professional, Okasha Salia holds an Executive MBA in General Management from the Kwame Nkrumah University of Science & Technology, Ghana. Outside of work, he enjoys playing football, hiking, and traveling the world.

2.

Daniele Enganeben

HEAD OF TALENT, CULTURE AND INCLUSION

Danièle joined BAT in 2004 as Corporate Social Responsibility Manager, CEMAC. She is an accomplished Regulatory Affairs and HR professional with more than twenty years of experience across Sub Saharan Africa in multicultural environments.

In March 2026, Danièle was appointed People Partner for BAT Kenya, bringing her extensive experience and strong people leadership capabilities to the role. She holds a Master's degree in Social Sciences and Human Rights from the Catholic University of Central Africa and is a certified HR Business Partner, HR OD Practitioner, and HR Consultant from AIHR (Academy for Innovate HR).

Danièle is deeply passionate about people development and has played a pivotal role in driving the BAT Global People Strategy and transformation agenda across West, Central, and East Africa over the past decade. She also serves as a Trustee of BAT Kenya Staff Provident Fund.

Corporate Governance Report

3.

Catherine Chepkong'a
FINANCE DIRECTOR

Catherine is a senior finance leader with over 14 years' experience across multi-market commercial and corporate finance roles within the BAT Group. Appointed Finance Director in April 2026, she brings strong strategic insight, commercial acumen, financial stewardship, and disciplined risk management, alongside extensive regional leadership experience across East and Southern Africa.

Catherine holds an MBA from Durham University Business School (UK) and a Bachelor of Commerce from Strathmore University Business School (Kenya). She is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and the Institute of Certified Public Accountants of Kenya (ICPAK).

5.

Judith Nagery
HEAD OF MANUFACTURING

Judith is a seasoned international supply chain leader with over 15 years of success in overseeing the entire life cycle of logistics and supply chain in the health, consumer goods and tobacco industries.

She first joined BAT in 2006, serving in various pivotal roles until 2022. In 2023, she rejoined the business as a Senior Projects Manager for BAT East & Southern Africa Markets (ESA). She recently completed a short-term International Assignment at BAT Bangladesh where she honed her Manufacturing leadership skills & capabilities. Notably, she obtained a qualification on critical pillars of the Integrated Work System (IWS), further enhancing her proficiency.

This assignment not only bolstered her manufacturing prowess but also fortified her commercial acumen and business insights. Judith returned to Kenya in 2023 to her current role as Head of Manufacturing.

7.

Aamir Lodhi
HEAD OF AGRI BUSINESS

Aamir Lodhi is a seasoned agribusiness leader with over 20 years of experience in driving leaf operations, agricultural transformation, and people development. In his previous role as part of the Pakistan Agribusiness Leadership Team, he oversaw end-to-end leaf operations, including agronomy, field programmes, supply planning, and strategic partnerships with local communities and organisations.

Aamir joined the Kenya Leadership Team in November 2025. With a strong background in agricultural leadership and cross functional management, Aamir focuses on building high performing teams, optimizing production quality, and leading transformation initiatives that support both commercial objectives and long term sustainability.

4.

Crispin Achola
MANAGING DIRECTOR

Crispin joined BAT Kenya in 1999 where he remained until 2017, holding various senior roles within BAT Kenya and the Group, including, Managing Director Mozambique, Cluster General Manager- Mozambique, Zambia, Zimbabwe & Malawi, and Managing Director, Sudan. Subsequently, he joined the Kimberly-Clarke Corporation where he held the position of General Manager; West, East & Central Africa (WECA) and Managing Director Nigeria. Crispin returned to BAT in 2021 in his current role.

6.

Sally Maling'a
SENIOR COUNSEL KENYA

Sally joined BAT in July 2025 as Legal Counsel, Operations & Commercial, BAT East & Southern Africa (based in Nairobi). Prior to this, she worked for over 2 years as Legal Counsel for Janus Continental Group's petroleum business trading under the brand 'Dalbit' representing entities in Kenya, Uganda, Tanzania, Mauritius, Zambia, S. Sudan, DRC and Mozambique.

Sally is an Advocate of the High Court of Kenya, Commissioner of Oaths and Notary Public. She is also a non-practising member of the Institute of Certified Secretaries. She holds over 10 years' experience in private practice in tier 1 law firms within Nairobi such as Bowmans - Coulson Harney Advocates and Dentons Hamilton Harrison & Mathews.

Effective 1 January 2026, Sally was promoted to the role of Senior Counsel for Kenya, taking over as Head of Legal for the Kenya market. Sally brings on board a wealth of experience in corporate commercial law, employment and labour relations and legal/regulatory risk management.

8.

Tashanya Okola
HEAD OF REGULATORY AFFAIRS

Tashanya joined BAT Kenya in March 2017 as the Anti-illicit Trade Manager (AIT) for the then BAT East and Central Africa cluster and has subsequently held various roles within Government Affairs in BAT's East and Southern Africa Markets (ESA).

Following a short-term assignment in March 2022 as the Head of Government Affairs for Southern Africa Markets (SAM), she was appointed to her current role effective 1 April 2023. Tashanya has been instrumental in shaping the fiscal and regulatory environment for New Categories in Kenya and managing complex trade bloc and regulatory matters in EAM and SAM.

Corporate Governance **Statement**

OVERVIEW

British American Tobacco Kenya plc (the Company) is committed to high standards of corporate governance as the foundation for sustainable value creation, institutional resilience and long-term stakeholder trust.

The Board of Directors (the Board) of the Company believes that good governance, achieved through an ethical culture, competitive performance, and effective control, can create sustainable value and enhance long-term equity performance for the Company's stakeholders. Therefore, the Board is committed to ensuring that the Company complies with the laws, regulations and standards applicable to it.

Statement of Directors' Responsibilities

The Companies Act, 2015, requires Directors to act in good faith, promote the success of the Company for the benefit of its stakeholders and avoid conflict between their personal interests and those of the Company, always acting in the best interest of the Company.

The Board of Directors of the Company is responsible for the governance of the Company and consequently for putting in place governance structures and systems that support the practice of good governance. The Board recognizes that effective governance is not merely a matter of legal compliance; it is the disciplined exercise of leadership, oversight, accountability and ethical judgment in the best interests of the Company and its stakeholders. This commitment underpins the Board's stewardship of strategy, performance, risk, culture and sustainability.

Directors must have due regard to the long-term consequences of their decisions, the legitimate interests of employees, the need to foster effective business relationships with suppliers, customers and various stakeholders, the impact of the Company's operations on the community and the environment, and the desire to maintain a reputation for high standards of business conduct.

The Board's approach is guided by the principle that sound governance strengthens decision-making, reinforces confidence among stakeholders and enables the business to respond effectively to a changing operating environment.

The Board is committed to ensuring that a strong governance framework operates throughout the Company, recognising that good corporate governance is a vital component to support management in their delivery of the Company's strategic objectives, and to operate a sustainable business for the benefit of all stakeholders.

The Company's governance framework is anchored in the Companies Act, 2015 (the Act), the Capital Markets Authority 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 (POLD 2023). In line with these frameworks, the Board seeks to ensure that the Company is directed and controlled with integrity, transparency, fairness and accountability, while maintaining an appropriate balance between entrepreneurial leadership and prudent risk oversight.

The Board is collectively accountable and responsible for the Company's vision, strategic direction, its values, and governance. The responsibility for implementing strategy and day-to-day operations has been delegated by the Board to the Managing Director (MD) and his Leadership Team. To this end, the Board also accepts responsibility for putting in place an effective and efficient management team designed to promote good governance practice.

The Board regularly reviews its corporate governance arrangements and practices and ensures that the same reflect the developments in regulation, best market practice and stakeholder expectations. It applies good governance practices to promote strategic decision making to balance short, medium and long-term outcomes to reconcile interests of its stakeholders and create sustainable shared value on the journey to building A Better TomorrowTM. To that end, sound governance practices, based on accountability, transparency, ethical management and fairness, are entrenched across the organisation.

Throughout the year ended 31 December 2025 and to the date of this document, the Company endeavoured to comply with various applicable laws and regulations. In that regard, this corporate governance report is prepared to provide shareholders and other stakeholders with important information to evaluate the Company's corporate governance structures and its performance on application of the principles, recommendations and requirements in the Act, POLD 2023 and the CMA Code.

In addition to complying with the above, the Company has embedded internal rules of engagement to support good corporate governance which are constituted in BAT's Standards of Business Conduct to which every employee, contractor and director must adhere. BAT suppliers are also required to comply with a similar set of standards, the Supplier Code of Conduct. The Board is committed to maintaining high ethical and integrity standards to ensure delivery of sustainable business results.

Governance Structure

The role of the Board of Directors

The Board is the focal point and custodian of corporate governance at BAT Kenya. It provides strategic direction, ensures effective oversight, and safeguards long term value creation. The Board is accountable to the Company's shareholders for the performance of the business. It provides the leadership necessary for the Company to meet its performance objectives within a framework of appropriate governance, internal checks and controls. The Board is collectively responsible for the Company's long-term success and sustainability, and for setting the tone from the top.

The Board operates on the principle that governance is not a passive function, but an active system of stewardship that strengthens institutional resilience and stakeholder trust.

In fulfilling its mandate, the key responsibilities of the Board include:

- Approving the Company's business strategy and ensuring that necessary financial and human resources are in place to meet agreed objectives;
- Establishing and agreeing an appropriate governance framework;
- Approving the Company's risk appetite statement;
- Reviewing the sufficiency and effectiveness of risk management and internal control systems;
- Approving the Company's performance objectives and monitoring their achievement;
- Reviewing and agreeing Board succession plans and approving Non-Executive Director appointments;
- Approving the Company's budget which is done in the 4th Quarter of each year;
- Reviewing periodic financial and governance reports;
- Approving the Annual Report, Company results and various public announcements;
- Declaring an interim or recommending a final dividend;
- Approving Company policies and monitoring compliance with the Standards of Business Conduct and attendant policies;
- Approving major corporate activities;
- Ensuring that the relevant audits e.g., financial, board evaluation, governance and legal and compliance audits are conducted and any remediation actions closed;
- Reviewing and approving the Company's property acquisition or disposal strategy;
- Approving the Company's Sustainability report; and
- Approving the Board Charter and Board Committees Terms of Reference.

The Board is supported by three principal committees: the Nominations & Governance Committee, the Audit & Risk Committee and the Remuneration Committee. These committees operate under Board-approved terms of reference and support the Board in the focused discharge of its responsibilities. Each Committee has its own terms of reference which are reviewed regularly and updated as appropriate.

During the year, the Board established an Adhoc sub-committee, Anti-Illicit Trade Sub-Committee, to discuss the challenge of growing illicit trade within the tobacco industry and measures that the Board would take to support Management to implement a plan to combat illicit trade in a bid to claw back volumes to the business.

The work of all the Committees during the year, contributed to strengthened oversight of board composition and succession, governance effectiveness, risk management, internal controls, remuneration, sustainability and leadership development. The Board received well-articulated updates from the Committee chairs after each Committee meeting, to ensure that significant matters and recommendations were considered at full Board level.

The roles, membership and activities of these Committees are described in more detail later in this Report.

Board Composition and Structure

Board Size

The Articles of Association of the Company provide that the Board shall comprise of a maximum of twelve (12) Directors. At present, the Board is comprised of nine (9) directors, six (6) being Independent Non-Executive Directors including the Chair, one (1) Non-Executive Director and two (2) Executive Directors. Six of the seven Non-Executive Directors are independent. The Executive Directors form part of the Leadership Team whose role is outlined in this report.

The Board determines its size and composition, subject to the Company's Articles of Association, Board Charter, recommendations of the Code and POLD, relevant policies, applicable law and best practices. The Board's composition is driven by the following principles:

- The Board must be composed of a majority of independent non-executive directors.

- The Board should consist of directors with a broad range of skills, experience and expertise and be from a diverse range of backgrounds.
- The Chair of the Board must be an independent non-executive director.

The Board is committed to compliance with the POLD Regulations 2023 to safeguard the independence of the Board and to ensure adequate representation of the minority shareholders.

The Board assesses the independence of its members on an annual basis based on the independence criteria outlined in the CMA Code, to mitigate the risks arising from potential conflicts of interest or undue influence from interested parties.

Board Appointments

Succession planning is an on-going process, with the Board discussing the same regularly. The nomination and appointment process of a director to the Board is clearly set out in the Company's Board Appointment Policy. The Policy provides that the Nomination & Governance Committee is responsible for the selection and recommendation to the Board for appointment of directors of the Company. Prior to any appointment, the Nominations & Governance Committee defines the functions and core competencies for each vacant director role. It also develops suitable selection criteria for potential candidates, screens and interviews them.

The preferred candidates meet with the members of the Committee before a final decision is made. The Committee then puts the short-listed candidates forward for consideration by the full Board. Upon consideration of the Board, a successful candidate is appointed to the Board. New Directors are issued with letters of appointment, with clear terms and conditions regarding the discharge of their duties.

A Non-Executive Director appointed by the Board to fill a casual vacancy must seek election at the immediate next Annual General Meeting. As further provided for in the Company's Articles of Association, at every AGM, and as may be applicable, at least one-third of the Non-Executive Directors must retire from the Board and where eligible, stand for re-election. All Non-Executive Directors offer themselves for re-election at regular intervals, subject to continued satisfactory performance, no untenable conflicts of interest and sustained commitment. Executive Director appointments are managed in line with their contracts of employment with the Company and therefore excluded from retirement by rotation.

The Non-Executive Directors have letters of appointment for an initial term of two (2) years, renewable for periods of two (2) years as per the Board's policy on tenure and upon recommendation by the Nominations and Governance Committee. The Board regularly considers the need for it to refresh its membership progressively over time.

During the AGM of 25th June 2025, Rita Kavashe, Dr. Macharia Irungu and Marion Gathoga-Mwangi retired in accordance with Article 102 of the Articles of Association and offered themselves for reappointment and were each re-elected by the shareholders to continue serving as Directors. The Nominations & Governance Committee confirmed that the performance of these Directors continued to be effective and that they had demonstrated commitment to their roles including commitment of the necessary time for Board and Committee meetings and other duties.

At the Company's AGM scheduled to be held on 12 June 2026, the Company will submit the following eligible Directors for re-election: Paul Muthaura and Phyllis Wakiaga in line with the provisions of Article 102 of the Articles of Association.

The Board Appointment Policy can be read on the Company's website (www.batkenya.com).

Corporate Governance Report

Board Skills, Experience and **Diversity**

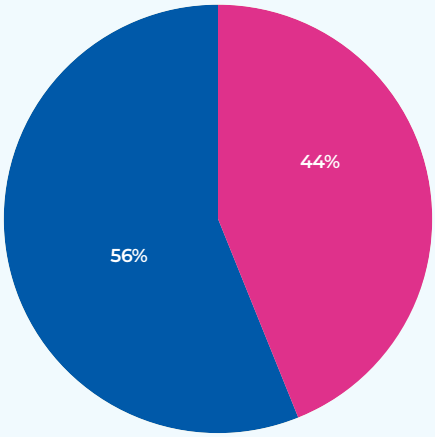
The Board recognises and embraces the value of diversity and views increasing diversity as an essential element in maintaining a competitive advantage.

The Board is composed of individuals that have the right mix of attributes, academic qualifications, skills, knowledge and experience and who jointly have the overall collective competence to deal with current and emerging issues and effectively guide Management in ensuring the highest performance for the Company. The Non-Executive Directors have a clear understanding of the strategy of the Company as well as knowledge of the industry in which the Company operates. The aggregate mix of skills and experience of the Directors seeks to challenge Management, ensure robust and constructive debate, augments and challenges the strategic thinking of the Executives thereby adding value to the Company.

To ensure effectiveness of the Board, through the Nominations & Governance Committee, the Board regularly reviews its diversity in representation of gender, age, skills, knowledge and experience against what is needed to deliver the Company's strategy.

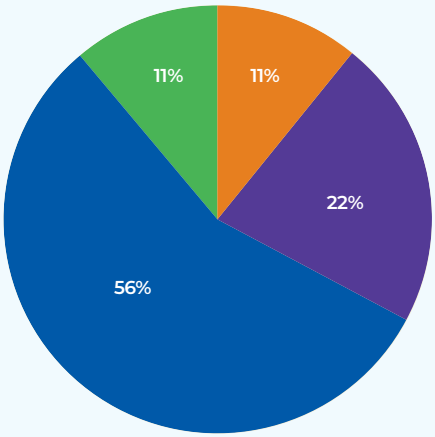
Graphics to show gender distribution, tenure distribution and age distribution, per the data below:

Board of Directors by Gender



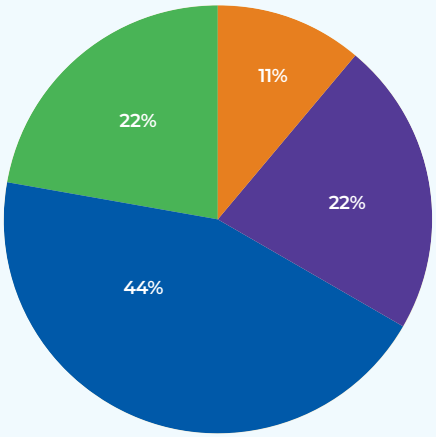
Female	4 directors	44%
Male	5 directors	56%

Board of Directors by Tenure



< 1 year	1 director	11%
1 -3 years	2 directors	22%
4 – 6 years	5 directors	56%
7 -9 years	1 director	11%

Board of Directors by Age



30 - 39 years	1 director	11%
40 - 49 years	2 directors	22%
50 - 59 years	4 directors	44%
Above 60 years	2 directors	22%

All the Non-Executive Directors were appointed prior to the effective date of implementation of POLD, 2023 and therefore have a maximum tenure of nine years before they cease to be independent. However, upon reaching this limit, that member may continue to serve on the Board subject to re-designation as a non-independent member.

As best practice, any director who attains the age of seventy years shall resign at the following Annual General Meeting (AGM), with shareholders being duly informed of the resignation at each AGM. If the director wishes to continue serving as a director, he/she must seek the approval of the shareholders at every AGM.

Our Non-Executive Directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of our business. Short biographies of the Directors, including details of their nationalities, are set out on (pages 78-86).

The Board's Diversity Policy can be read on the Company's website (www.batkenya.com).

Directors' Shareholding

Directors can purchase or sell shares of the Company in the open market. However, in order to ensure independence of the Directors, as at the end of the financial year under review, none of the Directors held shares in their individual capacity.

Separation of Duties of the Board Chair and the Managing Director

In accordance with the provisions of the Board Charter, the Board Chair and the Managing Director have distinct and clearly defined duties and responsibilities, and the roles are held by separate individuals.

The separation of the functions of the Board Chair, who is an Independent Non-Executive Director and the Managing Director, who is an Executive Director, supports and ensures the independence of the Board and Management. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the non-executive and executive roles.

To provide effective oversight, the Chair of the Board is not involved in the day-to-day running of the Company. She acts as the liaison between the Board and executive management. The Chair is responsible for the leadership of the Board, for ensuring its effectiveness on all aspects of its role and for facilitating the productive contribution of all Directors. She sets the agenda for Board meetings in consultation with the Managing Director and the Company Secretary. She is also responsible for ensuring that the interests of the Company's shareholders are safeguarded and that there is effective communication with them. The Board Chair is accountable to the Board for leading the direction of the Company's corporate and financial strategy and for the overall supervision of the policies governing the conduct of the business.

The Managing Director on the other hand has overall responsibility for the performance of the Company. He provides leadership to enable successful planning and execution of the objectives and strategies agreed by the Board. He is also responsible for stewardship of the Company's assets and, jointly with the Board Chair, for representation of the Company externally.

The Leadership Team

The Leadership Team led by the Managing Director is responsible for the day-to-day management of the Company and its operating subsidiary. In so doing, it oversees the implementation of the strategy and policies set by the Board. Profiles of the Leadership Team are set out on pages 88-89 of this Annual Report.

The key responsibilities of the Leadership Team include:

- Developing the Company's business strategy for approval by the Board;
- Driving Company operating performance;
- Developing guidelines and standard operating procedures for the Company's functional business units;
- Ensuring that collective effort and resources are balanced, effective and properly focused;
- Managing business functions and ensuring that functional strategies are effective and aligned with the Company's priorities and objectives;
- Reviewing functional budgets and activities to ensure that they are adequate to achieve the targets;
- Overseeing the management and development of talent within the Company; and
- Making recommendations on matters reserved for Board approval.

The Company Secretary

The Company Secretary is a member in good standing with the Institute of Certified Secretaries (ICS). The Company Secretary serves as a central source of guidance to the Board, providing expert guidance on corporate governance matters, statutory obligations and compliance with the regulators.

Role of the Company Secretary

- Providing a central source of guidance and advice to the Board and the Company on matters of statutory and regulatory compliance and good governance.
- Providing the Board and the Directors individually with guidance on how their responsibility should be discharged in the best interests of the Company.
- Assisting the Board with the Board Evaluation exercise.
- Coordinating the governance audit process.
- Facilitating the induction training of new Directors and assisting with the Directors' professional development as required. This includes identifying and facilitating continuous Board education. In consultation with the Board Chair and Managing Director, ensuring the effective flow of information within the Board and its committees and between Management and Non-Executive Directors.
- Timely compilation and distribution of Board papers, as well as communication of resolutions from Board meetings.

Board Operations

The Board meets at least 4 times a year, and the meetings are structured in a way that allows for open discussions. Comprehensive Board papers are prepared and circulated to all Directors for all substantive agenda items before the meeting. This allows time for the Directors to undertake an appropriate review of the Board papers to facilitate full and effective discussions at the meetings. The submissions and notifications may be waived should any urgent and critical matters arise before the date of the meeting. Where Directors are unable to attend a meeting, they are advised on the matters to be discussed and allowed to make their views known to the Board Chair or the Managing Director prior to the meeting. This process also applies to the Committee

meetings. The members of the Leadership Team may be invited to attend the Board and or Committee meetings if deemed necessary, and as appropriate, to make presentations on their areas of responsibility. This serves as an opportunity to give the Directors greater insights into their business areas.

Board Attendance

During the year, the Board held four (4) scheduled Board meetings and one (1) special Board meeting. The Company held its Annual General Meeting on 25th June 2025 and a strategic planning session with the Board on 26th September 2025.

Attendance by the Directors to the Board and AGM meetings in 2025 is outlined below:

Attended/Eligible to attend

Director	Scheduled Board and AGM meetings	Special Board Meeting	Strategy Planning session
Rita Kavashe	5/5	1/1	1/1
Crispin Achola	5/5	1/1	1/1
Andre Joubert[1]	1/5	-	-
Philemon Kipkemoi	4/5	1/1	1/1
Dr. Martin Oduor-Otieno	5/5	0/1	0/1
Samuel Onyango	5/5	1/1	1/1
Dr. Macharia Irungu	5/5	1/1	1/1
Marion Gathoga-Mwangi	5/5	1/1	1/1
Paul Muthaura	4/5	0/1	1/1
Phyllis Wakiaga	5/5	1/1	1/1

Table 26: Board Director Attendance – 2025 Board and AGM Meetings

Note
1. Andre Joubert resigned as a director effective 31 March 2025

Annual Board Work Plan

The Board operates under a structured annual work plan aligned to its strategic and governance responsibilities. The work plan sets out the Board's planned activities for the year and is designed to enable the Board to drive strategy forward across all the elements of the Company's business model. The key activities of the Board in 2025, are set out below:

Key Board activities in 2025

In 2025, the Board provided oversight of various Company strategic priorities including:

- Considered and approved the audited financial statements for the year ended 31 December 2024 as well as the HY 2025 results and accompanying press releases.
- Discussed the financial forecast and budget for 2026.
- Discussed and resolved to make a recommendation to the shareholders, the approval of the final dividend for the year ended 31 December 2024 and which was approved at the 2025 Annual General Meeting, as well as the interim dividend for the year ended 31 December 2025.
- Discussed and approved changes in the board and succession planning thereof.
- Reviewed and approved the Company's strategy and ensured that the necessary financial and human resources were in place to meet agreed objectives.
- Reviewed and approved the strategic initiatives and financial plans for the year 2025.
- Approved the FY25 budget and monitored performance against the approved budget.
- Continued oversight of Management's performance to ensure that the Management was on track to deliver the Company's strategy, and endorsing the direction and activities proposed by Management to achieve its strategic metrics.
- Monitored operational key performance indicators.

- Discussed and improved the Board's understanding of key risks facing the Company.
- Reviewed the Company's regulatory strategy in the context of the current regulatory landscape.
- Monitored the status of the Company's litigation proceedings, including receiving updates on the Company's key litigation;
- Received, reviewed and approved the Board evaluation report for the year ended 31 December 2024.
- Monitored compliance with the Company's Standards of Business Conduct, internal controls and governance.
- Discussed and approved the Board Work Plan
- Received regular reports of the deliberations of Board Committees and subsidiary and provided strategic guidance on the same.

Director Induction

On joining the Board, all new Directors are effectively integrated into the Board by providing them with a structured induction framework for understanding the Company's vision, mission, values, strategic objectives, and governance practices as soon as they are appointed. Non-Executive Directors also receive a full programme of briefings on key areas of the Company's business from the Executive Directors, members of the Company's Leadership Team, the Company Secretary, and other Senior Executives. The induction includes a factory tour, a market visit and a visit to the leaf centres where possible.

The induction process equips new directors with knowledge of their fiduciary duties, legal obligations, and regulatory environment, instilling a culture of accountability, transparency, and ethical decision-making. By equipping directors with knowledge of the Company's operations, risks, financial performance, and compliance requirements, new directors are enabled to engage in strategic decision making, strengthen governance excellence, and it ensures that they are well prepared to contribute meaningfully to the Board's effectiveness.

Director Training and Continuous Development

Directors receive Functional presentations built into the annual Board Work Plan to gain a good sense of the Company's operations and key activities. They also participate in scheduled market visits to gain exposure to the market and Company's business on the ground.

The Board and its Committees receive regular briefings on legal and regulatory developments with focus on regulations directly impacting the operations of the Company as well as proposed/ongoing key litigation and other areas of significant legal risk.

During the financial year under review, the Directors engaged in e-learning or facilitator led training from the Company and other credible sources on areas of sustainability, regulation, risk management, board effectiveness and corporate governance. The Board also held its strategy session on 26th September 2025 and discussed the following regarding the Company strategy: growth and sustainability of the business, combating illicit trade, navigating the business environment through winning organisational culture and digital transformation, strengthening the portfolio and re-entry of Velo.

In 2025, eight out of nine Directors were able to secure at least twelve (12) hours of training.

Annual Board Evaluation

In line with provisions of the CMA Code, the Board undertook an independent annual evaluation for the year ended 31 December 2025, of the performance of the Board, Board Committees, individual members, the Managing Director, the Finance Director and the Company Secretary. This was aimed at enabling the Board, the Committees and their respective members to gauge their performance and identify areas of improvement. The evaluation was led by an independent consultant, Professor Kiarie Mwaura of Professor Kiarie Mwaura & Company Advocates.

The overall performance was rated as 'Excellent'. The evaluation established that the Board and its Committees continue to function and perform well and have a sufficient balance of skills, expertise, knowledge and diversity. The wide range of skills and diverse backgrounds of members is a key strength of the Board, as is the effective leadership from the Chair. It was also noted that Board members have a good understanding of the business and receive the information they need to make informed decisions.

Individual feedback will be given by the Board Chair to each Board member following the Board evaluation exercise. The Board and various Committees will implement the recommendations from the Board evaluation.

Governance Audit

In line with the provisions of the CMA Code, Issuers of securities to the public are required to undertake periodic governance audits.

The Company engaged CS Madrene Olunya – Oluoch of Azali LLP to undertake a governance audit for the year ended 31 December 2025. The auditor issued an opinion confirming that the Board has put in place effective, appropriate, and adequate governance structures in the organization which are in compliance with the legal and regulatory framework and in line with good governance practices for the interest of stakeholders. The Board and various Committees will implement the recommendations from the Governance audit.

Legal and Compliance Audit

In compliance with the CMA Code, an entity is required to annually undertake a legal and compliance audit with the objective of ascertaining the level of adherence to applicable laws, regulations and standards. The Company engaged the Firm of Kaplan & Stratton Advocates to carry out the External Legal and Compliance Audit for the year ended 31 December

2025. The findings from the audit have been tabled before the Board and implementation of the same will be monitored by the Audit and Risk Committee for closure.

Corporate Governance Assessment Report

During the year, the Capital Markets Authority assessed the status of implementation of the CMA Code by the Company for the year ended 31 December 2024. The assessment was based on a review of the following areas: commitment to good corporate governance (leadership rating of 90%); board operations and control (leadership rating of 96%); rights of shareholders (leadership rating of 80%); stakeholder relations (leadership rating of 87%); ethics and social responsibility (leadership rating of 92%); accountability, risk management and internal control (leadership rating of 90%); transparency and disclosure (good rating of 88%).

The overall rating awarded to the Company was a Leadership rating of 91%, a testament to the Board's commitment to sound corporate governance practices.

The Company continues to implement the recommendations received from the Capital Markets Authority to improve its level of implementation of the recommendations under the Capital Markets Authority Code.

Access to Information and Independent Advice

The Board and the Board committees are entitled to seek any information it requires from any employee or from any other source. It is entitled to meet with employees and third parties without the presence of Management and may request employees and third parties to attend Board meetings. Through the Board Chair, Managing Director and the Company Secretary, Directors have access, at reasonable times, to all relevant Company information and to Management, to assist them in the discharge of their duties and responsibilities and to enable them to take informed decisions.

The Board recognises that there may be occasions when one or more Directors considers it necessary to take independent advice on various matters such as legal or financial advice, at the Company's expense.

To assist the Directors to discharge their duties and responsibilities and to enable them to take informed decisions, the Directors are entitled to obtain independent legal, accounting or other professional advice at the Company's expense. The Board may conduct or direct any investigation to fulfil its responsibilities and can retain, at the Company's expense, any legal, accounting or other services that it considers necessary from time to time to fulfil its duties.

Board **Committees**

The Board has delegated authority to various Board committees to undertake its mandate effectively and efficiently. In deciding committee memberships, the Board Chair endeavors to make the best use of the range of skills across the Board and share responsibility. The Board receives a report from the Chair of each committee on significant areas of discussion and key decisions at the subsequent Board meeting.

Each Committee has in place terms of reference that set out the roles and responsibilities and the procedural rules applicable to the committee.

A summary of the role of the current committees, current members and key activities undertaken during the year 2025 are set out below:

Nominations & Governance Committee

Current Members

Rita Kavashe (Chair)
Dr. Macharia Irungu
Paul Muthaura
Phyllis Wakiaga[1]

Permanent invitees:

Crispin Achola (Managing Director)
Catherine Chepkong'a (Finance Director)

Committee Secretary:

Kathryne Maundu[2]

Attendance at the Committee meetings in 2025:

Name	Scheduled	Ad hoc
Rita Kavashe	3/3	0/0
Dr. Macharia Irungu	3/3	0/0
Paul Muthaura	3/3	0/0
Andre Joubert/Sidney Wafula[3]	1/3	0/0

Table 27: Attendance of the Nominations and Governance Committee meetings (2025)

Note

1. Phyllis Wakiaga was appointed a member of the Committee effective 1 January 2026.
2. Kathryne Maundu was appointed as Committee Secretary effective 1 January 2026 following Waeni Ngea's retirement effective 31 December 2025.
3. Andre Joubert and his Alternate Director Sidney Wafula resigned from the Board with effect from 31 March 2025.

Mandate and Role of the Nominations & Governance Committee

The mandate of the Nominations and Governance Committee is to make recommendations to the Board on the suitability of candidates for appointment to the Board, board diversity and the succession plan for senior management. In so doing, the Committee reviews the structure, size and composition of the Board and its committees, succession plan for the Managing Director, to ensure they have an appropriate balance of skills, expertise, knowledge and independence.

It ensures that the procedure for appointing Directors is rigorous, transparent, objective, merit-based and has regard for diversity. The process includes an evaluation of the skills, experience and diversity being sought prior to recruitment. The selection process will generally involve interviews with prospective candidates by the Board Chair and Committee members. In so doing, the Committee monitors and ensures that appropriate Non-Executive and Executive Director ratios are maintained.

The Committee is also charged with the responsibility of evaluating and reporting to the Board on an annual basis, the effectiveness and performance of the Board, its committees, and the directors in the discharge of their responsibilities. The evaluation is guided by the report of an independent evaluator into the running of the affairs of the Board.

In line with recommendations in the Code of Corporate Governance for Issuers of Securities to the Public 2015, the Committee is comprised of a majority of independent and non-executive directors and is chaired by the Board Chair who is an independent non-executive director.

Key Nominations & Governance Committee activities in 2025

The following aspects were considered, and actions undertaken by the Committee:

- Succession planning for the Board and the Leadership Team including ratification of emergency alternates for the following key Board roles: Board Chair, Board Committee Chairs and Company Secretary.
- The effectiveness of the Company's governance structure following an independent governance audit and following up on completion of open audit actions by Management and the Board Committees.
- Assessment and confirmation of the current adequacy of the Board with respect to the balance of skills, expertise, knowledge, age and diversity including gender and nationality.
- Assessment of directors' independence and submitting a report on directors' independence to the Board.

Corporate Governance Report

- Review of the composition of Board committees.
- Directors' annual appointment and re-election at the 2025 AGM, including renewal of the appointment of various Directors.
- The Board's key performance indicators and indicative areas of support to Management.
- Review of the performance of the Managing Director and setting of his key performance indicators for 2026.
- Discussion on the ESG mandate of the Committee as approved by the Board.
- Review of the 2024 Sustainability Report and recommending it to the Board for approval.
- Appointment of the Governance Auditor to undertake the governance audit during the year.
- Overseeing the closure of open actions from the previous governance audit.
- Review of the Board Evaluation Report for the year ended 31 December 2024 and oversight of the implementation of the recommendations thereof.
- Review of the 2025 Board training calendar as part of continuous board development.
- Review and approval of the content on the Committee activities undertaken in 2024, for inclusion in the Annual Report.
- Review of the Corporate Governance Report for inclusion in the 2024 Annual Report.
- Review of various Company policy documents including the Board Appointment Policy and Board Diversity Policy.
- Review of the Board Charter in July 2025.
- Oversight of CMA Corporate Governance Compliance Reporting requirements.

Remuneration Committee

Current Members

Marion Gathoga-Mwangi (Chair)
Phyllis Wakiaga
Samuel Onyango
Crispin Achola
Catherine Chepkong'a[1]

Permanent invitees:

Kathryne Maundu[2] (Company Secretary)

Committee Secretary:

Daniele Enganeben[3]

Attendance at the Committee meetings in 2025:

Name	Scheduled	Ad hoc
Marion Gathoga-Mwangi	2/2	0/0
Phyllis Wakiaga	2/2	0/0
Samuel Onyango	2/2	0/0
Crispin Achola	2/2	0/0
Philemon Kipkemoi	2/2	0/0

Table 28: Attendance of Remuneration Committee Meetings (2025)

Note

1. Catherine Chepkong'a was appointed as Finance Director effective 1 April 2026 following Philemon Kipkemoi's exit effective 31 March 2026.
2. Kathryne Maundu was appointed as Company Secretary effective 1 January 2026 following Waeni Ngea's retirement effective 31 December 2025.
3. Daniele Enganeben was appointed as Committee Secretary effective 1 March 2026 following Wendilene Balie's exit effective 28th February 2026.

Mandate and Role

The Remuneration Committee considers the remuneration policy annually for employees, Executive and Non-Executive Directors. The Committee ensures that the remuneration policy is in line with business needs, is performance-driven and appropriately benchmarked against other peer companies in Kenya.

The Remuneration Committee is responsible for:

- Ensuring that all aspects of the Company's remuneration offering are sufficiently competitive to attract and retain the desired talent pool, align with the BAT Group's reward policy and position the Company as an employer of choice;
- Setting executive remuneration policies covering salary and benefits, performance-based variable rewards, pensions, and the terms of service contracts;
- Determining, within the terms of the agreed remuneration policy the specific remuneration packages for the Board Chair, the Executive Directors and the Non-Executive Directors, both on appointment and on review;
- Reviewing and recommending to the Board targets applicable to the Company's performance-based variable reward schemes and determining achievement against those targets, exercising discretion where appropriate and as provided by the applicable scheme rules and policy;
- Reviewing and oversight of the people culture against set metrics;
- Reviewing and setting targets for the organisational design of the Company; and
- Monitoring and advising the Board on any major changes to the policy on employee benefit structures for the Company.

Key Remuneration Committee activities in 2025

- Approval of the 2025 Committee workplan;
- Review of the HR strategy, culture and people plans;
- Reviewing the Organisational Design of the Company to ensure that it is fit for purpose;
- Pay strategy and salary reviews based on benchmark survey of local and global comparators;
- Receiving talent insights on joiners, movers and leavers and actions taken to attract and retain talent;
- Review of the Company's diversity, equity and inclusion plans;
- Receive updates on the progress of the negotiations on the Collective Bargaining Agreement with the Union;
- Closure of actions arising from the 2024 board evaluation exercise;
- Review of the 2024 Directors' Remuneration Report;
- Review and approval of the content on the Committee activities undertaken in 2024, for inclusion in the Annual Report.

Audit & Risk Committee

Current Members

Samuel Onyango[1]	(Chair)
Dr. Martin Oduor-Otieno[1]	
Marion Gathoga-Mwangi	
Paul Muthaura	

Permanent invitees:

Crispin Achola	(Managing Director)
Catherine Chepkong'a[2]	(Finance Director)
Radu Eleanor-Samoila	(Internal Auditor)
Evans Madioli	(Compliance Manager)

Committee Secretary:

Kathryne Maundu[3]

Attendance at the Committee meetings in 2025:

Name	Scheduled	Ad hoc
Dr. Martin Oduor-Otieno	3/3	0/0
Samuel Onyango	3/3	0/0
Marion Gathoga-Mwangi	3/3	0/0
Paul Muthaura	3/3	0/0

Table 29: Attendance of Audit and Risk Committee Meetings (2025)

Note

1. Samuel Onyango was appointed as Chairman of the Committee in place of Dr Martin Oduor – Otieno with effect from 24th July 2025.
2. Catherine Chepkong'a was appointed as Finance Director effective 1 April 2026 following Philemon Kipkemoi's exit effective 31 March 2026.
3. Kathryne Maundu was appointed as Committee Secretary effective 1 January 2026 following Waeni Ngea's retirement effective 31 December 2025.

Mandate and role of the Audit & Risk Committee

The Audit & Risk Committee is the primary avenue through which the Board ensures that the Company has proper and satisfactory internal operating control systems to identify and mitigate business risks and that the Company's business is conducted in an appropriate, economically sound, sustainable and ethical manner. The Audit & Risk Committee monitors and reviews the integrity of the Financial Statements and any formal announcements relating to the Company's performance; reviews the consistency of the accounting policies and systems applied by the Company and, when appropriate, makes recommendations to the Board on business risks, internal controls and compliance.

The Committee is also responsible for monitoring compliance with the Company's Standards of Business Conduct, applicable laws and regulations and monitoring and reviewing the performance, effectiveness, independence and objectivity of the Company's external auditors. The Audit & Risk Committee makes recommendations as to the external Auditor's reappointment/change, terms of engagement and the level of audit fees payable to them.

The Committee has established and maintains an appropriate and transparent relationship with the external auditor who attends each meeting and is heard on any matter raised. Non-Executive Directors also have an in-camera session with the external Auditors (Management absent) for feedback on the audit process and key audit matters.

The Committee is responsible for monitoring and reviewing the effectiveness of the Internal Audit function and recommending changes to the internal auditor where necessary. The Internal Audit Manager is a permanent invitee to the Committee and presents a report on the audit plan for the year with updates on ongoing and completed audits.

Pursuant to the Capital Markets (Public Offers Listings and Disclosures) Regulations 2023, the Compliance Officer also attends meetings as a permanent invitee.

In line with the Code of Corporate Governance for Issuers of Securities to the Public 2015, the Audit & Risk Committee is comprised of at least three (3) independent and non-executive directors who are approved by shareholders at the Annual General Meeting. It is chaired by an independent Non-Executive Director and has at least one (1) committee member who holds professional qualification in audit or accounting and is in good standing with a relevant professional body.

Key Audit and Risk Committee activities in 2025

The following items were considered by the Committee:

- The Company's 2024 full year and 2025 Half Year financial results including the application of accounting standards and the results announcements;
- The proposed final dividend for Full Year 2024 and interim dividend for year 2025;
- The full year results forecast and outlook at different points in the year;
- The external auditor's report and 2025 external auditor's work plan including key audit matters;
- Updates from the Internal Audit Manager on both local and global process audits, the Management responses and remediation plans put in place;
- Updates on the Company's risk register, quarterly risk heat map, including deep dives into specific risk topics and mitigating factors;
- Updates on related party transactions;
- A view on the current unclaimed financial assets and amounts remitted to the Unclaimed Financial Assets Authority;
- Quarterly reports on security risks, frauds and any resultant losses;
- Updates on regulatory developments, corporate social investment matters, land matters and significant litigation;
- Report on Environment, Health and Safety key aspects and focus areas;
- Reports on compliance with the Company's Standards of Business Conduct, any whistleblowing received and investigations into potential breaches;
- Continued review of the tracking and closure of the actions emanating from the 2024 internal legal and compliance audit report;
- Continued monitoring and tracking of the progress on closure of actions arising from the 2024 governance audit;
- In-camera sessions with the external auditors; and
- Approval of the Committee's Work Plan in February 2025.

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 throughout the Annual Report. It is appropriate to treat this business as a going concern as there is enough existing financing available to meet expected requirements in the foreseeable future.

The Audit & Risk Committee is assigned to review financial, audit and internal control issues in supporting the Board 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 annually carries out a review of the effectiveness of its risk management and internal control framework and systems, covering all material controls including financial, operational and compliance controls.

The Committee is responsible for recommending the Company's risk appetite and uses risk registers to identify, assess and monitor the key risks (both financial and non-financial) that the business faces. Information on prevailing trends is provided in relation to each risk and all identified risks are assessed at five levels (Insignificant/Minor/Moderate/Significant/Severe) by reference to their impact to the business and likelihood of the impact occurring. Mitigation plans are put in place to manage the risks identified and the risk registers are reviewed on a regular basis and at each Audit & Risk Committee meeting.

In compliance with BAT Group best practice in risk management, the Company also completes a self-assessment checklist annually known as the Control Navigator. The Control Navigator tool enables a self-assessment into the internal control environment, assists in identifying any controls which require strengthening and sets out monitoring action plans to address the control weaknesses. The checklist is reviewed annually to ensure that it remains relevant to the business and covers all applicable key controls.

The Board, with the advice from the Audit & Risk Committee, has completed its annual review of the effectiveness of the risk management framework and internal controls for the period since 1 January 2025. 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.

External Auditor

KPMG Kenya is the Company's external auditor. The Audit & Risk Committee considers that its relationship with the external auditor worked well during the period and was satisfied with their effectiveness and performance. The external auditor is required to rotate the audit partner responsible for the Company's audit at least every five years to maintain independence and bring a different set of eyes in the audit process.

In the year under review, the Board was confident of the External Auditor's independence and objectivity.

Governance **Policies**

Board Charter

The BAT Kenya 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 their respective terms of reference. The Board Charter is reviewed every two (2) years to ensure that it remains current.

The Board Charter and Terms of Reference can be accessed at www.batkenya.com

Standards of Business Conduct

The BAT Standards of Business Conduct (SoBC) express the high standards of integrity that BAT Kenya is committed to upholding. It is the foundation of the Company's Delivery with Integrity programme which deals with improving compliance, iterative risk management, overseeing reports of misconduct and empowering people to Deliver with Integrity. Every employee, contractor and member of the Board is required to live up to the Standards of Business Conduct and each annually signs a declaration confirming their compliance with the SoBC. Guidance on compliance is provided through training and awareness programmes which empower people to act responsibly and with integrity.

The Standards of Business Conduct (SoBC) and Supplier Code of Conduct (SCoC) were updated effective 1 April 2025 and most recently on 1 April 2026. The key changes reflect the Group's ongoing commitment to integrity, sustainability and responsible business practices, and alignment with evolving global standards and maintain high ethical expectations, set for the business and its partners.

The SoBC also sets out the BAT Group's whistleblowing policy, which enables employees, directors and third parties, to raise concerns in confidence and without fear of reprisal, about possible improprieties or misconduct on various matters. All whistleblowing incidents are tabled at the Audit & Risk Committee and procedures implemented to ensure independent investigation and appropriate follow-up actions.

As part of educating employees further on various aspects of the SoBC, the Company in 2025 held a series of mandatory trainings for targeted staff on compliance. The training focused on respect of the Gifts and Entertainment Policy, SoBC compliance, Anti-Financial Crime compliance, supplier management where employees were reminded of the Company's expectation about delivery with integrity and compliance with the SOBC.

The Standards of Business Conduct and Speak Up reporting hotline are available on www.batkenya.com and www.batsobc.com.

Statement on Insider Dealing

As a listed company, and in strict adherence to its continuing listing obligations, BAT Kenya is obliged under the Companies Act, 2015 to require that the Directors and certain other employees with non-public information, do not abuse or place themselves under suspicion of abusing insider information that they may have or be thought to have. This is especially so in periods leading up to an announcement of financial results. To this end, the Company has a Code of Share Dealing Policy, which sets out the requirements for BAT Kenya insiders, in dealing in shares of the Company.

Persons considered insiders are also prohibited from passing on inside information to others who may use the inside information to trade in the Company's securities. To ensure compliance on the above, the Company communicates 'open' and 'closed' periods for trading in its shares to its employees and the Directors twice annually. Directors, employees and certain suppliers (and their associates) must not trade in the Company's securities during closed periods.

To the best of the Company's knowledge, there was no insider dealing in the 2025 financial year.

Conflict of Interest

The Board has established a Conflict of Interest Policy to offer guidance on how to identify, effectively manage and monitor any actual, perceived or potential conflicts which may arise. All Directors of the Company must avoid any situation which might give rise to a conflict between their personal interest and that of the Company.

The Directors are each responsible and are required to give advance notice to the Board Chair and the Company Secretary of any actual or potential conflicts of interest situations as soon as they arise. The Board has formal procedures for managing compliance with the conflict-of-interest provisions of the Companies Act, 2015 and the CMA Code. It may authorise situational conflicts under the Company's Articles of Association.

The Board also requires all Directors to disclose on appointment and annually any circumstance which may give rise to an actual or potential conflict of interest with their roles as Director.

Declaration of conflicts of interest is also a standing agenda item in all Board and Committee meetings prior to discussion of the substantive agendas. Directors who have an interest in a matter are excluded from the quorum and do not vote in respect of that matter. No material conflict of interest was identified and reported by the Directors in 2025.

Whistleblowing (or Speak-up) Policy

BAT Kenya's Standards of Business Conduct (SoBC) is a statement of the Company's values and drive to ensure Delivery with Integrity in its day-to-day activities. This policy covers the Company's commitments on issues such as bribery, corruption and human rights, in addition to setting out the Company's whistleblowing procedures.

The Whistleblowing Policy or Speak Up Policy which is disclosed on the Company's website, provides a platform for employees and third parties to raise concerns through a confidential and anonymous process, in respect of any suspected wrongdoing, and details how such concerns will be addressed. The Board ensures that risks arising from any ethical issues are identified and managed in the risk management process. It receives a quarterly report through the Audit & Risk Committee on any arising whistleblowing matters, investigations undertaken, findings and remediation actions to mitigate ethical risks, strengthen internal controls and ensure a sustained speak up culture within the organisation.

In 2025, the Board received a report on six SoBC related reports: five of the matters were investigated, and closed. Of the five, recommendations were made on process and control improvements on two matters. The remaining three out of the five matters were closed as the allegations were unsubstantiated. The one pending matter is under investigation.

The Company continues to train employees on the provisions of the SoBC to maintain a Speak Up culture and ensure understanding of SoBC requirements.

Dispute Resolution Policy

The Company is committed to reaching prompt and fair resolution of disputes, conflicts or disagreement that may arise from time to time. The Dispute Resolution Policy provides guidance on management of disputes and is intended to contribute to effective dispute resolution for the Company whilst maintaining the relationship with its stakeholders.

Transparency and corporate disclosures

The Company has consistently practiced balanced disclosure of all material information concerning the organisation. The Company has published on its website important Company information including, but not limited to, financial statements, sustainability reports, investor briefings, notices and AGM material, the Board Charter and key Company policies.

Data Protection Policy

BAT Kenya acknowledges that personal data is a key asset for any Company. In recognising its role in the collection, use and management of personal data, the Board has in place the Data Protection Policy which provides guidance to employees and the general public on the below matters:

- compliance with local legislation and international laws and regulations on data protection;
- protection of the rights of data subjects (employees, business partners, customers); and
- transparency in collection, processing and storing of people's data.

Information Technology Policy

The Company invests heavily in information digital technology systems, to support the delivery of its innovation and transformation agenda. The Information Technology (IT) systems are covered under an IDT policy which aims to protect the Company's investment in information technology infrastructure (including IT equipment, mobile facilities, data/telecommunications networks and software) and maintain the highest standards of cyber security, while protecting the Company's confidential and sensitive information.

The policy aims to facilitate ease of use of IT systems by staff, business partners and other stakeholders while mandating the responsible use of IT systems and available digital business solutions. In delivering on its objectives, the Company leverages on IDT expertise within the BAT Group, taking learnings from economies of scale in purchase of IT equipment and services.

Procurement Policy

The Procurement Policy governs the procurement of goods and services within the Company. This policy and the related procedures are necessary to ensure that business procurement can generate value by satisfying the needs of the organisation with respect to service and cost associated with acquisition of goods and services, (except for tobacco), salaries and strategic machinery.

The policy also ensures that the most appropriate and effective controls are applied in the purchase of goods and services for the Company's needs. The Company periodically reviews this policy as may be necessitated by market conditions, legal requirements or other relevant factors.

Environmental, Health and Safety Policies

The Board is committed to ensuring that the Company operates responsibly, sustainably, ethically and as a good corporate citizen. In that regard, BAT Kenya has robust Environmental Health and Safety policies aimed at providing a safe and healthy working environment for its employees and any other person within the Company's sphere of operations.

The Company also maintains an Energy Management Policy, aimed at achieving the highest practicable levels of energy conservation, water conservation and reducing CO2 emissions, for the conservation of the environment and the sustainability of natural resources.

With the implementation of extended producer responsibility in the country through enactment of the Sustainable Waste Management Act 2022, the Company has an obligation

to ensure that its packaging is responsibly disposed post-consumer use. To discharge this obligation, the Company became a member of Kenya Extended Producer Responsibility Organisation (KEPRO) through which it collaborates with other manufacturers, importers and stakeholders on activities geared towards post-consumer waste management.

Corporate Social Investment (CSI) and Responsibility

The Company has a comprehensive and effective Corporate Social Investment (CSI) and Responsibility framework underpinned by five core beliefs:

a) Creating long-term shareholder value;

b) Engaging constructively with our stakeholders;

c) Creating inspiring working environments for our people;

d) Adding value to the communities in which we operate; and

e) Suppliers, and other business partners should have the opportunity to benefit from their relationship with the Company.

The CSI strategy is derived from our belief in adding value to the communities in which we operate.

The above policies and statements can be accessed at www.batkenya.com.

Engagement with Shareholders

The Board recognises the importance of maintaining transparency and accountability to our shareholders, investors and stakeholders and works to ensure that all shareholders are treated equitably, and their rights are protected.

The Company employs diverse channels and mechanisms to communicate and disseminate information to its various stakeholders, including shareholders. These channels and mechanisms include collection of investor feedback and communication via the investor relations function, financial information on the Company being made available on the Company's website in a timely manner and financial results being provided on a half yearly basis in national media publications. All shareholders with updated email contacts receive direct communication from the Company through its Share Registrar on the said communication.

The Company's Annual General Meeting (AGM) is also an opportunity for shareholder engagement when the Board Chair and the Managing Director explain the Company's full year performance and receive questions from shareholders. The Chairs of the Audit & Risk, Nominations & Governance and Remuneration Committees are normally available at the AGM to take any relevant questions. All other Directors attend, unless illness or pressing commitments preclude them from doing so.

The Company recognises the importance of shareholder participation in meetings. Shareholders are strongly encouraged to attend and participate in the AGM. Notice of meetings and all statutory notices and information are communicated to shareholders on time. Shareholders who are unable to attend the AGM in person are encouraged to vote on the proposed resolutions by appointing a proxy prior to the AGM.

The AGM provides an opportunity for shareholders to engage with the Company's representatives. At the meeting, a reasonable opportunity is allowed for shareholders to ask questions about or make comments on the management of the Company. The Board has always placed considerable importance on effective communication with its shareholders and ensures shareholder rights are protected.

The Company will ordinarily hold investor/analysts briefings at least twice a year (on publication of full year and half year results) to facilitate further engagement with key stakeholders from the Nairobi Securities Exchange, Capital Markets Authority and various managers representing institutional and foreign investors. The Managing Director and Finance Director are among senior management members at hand at such briefings to respond to stakeholder queries.

During the analyst call held in February 2025, the AGM held in June 2025 and the Investor Briefing held in July 2025, shareholders and stakeholders were keen to hear more on, among other things, the Company's performance, the latest developments in industry regulation, dividends payable and the Company's sustainability and sustainability initiatives.

All shareholders queries, application for registration of transfer of shares of the Company, immobilization of shares and dividend queries as well as the collection of share certificates and dividend cheques are handled by the Company's appointed share registrar – Image Registrars Limited. The Company Secretary receives a regular report from the Share Registrar on any arising shareholder issues which are managed by Management and the Board as applicable.

The Share Registrar can be reached at their offices on the 5th Floor, Absa Towers (formerly, Barclays Plaza), Loita Street, P. O. Box 9287-00100, Nairobi or through their e-mail address info@image.co.ke or batshares@image.co.ke and also through their telephone numbers +254 709 170000 / 709 170030.

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REPORTS & FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors submit their report together with the annual audited financial statements for the year ended 31 December 2025, which disclose the state of affairs of the Group and of the Company.

Principal activities
The principal activities of the Group are the manufacture and sale of tobacco and tobacco free oral nicotine pouches.

Results and dividend
The net profit for the year of KShs 5,245,617,000 (2024: KShs 4,483,370,000) has been added to retained earnings. During the year an interim dividend of KShs 1,000,000,000 (2024: KShs 500,000,000) was paid. The Directors recommend the approval of a final dividend of KShs 6,000,000,000 (2024: KShs 4,500,000,000).

Directors
The directors who held office during the year and to the date of this report are set out on pages 78-86.

Business overview

Financial performance
Revenue was 10% lower at KShs 22.3 billion due to the impact of heightened illicit trade in the domestic market, partially offset by new revenue from sales of oral nicotine pouches and export sales.

Total cost of operations decreased by 15% to KShs 15.7 billion reflecting lower sales volumes, the benefit of effective cost management and productivity initiatives implemented during the period. Finance income increased by 124% to KShs 0.2 billion attributable to the stability of the Kenya Shilling against the US Dollar and prudent cash management.

Profit before tax increased by 18% to KShs 7.7 billion driven by improvement in operating profit and lower finance costs.

Auditor
The auditor, KPMG Kenya, is eligible and hereby offer themselves for re-appointment in accordance with the requirements of Section 721 the Kenyan Companies Act, 2015.

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

- There is no relevant audit information of which the Company's auditor is unaware; and
- 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.

Approval of the financial statements
The financial statements set out on pages 119 to 173 were approved and authorised at a meeting of the Directors held on 26 February 2026.

By order of the Board

Kathryne Maundu
Company Secretary

26 February 2026

RIPOTI YA WAKURUGENZI

Wakurugenzi wanawasilisha ripoti yao pamoja na Taarifa za Kifedha zilizokaguliwa za mwaka ulioishia tarehe 31 Desemba 2025, ambazo zinaonyesha hali ya mambo ya Kikundi na ya Kampuni.

Shughuli kuu
Shughuli kuu za Kikundi ni utengenezaji na uuzaji wa tumbaku na mifuko ya nikotini ya kinywani isiyo na tumbaku.

Matokeo na mgao wa faida
Faida halisi ya mwaka ya KShs 5,245,617,000 (2024: KShs 4,483,370,000) imeongezwa kwenye mapato yaliyohifadhiwa. Katika mwaka huo, mgao wa kati wa KShs 1,000,000,000 (2024: KShs 500,000,000) ulilipwa. Wakurugenzi wanapendekeza kuidhinishwa kwa mgao wa mwisho wa KShs 6,000,000,000 (2024: KShs 4,500,000,000).

Wakurugenzi
Wakurugenzi waliokuwa ofisini katika mwaka huo na hadi tarehe ya ripoti hii wameorodheshwa katika ukurasa wa 78-87.

Maelezo jumla kuhusu biashara

Utendaji wa kifedha
Mapato yalipungua kwa 10% hadi KShs 22.3 bilioni, kutokana na athari za kuongezeka kwa biashara haramu katika soko la ndani, ingawa sehemu ya upungufu huo ilifidiwa na mapato mapya kutoka kwa mauzo ya mifuko ya nikotini ya kinywani pamoja na mauzo ya nje ya nchi.

Gharama jumla za uendeshaji zilipungua kwa 15% hadi KShs 15.7 bilioni, hali iliyoakisi kupungua kwa kiasi cha mauzo, manufaa ya usimamizi madhubuti wa gharama pamoja na utekelezaji wa mipango ya kuongeza tija katika kipindi hicho. Mapato ya kifedha yaliongezeka kwa 124% hadi KShs 0.2 bilioni, yakichangiwa na uthabiti wa Shilingi ya Kenya dhidi ya Dola ya Marekani pamoja na usimamizi makini wa fedha taslimu.

Faida kabla ya kodi iliongezeka kwa 18% hadi KShs 7.7 bilioni, ikichangiwa na ongezeko katika faida ya uendeshaji pamoja na kupungua kwa gharama za kifedha.

Mkaguzi
Mkaguzi, KPMG Kenya, anastahiki na kwa hili anajitolea kuteuliwa tena kwa mujibu wa masharti ya Kifungu cha 721 cha Sheria ya Makampuni ya Kenya ya mwaka 2015.

Taarifa muhimu za ukaguzi
Wakurugenzi walioko ofisini tarehe ya ripoti hii wanathibitisha kwamba:

- Hakuna taarifa muhimu za ukaguzi ambazo mkaguzi wa Kampuni hajui; na
- Kila mkurugenzi amechukua hatua zote alizopaswa kuchukua kama mkurugenzi ili kufahamu taarifa zote muhimu za ukaguzi na kuhakikisha kwamba mkaguzi wa Kampuni anafahamu taarifa hizo.

Uidhinishaji wa Taarifa za Fedha
Taarifa za fedha zilizoainishwa katika kurasa wa 119 hadi 173 ziliidhinishwa na kuruhusiwa katika mkutano wa Wakurugenzi uliofanyika tarehe 26 Februari 2026.

Kwa amri ya Bodi

Kathryne Maundu
Katibu wa Kampuni

26 Februari 2026

DIRECTORS' REMUNERATION REPORT

Information not subject to audit

Our Remuneration Policy 2025

The Remuneration Policy and Remuneration Report for the Executive Directors and the Non-Executive Directors applicable in 2025 were approved by shareholders at the Annual General Meeting held on 25 June 2025. The report has been prepared in accordance with the relevant provisions of both the CMA Code of Corporate Governance guidelines on Directors' remuneration and the Kenyan Companies Act, 2015.

Our principles of remuneration

The Group and Company's remuneration principles seek to reward the delivery of the Group's strategy in a simple and straightforward manner which is aligned to shareholders' long-term sustainable interests. The remuneration structure is designed to recognise the skills and experience of the Directors and ensure a market competitiveness for talent.

Executive Directors

Executive Directors' remuneration comprises fixed and variable elements. The fixed elements comprise base salary, pension and other benefits. The variable elements are provided to Executive Directors and Senior Managers via two performance-based incentive schemes; (a single cash and share incentive annual bonus plan (IEIS), and a single long term incentive scheme (LTIP).

We have summarised the key elements below to facilitate the understanding of the Directors' Remuneration Report. The table below summarized the main elements of the remuneration packages of the Executive Directors as compensation for their role as key management within the BAT Group.

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.	▪ Paid in 12 equal monthly instalments during the year and is pensionable. ▪ Reviewed annually with salary changes effective from April depending on performance.	Individual and business performance.
Pension	Provide competitive post-retirement benefit arrangements so as to attract and retain high calibre talent to drive delivery of Group strategy.	▪ 9% of base salary	None.
Other benefits	Provide market competitive benefits which: ▪ facilitate the attraction and retention of high calibre talent to deliver the Group's strategic plans; and ▪ recognise that such talent is global in source and that the availability of certain benefits are key enablers for attraction and retention.	Range of benefits include: ▪ Car allowance, driver and domestic allowance ▪ Medical insurance ▪ Personal life and accident insurance ▪ Security ▪ Education allowances For international assignees additional benefits include: ▪ Travel allowance ▪ Housing allowance ▪ Relocation expense ▪ Tax advice and ▪ Tax equalization payments	None

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Information not subject to audit (continued)

Executive Directors (continued)

Reward	Purpose and link to strategy	Mechanics of reward	Performance metrics
Short term Incentives	Incentivise the attainment of corporate targets aligned to the strategic objectives of the Group on an annual basis.	▪ Targets are set annually based on the group and Company business plans. ▪ Payout is done annually in March after measurements and approval of results. ▪ 80% of the bonus is paid in cash,20% is awarded as shares in the Parent Company (BAT plc) ▪ Bonus ranges from 0-110% of annual Salary for Managing Director, 0-90% for Finance Director	▪ Volume share growth- 10% (2024: 10%) ▪ New Categories Revenue -12.5% (2024: 15%) ▪ New Categories Contribution Improvement 12.5% (2024: 20%) ▪ Adjusted Profit From Operations - 30% (2024: 25%) ▪ Adjusted Cash Generated from Operations - 25% (2024: 30%) ▪ Sustainability – 10%
Long term Incentives	Incentivise and promote the long-term sustainable success of the Group.	▪ Targets are set covering a three-year period for BAT Group UK results. ▪ The award vests on the third anniversary of the award, ▪ The number of shares that ultimately vest will depend on the extent that the performance conditions of the BAT Group (UK) have been met during the three-year performance period	▪ Earnings per share (EPS), ▪ Total share-holder return (TSR), ▪ Net Turnover and ▪ Cash conversion

Chairman and Non-Executive Directors

The quantum and structure of Non-Executive Directors' remuneration will be assessed primarily against the same remuneration comparator group of companies used for setting the remuneration for executive directors.

The table below summarises the elements of reward for Non-Executive Directors.

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	▪ Fixed monthly retainer ▪ Sitting allowance for every committee or board meeting. ▪ Reviewed every 2 years and adjusted as required.	As per Annual Board Evaluation.
Travel and related expenses	Recognise that high calibre talent is global in source and it is necessary to reimburse cost of travel to avoid it being an inhibitor to accepting the role	Non-Executive Directors based out of the country are reimbursed for cost of travel and related expenses incurred by them as Directors of the Company in respect of attendance at Board, Committee and General meetings	None

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Information not subject to audit (continued)

Other terms – Non-Executive Directors

Shareholding requirements	■ In compliance with independence requirements in the recently published Capital Markets Public Offers Listings and Disclosures Regulations 2023 effective 15 December 2023, Non-Executive Directors are discouraged from owning shares to maintain their independence. ■ The Non-Executive Directors do not participate in the British American Tobacco Group share scheme, bonus schemes or incentive plans and are not members of any Company pension plan.
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.

The Remuneration Committee conducts an annual review to ensure application and alignment of the Policy with the business needs to promote the long-term success of the Company.

Service contracts – Executive Directors

Duration of current contracts

The Managing Director and Finance Director are on permanent and pensionable contracts with the following execution dates:

Executive Director	Execution date	End date
Philemon Kipkemoi – Finance Director	28 May 2020	-
Crispin Achola – Managing Director	1 January 2021	-

Notice period

Executive Director	Notice period
Philemon Kipkemoi – Finance Director	3 months
Crispin Achola – Managing Director	6 months

Provision for Redundancy

The Executive Directors are eligible for packages as follows:

- 1 Month salary in lieu of notice
- 2 Months' salary
- 4 Days' worth of salary for every month worked

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 and compensation as key management for the year ended 31 December 2025

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 2025 together with comparative figures for 2024:

	Salary		Taxable benefits		Short-term incentives		Long-term incentives		Pension		Total	
	KShs' 000		KShs' 000		KShs' 000		KShs' 000		KShs' 000		KShs' 000	
Executive Director	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Crispin Achola	15,580	15,419	3,989	3,983	5,000	7,410	4,395	5,235	1,402	1,388	30,366	33,435
Philemon Kipkemoi	11,799	11,187	1,973	1,982	5,977	4,201	3,007	2,473	1,062	1,007	23,818	20,850
Total remuneration	**27,379**	**26,606**	**5,962**	**5,965**	**10,977**	**11,611**	**7,402**	**7,708**	**2,464**	**2,395**	**54,184**	**54,285**

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Information not subject to audit (continued)

Directors' remuneration and compensation as key management for the year ended 31 December 2025 (continued)

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 2025 together with comparative figures for 2024:

Non-Executive Directors	Fixed retainer		Sitting allowance		Chairperson's honoraria		Total	
	KShs' 000		KShs' 000		KShs' 000		KShs' 000	
Name	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Rita Kavashe	4,547	4,472	501	335	2,500	2,500	7,548	7,307
Marion Gathoga-Mwangi	2,825	2,779	501	369	-	-	3,326	3,148
Peter Mwangi	-	1,367	-	201	-	-	-	1,568
Dr. Martin Oduor-Otieno	2,825	2,779	367	369	-	-	3,192	3,148
Dr. Macharia Irungu	2,825	2,779	417	268	-	-	3,242	3,047
Samuel Onyango	2,825	2,779	501	402	-	-	3,326	3,181
Paul Muthaura	2,825	2,779	551	402	-	-	3,376	3,181
Phyllis Wakiaga	2,825	2,779	367	268	-	-	3,192	3,047
Total remuneration	**21,497**	**22,513**	**3,205**	**2,614**	**2,500**	**2,500**	**27,202**	**27,627**

Other required disclosures

Payments to former Directors and payments for loss of office

The Company did not make any payments of money or other assets to former Directors. There were no other sums paid to third parties in respect of directors' services.

Voting on the Remuneration Report at the 2025 AGM and engagement with shareholders

During the 2025 AGM, held on 25 June 2025, 95.96% of the votes cast were in favour of the approval of the Directors' remuneration and the Directors' Remuneration Report, 4.03% were against and there were negligible abstentions.

Director's shareholding

No Director held any shares as at 31 December 2025.

For comparison, as at 31 December 2024, Sidney Wafula (Alternate to Andre Joubert) held 300 shares. He resigned effective 31 March 2025.

By order of the Board

Kathryne Maundu
Company Secretary

26 February 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the financial statements of British American Tobacco Kenya plc set out on pages 119 to 173 which comprise the consolidated and company statements of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for year then ended, and notes to the financial statements including material accounting policies.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, as issued by the International Accounting Standards Board (IFRS® Accounting Standards) and in the manner required by the Kenyan 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 misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015 the Directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of the operating results of the Group for that year. It also requires the directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Group and Company and Group profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors confirm that with respect to each Director at the time of approval of this report, no relevant audit information of which the company's auditor is unaware; and each Director has taken all steps that ought to have been 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.

The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors at a meeting held on 26 February 2026.

Rita Kavashe *Chairperson*	**Crispin Achola** *Managing Director*	**Philemon Kipkemoi** *Finance Director*

26 February 2025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRITISH AMERICAN TOBACCO KENYA PLC

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of British American Tobacco Kenya plc (the Company) and its subsidiary (together referred to as the Group) set out on pages 119 to 173, which comprise the consolidated and company statements of financial position at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company at 31 December 2025, and its consolidated financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan 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 consolidated and separate Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provisions and contingent liabilities in respect of litigations

The disclosures associated with provisions and contingent liabilities in respect of litigations are set out in the consolidated and separate financial statements in the following notes:

- Note 2(u) - Material accounting policies,
- Note 4(i) – Critical accounting estimates and judgments,
- Note 30 – Provisions for liabilities and charges, and
- Note 33 – Contingent liabilities.

Key audit matter	How the matter was addressed in our audit
The Group and Company are subject to claims, which could have an impact on the Group's and the Company's results if the potential exposures were to materialise. The directors apply judgment when considering whether, and how much, to provide for the potential exposure of each litigation. We considered provisions and contingent liabilities in respect of litigations to be a key audit matter in our audit of the consolidated and separate financial statements given the complexity and judgment necessary to determine whether to provide for and how much to provide for certain exposures.	▪ Our audit procedures over provisions and contingent liabilities in respect of litigation included an assessment of the processes and controls operated over litigations by the Group and Company. ▪ We evaluated the completeness of legal claims, their nature, likelihood, magnitude, latest status and accounting and/or disclosure implications of the legal claims by holding inquiries with the Group's and the Company's in-house legal counsel. The inquiries also covered legal claims raised after the year end. ▪ We obtained and inspected external legal confirmations to evaluate completeness of identified cases and to evaluate management's assessment on the probability of loss, potential financial exposure, case status and any significant uncertainties. ▪ We challenged key management judgements regarding the existence of a present obligation and the appropriateness of recognising a provision or disclosing a contingent liability. Our challenge included evaluating the judgements against the external legal confirmations ▪ We evaluated the adequacy and completeness of the Group's and Company's disclosures made in the consolidated and separate financial statements in relation to the provisions and contingent liabilities in terms of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRITISH AMERICAN TOBACCO KENYA PLCN (CONTINUED)

Report on the audit of the consolidated and separate financial statements (continued)

Other information

The directors are responsible for the other information. The other information comprises the Directors and statutory information, Directors' report, the Directors' remuneration report, the Statement of directors' responsibilities and the Principal shareholders and share distribution but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the other information to be included in the published British American Tobacco Kenya plc Combined Annual and Sustainability Report for the year ended 31 December 2025, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

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

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

Directors responsibilities for the consolidated and separate financial statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 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 and Company'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 directors' 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 and Company'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 consolidated and separate 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 and/or Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRITISH AMERICAN TOBACCO KENYA PLC

Report on the audit of the consolidated and separate financial statements (continued)

Auditor's responsibilities for the audit of the consolidated and separate financial statements (continued)

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

We communicate with 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 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 consolidated and separate 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 legal and regulatory requirements

As required by the Kenyan Companies Act, 2015 we report to you, solely based on our audit of the consolidated and separate financial statements, that in our opinion:

i. The information given in the Report of the Directors on page 109 is consistent with the consolidated and separate financial statements.

ii. The auditable part of the directors' remuneration report on pages 111 to 114, has been prepared in accordance with the requirements of the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Willis Genga practicing certificate number P/2617.

For and on behalf of

KPMG Kenya
Certified Public Accountants of Kenya
PO Box 40612-00100, Nairobi

26 February 2026

UNIQUE CODE: 60753260309

Report & Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2025	2024
	Notes	KShs' 000	KShs' 000
Gross sales including indirect taxes	**6**	**35,945,687**	**41,082,651**
Excise duty and Value Added Tax (VAT)		(12,753,742)	(15,366,748)
Revenue	**7**	**23,191,945**	**25,715,903**
Cost of sales	8	(12,372,298)	(15,218,693)
Marketing and distribution costs	9	(1,663,920)	(1,464,607)
Administration and other expenses	10	(1,947,215)	(1,992,779)
Other income		266,323	273,214
Operating profit		**7,474,835**	**7,313,038**
Finance income	11	209,237	31,212
Finance cost	**11**	**(13,311)**	**(860,303)**
Profit before tax	12	7,670,761	6,483,947
Income tax expense	**14**	**(2,425,144)**	**(2,000,577)**
Profit for the year		5,245,617	4,483,370
Other comprehensive income		-	-
Total comprehensive income for the year		5,245,617	4,483,370
Earnings per share:			
Basic and diluted earnings per share (KShs)	15	52.46	44.83

The notes on pages 128 to 173 are an integral part of these financial statements.

** In 2025, the Group revised its presentation to separately disclose finance income and finance costs. Under the updated presentation, finance income amounted to KShs 209,237,000 (2024: KShs 31,212,000) and finance costs amounted to KShs 13,311,000 (2024: KShs 860,303,000). These amounts had previously been presented on a net basis in 2024 as finance costs of KShs 829,091,000.

Report & Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2025	2024
Capital and reserves attributable to the company's equity holders	**Notes**	**KShs' 000**	**KShs' 000**
Share capital	17	1,000,000	1,000,000
Share premium	17	23	23
Revaluation surplus	18	2,620,380	2,661,131
Retained earnings		5,858,344	7,571,976
Hedge reserves		6,684	
Proposed dividend	16	6,000,000	4,500,000
Total equity		**15,485,431**	**15,733,130**
Non-current liabilities			
Borrowings	27	52,405	74,902
Deferred income tax	19	1,849,857	1,820,839
Total non-current liabilities		**1,902,262**	**1,895,741**
Total equity and non-current liabilities		**17,387,693**	**17,628,871**
Non-current assets			
Property, plant and equipment	20(a)	9,457,704	9,811,984
Deferred income tax	19	229,394	248,785
		9,687,098	**10,060,769**
Current assets			
Inventories	22	3,321,003	3,324,090
Current income tax	28	690,426	931,351
Receivables and prepayments	23	3,565,046	3,550,453
Derivative financial instruments	24	7,680	-
Cash and cash equivalents	25	6,218,264	5,390,275
Assets held for sale	20(b)	95,711	397,288
		13,898,130	**13,593,457**
Current liabilities			
Payables and accrued expenses	26	5,654,521	5,476,455
Borrowings	27	20,262	22,765
Provisions for liabilities and charges	30	522,572	526,135
Derivative financial instruments	24	180	-
Total current liabilities		**6,197,535**	**6,025,355**
Net current assets		**7,700,595**	**7,568,102**
Total assets less current liabilities		**17,387,693**	**17,628,871**

The notes on pages 128 to 173 are an integral part of these financial statements. The financial statements on pages 119 to 173 were approved and authorised for issue by the Board of Directors on 26 February 2026 and signed on its behalf by:

Rita Kavashe
Chairperson

Crispin Achola
Managing Director

Philemon Kipkemoi
Finance Director

Report & Financial Statements

COMPANY STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2025	2024
Capital and reserves attributable to the company's equity holders	**Notes**	**KShs' 000**	**KShs' 000**
Share capital	17	1,000,000	1,000,000
Share premium	17	23	23
Revaluation surplus	18	2,620,380	2,661,131
Retained earnings		5,858,344	7,571,976
Hedge reserves		6,684	-
Proposed dividend	16	6,000,000	4,500,000
Total equity		**15,485,431**	**15,733,130**
Non-current liabilities			
Borrowings	27	49,062	70,083
Deferred income tax	19	1,849,857	1,820,839
Total non-current liabilities		**1,898,919**	**1,890,922**
Total equity and non-current liabilities		**17,384,350**	**17,624,052**
Non-current assets			
Property, plant and equipment	20(a)	9,453,871	9,806,748
Investment in subsidiaries	21	12,000	12,000
		9,465,871	**9,818,748**
Current assets			
Inventories	22	3,320,830	3,322,747
Current income tax	28	656,052	835,888
Receivables and prepayments	23	2,979,940	3,379,358
Derivative financial instruments	24	7,680	-
Cash and cash equivalents	25	6,218,260	5,120,449
Assets held for sale	20(b)	95,711	171,945
		13,278,473	**12,830,387**
Current liabilities			
Payables and accrued expenses	26	4,838,381	4,520,105
Borrowings	27	18,705	21,390
Provisions for liabilities and charges	30	502,728	483,588
Derivative financial instruments	24	180	-
		5,359,994	**5,025,083**
Net current assets		**7,918,479**	**7,805,304**
Total assets less current liabilities		**17,384,350**	**17,624,052**

The notes on pages 128 to 173 are an integral part of these financial statements. The financial statements on pages 119 to 173 were approved and authorised for issue by the Board of Directors on 26 February 2026 and signed on its behalf by:

Rita Kavashe
Chairperson

Crispin Achola
Managing Director

Philemon Kipkemoi
Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025	Notes	Share capital KShs' 000	Share premium KShs' 000	Hedging reserve KShs' 000	Revaluation surplus KShs' 000	Retained earnings KShs' 000	Proposed dividends KShs' 000	Total equity KShs' 000
Balance as at 1 January 2025		1,000,000	23	-	2,661,131	7,571,976	4,500,000	15,733,130
Comprehensive income for the year								
Profit for the year						5,245,617		5,245,617
Transfer of excess depreciation	14	-	-	-	(58,215)	58,215	-	-
Deferred income tax on transfer	14	-	-	-	17,464	(17,464)	-	-
		-	-	-	(40,751)	40,751	-	-
Property disposal revaluation gain								
Fair value on hedge reserve		-	-	6,684	-	-	-	6,684
Transactions with owners								
Distribution to owners (dividends):								
- Final for 2024 paid	16	-	-	-	-	-	(4,500,000)	(4,500,000)
- Interim for 2025 paid	16	-	-	-	-	(1,000,000)	-	(1,000,000)
- Proposed final for 2025	16	-	-	-	-	(6,000,000)	6,000,000	-
Total transactions with owners				-		(7,000,000)	1,500,000	(5,500,000)
At end of year		1,000,000	23	6,684	2,620,380	5,858,344	6,000,000	15,485,431

The notes on pages 128 to 173 are an integral part of these financial statements.

Report & Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2024	Notes	Share capital KShs' 000	Share premium KShs' 000	Hedging reserve KShs' 000	Revaluation surplus KShs' 000	Retained earnings KShs' 000	Proposed dividends KShs' 000	Total equity KShs' 000
Balance as at 1 January 2024		1,000,000	23	-	2,761,700	7,988,037	4,500,000	16,249,760
Comprehensive income for the year								
Profit for the year		-	-	-	-	4,483,370	-	4,483,370
Transfer of excess depreciation	14	-	-	-	(54,302)	54,302	-	-
Deferred income tax on transfer	14	-	-	-	16,291	(16,291)	-	-
		-	-	-	(38,011)	38,011	-	-
Property disposal revaluation gain		-	-	-	(89,370)	89,370	-	-
Related deferred tax		-	-	-	26,812	(26,812)	-	-
		-	**-**	-	**(62,558)**	**62,558**	**-**	-
Transactions with owners								
Distribution to owners (dividends):								
- Final for 2023 paid	16	-	-	-	-	-	(4,500,000)	(4,500,000)
- Interim for 2024 paid	16	-	-	-	-	(500,000)	-	(500,000)
- Proposed final for 2024	16	-	-	-	-	(4,500,000)	4,500,000	-
Total transactions with owners		-	-	-	-	(5,000,000)	-	(5,000,000)
At end of year		1,000,000	23	-	2,661,131	7,571,976	4,500,000	15,733,130

The notes on pages 128 to 173 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025	Notes	Share capital KShs' 000	Share premium KShs' 000	Hedging reserve KShs' 000	Revaluation surplus KShs' 000	Retained earnings KShs' 000	Proposed dividends KShs' 000	Total equity KShs' 000
Balance as at 1 January 2025		1,000,000	23	-	2,661,131	7,571,976	4,500,000	15,733,130
Comprehensive income for the year								
Profit for the year						5,245,617		5,245,617
Transfer of excess depreciation	14	-	-	-	(58,215)	58,215	-	-
Deferred income tax on transfer	14	-	-	-	17,464	(17,464)	-	-
		-	-	-	(40,751)	40,751	-	-
Property disposal revaluation gain								
Fair value on hedge reserve		-	-	6,684	-	-	-	6,684
Transactions with owners								
Distribution to owners (dividends):								
- Final for 2024 paid	16	-	-	-	-	-	(4,500,000)	(4,500,000)
- Interim for 2025 paid	16	-	-	-	-	(1,000,000)	-	(1,000,000)
- Proposed final for 2025	16	-	-	-	-	(6,000,000)	6,000,000	-
Total transactions with owners				-		(7,000,000)	1,500,000	(5,500,000)
At end of year		1,000,000	23	6,684	2,620,380	5,858,344	6,000,000	15,485,431

The notes on pages 128 to 173 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2024	Notes	Share capital KShs' 000	Share premium KShs' 000	Hedging reserve KShs' 000	Revaluation surplus KShs' 000	Retained earnings KShs' 000	Proposed dividends KShs' 000	Total equity KShs' 000
Balance as at 1 January 2024		1,000,000	23	-	2,761,700	7,988,037	4,500,000	16,249,760
Comprehensive income for the year								
Profit for the year		-	-	-	-	4,483,370	-	4,483,370
Transfer of excess depreciation	14	-	-	-	(54,302)	54,302	-	-
Deferred income tax on transfer	14	-	-	-	16,291	(16,291)	-	-
		-	-	-	(38,011)	38,011	-	-
Property disposal revaluation gain		-	-	-	(89,370)	89,370	-	-
Related deferred tax		-	-	-	26,812	(26,812)	-	-
		-	**-**	-	**(62,558)**	**62,558**	**-**	-
Transactions with owners								
Distribution to owners (dividends):								
- Final for 2023 paid	16	-	-	-	-	-	(4,500,000)	(4,500,000)
- Interim for 2024 paid	16	-	-	-	-	(500,000)	-	(500,000)
- Proposed final for 2024	16	-	-	-	-	(4,500,000)	4,500,000	-
Total transactions with owners		-	-	-	-	(5,000,000)	-	(5,000,000)
At end of year		1,000,000	23	-	2,661,131	7,571,976	4,500,000	15,733,130

The notes on pages 128 to 173 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2025	2024
	Notes	KShs' 000	KShs' 000
Cash flows from operating activities			
Cash generated from operations	31	8,581,908	10,427,051
Interest received	11	209,099	31,212
Interest paid		(22,043)	(57,026)
Income tax paid	28	(2,135,810)	(2,523,284)
Net cash generated from operating activities		6,633,154	7,877,953
Cash flows from investing activities			
Purchase of property, plant and equipment	20	(301,833)	(322,015)
Proceeds from disposal of property, plant and equipment		12,936	1,104,903
Net cash (used in) / generated from investing activities		(288,897)	782,888
Cash flows from financing activities			
Dividends paid to the company shareholders	16	(5,500,000)	(5,000,000)
Payment of principal portion of lease liabilities	27	(25,000)	(40,583)
Net cash used in financing activities		(5,525,000)	(5,040,583)
Net movement in cash and cash equivalents		819,257	3,620,258
Cash and cash equivalents at beginning of year		5,390,275	1,820,542
Effect of movement in exchange rates on cash held		8,732	(50,525)
Cash and cash equivalents at end of year	25	6,218,264	5,390,275

The notes on pages 128 to 173 are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2025	2024
	Notes	KShs' 000	KShs' 000
Cash flows from operating activities			
Cash generated from operations	31	2,551,983	5,089,130
Interest received	11	209,099	31,212
Interest paid		(21,504)	(55,721)
Income tax paid	28	(221,960)	(571,233)
Net cash used in operating activities		2,517,618	4,493,388
Cash flows from investing activities			
Purchase of property, plant and equipment	20	(301,833)	(591,246)
Proceeds from disposal of property, plant and equipment		12,934	105,327
Dividends received from subsidiary		4,384,066	4,381,454
Net cash used in investing activities		4,095,167	3,895,535
Cash flows from financing activities			
Dividends paid to the company shareholders	16	(5,500,000)	(5,000,000)
Payment of lease liabilities	27	(23,706)	(38,505)
Net cash used in financing activities		(5,523,706)	(5,038,505)
Net movement in cash and cash equivalents		1,089,079	3,350,418
Cash and cash equivalents at beginning of year		5,120,449	1,820,556
Effect of movement in exchange rates on cash held		8,732	(50,525)
Cash and cash equivalents at end of year	25	6,218,260	5,120,449

The notes on pages 128 to 173 are an integral part of these financial statements.

NOTES

1 General information

British American Tobacco Kenya plc is incorporated in Kenya under the Kenyan Companies Act, 2015 as a public limited liability Company, and is domiciled in Kenya. The address of its registered office is:

08, Likoni Road, Industrial Area
P.O. Box 30000 – 00100
Nairobi

60% of the Company is controlled by the British American Tobacco Plc incorporated in England and Wales, which is also the ultimate parent company.

The principal activity has been highlighted under the director's report on page 109.

The Company's shares are listed on the Nairobi Securities Exchange.

The financial statements for the year ended 31 December 2025 comprise the Company and its subsidiary (together referred to as the "Group"). For Kenyan Companies Act, 2015 reporting purposes, the profit and loss account is represented by the statement of profit or loss and other comprehensive income and the balance sheet is represented by the statement of financial position in these financial statements.

2. Material 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 financial statements are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Shs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 7.

The Group has applied the exemption within section 646 of the Kenyan Companies Act, 2015 which allows omission of the Company's statement of profit or loss when group financial statements are prepared.

The financial statements are prepared on a going concern basis, as management is satisfied that the Group and company have adequate resources to continue as a going concern for the foreseeable future.

(b) New standards, amendments and interpretations

(i) New and amended standards adopted during the year

New amendments or interpretation	Effective date
— Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)	1 January 2025

The adoption of these amendments did not have a material impact on the financial statements of the Group and Company.

NOTES (continued)

2. Material accounting policies (continued)

(b) New standards, amendments and interpretations (continued)

(ii) New standards and interpretations not yet adopted

At the date of authorisation of the financial statements of British American Tobacco Kenya Plc for the year ended 31 December 2025, the following Standards and Interpretations were in issue but not yet effective:

New amendments or interpretation	Effective for annual periods beginning on or after
— Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1 January 2026
— Annual Improvements to IFRS Accounting Standards (IFRS 1, IFRS 7, IFRS 9, IFRS10 and IAS 7)	1 January 2026
— Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	1 January 2026
— IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
— IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
— IAS 21 The Effects of Changes in Foreign Exchange Rates*	1 January 2027
— Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 Consolidated Financial Statements and IAS28 Investments in Associates and Joint Ventures)	The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted

* The effective date is for the updated sections only

All standards and Interpretations will be adopted at their effective date (except for those standards and Interpretations that are not applicable to the entity). The adoption of these amendments are not expected to have a material impact on the Financial Statements of the Group and Company.

All standards and Interpretations will be adopted at their effective date (except for those standards and Interpretations that are not applicable to the entity). The adoption of these amendments are not expected to have a material impact on the financial statements of the Group and Company except IFRS18 which will impact presentation of the financial statements.

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

— Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.

— Management – Defined performance measures (MPMs) are disclosed in a single note in the financial statements.

— Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs.

NOTES (continued)

2. Material accounting policies (continued)

(c) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The subsidiaries are accounted for at cost less accumulated impairment losses if any.

(d) Functional currency and foreign currency translation

(i) Functional and presentation currency

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 and company financial statements are presented in 'Kenyan Shillings (Shs), which is the Group's presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies during the year are converted into Kenya shillings at the exchange rate ruling at the date of the transaction. 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 period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(e) 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. The group is considered as one reportable operating segment.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group and Company's activities. Net revenue is stated net of value-added tax (VAT), excise duty, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer and invoices are paid as per the agreed credit period and payment terms. The Group has no obligations for returns refunds and other similar obligations. The Group does not provide any type of warranties and related obligations.

The Group will recognise revenue in accordance with that core principle by applying the following five steps:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract;

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

NOTES (continued)

2. Material accounting policies (continued)

(g) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Buildings and land are subsequently shown at fair value, based on periodic, but at least once every five years, valuations by external independent valuers, less subsequent depreciation and impairment losses. All other property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and cumulated in the revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation surplus directly in equity; all other decreases are charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset (i.e. the depreciation charged to profit or loss) and the depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	2%	per annum
Plant and machinery	5%	per annum
Vehicles and computers	20% - 33%	per annum
Furniture, fittings and equipment	10%	per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

The carrying amount of the Group's non-current assets is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in the profit or loss. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

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

(h) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each financial reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that largely are independent from other assets and groups.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

NOTES (continued)

2. Material accounting policies (continued)

(i) Accounting for leases

All leases that grant the Group the right to control the use of an identified asset for a period of time are accounted for as follows:

(i) For lease terms of more than 12 months, the present value of the unavoidable lease payments are capitalised and shown together with property, plant and equipment;

(ii) If lease payments are made over time, the Group also recognises a financial liability representing its obligation to make future lease payments;

(iii) Depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and

(iv) The total amount of cash paid into a principal portion is presented within financing activities and interest is separately presented within operating activities in the statement of cash flows.

The Group does not recognise assets and liabilities for:

(i) short-term leases (i.e. leases of 12 months or less), and;

(ii) leases of low-value assets (i.e. less than KShs 500,000).

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group and Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group and Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group and Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group and Company will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(j) Inventories

Inventories are stated 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 direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(k) Financial instruments

(i) Recognition and initial measurement

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets (unless they are trade receivable without a significant financing component) and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES (continued)

2. Material accounting policies (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement

Financial assets

The Group and Company classify their financial assets in the following categories; amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of financial assets and their subsequent accounting will be determined by the application of dual tests examining the contractual cash flow characteristics of the financial instruments and the Group's business model for managing the assets.

Financial liabilities

Financial liabilities including borrowings and trade payables are stated at amortised cost using the effective interest method. For borrowings, their carrying value includes accrued interest payable as well as unamortised issue costs.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(iv) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For financial assets carried at amortised cost (including loans and other receivables such as trade debtors), impairment losses are recognised under the "expected loss model", building up a debtors' provision/allowance account against credit losses over the life of the financial asset (including an estimate of initial credit risk).

Under the impairment approach in IFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, the Group accounts for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses. Allowances in relation to receivables are initially measured at an amount equal to lifetime expected losses.

(v) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(l) Derivative financial instruments and hedge accounting

Fair value hedges

Derivatives, which comprise solely forward foreign exchange contracts, are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. The derivatives do not qualify for hedge accounting. Changes in the fair value of derivatives are recognised immediately in profit or loss. These derivatives are trading derivatives and are classified as a current asset or liability.

NOTES (continued)

2. Material accounting policies (continued)

(l) Derivative financial instruments and hedge accounting (continued)

Cashflow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

(m) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are a classified as current assets. If not, they are presented as non-current assets.

(n) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

(o) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(p) Cash and cash equivalents

In the statement of cash flows, 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 bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position. This is measured at cost.

(q) Employee benefits

Pension obligations

The Group and Company operate two defined contribution retirement benefit schemes for all their employees. The assets of each scheme are held in separate funds which are administered by an independent fund manager and are funded by contributions from both the Group and employees. The Group's contributions to the schemes are charged to profit or loss in the year to which they relate.

Other entitlements

Employee entitlements to long service awards are recognised when they accrue to employees. The estimated monetary liability for employees' accrued annual leave entitlement at the statement of financial position date is recognised as an expense accrual.

The Group and all its employees also contribute to the National Social Security Fund (NSSF), which is a defined contribution scheme.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTES (continued)

2. Material accounting policies (continued)

(r) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the 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.

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, if the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; 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 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 is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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 taxes 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.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre- payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(t) Dividend distribution

Dividends payable to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders. Proposed dividends are shown as a separate component of equity until declared.

Dividends payable are charged to equity in the period in which they are approved. Declared dividends are accrued after ratification at a General Meeting of the Company.

(u) Provisions

Provisions are recognised when the Group and Company have a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES (continued)

2. Material accounting policies (continued)

(v) Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(w) 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. The related party transactions are at arm's length.

(x) Earnings per share and investments in subsidiaries

Earnings per share
Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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, if any.

Investments in subsidiaries
Investments in subsidiaries are carried in the Company's statement of financial position at cost, less provision for impairment losses. Where, in the opinion of the directors', there has been impairment in the value of the investment, the loss is recognised as an expense in the period in which the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Dividends receivable from subsidiaries are recognised as income for the Company in the period in which the right to receive payments is established.

(y) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. 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 borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets. 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.

Foreign currency gains and losses are reported on a net basis.

3. Changes in material accounting policies

The Group adopted a number of new standards that are effective from 1 January 2025 but they do not have a material effect on the Company's financial statements.

The details of the new standards are set out in Note 4.

NOTES (continued)

4. Critical accounting estimates and judgements

Estimates and judgements 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. The Group and Company make 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.

(i) Provisions and contingent liabilities

The Group exercises significant judgement in determining whether a present obligation exists and whether a provision should be recognized, or a contingent liability disclosed. In making this assessment, management considers the legal, contractual, the probability of an outflow of economic resources, and the reliability of available estimates.

(ii) Useful lives of property plant and equipment

Property plant and equipment are depreciated over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. Management applies judgement in determining useful lives.

(iii) Income taxes

The Company is subject to income taxes in Kenya. Significant judgment is required in determining the Company'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 company recognises liabilities on the basis of amounts expected to be paid to the tax authorities. Where the final tax outcome 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.

5. Financial risk management

The Group and Company's activities expose them to a variety of financial risks, market risk (including currency and interest risk), credit risk and liquidity risk. The Group and Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates financial risks where applicable. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group and Company operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, British Pound, AED, SEK and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group manages foreign exchange risk arising from future commercial transactions and recognises assets and liabilities by regularly reviewing prices and robust working capital management.

NOTES (continued)

5. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Below is a summary of the Group and Company's exposure to currency risk at their carrying amounts in Kenya shillings equivalent:

Group - 31 December 2025	USD KShs' 000	GBP KShs' 000	EUR KShs' 000	ZAR KShs' 000	JPY KShs' 000
Asset					
Receivables and prepayments	1,379,481	7,759	1,046	-	-
Cash and cash equivalents	443,313	16,256	3,980	-	-
	1,822,794	24,015	5,026	-	-
Liabilities					
Payables and accrued expenses	(997,562)	(11,545)	(83,668)	(3,917)	(4,989)
	(997,562)	(11,545)	(83,668)	(3,917)	(4,989)

Group - 31 December 2024	USD KShs' 000	GBP KShs' 000	EUR KShs' 000	ZAR KShs' 000	JPY KShs' 000
Asset					
Receivables and prepayments	1,497,806	-	9,503	-	-
Cash and cash equivalents	424,548	10,692	55,221	-	-
	1,922,354	10,692	64,724	-	-
Liabilities					
Payables and accrued expenses	(788,063)	(17,013)	(13,691)	(200)	(5)
	1,134,291	(6,321)	51,033	(200)	(5)

NOTES (continued)

5. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Company - 31 December 2025	USD KShs' 000	GBP KShs' 000	EUR KShs' 000	ZAR KShs' 000	JPY KShs' 000
Asset					
Receivables and prepayments	1,379,469	7,759	1,046	-	-
Cash and cash equivalents	443,311	16,256	3,980	-	-
	1,822,780	24,015	5,026	-	-
Liabilities					
Payables and accrued expenses	(945,102)	-	(36,564)	(635)	(4,989)
	(945,102)	-	(36,564)	(635)	(4,989)

Company - 31 December 2024	USD KShs' 000	GBP KShs' 000	EUR KShs' 000	JPY KShs' 000
Asset				
Receivables and prepayments	1,493,611	-	9,503	-
Cash and cash equivalents	424,505	10,692	55,221	-
	1,918,116	10,692	64,724	-
Liabilities				
Payables and accrued expenses	(776,748)	(11,927)	-	(5)
	1,141,368	(1,235)	64,724	(5)

The following are the exchange rates that existed at the financial year end for the following significant currencies:

	USD KShs' 000	GBP KShs' 000	EUR KShs' 000	ZAR KShs' 000	JPY KShs' 000
2025					
Average rates	129.25	170.5	146.15	7.24	0.86
Closing rates	129.00	173.51	151.5	7.79	0.82
2024					
Average rates	134.82	172.26	145.88	9.40	0.89
Closing rates	129.29	162.27	134.29	6.87	0.82

NOTES (continued)

5. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The following sensitivity analysis shows how profit or loss would change if the market risk variables had been different at the reporting period with all other variables held constant.

Group	2025 KShs' 000	2024 KShs' 000
Currency – USD		
10% movement effect (higher/lower)	82,523	113,429
Currency – GBP		
10% movement effect (higher/lower)	1,247	(632)
Currency – EUR		
10% movement effect (higher/lower)	(7,864)	5,103
Currency – ZAR		
10% movement effect (higher/lower)	(392)	(20)
Currency – JPY		
10% movement effect (higher/lower)	(499)	(0)
Company		
Currency – USD		
10% movement effect (higher/lower)	87,768	(114,137)
Currency – GBP		
10% movement effect (higher/lower)	2,401	(124)
Currency – EUR		
10% movement effect (higher/lower)	(3,154)	6,472
Currency – ZAR		
10% movement effect (higher/lower)	(64)	-
Currency – JPY		
10% movement effect (higher/lower)	(499)	-

NOTES (continued)

5. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The following sensitivity analysis shows how profit or loss would change if the market risk variables had been different at the reporting period with all other variables held constant.

Group	2025 KShs' 000	2024 KShs' 000
Currency – USD		
10% movement effect (higher/lower)	57,766	79,400
Currency – GBP		
10% movement effect (higher/lower)	873	(442)
Currency – EUR		
10% movement effect (higher/lower)	(5,505)	3,572
Currency – ZAR		
10% movement effect (higher/lower)	(274)	(14)
Currency – JPY		
10% movement effect (higher/lower)	(349)	(0)
Company		
Currency – USD		
10% movement effect (higher/lower)	61,438	(79,896)
Currency – GBP		
10% movement effect (higher/lower)	1,681	(87)
Currency – EUR		
10% movement effect (higher/lower)	(2,208)	4,530
Currency – ZAR		
10% movement effect (higher/lower)	(45)	-
Currency – JPY		
10% movement effect (higher/lower)	(349)	-

NOTES (continued)

5. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The following table shows the maturity periods for the cash flows associated with derivative financial instruments and the expected impact to profit or loss on undiscounted contractual basis. These relate to the derivative financial instruments as disclosed under Note 24.

Group	2025			2024		
Financial derivatives	Assets KShs' 000	Liabilities KShs' 000	Total KShs' 000	Assets KShs' 000	Liabilities KShs' 000	Total KShs' 000
Carrying amounts	7,680	(180)	7,500	-	-	-
Expected cashflows						
1-6 Months	-	-	-	-	-	-
Total	7,680	(180)	7,500	-	-	-

Company	2025			2024		
Financial derivatives	Assets KShs' 000	Liabilities KShs' 000	Total KShs' 000	Assets KShs' 000	Liabilities KShs' 000	Total KShs' 000
Carrying amounts	7,680	(180)	7,500	-	-	-
Expected cashflows						
1-6 Months	-	-	-	-	-	-
Total	7,680	(180)	7,500	-	-	-

Price risk

The Group and the Company are not exposed to equity securities price risk.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from deposits with banks, amounts due from related parties, derivative financial instruments as well as trade and other receivables. Neither the Group nor the Company has any significant concentrations of credit risk. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company.

For banks and financial institutions, only reputable well-established financial institutions are accepted. For trade receivables, Group management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and management expects minimal losses from non-performance by these counterparties.

The amount that best represents the Group and Company's maximum exposure to credit risk at 31 December 2025 and 31 December 2024 is made up as follows:

NOTES (continued)

5. Financial risk management (continued)

(b) Credit risk (continued)

	Group		Company	
	2025 KShs' 000	2024 KShs' 000	2025 KShs' 000	2024 KShs' 000
Cash and cash equivalents	6,218,264	5,390,275	6,218,260	5,120,449
Amounts due from related parties	767,209	758,796	1,614,303	1,971,763
Trade and other receivables	2,768,994	2,736,220	1,336,794	1,352,158
Derivative financial instruments	7,680	-	7,680	-
	9,762,147	8,885,291	9,177,037	8,444,370

All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

Expected credit loss (ECL) assessment as at 1 January and 31 December 2025

The Group uses the simplified approach to measure ECL.The Group uses a provision matrix to measure the ECLs of trade receivables from customers and loans and advances to farmers. The loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on common credit risk characteristics and customers.

For Intercompany receivables, the Group has calculated the ECL based on a factor of the following: probability of default, exposure at default and the loss given default. The probability of default is based on the average loss rate for the past 6 years with an adjustment for forward looking information.

The following table provides information about the exposure to credit risk and ECLs for trade receivables, loans and advances to farmers and intercompany receivables as at 31 December 2025 and 2024.

(i) Trade receivables

As at 31 December 2025 - Group Aging bucket	Loss rate	Carrying amount KShs' 000	Loss allowance KShs' 000	Credit impaired
Current	0.10%	2,442,624	2,243	No
0–30 days past due	0.12%	26,572	32	No
31–90 days past due	0.14%	-	-	No
90–180 days past due	0.16%	-	-	No
Items over 6 months but within 12 months	0.18%	-	-	No
Items over 12 months	0.20%	248,645	248,645	Yes
		2,717,841	250,920	

NOTES (continued)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables

As at 31 December 2025 - Company

Aging bucket	Loss rate	Carrying amount KShs' 000	Loss allowance KShs' 000	Credit impaired
Current	0.10%	1,009,402	1,020	No
0–30 days past due	0.12%	26,572	32	No
31–90 days past due	0.14%	-	-	No
90–180 days past due	0.16%	-	-	No
Items over 6 months but within 12 months	0.18%	-	-	No
Items over 12 months	0.20%	-	-	No
		1,035,974	1,052	

As at 31 December 2024 - Group

Aging bucket	Loss rate	Carrying amount KShs' 000	Loss allowance KShs' 000	Credit impaired
Current	0.10%	2,539,336	2,253	No
0-30 days	0.12%	1,314	2	No
31-90 days	0.14%	344	-	No
90-180 days	0.16%	-	-	No
Items over 6 months but within 12 months	0.18%	-	-	No
Items over 12 months	0.20%	251,560	248,651	Yes
		2,792,554	250,906	

As at 31 December 2024 - Company

Aging bucket	Loss rate	Carrying amount KShs' 000	Loss allowance KShs' 000	Credit impaired
Current	0.10%	1,158,200	1,082	No
0-30 days	0.12%	1,314	2	No
31-90 days	0.12%	344	-	No
90-180 days	0.16%	-	-	No
Items over 6 months but within 12 months	0.18%	-	-	No
Items over 12 months	0.20%	2,915	6	No
		1,162,773	1,090	

Loss rates are based on actual credit loss experience over the past 7 years, current conditions plus the Group's view of economic conditions such as inflation, commercial bank interest rates and growth in the economy's gross domestic product.

The financial assets are expected to mature within 12 months hence 12 months movement in the allowance for impairment in respect of trade receivables during the year has been provided as follows:

NOTES (continued)

5. Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables (continued)

	Group		Company	
	2025	2024	2025	2024
	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Opening balance	250,906	250,406	1,090	-
Net remeasurement of loss allowance	14	500	(38)	1,090
Balance as at 31 December 2025	250,920	250,906	1,052	1,090

(ii) Due from related parties

For Group and Company, the calculated ECL considers historical experience over the last seven years, current conditions, exchange rates and country risk. This was applied to the gross outstanding amount and resulted in insignificant loss allowance for the year ended 31 December 2025 (31 December 2024: Nil).

(iii) Loans and advances to farmers

For Group and Company, the calculated ECL which represents the probability of default was 1.44% (2024: 9.65%) which considers historical experience over the last six years, current conditions and forecasted uninsured losses. This was applied to the gross outstanding amount and resulted in a loss allowance of KShs 4,279,696 for the year ended 31 December 2025 (31 December 2024: KShs 32,269,331).

(iv) Cash and cash equivalents

The Group and Company held cash and cash equivalents of KShs 6,218,264,000 and KShs 6,218,260,000 respectively (2024: Group KShs 5,390,275,000 and Company - KShs 5,120,449,000). The cash and cash equivalents are held with banks and financial institution counterparties, which are rated between A1 to Ba1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The ECL provision in line with IFRS 9 as at 31 December 2025 and 2024 was not significant.

(v) Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated between A1 to Baa2, based on Moody's ratings. The impact of IFRS 9 as at 31 December 2025 and 2024 was not significant.

(c) Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to meet their financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the treasury department maintains flexibility in funding by maintaining availability under committed credit lines. Management performs cash flow forecasting and monitor rolling forecasts of the Group and Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 30) at all times so that the Group and Company do not breach borrowing limits or covenants (where applicable) on any of their borrowing facilities.

The Group's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's

NOTES (continued)

5. Financial risk management (continued)

(c) Liquidity risk (continued)

reputation.

The table below analyses the Group's and the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Balances due within one year are equal to their carrying amounts, as the impact of discounting is not significant. The amounts disclosed in the table below are the contractual undiscounted cash flows.

(i) Group

At 31 December 2025	Less than 1 year KShs' 000	Between 1 & 3 years KShs' 000
Liabilities		
Borrowings	20,262	62,007
Trade and other payables	4,704,401	-
Amounts due to related parties	385,498	-
Derivative financial instruments	180	-
Total financial liabilities	5,110,341	62,007
Assets		
Cash and bank balances	6,218,264	-
Amounts due from related parties	767,209	-
Trade and other receivables	2,768,994	-
Derivative financial instruments	7,680	-
Total financial assets	9,762,147	-

At 31 December 2024	Less than 1 year KShs' 000	Between 1 & 3 years KShs' 000
Liabilities		
Borrowings	22,765	95,853
Trade and other payables	3,660,860	-
Amounts due to related parties	663,740	-
Total financial liabilities	4,347,365	95,853
Assets		
Cash and bank balances	5,390,275	-
Amounts due from related parties	758,796	-
Trade and other receivables	2,736,220	-
Total financial assets	8,885,291	-

For both Group and Company, there are no financial assets or liabilities older than 3 years.

NOTES (continued)

5. Financial risk management (continued)

(c) Liquidity risk (continued)

(ii) Company

At 31 December 2025	Less than 1 year KShs' 000	Between 1 & 3 years KShs' 000
Liabilities		
Borrowings	18,705	58,395
Trade and other payables	4,026,974	-
Amounts due to related parties	379,395	-
Derivative financial instruments	180	-
Total financial liabilities	4,425,254	58,395
Assets		
Cash and bank balances	6,218,260	-
Amounts due from related parties	1,614,303	-
Trade and other receivables	1,336,794	-
Derivative financial instruments	7,680	-
Total financial assets	9,177,035	-

At 31 December 2024	Less than 1 year KShs' 000	Between 1 & 3 years KShs' 000
Liabilities		
Borrowings	21,390	95,853
Trade and other payables	3,034,125	
Amounts due to related parties	663,742	
Total financial liabilities	3,719,257	95,853
Assets		
Cash and bank balances	5,120,449	-
Amounts due from related parties	1,971,763	-
Trade and other receivables	1,352,158	-
Total financial assets	8,444,370	-

For both Group and Company, there are no financial assets or liabilities older than 3 years.

(d) Capital risk management

Capital comprises all components of equity as shown in the statement of changes in equity plus net debt. The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

NOTES (continued)

5. Financial risk management (continued)

(d) Capital risk management (continued)

	Group		Company	
	2025	2024	2025	2024
	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Total borrowings	72,667	97,667	67,767	91,473
Less: cash and cash equivalents	(6,218,264)	(5,390,275)	(6,218,260)	(5,120,449)
Net debt	(6,145,596)	(5,292,608)	(6,150,493)	(5,028,976)
Total equity	15,485,431	15,733,130	15,485,431	15,733,130
Total capital	9,339,835	10,440,522	9,334,938	10,704,154
Gearing ratio	(66%)	(51%)	(66%)	(47%)

Financial instruments by category

Financial assets:
All of the Group and Company's financial assets are classified as loans and receivables and comprise:

	Group		Company	
	2025	2024	2025	2024
	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Trade and other receivables (excluding pre-payments)	3,536,203	3,495,016	2,951,097	3,323,921
Cash and cash equivalents	6,218,264	5,390,275	6,218,260	5,120,449
Derivative financial instruments	7,680	-	7,680	-
	9,762,147	8,885,291	9,177,037	8,444,370

Financial liabilities:
All of the Group and Company's financial liabilities are classified as liabilities at amortised cost and comprise:

	Group		Company	
	2025	2024	2025	2024
	KShs' 000	KShs' 000	KShs' 000	KShs' 000

NOTES (continued)

5. Financial risk management (continued)

Trade and other receivables (excluding pre-payments)	5,089,899	4,324,600	4,406,369	3,697,867
Borrowings	72,667	97,667	67,767	91,473
Derivative financial instruments	180	-	180	-
	5,162,746	4,422,267	4,474,316	3,789,340

(e) Fair value

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Below is the fair value measurements disclosure using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these disclosures only cover instruments measured at fair value.

Level 1

Included in level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in level 2 category are financial assets and liabilities measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2. Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Level 3

Financial assets and liabilities measured using inputs that are not based on observable market data are categorised as level 3. Nonmarket observable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations for which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group. Therefore, unobservable inputs reflect the Group's and Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data. However, significant portion of the unquoted shares have been valued at cost and variation in inputs would not have significant fair value change.

The Group has not disclosed the fair value of short term financial assets and financial liabilities as management assessed that the fair value of short-term financial liabilities and financial assets approximate their carrying amounts largely due to the short-term maturities of these instruments.

NOTES (continued)

5. Financial risk management (continued)

(e) Fair value (continued)

	Group		Company	
	2025	2024	2025	2024
	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Property, plant and equipment (Note 20)	5,521,324	5,543,548	5,517,439	5,538,261
Total assets	5,521,324	5,543,548	5,517,439	5,538,261

Group 31 December 2025	Level 1 KShs' 000	Level 2 KShs' 000	Level 3 KShs' 000	Total KShs' 000
Property, plant and equipment	-	5,521,324	-	-

Group 31 December 2024	Level 1 KShs' 000	Level 2 KShs' 000	Level 3 KShs' 000	Total KShs' 000
Property, plant and equipment	-	5,543,548	-	-

Company 31 December 2025	Level 1 KShs' 000	Level 2 KShs' 000	Level 3 KShs' 000	Total KShs' 000
Property, plant and equipment	-	5,517,439	-	-

Company 31 December 2024	Level 1 KShs' 000	Level 2 KShs' 000	Level 3 KShs' 000	Total KShs' 000
Property, plant and equipment	-	5,538,261	-	-

6. Non-GAAP measures – Gross sales including indirect taxes

To supplement the Group's results presented in accordance with IFRS, the Group reviews gross sales including indirect taxes, excise duty and value added tax to evaluate the underlying business performance, allocate resources to the overall business and to communicate financial performance to investors. Gross sales including indirect taxes adjusted by excise duty and value added tax are not measures defined by IFRS. The Group believes that these additional measures are useful to investors and other stakeholders. Gross sales adjusted by excise duty and value added tax should not be considered in isolation from, or as a substitute analysis for the Group's Revenue as determined in accordance with IFRS.

7. Revenue and segment information

The Managing Director is the Group's chief operating decision-maker. Revenue from contracts with customers is disaggregated by geographical markets and products. Geographically, the management considers performance in Local Sales and Export Sales.

From a product perspective, management considers sales of cigarettes, cut rag (semi-processed tobacco) and modern oral nicotine pouches. All the products are manufactured through the same process. The Group is considered as one reportable operating segment.

NOTES (continued)

	2025 KShs' 000	2024 KShs' 000
Analysis of net revenue from contract with customers by geography:		
Local sales	12,361,016	13,441,944
Export sales	10,830,929	12,273,959
	23,191,945	25,715,903
Analysis of net revenue from contract with customers by product:		
Sale of cigarettes	22,313,780	24,459,183
Sale of cut rag	724,090	1,256,720
Sale of modern oral nicotine pouches	154,075	-
	23,191,945	25,715,903

8. Raw materials and manufacturing costs

	2025 KShs' 000	2024 KShs' 000
Raw materials, consumables and other manufacturing costs	10,125,292	13,124,851
Employment expenses	1,422,972	1,381,547
Depreciation of property, plant and equipment	593,430	501,224
Impairment of property, plant and equipment	230,604	211,071
	12,372,298	15,218,693

9. Marketing and distribution costs

	2025 KShs' 000	2024 KShs' 000
Employment expenses	276,634	374,855
Depreciation	75,226	79,140
Freight and other expenses	1,312,060	1,010,612
	1,663,920	1,464,607

10. Administration and other expenses

	2024 KShs' 000	2025 KShs' 000
Employment expenses	147,162	119,036
Recharges and other expenses	1,198,424	1,179,733
Depreciation	65,121	123,376
Employee reorganisation costs* (Note 13)	536,508	570,634
	1,947,215	1,992,779

*Reorganisation costs reflect the costs incurred as a result of initiatives to improve the effectiveness and efficiency of the company as an integrated enterprise. These initiatives include the costs related to review of the company's organisational structure and manufacturing operations, to simplify the business and create an agile and fit for purpose company.

NOTES (continued)

11. Finance costs/(income)

	Group		Company	
	2025	2024	2025	2024
	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Interest income	(209,099)	(31,212)	(209,099)	(31,212)
Interest expense	5	107,551	5	106,246
Interest on lease liabilities	13,306	15,477	12,767	14,715
Net foreign currency exchange (gains)/losses	(138)	737,275	(138)	737,275
	(195,926)	829,091	(196,465)	827,024

12. Profit before tax

	2025	2024
	KShs' 000	KShs' 000
The following items have been charged in arriving at the profit before income tax:		
Employee benefits expense (Note 13)	2,383,276	2,446,072
Auditor's remuneration*	16,307	15,756
Depreciation (Note 20)	(733,777)	(703,740)
Gain on disposal	(7,022)	(1,450)

* Categories of services	Services included in the category
Financial statements audit:	■ Audit of group financial statements of BAT Kenya Plc. ■ Audit of the standalone financial statement of BAT Kenya Plc.

13. Employee benefits expense

	2025	2024
	KShs' 000	KShs' 000
Salaries and wages	1,733,048	1,785,310
Retirement benefits costs:		
■ Defined contribution scheme	82,055	75,235
■ National Social Security Fund (NSSF)	31,665	14,893
Employee re-organisation costs (Note 10)	536,508	570,634
	2,383,276	2,446,072

NOTES (continued)

14. Income tax expense

Group	2025 KShs' 000	2024 KShs' 000
Current income tax		
Current tax on profits for the year	2,360,299	2,158,649
Prior year under provision of current tax	16,436	(3,377)
Total current tax	2,376,735	2,155,272
Deferred income tax (Note 19)		
■ Deferred income tax	44,559	(162,939)
■ Prior year under provision of deferred tax	3,850	8,244
Total deferred income tax	48,409	(154,695)
Income tax expense	2,425,144	2,000,577

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group	
	2025 KShs' 000	2024 KShs' 000
Profit before income tax	7,670,761	6,483,947
Tax calculated at domestic rate applicable to profit - 30% (2024:30%)	2,301,228	1,945,184
Tax effect of: Income not subject to tax	(5,382)	(26,586)
Expenses not deductible for tax purposes:		
Depreciation on non-qualifying assets	16,158	26,841
Other non-deductible expenses	92,854	50,271
Prior year over provision of deferred tax	3,850	8,244
Prior year under provision of current tax	16,436	(3,377)
Income tax expense	2,425,144	2,000,577

The other expenses not deductible for tax include impairment, Prior year taxes paid and excess pension costs.

The tax charge relating to components of equity are as follows:

	2025 KShs' 000			2024 KShs' 000		
Group	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
Transfer of excess depreciation	58,215	(17,464)	40,751	54,302	(16,291)	38,011
Transfer on property disposal	-	-	-	(89,370)	26,812	(62,558)
	58,215	(17,464)	40,751	(35,068)	10,521	(24,547)

NOTES (continued)

15. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Profit attributable to equity holders of the Company (Shs '000)	5,245,617	4,483,370
Weighted average number of ordinary shares in issue (thousands)	100,000	100,000
Basic earnings per share (Shs)	52.46	44.83

16. Dividends per share

During the year a final dividend in respect of the 2024 financial results of KShs 45 (2023: KShs 45) and an interim dividend of KShs 10 per share (2024: KShs 5) was declared and paid. The total dividend paid in the year is therefore KShs 55 per share (2024: KShs 50), amounting to a total of KShs 5,500,000,000 (2024: KShs 5,000,000,000).

At the annual general meeting to be held on 12 June 2026 a final dividend in respect of the year ended 31 December 2025 of KShs 60 per share amounting to a total of KShs 6,000,000,000 (2024: KShs 4,500,000,000) is to be proposed. These financial statements do not reflect this dividend as a liability.

Payment of dividends is subject to withholding tax at a rate of either 5% or 15% depending on the residence of the respective shareholders.

17. Capital and reserves

(i) Share capital – Group and Company

	Number of shares (Thousands)	Ordinary Shares KShs' 000	Share premium KShs' 000
Authorised, issued and fully paid			
Balance at beginning and end of year	100,000	1,000,000	23

The total authorised number of ordinary shares is 100,000,000 with a par value of KShs 10 per share. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets. 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.

(ii) Share premium

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

(iii) Hedging reserve

The Company had hedge reserve of KShs 6,684,000 as at 31 December 2025 resulting from derivatives. The hedging reserve was nil as at 31 December 2024. These derivatives principally consist of foreign currency forwards which undertaken for risk management purposes.

18. Revaluation surplus

The revaluation reserve surplus of KShs 2,620,380,000 (2024: KShs 2,661,131,000) relates to the revaluation of the Group and Company's land and buildings net of deferred income tax and is non-distributable. The movements in the revaluation surplus are set out in the Group and Company statements of changes in equity.

NOTES (continued)

19. Deferred income tax

	2025 KShs' 000	2024 KShs' 000
The analysis of Group deferred tax assets and deferred liabilities is as follows		
Deferred tax assets	(229,394)	(248,785)
Deferred tax liabilities	1,849,857	1,820,839
Deferred tax liabilities (net)	1,620,463	1,572,054

Deferred income tax is calculated using the enacted income tax rate of 30% (2024:30%). The movement on the Group deferred income tax account is as follows:

	2025 KShs' 000	2024 KShs' 000
At start of year	1,572,054	1,726,749
Credit/(charge) to statement of profit or loss and other comprehensive income	44,559	(162,939)
Prior year under provision of deferred tax	3,850	8,244
Total charge to P&L	48,409	(154,695)
At end of year	1,620,463	1,572,054

Consolidated Group deferred tax assets and liabilities and deferred income tax charge in the consolidated income statement are attributable to the following items.

Year ended 31 December 2025	1.1.2025 KShs' 000	Charged /(credited) to P&L KShs' 000	31.12.2025 KShs' 000
Deferred income tax liabilities			
Property, plant and equipment:			
■ on historical cost basis	914,338	(6,005)	908,333
■ on revaluation surpluses	1,186,734	-	1,186,734
■ on right of use assets	6,050	(6,998)	(948)
Unrealised exchange gains	45,714	(19,395)	26,319
Deferred tax in respect of fair value gain on hedge reserve	12,840		12,840
	2,165,676	(32,398)	2,133,278
Deferred income tax assets			
Provisions for liabilities and charges	(551,545)	(5,652)	(557,197)
Unrealised exchange losses	(128,097)	76,626	(51,471)
Lease liabilities	(8,015)	5,983	(2,032)
Deferred tax in respect of fair value loss on hedge reserve	(22,703)	-	(22,703)
Prior year under provision of deferred tax	116,738	3,850	120,588
	(593,622)	80,807	(512,815)
Net deferred income tax liability	1,572,054	48,409	1,620,463

NOTES (continued)

19. Deferred income tax (continued)

Consolidated Group deferred tax assets and liabilities and deferred income tax charge in the consolidated income statement are attributable to the following items.

Year ended 31 December 2024	1.1.2024 KShs' 000	Charged /(credited) to P&L KShs' 000	31.12.2024 KShs' 000
Deferred income tax liabilities			
Property, plant and equipment:			
■ on historical cost basis	941,935	(27,597)	914,338
■ on revaluation surpluses	1,213,549	(26,815)	1,186,734
■ on right of use assets	6,050	-	6,050
Unrealised exchange gains	103,638	(57,924)	45,714
Deferred tax in respect of fair value gain on hedge reserve	12,840	-	12,840
	2,278,012	(112,336)	2,165,676
Deferred income tax assets			
Provisions for liabilities and charges	(577,508)	25,963	(551,545)
Unrealised exchange losses	(52,719)	(75,378)	(128,097)
Lease liabilities	(6,827)	(1,188)	(8,015)
Deferred tax in respect of fair value loss on hedge reserve	(22,703)	-	(22,703)
Prior year under provision of deferred tax	108,494	8,244	116,738
	(551,263)	(42,359)	(593,622)
Net deferred income tax liability	1,726,749	(154,695)	1,572,054

Deferred income tax of KShs 17,464,000 (2024: KShs 43,102,000) was transferred within shareholders' equity from revaluation reserves to retained earnings. This represents deferred income tax on the difference between the actual depreciation and the equivalent depreciation based on the historical cost of currently owned property and sold land.

Company deferred income tax assets and liabilities are attributable to the following items:

The analysis of Company deferred tax assets and deferred tax liabilities is as follows:	2025 KShs' 000	2024 KShs' 000
Deferred income tax liabilities (net)	1,849,857	1,820,839

NOTES (continued)

19. Deferred income tax (continued)

Deferred income tax is calculated using the enacted income tax rate of 30% (2024:30%). The movement on the Company deferred income tax account is as follows:

	2025 KShs' 000	2024 KShs' 000
At start of year	1,820,839	1,991,624
Credit/(charge) to statement of profit or loss and other comprehensive income	25,168	(179,029)
Prior year under provision of deferred tax	3,850	8,244
Total charge to P&L	29,018	(170,785)
At end of year	1,849,857	1,820,839

Year ended 31 December 2025	1.1.2025 KShs' 000	Charged /(credited) to P&L KShs' 000	31.12.2025 KShs' 000
Deferred income tax liabilities			
Property, plant and equipment:			
■ on historical cost basis	950,630	(5,857)	944,773
■ on revaluation surpluses	1,252,347	-	1,252,347
■ on right of use assets	24,728	(7,387)	17,341
Unrealised exchange gains	42,520	(17,377)	25,143
	2,270,225	(30,621)	2,239,604
Deferred income tax assets			
Provisions for liabilities and charges	(298,500)	(26,071)	(324,571)
Unrealised exchange losses	(124,473)	75,457	(49,016)
Lease liabilities	(26,413)	6,403	(20,010)
Deferred tax in respect of fair value loss on hedge reserve	-	-	-

NOTES (continued)

19. Deferred income tax (continued)

Prior year under provision of deferred tax	-	3,850	3,850
	(449,386)	59,639	(389,747)
Net deferred income tax liability	1,820,839	29,018	1,849,857

Company deferred tax assets and liabilities and deferred income tax charge in the consolidated income statement are attributable to the following items.

Year ended 31 December 2024	1.1.2024 KShs' 000	Charged /(credited) to P&L KShs' 000	31.12.2024 KShs' 000
Deferred income tax liabilities			
Property, plant and equipment:			
■ on historical cost basis	977,878	(27,248)	950,630
■ on revaluation surpluses	1,279,158	(26,811)	1,252,347
■ on right of use assets	3,122	21,606	24,728
Unrealised exchange gains	99,569	(57,049)	42,520
	2,359,727	(89,502)	2,270,225
Deferred income tax assets			
Provisions for liabilities and charges	(307,103)	8,603	(298,500)
Unrealised exchange losses	(49,137)	(75,336)	(124,473)
Lease liabilities	(3,619)	(22,794)	(26,413)
Prior year under provision of deferred tax	(8,244)	8,244	-
	(368,103)	(81,283)	(449,386)
Net deferred income tax liability	1,991,624	(170,785)	1,820,839

NOTES (continued)

20. (a) Property, plant and equipment – Group

	Land and Buildings	Plant and Machinery	Vehicles and Equipment	Construction in Progress*	Total
	KShs' 000	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Year ended 31 December 2025					
Opening net book amount	5,543,548	3,584,125	442,249	242,062	9,811,984
Additions					
Purchases	7,006	80,694	34,540	179,593	301,833
Impairment	-	(225,343)	-	(5,261)	(230,604)
Depreciation charge	(135,369)	(396,543)	(201,865)	-	(733,777)
Transfers	17,300	142,730	717	(160,747)	-
Disposals					
Cost	-	(12,387)	(33,043)	-	(45,430)
Accumulated depreciation	-	6,473	33,043	-	39,516
Transfers from assets held for sale					
Cost	118,946	225,343	-	-	344,289
Accumulated depreciation	(30,107)	-	-	-	(30,107)
Closing net book amount	5,521,324	3,405,092	275,641	255,647	9,457,704
At 31 December 2025					
Cost or valuation	7,367,717	10,974,573	1,813,313	312,292	20,467,895
Accumulated depreciation	(1,846,393)	(7,569,481)	(1,537,672)	(56,645)	(11,010,191)
Net book amount	5,521,324	3,405,092	275,641	255,647	9,457,704

NOTES (continued)

20. (a) Property, plant and equipment – Group (continued)

	Land and Buildings	Plant and Machinery	Vehicles and Equipment	Construction in Progress*	Total
	KShs' 000	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Year ended 31 December 2024					
Opening net book amount	5,390,052	3,726,987	504,003	1,920,788	11,541,830
Additions					
Purchases	43,390	114,332	50,030	114,263	322,015
ROU Additions	-	96,056	7,142	-	103,198
Impairment	-	(159,686)	-	(51,385)	(211,071)
Depreciation charge	(121,079)	(405,186)	(177,475)	-	(703,740)
Transfers	233,984	211,892	58,549	(504,425)	-
Disposals					
Cost	(4,640)	(1,524)	(36,261)	(1,011,836)	(1,054,261)
Accumulated depreciation	1,841	1,254	36,261	-	39,356
Transfers to assets held for sale	-	-	-	(225,343)	(225,343)
Closing net book amount	5,543,548	3,584,125	442,249	242,062	9,811,984
At 31 December 2024					
Cost or valuation	7,224,466	10,538,192	1,811,099	293,445	19,867,202
Accumulated depreciation	(1,680,918)	(6,954,067)	(1,368,850)	(51,383)	(10,055,218)
Net book amount	5,543,548	3,584,125	442,249	242,062	9,811,984

* Construction in progress relates to factory buildings under construction and plant and machinery under installation at the year end.

As at 31 December 2025, property, plant and equipment includes right of use assets of KShs 61,468,000 (2024 – KShs 87,437,000) related to leased properties (see Note 29).

NOTES (continued)

20. (a) Property, plant and equipment – Company

	Land and Buildings	Plant and Machinery	Vehicles and Equipment	Construction in Progress*	Total
	KShs' 000	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Year ended 31 December 2025					
Opening net book amount	5,538,261	3,584,173	442,251	242,063	9,806,748
Additions					
Purchases	7,006	80,694	34,540	179,593	301,833
Impairment	-	-	-	(5,262)	(5,262)
Depreciation charge	(133,967)	(396,543)	(201,865)	-	(732,375)
Transfers	17,300	142,730	717	(160,747)	-
Disposals					
Cost	-	(12,387)	(33,043)	-	(45,430)
Accumulated depreciation	-	6,475	33,043	-	39,518
Transfers from assets held for sale					
Cost	118,946	-	-	-	118,946
Accumulated depreciation	(30,107)	-	-	-	(30,107)
Closing net book amount	5,517,439	3,405,142	275,643	255,647	9,453,871
At 31 December 2025					
Cost or valuation	7,359,029	10,750,308	1,831,418	268,059	20,208,814
Accumulated depreciation	(1,841,590)	(7,345,166)	(1,555,775)	(12,412)	(10,754,943)
Net book amount	5,517,439	3,405,142	275,643	255,647	9,453,871

NOTES (continued)

20. (a) Property, plant and equipment – Company (continued)

	Land and Buildings	Plant and Machinery	Vehicles and Equipment	Construction in Progress*	Total
	KShs' 000	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Year ended 31 December 2024					
Opening net book amount	5,380,270	3,727,035	504,005	382,404	9,993,714
Additions					
Purchases	43,390	114,332	50,030	383,494	591,246
ROU Additions	-	96,056	7,142	-	103,198
Impairment	-	(159,686)	-	(7,150)	(166,836)
Depreciation charge	(119,383)	(405,186)	(177,475)	-	(702,044)
Transfers	233,984	211,892	58,549	(504,425)	-
Disposals					
Cost	-	(1,524)	(36,261)	(12,260)	(50,045)
Accumulated depreciation	-	1,254	36,261	-	37,515
Closing net book amount	5,538,261	3,584,173	442,251	242,063	9,806,748
At 31 December 2024					
Cost or valuation	7,215,776	10,539,271	1,829,204	249,213	19,833,464
Accumulated depreciation	(1,677,515)	(6,955,098)	(1,386,953)	(7,150)	(10,026,716)
Net book amount	5,538,261	3,584,173	442,251	242,063	9,806,748

*Construction in progress relates to factory buildings under construction and plant and machinery under installation at the year end.

As at 31 December 2025, property, plant and equipment includes right of use assets of KShs 57,633,000 (2024: KShs 82,200,000) related to leased properties (see Note 29).

NOTES (continued)

20. (a) Property, plant and equipment – Company (continued)

Property, plant and equipment – Group

In 2022 Knight Frank Valuers Limited, professionally valued the Group's and Company's land and buildings. The valuation was on an open market value basis.

The valuer used the comparable method of valuation for valuation of land. This is defined as a set of procedures in which a valuer derives the value by comparing the property being valued to similar properties that have recently been sold applying appropriate units of comparison and making adjustments to the sale prices of the comparable sales. The technique is based on the principal of substitution which states that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time. The fair value measurement of revalued items of land has been categorized as a level 2 fair value based on the inputs to the valuation techniques.

Buildings were valued on the basis of Depreciated Replacement Cost (Private Sector) which is defined as the Current Gross Replacement Cost of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimisation. The fair value measurement of revalued items of buildings has been categorized as a level 2 fair value based on the inputs to the valuation techniques.

Significant unobservable inputs which would cause variations in estimated fair value would include useful life and estimated cost of replacing the asset. If the useful life and estimated cost of replacing the asset increased, the estimated fair value would increase, and if the useful life and estimated cost of replacing the asset had decreased, the estimated fair value would decrease.

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2,024 KShs' 000	2,023 KShs' 000
Cost	2,701,863	2,673,637
Accumulated depreciation	(821,999)	(745,438)
Net book amount	1,879,864	1,928,199

There are no assets that have been pledged as collateral for loans.

(b) Assets held for sale

During the year ended 31 December 2022, management approved the disposal of six properties previously classified within the company's land and buildings but not in use to be sold to interested parties.

The properties comprise land and buildings in the leaf growing areas. Given that the properties met the criteria for classification as held for sale under IFRS5, "non-current assets held for sale and discontinued operations", they were recorded at the lower of their net book value and fair value less costs to sell. The fair value less cost to sell of the assets amounted to KShs 95,711,000 as at 31 December 2022. The fair value measurement of revalued items of land has been categorized as a level 2 fair value based on the inputs to the valuation techniques. Buildings were valued on the basis of Depreciated Replacement Cost (Private Sector) which is defined as the Current Gross Replacement Cost of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimisation.

In the year ended 31 December 2025, certain parcels of land & buildings previously classified as held for sale amounting to Kshs 88,839,000 were reclassified to property, plant and equipment as those parcels were either repurposed for Tobacco farming or the sale was no longer considered highly probable. Depreciation on these assets resumed from the date of reclassification.

In addition to this, machinery previously held for sale was approved for impairment due to technological obsolescence impeding ability to sell.

NOTES (continued)

20. (b) Assets held for sale (continued)

	Group		Company	
	2025 KShs' 000	2024 KShs' 000	2025 KShs' 000	2024 KShs' 000
At the start of the year	397,288	263,294	171,945	263,294
Reclassifications from property plant and equipment	-	225,343	-	-
Disposal				
Cost	-	(120,536)	-	(120,536)
Accumulated depreciation	-	29,187	-	29,187
Reclassifications to property plant and equipment				
Cost	(344,289)	-	(118,946)	-
Accumulated depreciation	30,107	-	30,107	-
Fair value adjustment	12,605	-	12,605	-
At the end of the year	95,711	397,288	95,711	171,945

21. Investment in subsidiaries

The Company's interest in its subsidiaries, all of which are wholly owned, incorporated in Kenya, unlisted and have the same year end as the Company, were as follows:

Subsidiary	Principal activity	2025 KShs' 000	2024 KShs' 000
BAT Kenya Tobacco Company Limited	Selling of cigarettes	12,000	12,000
	Totals	12,000	12,000

22. Inventories

	Group		Company	
	2025 KShs' 000	2024 KShs' 000	2025 KShs' 000	2024 KShs' 000
Raw materials and consumables	2,707,542	2,999,791	2,707,333	2,999,765
Finished goods	613,461	324,299	613,497	322,982
	3,321,003	3,324,090	3,320,830	3,322,747

NOTES (continued)

23. Receivables and prepayments

	Group		Company	
	2025 KShs' 000	2024 KShs' 000	2025 KShs' 000	2024 KShs' 000
Trade receivables	2,466,921	2,541,648	1,034,922	1,161,683
Other receivables	302,073	194,572	301,872	190,475
Prepayments	28,843	55,437	28,843	55,437
Due from related parties	767,209	758,796	1,614,303	1,971,763
	3,565,046	3,550,453	2,979,940	3,379,358

The carrying amounts of the above receivables and prepayments approximate their fair values. Other receivables and prepayments mainly include statutory and utility prepayments.

24. Derivative financial instruments – Group and Company

The fair values of derivatives are determined based on market data (primarily yield curves, implied volatilities and exchange rates) to calculate the present value of all estimated flows associated with each derivative at the balance sheet date. In the absence of sufficient market data, fair value is based on the quoted market price of similar derivatives. The fair value measurement has been categorized as level two based on the inputs to the valuation techniques.

	Group & Company			
	2025 KShs' 000	2024 KShs' 000	2025 KShs' 000	2024 KShs' 000
Forward foreign currency contracts	7,680	180	-	-
Current	7,680	180	-	-
Non-current	-	-	-	-
	7,680	180	-	-

These derivatives principally consist of foreign currency forwards which have been designated as hedges due to their value changes offsetting with other components of net finance costs relating to financial assets and financial liabilities. The derivatives are undertaken for risk management purposes.

25. Cash and cash equivalents

	Group		Company	
	2025 KShs' 000	2024 KShs' 000	2025 KShs' 000	2024 KShs' 000
Cash at bank	6,218,264	5,390,275	6,218,260	5,120,449

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	Group		Company	
	2025 KShs' 000	2024 KShs' 000	2025 KShs' 000	2024 KShs' 000
Cash at bank	6,218,264	5,390,275	6,218,260	5,120,449
	6,218,264	5,390,275	6,218,260	5,120,449

NOTES (continued)

26. Payables and accrued expenses

	Group		Company	
	2025	2024	2025	2024
	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Trade payables	2,035,289	1,088,613	1,814,554	1,028,475
Statutory payables	564,622	1,151,855	432,012	822,238
Due to related companies	385,498	663,740	379,395	663,742
Accrued charges	2,348,347	2,286,269	1,891,655	1,719,671
Other payables	320,765	285,978	320,765	285,979
	5,654,521	5,476,455	4,838,381	4,520,105

27. Borrowings

	Group		Company	
	2025	2024	2025	2024
	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Non-current				
Lease liabilities	52,405	74,902	49,062	70,083
	52,405	74,902	49,062	70,083
Current				
Lease liabilities	20,262	22,765	18,705	21,390
	20,262	22,765	18,705	21,390
Total liabilities	72,667	97,667	67,767	91,473

The lease liabilities relate to lease arrangements that the group has entered into for warehouses, vehicles and office premises for administrative, marketing and distribution teams in the ordinary course of business.

The movement in borrowings is as follows;

	Group		Company	
	2025	2024	2025	2024
	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Opening balance	97,667	22,755	91,473	12,065
Lease additions	-	103,198	-	103,198
Lease liability disposals	-	(3,180)	-	-
Payment of lease liabilities	(38,306)	(40,583)	(36,473)	(38,505)
Interest expense	13,306	15,477	12,767	14,715
Closing balance	72,667	97,667	67,767	91,473

The Group and Company have the following undrawn borrowing facilities:

The facilities are open ended. Bond guarantees are issued in favour of the Kenya Revenue Authority to cover import duty and excise payable.

NOTES (continued)

27. Borrowings (continued)

	2024 KShs' 000	2025 KShs' 000
Bonds and guarantees	9,653,629	9,734,180
	9,653,629	9,734,180

28. Current tax movement

	Group		Company	
	2025 KShs' 000	2024 KShs' 000	2025 KShs' 000	2024 KShs' 000
Opening income tax asset	931,351	563,339	835,888	529,979
Charge to statement of profit or loss and other comprehensive income	(2,376,735)	(2,155,272)	(401,796)	(265,324)
Income tax paid	2,135,810	2,523,284	221,960	571,233
Closing income tax asset	690,426	931,351	656,052	835,888

29. Leases

The Group leases warehouses, offices, vehicles and furniture. The leases typically run for a period ranging between 5-9 years. For certain leases, the Group is restricted from entering into any sub-lease arrangements. Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right -of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

Group	Land and Buildings KShs' 000	Vehicles and Equipment KShs' 000	Total KShs' 000
2025			
Balance as at 1 January	5,237	82,200	87,437
Depreciation charge for the year	(1,402)	(24,567)	(25,969)
Balance as at 31 December	3,835	57,633	61,468
2024			
Balance as at 1 January	9,732	10,396	20,128
Additions to right-of-use assets	-	103,198	103,198
Depreciation charge for the year	(1,696)	(31,394)	(33,090)
Derecognition of right-of-use assets	(2,799)	-	(2,799)
Balance as at 31 December	5,237	82,200	87,437

NOTES (continued)

29. Leases (continued)

(i) Right-of-use assets (continued)

Company	Vehicles and Equipment KShs' 000	Total KShs' 000
2025		
Balance as at 1 January	82,200	82,200
Depreciation charge for the year	(24,567)	(24,567)
Balance as at 31 December	57,633	57,633
2024		
Balance as at 1 January	10,397	10,397
Additions to right-of-use assets	103,197	103,197
Depreciation charge for the year	(31,394)	(31,394)
Balance as at 31 December	82,200	82,200

(ii) Amounts recognised in profit or loss

	Group		Company	
	2025 KShs' 000	2024 KShs' 000	2025 KShs' 000	2024 KShs' 000
Lease under IFRS 16				
Interest on lease liability	13,306	15,477	12,767	14,715

(iii) Amounts recognised in cash flows

	Group		Company	
	2025 KShs' 000	2024 KShs' 000	2025 KShs' 000	2024 KShs' 000
Lease under IFRS 16				
Total cash outflows for leases	(38,306)	(40,583)	(36,473)	(38,505)

Renewal and cancellation options

Vehicle leases contain options exercisable by the Group to end the lease contract before contract period elapses.

NOTES (continued)

30. Provisions for liabilities and charges

	Group KShs' 000	Company KShs' 000
Year ended 31 December 2025		
At start of year	526,135	483,588
Additional provisions	49,076	44,631
Unused amounts reversed	(25,491)	(25,491)
Utilized during year	(27,148)	-
At end of year	522,572	502,728
Year ended 31 December 2024		
At start of year	425,172	425,172
Additional provisions	100,963	58,416
At end of year	526,135	483,588

Provisions comprise balances set up in the ordinary course of business and are related to general liabilities to various stakeholders. These mainly comprise litigations and legal claims made against the Group and Company by various stakeholders. The information usually required by IAS 37 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of these litigations and claims. The Group and Company have recognised a provision for present obligations where the payments are probable and amounts can be estimated reliably.

NOTES (continued)

31. Cash generated from operations

(a) Reconciliation of profit before taxation cash generated from operations

Group	2025 KShs' 000	2024 KShs' 000
Profit before taxation	7,670,761	6,483,947
Adjustments for:		
Depreciation (Note 20)	733,777	703,740
Impairment	230,604	211,071
Gain on disposal of assets	(7,022)	(1,450)
Interest income (Note 11)	(209,099)	(31,212)
Interest expense (Note 11)	5	107,551
Interest on lease liabilities (Note 11)	13,306	15,477
Gain on extinguishment of lease liabilities	-	(379)
Fair value gain /(loss) on ineffective derivatives	(816)	3,136
Fair value adjustment on assets held for sale (Note 20b)	(12,605)	-
Changes in working capital:		
■ inventories	3,087	2,317,239
■ receivables and prepayments	(14,593)	401,150
■ payables and accrued expenses	178,066	115,818
■ provisions for liabilities and charges	(3,563)	100,963
Cashflows from operations	8,581,908	10,427,051

NOTES (continued)

31. Cash generated from operations (continued)

(a) Reconciliation of profit before taxation cash generated from operations (continued)

Company	2025 KShs' 000	2024 KShs' 000
Profit before taxation	1,292,365	196,455
Adjustments for:		
Depreciation (Note 20)	732,375	702,044
Impairment (Note 8)	5,262	166,836
Gain on disposal of assets	(7,022)	(1,448)
Interest income (Note 11)	(209,099)	(31,212)
Interest expense (Note 11)	5	106,246
Interest on lease liabilities (Note 11)	12,767	14,715
Fair value gain/(loss) on ineffective derivatives	(816)	3,136
Fair value adjustment on assets held for sale (Note 20)	(12,605)	-
Changes in working capital:		
■ inventories	1,917	2,214,128
■ receivables and prepayments	399,418	1,511,066
■ payables and accrued expenses	318,276	148,748
■ provisions for liabilities and charges	19,140	58,416
Cashflows from operations	2,551,983	5,089,130

NOTES (continued)

32. Related party transactions

The Group is controlled by British American Tobacco Plc incorporated in England and Wales, which is also the ultimate parent of the Group. There are other companies that are related to British American Tobacco Kenya plc through common shareholdings or common directorships. The Company has an operating subsidiary, BAT Kenya Tobacco Company Limited.

The following transactions were carried out with related parties.

	Group		Company	
	2025	2024	2025	2024
	KShs' 000	KShs' 000	KShs' 000	KShs' 000
(i) Sale of goods and services				
Subsidiary	14,042,903	17,437,415	14,042,903	17,437,415
Other related parties	3,377,145	5,122,907	3,377,145	5,122,907
	17,420,048	22,560,322	17,420,048	22,560,322
(ii) Purchase of goods and services				
Parent company	455,756	439,193	455,756	439,193
Other related parties	1,529,624	1,501,995	1,529,624	1,501,995
	1,985,380	1,941,188	1,985,380	1,941,188
(iii) Outstanding balances arising from sale and purchase of goods/services				
Receivables from other related parties	767,209	758,796	1,614,303	1,971,763
Payables to the parent company	-	-		-
Payables to other related parties	385,498	663,740	379,395	663,742
	385,498	663,740	379,395	663,742

The outstanding amounts are unsecured and will be settled in cash. No interest is charged on outstanding balances and no guarantees have been given or received.

	2025	2024
	KShs' 000	KShs' 000
(iv) Key management compensation		
Salaries and other short-term employment benefits	61,133	70,507
Other long-term benefits	35,539	28,242
	96,672	98,749
(v) Directors' remuneration		
Fees for services as a director	27,202	27,627
Other emoluments (included in key management compensation above)	54,184	54,285
Total remuneration of Directors of the Company	81,386	81,912

NOTES (continued)

33. Contingent liabilities

The Group and Company's contingencies mainly arise from litigations and claims against and by the Group and Company. Given the nature of these legal cases, the Directors are of the opinion that disclosing the details of each case can be expected to prejudice seriously the position of the Group and Company with other parties. The Company has however recognised a provision for present obligations where the payments are probable and amounts can be estimated reliably. These provisions are included within Note 30 to the financial statements.

The Group has guarantees amounting to KShs 2,061,574,803 (2024: KShs 2,007,789,303), issued on its behalf in the normal course of business from which it is anticipated that no material liabilities will arise.

34. Capital commitments

Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements is as follows:

	Group		Company	
	2025	2024	2025	2024
	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Property, plant and equipment	23,310	125,447	23,310	125,447

35. Subsequent events

At the date of approval of the Financial Statements, the Directors are not aware of any matter or circumstance arising since the end of the financial period, not otherwise dealt with in these Financial Statements, which significantly affected the financial position of the Group and results of its operations.

PRINCIPAL SHAREHOLDERS AND SHARE DISTRIBUTION

Major shareholders as at 31 March 2026

Shareholder	No. of shares	% shareholding
Molensteegh Invest Bv.	60,000,000	60.00
Stanbic Nominees Ltd A/C NR1030824	3,669,300	3.67
Standard Chartered Nominees ltd Non Resd A/CKE11663	3,220,656	3.22
Standard Chartered Nominees Non-Resd. A/C 9866	3,118,229	3.12
Investments & Mortgages Nominees Ltd	2,100,000	2.10
Standard Chartered Kenya Nominees Ltd A/C KE003262	1,634,262	1.63
Investments & Mortgages Nominees Ltd A/C 003746	1,020,000	1.02
Investments & Mortgages Nominees Ltd A/C 003745	1,020,000	1.02
Standard Chartered Bank Kenya Nominees Ltd A/C 063154300338	1,000,000	1.00
Stanbic Nominees Limited R6631578	973,402	0.97
Others (8,549 Shareholders)	22,244,151	22.25
Total	**100,000,000**	**100.00**

Summary of shareholders as at 31 March 2026

Shareholder	No. of shareholders	No. of shares	% shareholding
Foreign investors	135	74,260,774	74.26
Local institutions	524	17,248,731	17.25
Local individuals	7,899	8,490,495	8.49
Total	**8,558**	**100,000,000**	**100.00**

Distribution of shareholders as at 31 March 2026

Shareholder	No. of shareholders	No. of shares	% shareholding
Less than 500	5,854	823,955	0.82
501 - 5,000	2,199	3,428,513	3.43
5,001- 10,000	184	1,342,016	1.34
10,001 - 100,000	274	7,697,676	7.70
100,001 - 1,000,000	39	10,925,393	10.93
Above 1,000,000	8	75,782,447	75.78
TOTALS	**8,558**	**100,000,000**	**100.00**

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