

KENYA AIRWAYS PLC

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2025**

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Kenya Airways Plc
Corporate Information
For the year ended 31 December 2025

EXECUTIVE DIRECTORS	Capt. George Kamal* - Ag. Group Managing Director & CEO <i>Appointed w.e.f. 16th December 2025</i> Mr. Allan Kilavuka - <i>Exited w.e.f. 15th December 2025</i>
NON-EXECUTIVE DIRECTORS	Mr. Kiprono Kittony - Chairman - <i>Appointed w.e.f. 5th March 2026</i> Mr. Raphael Otieno - Representative of C.S. The National Treasury Ms. Teresia Mbaika, CBS - P.S. State Department for Aviation & Aerospace <i>Appointed w.e.f. 21st July 2025</i> Mr. Alex Mbuvi - Alt. to P.S. State Department for Aviation & Aerospace Mr. Festus Kingori Mr. Philip Wambugu Mr. Christopher Buckley** Ms. Esther Koimett - <i>Appointed w.e.f. 26th January 2026</i> Mr. Chris Diaz - <i>Appointed w.e.f. 5th March 2026</i> Dr. David Ndii - <i>Appointed w.e.f. 5th March 2026</i> Prof. Winnie Nyamute - <i>Appointed w.e.f. 5th March 2026</i> Mr. Michael Joseph - <i>Retired w.e.f. 13th June 2025</i> Mr. Mohamed Daghar - P.S. State Department for Transport <i>Retired w.e.f. 21st July 2025</i> Mr. John Wilson *** - <i>Resigned w.e.f. 9th October 2025</i> * Egyptian ** British & Canadian *** Swedish
COMPANY SECRETARY	Mr. Habil A. Waswani Certified Secretary (Kenya) Kenya Airways Headquarters and Base Airport North Road, Embakasi P.O. Box 19002 - 00501 Nairobi
AUDITOR	PricewaterhouseCoopers LLP PwC Tower, Waiyaki Way/Chiromo Road, Westlands P.O Box 43963-00100 Nairobi, Kenya
REGISTERED OFFICE	Kenya Airways Headquarters and Base Airport North Road, Embakasi P.O. Box 19002 - 00501 Nairobi
REGISTRARS AND TRANSFER OFFICE	Custody & Registrars Services Limited IKM Place, Tower B, 1st Floor 6th Floor, Bruce House Standard Street P.O. Box 8484 - 00100 Nairobi

PRINCIPAL BANKERS

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

Standard Chartered Bank Limited
48 Chiromo, Level 5
Westlands Road
P.O. Box 30003 - 00100
Nairobi

NCBA Bank Kenya Plc
NCBA Centre
Mara Road, Upper-Hill
P.O Box 44599 – 00100
Nairobi

KCB Bank Kenya Limited
Kencom House, Moi Avenue
P.O Box 48400 – 00100
Nairobi

Equity Bank Limited
7th Floor, Equity Centre
Upper Hill
P.O. Box 75104 - 00200
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PRINCIPAL LEGAL ADVISORS

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Kenya Airways Plc
Statement of Corporate Governance
For the year ended 31 December 2025

The Board of Kenya Airways Plc (“the Company”) is committed to good corporate governance and understands its oversight and foresight roles in leading the Company for the sustainable benefit of all its stakeholders. In this regard, the Board had adopted corporate governance practices that are in line with the principles and standards set out under the Capital Markets Code of Corporate Governance for Issuers of Securities in Kenya (“the Code”).

While recognising that it has overall responsibility for the governance of the Company, the Board is committed to providing strategic direction, the necessary support and advice to Management. Through the Company’s defined mission, vision and values, the Board is committed to high standards of ethical behaviour characterised by effective and responsible leadership, accountability, fairness, probity and integrity, transparency, efficiency and effectiveness. The Board is further committed to recognising the legitimate interests of various key stakeholders including shareholders, staff, customers, the Government and the public.

The Board recognises that the long-term sustainability of the Company heavily depends on its effective stewardship. In this regard, the Board has taken time to formulate appropriate strategies and policies for the delivery of the Company’s strategy. At the same time, the Board is keen on ensuring that Management is focused on the execution and achievement of set goals and targets while fostering a culture that values ethical behaviour, integrity and respect and the need to conduct the business and operations of the Company in accordance with generally accepted corporate practices. The Board has therefore ensured that the Company as a whole has embraced good corporate governance in its structure, policies, practices and day to day operations.

Board of Directors

The Articles of Association of the Company and the Board Charter vests the governance of the Company in the Board of Directors. As at 31 December 2025, the Board was composed of seven (7) Directors. Currently, the Board is fully constituted with eleven (11) members as set out below:

Mr. Kiprono Kittony	-	Chairman, Independent Non-Executive Director
Capt. George Kamal	-	Ag. Group Managing Director & CEO
Mr. Raphael Otieno	-	Non-Executive Director (Rep. of C.S. the National Treasury)
Ms. Teresia Mbaika	-	Non-Executive Director (P.S., State Department for Aviation and Aerospace Development)
Mr. Festus Kingori	-	Independent Non-Executive Director
Mr. Phillip Wambugu	-	Non-Executive Director
Mr. Christopher Buckley	-	Independent Non-Executive Director
Ms. Esther Koimett	-	Non-Executive Director
Mr. Chris Diaz	-	Independent Non-Executive Director
Prof. Winnie Nyamute	-	Independent Non-Executive Director
Dr. David Ndii	-	Non-Executive Director
Mr. Alex Mbuvi	-	Alternate to P.S. State Department for Aviation and Aerospace Development
Mr. Habil Waswani	-	Company Secretary

The Chairman is responsible for effective leadership and effective performance of the Board and for the maintenance of relations between the Board and key stakeholders. The Board acts collectively but remains aware that Directors are individually and collectively responsible for the governance of the Company.

Board of Directors (Continued)

The current board composition with brief resumes is as set out below:

Mr. Kiprono Kittony (61) – Chairman, Independent Non-Executive Director



Kiprono was appointed Chairman of the Board on 5th March 2026. He is a leading Kenyan business leader and figure, currently serving as chairman of the Nairobi Securities Exchange Plc.

He is renowned for revitalising the Kenya National Chamber of Commerce & Industry, he has also chaired and co-founded several major organisations, including CreditInfo CRB Kenya, Mtech Limited, and Radio Africa Group. Internationally, he advises IFHA, a private equity fund in Amsterdam.

He is a director at the Central Depository and Settlement Corporation and Chair of Rentco Africa. Academically, he holds both a Bachelor of Commerce and a Bachelor of Laws degrees from the University of Nairobi, as well as a Global Executive MBA from USIU and Columbia University. He was honoured with the Elder of the Order of the Burning Spear (EBS) in 2019, as well as a Silver Medal by the Government of Slovakia, and is known for mentoring youth and engaging in philanthropic initiatives.

Capt. George Kamal (50) – Ag. Group Managing Director & Chief Executive Officer



George was appointed as the airline's acting Group Managing Director and Chief Executive Officer on 16th December 2025. Prior to this appointment, he was the airline's Chief Operations Officer, a position he held from March 2023.

George is a distinguished aviation executive with over 29 years of leadership experience across the Middle East and African markets. Rising from frontline operations to the C-suite, he has led the transformation of several airlines through senior executive roles. He has most recently served as Operations Director at Air Arabia, and as Chief Operations & Executive Officer at Iraqi Airways.

He holds a Doctorate in Business Administration from ESC Clermont and an MSc in Aviation Management from London Metropolitan University, strengthening his expertise in innovation, digitalization, and future-ready aviation systems.

Mr. Raphael Otieno (59) – Non-Executive Director (Representative of the C.S., the National Treasury)



Raphael was appointed to the Board as the representative of the Cabinet Secretary, National Treasury in October 2024. He is the Director General of the Public Debt Management Office, bringing with him nearly three decades of extensive experience in economics, public debt management, and fiscal policy. Prior to his current role, he was the Head of the Monetary Policy Division at the Central Bank of Kenya, where he made significant contributions to Kenya's economic stability.

Raphael holds a Master's Degree in Economic Policy from the National Graduate Institute for Policy Studies (GRIPS) in Tokyo, Japan, and a Bachelor's Degree in Economics from the University of Nairobi.

His distinguished career includes key roles such as Acting Director of Research at the Central Bank of Kenya and Director of the Debt Management Programme at the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), an inter-governmental organization headquartered in Harare, Zimbabwe, serving 14 member countries. His expertise in public debt management, macroeconomic analysis, and research has been honed through various roles in Kenya's public service, including positions within the Ministries of Finance and Planning.

Board of Directors (Continued)

Additionally, he has served as a Policy Analyst at the Kenya Institute for Public Policy Research and Analysis (KIPPRA) and as a Senior Researcher at the Central Bank of Kenya. Raphael began his professional journey at the National Treasury, where he rose to the position of Advisor to both the Economic Secretary and the Minister for Planning before transitioning to KIPPRA and later the Central Bank of Kenya.

Raphael has also made substantial contributions on the global stage, serving in advisory capacities or as a member of various task forces and committees under the World Bank, IMF, United Nations, and the East African Community (EAC). He is a published author, with contributions to significant works such as “Kenya: Policies for Prosperity” published by Oxford University Press in 2010, and as an editor for “Economic Management in a Hyperinflationary Environment: The Political Economy of Zimbabwe, 1980-2008,” also published by Oxford University Press.

Mr. Festus Kingori (62) – Independent Non-Executive Director



Festus joined the Board on 14th June 2024, bringing with him over 30 years of extensive public sector experience gained both locally and internationally. During his long career, he has had many interactions and engagements with the private sector institutions. Festus is a seasoned professional with a deep knowledge and experience in public financial management and public policy, as well as corporate governance, in both public and private sector institutions in which Government has investment interests.

He has participated in many successful corporate restructurings, including some of the most successful corporate turnarounds and IPOs in Kenya. As a seasoned senior officer at the National Treasury, he participated in many capacities in policy-oriented transactions. He was constantly a key member in transaction teams focused on corporate restructuring, divestiture and privatization, and often as a team leader of key transaction sub-committees. Festus has extensive board experience and, over a period of more than twenty years, served as Alternate Director representing the National Treasury, on boards of many state corporations and private companies in which Government has investment interest. He was the pioneer secondee by the GoK on a six-month practical and professional programme to the World Bank in 2006, where he gained valuable exposure to perspectives of multilateral agencies as well as public financial management in other countries.

Festus is trained in corporate governance and is a full member of the Kenya Institute of Management (KIM) as well as the Institute of Certified Investment and Financial Analysts (ICIFA). He holds a Bachelor's Degree in Commerce from the University of Nairobi, and a post graduate certificate in Investment Appraisal and Management from Harvard University, among others. He has also undergone extensive training in general management, strategic leadership and financial management locally and abroad.

Philip Wambugu (66) – Non-Executive Director



Philip joined the Company's Board in June 2021. Philip has over 37 years working experience most of which have been in the infrastructure and services related fields. He has previously worked with Kenya Airways Plc, Air East Africa Ltd (consultant), APEC Engineering (consultant), the Centre for Transportation and Environmental Studies (Nairobi) as a director, recently retired from the East African Community Secretariat after 19 years of distinguished service. He is a Director at KQ Lenders Ltd since 2017 and was Senior Consultant for Africa for Google Loon responsible for overflight rights across Africa between 2018 to March 2021.

He has extensive knowledge on the regional and continental dynamics of infrastructure planning and development and understands fully the issues affecting airlines, including the liberalization on air transport and aviation operations. Philip holds a Bachelor of Arts Degree specializing in Economics from the University of Nairobi and a Master of Science in Transportation from the Massachusetts Institute of Technology (MIT) in Cambridge USA.

Board of Directors (Continued)

Teresia Mbaika, (41) - Non-Executive Director (P.S., State Department for Aviation & Aerospace Development)



PS. Mbaika was appointed to the Board in July 2025. She is the Principal Secretary, State Department for Aviation and Aerospace Development (being the representative of the Ministry of Roads and Transport, on the Board, a position formerly held by the Principal Secretary, State Department for Transport). PS. Mbaika previously served as the Principal Secretary, State Department for Devolution. She brings to the Board over a decade of experience in corporate governance, resource mobilization, strategic management, leadership, and public finance management. In her distinguished career, she has served as a director at the Nuclear Power and Energy Agency (NuPEA), and the National Environmental Management Authority (NEMA). She has also served as the Secretary to the National Government Constituency Development Fund Board (NG-CDF), Kaiti Constituency, where she provided strategic leadership in financial management and governance oversight of the Fund.

PS. Mbaika holds a Master of Science Degree in Health Economics and Policy from The University of Nairobi, and a Bachelor of Science Degree in Environmental Health from Kenyatta University.

Christopher Buckley (67) - Independent Non-Executive Director



Chris joined the Board in March 2023. He brings to the Company over four decades of wide-ranging experience in the commercial aviation business. His career has included time working for an airline in Martinique, French West Indies, commercial and management positions with de Havilland Canada in Toronto, and senior management positions with Airbus in Toulouse, where retired in 2020, as the Executive Vice President, responsible for all of Airbus's business, commercial strategy and customers relations in Europe, Asia and the Pacific. He has built top-level relationships across the industry and been intimately involved in the fleet and network planning process with many major airlines worldwide.

Chris has served on the boards of several companies over the years, including connectivity specialist OnAir, majority owned by SITA; Nordic Aviation Capital, the largest lessor of regional aircraft worldwide; EFW, majority owned by ST Aerospace in Singapore; and Emerald Airlines, an Aer Lingus franchise carrier based in Dublin. He is a founding shareholder at Emerald Airlines. In 2018, Chris was honoured to be awarded the 'Chevalier de l'Ordre National de Mérite' by the French Government, for services to France.

Esther Koimett (69) – Non-Executive Director



Esther was appointed to the Board in January 2026, as a representative of KQ Lenders Company 2017 Ltd. She is an accomplished public servant with over 35 years' experience spanning across investment promotion, banking, privatisation, public enterprise reform, and public policy. She has played a key role in the structuring and execution of major strategic transactions and initiatives undertaken by the Government of the Republic of Kenya

She has served in various leadership roles within the Government of Kenya, including:- Principal Secretary - State Department of Broadcasting and Telecommunications; Principal Secretary - State Department of Transport; Investment Secretary and Director General, Public Investments and Portfolio Management at the National Treasury; Permanent Secretary, Ministry of Tourism and Information; Managing Director/CEO - Kenya Post Office savings Bank.

Esther has extensive board experience and has previously served on the Board of Kenya Airways Plc, representing the Government of Kenya. She currently serves as the Chairperson of M-Pesa Holdings Company Ltd and AAR Insurance Kenya Ltd, and is a non-executive Director at Car & General. She holds a Bachelor of Commerce and an MBA from University of Nairobi, an Advanced Management Programme (AMP) Certificate from Strathmore University, and is a member of the Institute of Investment and Financial Analysts, Kenya.

Board of Directors (Continued)

Chris Diaz (58) – Independent Non-Executive Director



Chris was appointed to the Board on 5th March 2026. He is a globally recognised business leader with over 34 years of experience in strategy, board leadership, and integrated business solutions, currently serving as Chairman of Adili Group, Director at ALN Africa and the Middle East, and Group Director at Bidco Africa. Chris has strong academic credentials in finance and international marketing and has driven growth and operational excellence in major African infrastructure and investment projects and played influential roles in aviation through Kenya Airways and Kenya Airports Authority.

Beyond his corporate achievements, Chris is a fellow of the Marketing Society of Kenya, has contributed to national branding strategies, and is committed to conservation. He is the first African to win the Global Marketing Leader of the Year award and has received the Elder of the Burning Spear honour for community and environmental service. He is certified coach and frequent speaker at leading universities, and mentors emerging leaders and has advised nearly 3,000 corporations across Africa.

Dr. David Ndii (60) – Non-Executive Director



David was appointed to the Board on 5th March 2026. He is the Chairperson of the President's Council of Economic Advisors, serving as the principal economic policy advisor to the president and leading the team responsible for implementing the country's economic transformation agenda. With over 30 years of experience, David is recognized as an accomplished economist, author, and strategist. He holds advanced degrees from the University of Oxford and the University of Nairobi and is a Rhodes Scholar and Eisenhower Fellow.

David has played significant roles in national economic policy, including leading the Economic Recovery Strategy for Kenya's NARC administration and advising on the country's constitutional review process. He has also served as an advisor to the President of Rwanda, consulted for international finance institutions, and held key positions such as Chief Economist at Equity Bank and economist at the World Bank. He is also known for founding the Institute of Economic Affairs (Kenya) and Africa Economics.

Prof. Winnie Nyamute (58) – Independent Non-Executive Director



Winnie was appointed to the Board on 5th March 2026. She is a highly respected Kenyan finance and accounting scholar, currently an Associate Professor at the University of Nairobi, with over three decades of experience. She has excelled in both academia and professional practice, mentoring students and leading research at various academic levels, and is a champion of experiential learning, notably guiding the University's CFA Institute Global Research Challenge teams to regional success.

Beyond academia, Winnie plays an influential role in corporate governance, formerly serving on boards such as the Nairobi Securities Exchange, Sameer Africa Plc, and currently on the Board of Family Bank Limited, where she has contributed to significant market reforms. Her professional involvement includes active membership in ICPAK, participation in the FiRe Awards, and financial training consulting, with a focus on empowering women entrepreneurs. She is a Certified Public Accountant and ICPAK Fellow, and her career reflects a commitment to excellence, leadership, and service within Kenya's financial sector.

Board of Directors (Continued)

Alex Mbuvi (51)- (Alternate to Ms. Teresia Mbaika, P.S., State Department for Aviation & Aerospace Development)



Alex was appointed as the alternate director to the Principal Secretary, State Department of Transport (and now Principal Secretary, State Department for Aviation & Aerospace Development) in December 2023. He is Chief State Counsel at the Office of the Attorney General and Department of Justice, currently on deployment at the Ministry of Roads and Transport. Alex has previously sat in the Board of Kenya Ports Authority (KPA), National Environment Management Authority (NEMA), National Transport and Safety Authority (NTSA), and Kenya Deposit Protection Corporation (KDPC) as alternate director. He currently sits in Engineers Board of Kenya in the same capacity.

Alex holds a Bachelor of Social Laws, Bachelor of Law and a Post Graduate Diploma in Law. He is an advocate of the High Court of Kenya.

Habil Waswani (49) - Company Secretary



Habil joined Kenya Airways Plc in March 2021. He has over 20 years Corporate and Commercial law experience having worked in similar senior levels at National Bank of Kenya Limited, Kenya Reinsurance Corporation Limited, and Diamond Trust Bank Kenya Limited (DTB), all publicly listed institutions.

Habil holds a Bachelor of Laws (LL.B.) Degree from The University of Nairobi, a Diploma in law from the Kenya School of Law. He is a graduate of the Global Executive Master of Business Administration (GEMBA) Degree programme from the United States International University in collaboration with the Columbia Business School, Columbia University, New York. He has attended various professional management and corporate governance capacity building courses.

Habil is an Advocate of the High Court of Kenya and a practising Certified Public Secretary. He is a member of good standing with the Law Society of Kenya (LSK), the Institute of Certified Secretaries of Kenya (ICSK) and the Institute of Directors of Kenya (IOD-K).

The Responsibilities of the Board

The Board has a very clear view and understanding of its role, powers, duties and functions. The Board has ensured the development of a robust Board Charter, as disclosed on the Company's website as required by the CMA Code. The Board is also guided by a number of policies including the Integrity Code, that prescribes expected standards of conduct and behaviour, as well as areas of conflict of interest.

The Board develops and annually approves its Work Plan, which enables it to have a balanced view of the business and to be sufficiently forward looking, with approximately 60% of its time being spent on matters that help it deal with and shape the strategic direction of the Company. The Work Plan also enables the Board to plan its activities in advance and to ensure that its Board meetings are planned and executed in an effective manner. Besides Board and Committee meetings, the Work Plan sets out other Board activities including Board Evaluation, Board training as well as investor briefing plans. The Board's Work Plan is approved before the commencement of the financial year to which it relates.

The full Board plans quarterly meetings in order to conduct its affairs effectively and efficiently. However, when need arises, the Board holds special meetings to fulfil its mandate and to guide the Management as appropriate. The directors receive all relevant information for the discharge of their obligations in an accurate, timely and clear form so that they can guide and maintain full and effective control over strategic, financial, operational and compliance issues.

Board appointment, composition and succession planning

Currently, seven out of the eight members of the Board are non-executive directors. Two out of those eight directors are independent.

The Board considers that collectively, the directors have the range of skills, knowledge and experience necessary to direct the Company. In this regard, the Board has developed a detailed skills and competence matrix that guides it in reviewing and recommending directors for appointment. The Board's skills and competence matrix is aligned to the Company's strategy and provides guidance for diversity in knowledge and experience, governance and industry skills, personal attributes as well as non-skills considerations such as gender and age. The skills and competence matrix are used in conjunction with the Board Appointment Procedures and Board Diversity Policy which are part of the Board Charter published on the Company's website. Nominations to the Board are handled by the Corporate Governance and Nominations Committee, which vets all potential directors before recommending them to the Board for appointment. The Board then makes recommendations for their election by Shareholders at the Annual General Meeting.

Non-executive board members are appointed for an initial term of three years. The Board implements term limits in line with the Articles of Association, the Board Charter and the Board rotation schedule. In this regard, the independent non-executive directors serve for a maximum of three terms of three years each. Re-appointment of directors to the Board for a further term is dependent on good performance, with the Corporate Governance and Nominations Committee assessing the director's performance and fit on the Board, and ultimately their election by shareholders at the Annual General Meeting.

Each director has a detailed letter of appointment setting out the terms and conditions of service including their fiduciary duties. The Chairman has a specific letter of appointment as Chairman of the Board. Each director has accepted their appointment in writing.

The Board manages its succession planning with the assistance of the Corporate Governance and Nominations Committee. The Committee has put in place a succession plan for the Board and in line with the skills matrix, reviews existing and desired competencies and guides the Board and shareholders accordingly whenever appointments are to be made. All except the Group Managing Director are subject to rotation in accordance with the Company's Articles of Association, the CMA Code, as well as the Board's Rotation Policy. In this regard, three directors will retire by rotation at the Annual General Meeting.

Board appointment, composition and succession planning (continued)
Board Rotation Schedule

	Director	Year of first Appointment	Last year of Re-election	Next year of Re-election / Retirement by Rotation
1	CS Treasury (Mr. Raphael Otieno)	2013	2025	2028
2	Mr. Festus Kingori	2024	2024	2027
3	Mr. Christopher Buckley	2023	2023	2026
4	PS Aviation & Aerospace (Ms. Teresia Mbaika)	2020	2023	2026
5	Mr. Philip Wambugu	2021	2024	2027
6	Ms. Esther Koimett	2026	N/A	2026
7	Mr. Kiprono Kittony	2026	N/A	2026
8	Mr. Chris Diaz	2026	N/A	2026
9	Dr. David Ndii	2026	N/A	2026
10	Prof. Winnie Nyamute	2026	N/A	2026
11	Capt. George Kamal (Ag. GMD/CEO)	2025	N/A	N/A

Notes:

1. One third of the number of directors are required to retire by rotation in each year, excluding the Group Managing Director & CEO, who is executive.
2. The directors to retire in every year shall be those who (i) have been appointed by the Board since the previous annual general meeting in accordance with Article 67, (ii) being subject to retirement by rotation, have been the longest in office since their election or appointment, but as between persons who became or were last re-elected directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

During the year under review, Mr. Michael Joseph, the former Chairman, retired as a Director of the Company having complete his term limit of nine (9) years, whereas Mr. Raphael Otieno, the Representative of the Cabinet Secretary to the National Treasury was re-elected to the Board at the Annual General Meeting of the Company held on 13th June 2025. The re-elected Director was duly vetted by the Corporate Governance and Nominations Committee and in line with Charter pursuant to the skills and competence assessments done, was recommended by the Board to the shareholders, who duly elected him as a director unanimously. During the year under review, the Board resolved to appoint Ms. Mary Ngige, as an ex-officio member of the Audit and Risk Committee by virtue of her finance and accounting qualifications and experience (in line with Corporate Governance Guidelines from the Capital Markets Act and its Regulations), which was a gap identified in the said Committee of the Board. Ms. Ngige sits as the Chair of the Audit and Risk Committee and a Board member of the Company's subsidiary, Jambojet Limited.

The Board has recently filled the four (4) vacancies on the Board with member listed above Meeting to ensure that its capacity and efficiency is bolstered and optimised, all of whom shall be due for election by shareholders at the upcoming Annual General. The Board took into consideration the range of skills, knowledge and experience gaps that were present in the Board necessary to direct the Company and ensure alignment to the Company's strategic ambitions. The Board also took in to consideration diversity in knowledge and experience, governance and industry skills, personal attributes as well as non-skills considerations such as gender and age in line with the Board Appointment Procedures and Board Diversity Policy which are part of the Board Charter published on the Company's website, the Company's Articles of Association as well as the Capital Markets Act and its Regulations.

During the year, the Board through the Human Resources Committee reviewed the gaps in the senior management of the Company in line with the approved organogram from a succession planning perspective and has put in place plans this year to ensure that a robust succession plan for senior management is in place. The Human Resources Committee is responsible for ensuring that the organogram and succession plan are reviewed regularly and that the necessary interventions are in place to ensure that the Company is not exposed to the risks that arise from human capital gaps in the organizational structure.

Board induction and continuous skills development

Upon appointment, directors undergo a detailed, rigorous and formal induction programme in line with the Company's Board Charter and the Board Induction and Development Policy. The aim of the induction programme is to enable the new director to become effective in their new role as quickly as possible. The new director is therefore provided with pertinent information to help them understand the Company and their role. The new director is also required to experience first-hand the key operations of the Company and a detailed walk about programme is prepared for this purpose. New

Board induction and continuous skills development (Continued)

directors also meet senior Management, the Company Secretary and the Chairman of the Board before their first Board meeting. New directors are also provided with an appointment letter setting out pertinent matters relating to their appointment as a director and receive among others, copies of the Company's Articles of Association, the Board work plan, the Board Charter and relevant Board Policies.

The Corporate Governance and Nominations Committee considers and recommends Board development programmes to ensure that the Board is kept up-skilled. During the year under review, members of the Board underwent a robust training on the enterprise risk management framework, Commercial, customer service and revenue Management Strategy, Airline operations, security, safety and quality (at Air France), Sustainability / ESG, and Cybersecurity Awareness. A more robust and structured training plan for the year 2025 will be done that will see directors get exposure in various training needs that will emanate for the Board evaluation exercise to be undertaken in the year under review.

Code of Business Conduct & Ethics

The Company is committed to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders. During the year under review, the Board through the Board Audit and Risk Committee reviewed progress being made in the roll out of the approved Integrity Code intended to guide directors and staff on matters relating to conduct and ethics. Management has already commenced robust trainings and awareness programmes aimed at entrenching ethical practices and conduct in line also with the Company's newly refreshed Vision, Mission and Values Statements. It is intended that the full implementation of these will guide the Board, Management, employees and stakeholders on acceptable behaviour in conducting business. All Board members and employees of the Company have committed to avoid activities and financial interests that could undermine their responsibilities to the airline. The Integrity Code has clear provisions on matters Conflict of Interest as well as prescriptions on conduct that extends to the Board over and above the Board Charter provisions. Directors are required to declare any conflict of interests upon appointment. Directors with actual or potential conflict of interest in relation to a matter before the Board are required to disclose such interest and to recuse themselves from the discussions relating to the matter in question. In this regard, declaration of conflict of interest is a standing agenda item during all Board and Committee meetings. In addition, Board members are required on an annual basis to make a declaration of any conflict of interest.

The Integrity Code has a strict insider trading policy to which the Directors and Senior Management must adhere. The Board is not aware of any insider dealings during the period under review. All related party transactions have been considered by the Audit and Risk Committee and have been disclosed in the Company's audited financial statements.

Further, in order to drive, create awareness and embed the culture of ethics and integrity within the Company, a standalone role of Ethics and Integrity Manager was established in 2023, who escalates reports to the Management Ethics and Integrity Committee as well as to the Audit & Risk Committee.

Board Evaluation

A Board Evaluation exercise is undertaken every year to test the evolution of maturity levels of the Board operations with the key target remaining to position it as an engaged board, which is basically a board modelled around a structure that partners with CEO by providing insight, advice, and support on key decisions affecting the organisation (recognition of its key responsibility for overseeing the CEO and company performance) by facilitating substantive discussions of key issues while actively respecting its defined role and boundaries.

The results of the evaluation exercise are under the focus of the Corporate Governance & Nominations Committee which tracks and reports to the main Board implementation and closure of all raised issues including training needs.

Governance Audit

The Board undertook a Governance Audit exercise of its operations in 2022 through Envision Strategy Solutions Limited consultants who gave the Company an unqualified opinion on the state of Corporate Governance practices being

undertaken at the Company as dictated by the Code and the Companies Act as well as other ancillary Regulations. During the year under review, the Board elected to focus on closure of the findings and observations for improvement highlighted in the last Governance Audit exercise. A fresh Governance Audit is planned in the year 2026. The Board remains committed in ensuring that all identified areas of improvement are tracked and implemented by the Company, through the Corporate Governance and Nominations Committee. The Company will undertake progressive internal legal and compliance reviews to assess the state of its compliance with the expansive regulatory environment.

Transparency and disclosure

The Company is committed to ensuring that shareholders and other stakeholders are provided with full, accurate and timely information about its performance. This is achieved by the distribution of the Company's Annual Report, the publication of half year and full year results in the press and on the Company's website. These are also released to the securities markets and capital markets authorities. There are also two investor briefings per annum for institutional investors.

Periodically there are press releases announcing other major company developments, which could be considered as being price sensitive information. In this regard, the Company also complies with the continuing listing obligations of the Capital Markets Authorities and Securities Exchanges applicable in Kenya, Uganda and Tanzania. The Annual Report is published each year on the Company's website together with the notice of the Annual General Meeting.

There is regular communication with the staff as guided by the Human Resource Policies. In addition, the Board holds frequent engagements with key stakeholders through the meetings with key shareholders, media releases when necessary, investor briefing sessions as well as at the Annual General Meeting.

External consultants

When required, the Board seeks external advice or assistance on issues over which there is concern, if it is considered necessary.

Attendance at Board meetings

Board members commit to regularly attend and to be effectively participating in Board meetings through robust debate. This is made possible by early planning. Board attendance for the period under review (period ending 31 December 2025) is as set out below, indicating that regular attendance at meetings is the norm.

Mr. Michael Joseph	-	3/11*
Mr. Allan Kilavuka	-	10/11**
Mr. Philip Wambugu	-	11/11
Mr. John Wilson	-	6/11***
C.S. National Treasury (Mr. Raphael Otieno)	-	8/11
P.S. State Dept. for Aviation and Aerospace Development (Ms. Mbaika & Mr. Mbuvi)	-	11/11
Mr. Christopher Buckley	-	11/11
Mr. Festus Kingori	-	11/11

* *Retired at the June 2025 AGM*

** *Exited in December 2025*

*** *Resigned in October 2025*

Relationship between the Board and Management

There is a clear separation of roles between the Board and Management, and this separation has been clearly stipulated in the Board Charter. The role of the Chairman of the Board is separate from that of the Group Managing Director and Chief Executive Officer, and in line with good governance practice, the Board has delegated authority for the conduct of day-to-day business to the Group Managing Director and Chief Executive Officer. This delegation has been clearly defined in the Board Charter. The Board nonetheless remains accountable for the overall management and long-term success of the Company.

Committees of the Board

The Board has four standing committees namely:

- Audit and Risk Committee.
- Corporate Governance and Nominations Committee.
- Strategy and Business Development Committee.
- Human Resources Committee

The Committees meet regularly under formal Terms of Reference (TORs) set and approved by the Board. The Committees' meet before scheduled Board meetings and prepare and present their reports to the Board. The composition of the Committees is determined by the Board following recommendations from the Corporate Governance and Nominations Committee. The members of the Audit and Risk Committee are elected by the Shareholders at the Annual General Meeting. The reports of each of the Board Committees are contained in this report.

Internal controls

The Board, through the Audit and Risk Committee, ensures that the Company has defined procedures for internal controls to ensure the integrity of the assets of the Company and the reporting of complete and accurate financial information. These cover systems for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the Company remains structured to ensure appropriate segregation of duties.

In reviewing the effectiveness of the systems of internal control, the Board considers the result of the work carried out by the Combined Assurance teams which include Risk & Internal Controls, Ethics & Integrity and Internal Audit. A comprehensive management accounting system is in place providing financial and operational performance measurement indicators. Weekly meetings are held by the Executive Management to monitor performance and to agree on measures for improvement.

Internal controls (continued)

Management is constantly updating and activating any changes in legislation or regulations pertinent to the Company and liaises with the Kenya Civil Aviation Authority on such changes. They participate in workshops and lobby either individually or as an industry through the Air Operators Association and other bodies for changes which are considered prudent or likely to affect the Company.

Risk Management Governance

The Board, through the Audit and Risk Committee, is responsible for ensuring that both strategic and operational risks are identified, tracked and managed in accordance with the processes set out in the Enterprise Risk Management Framework.

In 2025, the Board continued with the process of implementing Enterprise Risk Management by adopting IATA's Integrated Risk Management (IRM) methodology and the ARMS methodology for its Risk Management framework. All staff in their day-to-day operations are the first line of defence against any risks. The Ethics & Integrity and the Risks & Controls Functions act as the second line of defence with Internal audit being the third line of defence.

The Risk and Internal Controls function assists management to independently review and coordinate all enterprise-wide risk and internal controls issues with the aim of improving the business environment from a risk and internal controls perspective as well as progressively embedding a robust opportunity and risk management culture within the Company.

Internal audit

The Internal Audit function reports to the Board through the Audit and Risk Committee. Internal Audit is independent of Management and is not involved from an operational perspective in the activities it reviews. Internal Audit provides assurance that the design and operation of the Company's risk management and internal control system is effective. A risk-based audit approach is used to ensure that the annual audit Work Plan targets the higher risk activities in each business unit or function. All audits are conducted in a manner that conforms to international auditing standards.

External auditor relationship

The Audit and Risk Committee oversees the appointment and relationship with the external auditor including the requirement to ensure the independence of the external auditor. The Audit and Risk Committee meets with the external auditor, sometimes in the absence of management.

Strategic planning process

The Board has adopted both a long-term and short-term strategic planning process. Management is guided in the planning process by the Strategy and Business Development Committee, which proposes to the Board the adoption of both the long-term and short-term plans. In addition, the Board approves the annual business plan supported by an approved budget. The plans take into account identified risks and opportunities. The Strategy and Business Development Committee is responsible for monitoring the implementation of approved plans and strategic initiatives.

Compliance with laws and regulations and standards

The airline industry is highly regulated, and the accountable manager is charged with the responsibility of ensuring compliance with applicable laws, regulations, standards and protocols. The Board seeks to ensure compliance with applicable laws and regulations and receives regular reports on legal matters. The Board is not aware of any material departures from required compliance.

Directors' emoluments and loans

The Board has put in place a Board Remuneration Policy and the emoluments paid to each Director including benefits enjoyed for services rendered during the financial year 2025 are disclosed in the notes to the financial statements, and more particularly set out in the Directors' Remuneration Report contained in this Annual Report. The Shareholders approved the Board Remuneration at the Annual General Meeting held on 13th June 2025.

Directors' interests

At no time during the year was there any arrangement to which the Company was a party, whereby Directors acquired benefits by means of transactions in the Company's shares outside applicable law.

Directors' interests in the shares of the Company as at 31 December 2025 was as follows:

Name of Director	Number of Shares
• N/A	Nil

Company Secretary

The Company Secretary is Habil A. Waswani, who is a practising member of the Institute for Certified Secretaries of Kenya (ICSK) and in good standing.

Information Technology (IT)

The Board has embraced a Digital Transformation Programme aimed at bringing excellence in technology to Kenya Airways by leveraging the power of modern digital & innovative solutions to drive new business paradigms, delight our customers, enable operational excellence and drive value for our people, our business partners and our shareholders. There is a renewed focus on cybersecurity to establish resilience. There is also a focus on improved integration to deliver flexibility and performance.

Management has implemented a Technology Governance Steering Committee that *inter alia* reviews the technology requirements of the business and further prioritises on IT solutions required to be deployed in this regard.

Procurement

The objective of the Company's procurement policy is to deliver the best possible value for money and spend optimization for the Company's procurement requirements through the use of professional procurement practices aligned with the Company's corporate objectives.

The procurement policy is set out to provide uniformity, inclusivity, fairness, professionalism, honesty and transparency in the management of procurement activities within the context of Corporate Policies, with the key aim of obtaining value for money. The Policy aims to optimize supply chain efficiency, effectiveness and enhanced supplier relationships by designing supply frameworks, rationalizing the supplier base, and developing long term strategic partnerships with competent, like-minded suppliers. Integrity remains the gate to conducting business with Kenya Airways.

Stakeholder Management

The reputation of the Company is a key focus for the Board. The Communications & Public Affairs Department plays a key role in how the public (shareholders, customers, suppliers, investors and the general public), as well as staff, perceive the Company. The Department manages the Company's reputation and ensures that the demands of the ever-changing business and regulatory environments are taken into consideration in decision-making. The Board is responsible for guiding the strategic direction for communication strategies across the Company and the department is responsible for implementing these.

An engagement strategy targeting key stakeholders including media and internal staff to improve the public's appreciation and to increase confidence in the Company has been developed. Underpinning this strategy is the building of internal capacity for content development, development of new, and alignment of existing digital communication solutions and processes, enabling greater control of the Company's reputation.

REPORTS OF THE COMMITTEES OF THE BOARD

(a) Report of the Audit and Risk Committee

Current Membership

Mr. Raphael Otieno	-	Member
Ms. Teresia Mbaika/ Mr. Alex Mbuvi (P.S. Aviation & Aerospace Development)	-	Member
Mr. Festus King'ori	-	Member
Ms. Esther Koimett	-	Member*
Ms. Mary Ngige	-	(Ex-officio)

During the year under review, the Committee held four (4) meetings and the attendance by the members was as follows:

Mr. John Wilson	3/4**
Mr. Festus King'ori	4/4
Mr. Raphael Otieno	4/4
Ms. Teresia Mbaika/ Mr. Alex Mbuvi (P.S. Aviation & Aerospace Development)	4/4***
Ms. Mary Ngige (Ex-officio)	2/4

*Appointed in January 2026

**Resigned in October 2025

***Incorporates meetings attended by Mr. Alex Mbuvi the alternate to the P.S. Aviation & Aerospace Development.

Mandate and role of the Audit and Risk Committee

The mandate of the Audit and Risk Committee of the Board is set out in the Board Charter. The Committee has a Charter that specifies the responsibilities and procedures of the Committee.

The Committee is established to assist the Board in the effective discharge of its oversight responsibilities over:

- Financial reporting

The Committee is responsible for ensuring that adequate systems and processes of accountability are in place; including the necessary internal control systems required to provide assurance over the integrity and timeliness of financial reporting. It reviews the published financial results; the Annual Report and other published information for statutory and regulatory compliance and report our views to the board to assist in its approval of the results announcements and the Annual Report. The Committee also reviews management accounts of the Group on a quarterly basis, financial statements at least twice during the year and the annual budget formulation process. The Committee reviews the management letter from the independent auditor and monitors the implementation of the recommendations made. The Committee also oversees the consistent application of accounting policies and ensures alignment of these to the IFRS Accounting Standards.

- Risk management and internal controls

The Committee is responsible for ensuring that the Company has an effective risk management framework of identifying, assessing, and evaluating, managing, monitoring and reporting significant risks. The Committee exercises oversight on behalf of the Board of the key risks of the Group, a regular review of the effectiveness of its risk management framework and internal control systems.

- Internal audit

The Committee is responsible for monitoring and reviewing the performance and effectiveness of the Group's internal audit function, ensuring that the function is adequately resourced and equipped with the necessary tools. The Committee reviews and approves the internal audit plan annually and reviews all significant findings from audit reviews.

(a) Report of the Audit and Risk Committee (continued)

- Independent auditor

The Committee is responsible for monitoring and reviewing the performance of the independent auditor, evaluating their independence and objectivity. The Committee recommends their appointment, re-appointment, consider their resignation or dismissal, recommending to the board appropriate action to appoint new auditors. It also discusses with the auditors the scope of their audits before they commence, review the results, consider the formal reports of the auditors and report the results of those reviews to the board. The Committee approves the level of audit fees payable to them. Being the point of liaison between the independent auditor and the Board, the Committee is also responsible for managing relationships.

- Ethics and Compliance

The Committee is responsible for monitoring compliance with the Group's Integrity Code. This also entails ensuring that an effective whistle blowing mechanism aimed at encouraging stakeholders to report matters that would be helpful in enforcing good governance practices within the Company. The Committee receives a regular update on the whistleblowing programme. This includes the confidential, anonymous submission by employees of concerns regarding any questionable conduct, practices, accounting or auditing matters, ensuring arrangements are in place for the proportionate, independent investigation and appropriate follow up of such matters.

Key activities in FY 2025

During the year, the Audit & Risk Committee substantively discussed the following matters:

a) In respect of the financial statements

The Committee examined and reviewed the half-year and annual financial statements prior to approval by the Board to ensure that the annual financial statements conform with International Financial Reporting Standards (IFRS) and in the manner required by the Kenyan Companies Act, 2015. It considered the integrity of annual financial statements reviewing the adequacy and effectiveness of the accounting policies adopted by the Company.

b) In respect of the Independent Auditor and external audit

The Committee approved the Independent Auditor's terms of engagement, the annual audit scope, work plan and audit fees. The Committee reviewed, discussed the Independent Auditor's report and recommendations made in their management letter and the adequacy of management's response.

c) In respect of internal audit

The Committee reviewed and approved the Internal Audit Plan for the year ending 31 December 2025. It evaluated the role, independence and effectiveness of the Internal Audit department; reviewed the Internal Audit reports in every quarter on the systems of internal controls and risk management including summary highlights of significant matters. The Committee Chair held private sessions with the Head of Internal Audit without Management being present.

d) In respect of Enterprise Risk Management (ERM) and internal controls

The Committee reviewed and proposed changes to the ERM arising from the annual review and recommended these changes to the Board for approval. The Committee reviewed plans that management was implementing to mitigate against the significant risks, including the financial sustainability of the Group.

e) In respect of Ethics and Compliance

The Committee reviewed reports on the arrangements established by Management for ensuring adherence to internal compliance policies and procedures and compliance with specific laws and regulations and was satisfied that the compliance framework and controls continue to operate effectively.

The Committee considered the quarterly reports from the Ethics and Integrity Manager under the whistleblower programme under the Company's Integrity Code, relating to confidential complaints and other escalations on matters on breach of values, ethics, accounting, risk issues, internal controls, and other related matters, designated to be reported to the Committee as appropriate.

(a) Report of the Audit and Risk Committee (continued)

f) In respect of the Budget

The Committee reviewed the annual budget formulation process and recommended it for approval by the Board of Directors.

g) Membership and mandate

In the year under review, Major Gen (Rtd.) Michael Gichangi retired from the Board (and the Committee) in June 2024, whereas FCPA David Kabeberi resigned as a director in October 2024, following which Mr. John Wilson was appointed as interim Chair of the Committee. The membership has the broad commercial knowledge and extensive business leadership experience, having held between them various roles in major business, government, financial management, treasury and financial function supervision and that this constitutes a broad and suitable mix of business and financial experience necessary to fulfil effectively the committee's responsibilities. The Committee also reviewed its Terms of Reference and Committee's Work Plan for implementation.

How we keep up to date

The Committee receives regular technical updates from management, the auditors, experts and as well as from specific trainings as required. The Committee's effectiveness is reviewed as part of the board's performance evaluation process. The objective is to confirm that the Audit Committee has a good balance of skills, is working well and is continuously refreshed.

The Committee feels well informed and key issues are well managed, with sufficient opportunity for challenge and debate. However, recognising that there is always room for improvement, the Committee has identified key areas for focus and possible improvement in the coming year.

Looking forward

The Audit and Risk Committee will continue to oversee the implementation of the strategic initiatives geared towards recovery and sustainability of the Group. In addition, the Committee will focus on ensuring that an effective risk management process and a robust internal control system are maintained.

Mr. Alex Mbuvi (Alternate to P.S. Aviation & Aerospace Development)

Member-Board Audit and Risk Committee

(b) Report of the Corporate Governance and Nominations Committee

Current Membership

Mr. Festus Kingori	-	Ag. Chair
Capt. George Kamal	-	Ag. Group Managing Director/CEO
Mr. Philip Wambugu	-	Member
Mr. Raphael Otieno	-	Member

The Chair of the Committee is a non-executive board member. One member of the Committee is an independent non-executive director, while the rest of the members other than the Group Managing Director / Chief Executive Officer are non-executive board members.

Mandate

The Committee has the mandate to oversee and monitor the Company's Corporate Governance policies, practices and guidelines and to establish transparent policies and processes for the identification of suitable candidates for nomination and election or re-election as Directors of the Company.

Corporate Governance and Nominations Committee Meetings in FY 2025

During the year under review, the Committee held three (3) meetings with attendance thereof as shown below:

Mr. Michael Joseph	-	3/7*
Mr. Allan Kilavuka	-	6/7**
Mr. Philip Wambugu	-	7/7
Mr. Raphael Otieno	-	6/7
Mr. Festus Kingori	-	7/7

* Retired in June 2025 (AGM)

** Retired in December 2025

The following achievements were realised, among others:

- Facilitated completion of a comprehensive Board Evaluation exercise for the Company and Group and implementation of the training calendar for the year 2025 and continued to track closure of matters arising from the previous exercise periodically.
- Revised and refreshed the composition of Board Committees adding the based on available director's skills and competencies to secure continuity and efficacy of their output as per their respective ToRs. In this regard, the Committee facilitated the approval of appointment of Ms. Mary Ngige as an ex-officio member of the Audit and Risk Committee to address the gap regarding need for a member with requisite finance and accounting qualifications as guided by the Code of Corporate Governance, Capital Markets Act and Regulations.
- Tracked the implementation of the observations from the 2022 Governance Audit of the Company's operations and assessed the Company's corporate governance practices against the Capital Markets Authority's Code of Corporate Governance Practices for Issuers of Securities, ensuring 90% closure.
- Undertook the assessment of independence for the Independent Non-Executive Board members, as well as the import of the new Corporate Governance Regulations issued by the CMA, and brought to the attention of the Board the need to have casual vacancies filled with the requisite competencies and skills.
- Extensively engaged and collaborated with all shareholders as well as GoK towards filling of vacancies on the Board completed in the year 2026, taking into account the requisite skills and competence gaps.
- Ensured the annual declaration of conflict of interest for Board members.
- Developed and facilitated approval of the annual Board meetings calendar and Work Plan for the year 2026.
- Oversaw the successful transition in the executive leadership of the Company as well as filling of vacancies within the Board that was completed in the present year (2026).

(b) Report of the Corporate Governance and Nominations Committee (continued)

Looking forward

The Committee is committed to continue driving the Corporate Governance agenda of the Company, and in this regard, it shall continue to evaluate and benchmark the Company's operations against best practice with a view to adopting best standards that will further the business objectives of the Company and ensure stakeholder value is delivered.

The priority for it in 2026 will mainly be ensuring the newly constituted board is well resourced, and efficiently performs its fiduciary duties with requisite efficacy to enable the Company deliver on its objectives as a national carrier in the delivery of its turnaround strategy.

Mr. Festus Kingori
Ag. Chair – Corporate Governance and Nominations Committee

(c) Report of the Strategy and Business Development Committee

Current Membership:

1. Mr. Philip Wambugu	-	Chairman
2. Capt. George Kamal	-	Member*
3. Ms. Teresia Mbaika /Mr. Alex Mbuvi (PS, State Department for Aviation & Aerospace Development)	-	Member
4. Mr. Christopher Buckley	-	Member
5. Mr. Festus King'ori	-	Member
6. Mr. Raphael Otieno	-	Member

The Chief Strategy & Innovation Officer, the Chief Finance Officer, and the Chief Commercial and Customer Officer are permanent invitees to the Strategy and Business Development Committee.

All the Committee members are Non-Executive Directors, with two of them being Independent Non-Executive Directors. There is extensive professional knowledge and experience in strategy and business development amongst the members of the committee.

During the year under review, the Committee held eight (8) meetings with attendance by the members thereof as shown below:

Attendance of meetings for FY 2025

Mr. Philip Wambugu	8/8
Mr. Allan Kilavuka	8/8
Mr. Christopher Buckley	8/8
Mr. Festus King'ori	8/8
Mr. Raphael Otieno (<i>Alternate to the CS, National Treasury</i>)	5/8
Ms. Teresia Mbaika/Mr. Alex Mbuvi (PS, State Department for Aviation and Aerospace Development)	7/8**

**Appointed in December 2025*

***Incorporates meetings attended by Mr. Alex Mbuvi the alternate to the P.S. Aviation & Aerospace Development.*

(c) Report of the Strategy and Business Development Committee (continued)

Mandate

The mandate of the Strategy and Business Development Committee is to:

- i) Oversee the Company's strategic planning process and its implementation.
- ii) Review and approve the Company's long, medium and short terms strategic plan and deliverables therein and its funding and recommendation of the same for approval by the Board.
- iii) Review and give recommendation on any major investment, divestments, external growth, acquisition and disposal of assets.
- iv) Review and give guidance on strategic partnerships entered by the Company for alignment with prevailing strategic focus.
- v) Advise the Board on the Company's as well as subsidiary's commercial and operational plans. This includes the execution of the commercial and operational strategy and tracking overall Company performance.
- vi) Carry out any other business directed by the Board and relevant to the mandate of the Committee.

Achievements during the Year under Review:

- i) Successful launch of the Nairobi-London Gatwick route and flights increasing our UK service offering setting the stage for Europe growth and expansion in the near future.
- ii) A mini-hub re-design improving the bank structure resulting in a more productive deployment of aircraft and related assets. KQ's B787, B737 and E190 utilisations remain among the highest in the world with no compromise on safety.
- iii) Streamlined the Corporate documentation with reference to the Bilateral Air Service Agreements (BASA) and this has been adopted as the Government of Kenya, Ministry of Foreign and Diaspora Affairs (MoFA) as a back-up option. Additionally kickstarted a comprehensive BASA review by MOFA to ensure reciprocity and alignment with current operating realities.
- iv) Facilitated successful intervention that has seen a KQ granted favourable concession for instance tax exemption statuses in Zimbabwe and the clearance of historic tax related obligations.
- v) Guided multi-sectoral intervention that has seen the drastic reduction of blocked funds in various operating jurisdiction key amongst them Nigeria and Ethiopia.
- vi) Cooperated in the development of the market access framework which for the first time in Kenya provided structured and transparent guidance in the issuance of traffic rights and related aspects. This has since been adopted by the State Department for Aviation and Aerospace Development, under the Ministry of Roads and Transport.
- vii) Facilitated presentation and approval of the KQ Cargo strategy that saw significant performance gains in capacity, load factor and cargo freighter utilization.

Looking Forward

The Committee remains dedicated to ensuring the airline's unwavering commitment to delivering its 2026 strategy and operational plans. This will be guided by the strategic pillars of Stabilize, Excel and Grow.

In the upcoming fiscal year, our primary role will be securing strategic investment in the Airline to realise a recapitalisation of the business to stabilise the Airline and fund its growth. The Committee will also focus on sustaining a culture of accountability while tracking the stakeholder management initiative.

Mr. Philip Wambugu
Chair – Strategy and Business Development Committee

(d) Report of the Human Resources Committee

Current Membership

Ms. Teresia Mbaika / Alex Mbuvi (P.S. Aviation & Aerospace Development)	-	Member
Capt. George Kamal	-	Member*
Mr. Christopher Buckley	-	Member
Ms. Esther Koimett	-	Member**

Attendance of meetings for FY 2025

During the year under review, the Committee held four (4) meetings with attendance as shown below

Mr. John Wilson	3/4***
Mr. Allan Kilavuka	4/4****
Mr. Christopher Buckley	4/4
Ms. Teresia Mbaika / Alex Mbuvi (P.S. Aviation & Aerospace Development)	4/4*****

**Appointed in December 2025*

***Appointed in January 2026*

****Resigned in October 2025*

*****Exited in December 2025*

******Incorporates meetings attended by Mr. Alex Mbuvi the alternate to the P.S. Aviation & Aerospace Development.*

Overview

The Human Resources Committee (“the Committee”) is mandated by the Board to oversee the Company’s human capital strategy and ensure alignment between people, performance, and the long-term sustainability of Kenya Airways. The Committee provides oversight on executive recruitment, succession planning, organizational design, performance management, reward governance, and the implementation of the Company’s HR policy framework.

In FY2025, the Committee continued to position human capital as a strategic enabler of financial recovery, operational resilience, and competitive advantage within the dynamic global aviation environment.

Strategic Human Capital Performance – FY2025

1. Aviation-Aligned People Strategy

In a sector characterized by skills shortages, regulatory complexity, and operational volatility, the Committee ensured that the HR agenda remained closely aligned to aviation industry trends—specifically workforce resilience, safety culture, technical capability depth, and leadership continuity.

Key outcomes included:

- The 2025 Employee Engagement Index of 83%, reflecting a strong, values-driven and performance-oriented culture.
- Maintenance of a stable and positive industrial relations environment, with constructive union engagement and structured dialogue across jurisdictions.
- Strengthened executive and critical-role succession pipelines to safeguard operational continuity.

This alignment reinforces the airline’s operational reliability and customer service performance, both critical drivers of financial stability.

(d) Report of the Human Resources Committee (Continued)

2. Employer Brand & Employee Value Proposition

The Committee oversaw the institutionalization of a refreshed Employee Value Proposition (EVP), reinforcing Kenya Airways' positioning as an employer of choice within the African aviation market.

In 2025, the Company was recognized as a Top Employer Kenya 2025 by the Top Employers Institute, validating the maturity of its people practices, governance standards, and employee experience framework.

This external recognition enhances talent attraction capability, strengthens brand equity, and supports long-term workforce sustainability.

3. Workforce Capability, Skills Matrix & Learning Entrenchment

In response to evolving aviation technology, safety requirements, and digital transformation imperatives, the Committee oversaw:

- Development and deployment of a corporate-wide skills matrix, enabling visibility of critical capabilities, risk areas, and succession depth.
- Entrenchment of structured Learning & Development (L&D) frameworks to institutionalize continuous capability building.
- Strengthened leadership development pathways to enhance bench strength across operational and commercial functions.

This structured capability mapping enhances workforce planning precision and mitigates operational risk.

4. Workforce Planning & Organizational Sustainability

During the year, the Committee supervised a comprehensive Workforce Planning Exercise, aligning headcount, skills mix, and cost structures to the Company's recovery and growth strategy.

The exercise ensures:

- Optimal staffing levels relative to route expansion and fleet strategy.
- Improved productivity metrics.
- Enhanced cost discipline aligned to financial sustainability targets.

This forward-looking workforce architecture positions the Company for disciplined growth into 2026 and beyond.

5. Policy Governance & HR Framework Modernization

The Committee oversaw the implementation of a new HR Policy Framework, strengthening governance, clarity, and consistency across reward, performance, talent management, and employee relations practices.

This policy modernization enhances transparency, compliance, and accountability—key foundations for sustainable organizational performance and stakeholder confidence.

Looking forward

Looking forward to 2026, the Committee will prioritize:

- Deepening aviation-critical capability pipelines (technical, engineering, flight operations, and digital).
- Strengthening leadership continuity and executive succession readiness.
- Leveraging HR analytics to link people metrics directly to financial and operational outcomes.
- Sustaining high engagement levels above 80% while maintaining a stable industrial relations climate.
- Embedding productivity-driven performance management aligned to margin recovery.

(d) Report of the Human Resources Committee (Continued)

Conclusion

In FY2025, the Human Resources Committee ensured that Kenya Airways' people strategy remained firmly integrated with its financial recovery trajectory and long-term aviation competitiveness.

Through strong engagement (83%), stable industrial relations, recognized employer excellence, structured workforce planning, and policy governance enhancements, the Company has strengthened its human capital foundation as a strategic asset.

The Board remains confident that this disciplined and forward-focused people agenda will continue to support operational resilience, financial sustainability, and growth in 2026 and beyond.

Mr. Alex Mbuvi (*Alternate to the P.S. Aviation & Aerospace Development*)
Member-Human Resources Committee

PRINCIPAL ACTIVITIES

The principal activities of the Group are international, regional and domestic carriage of passengers and cargo by air, the provision of ground handling services to other airlines and the handling of import and export cargo. The Group operates domestic and international flights and flies to 47 destinations in Africa, Middle East, Asia, Europe and North America.

As at 31 December 2025, the Group operated 37 owned or leased aircrafts. These comprised seven Boeing 787 wide body jets, nine Boeing 737 narrow body jets, seven Embraer regional jets, four Boeing 737 freighters and ten Bombardier Dash 8-400.

RESULTS

The Group's loss for the year ended 31 December 2025 is KShs 17,163 million (2024: profit of KShs 5,432) and Kshs 19,359 million for the Company (2024: profit of KShs 2,091 million). The Group's and Company's results for the year ended 31 December 2025 are set out in the respective statements of profit or loss and other comprehensive income on pages 43-44 and 45 respectively.

DIVIDENDS

The directors do not recommend payment of dividends in respect of the current financial year (2024: Nil).

DIRECTORS

The directors who held office during the year and to the date of this report are as shown on page 2.

BUSINESS OVERVIEW

Our Values

- Safety - Safety is the foundation of everything we do.
- Customer obsession - We commit to creating positive memorable experiences for our customers.
- Integrity - We shall be ethical and trustworthy in all our engagements, and we shall treat each person with respect.
- Accountability - We take initiative and responsibility for our actions, decisions, and results.

Vision

To be Africa's preferred and sustainable aviation group.

Mission

To propel Africa's prosperity by connecting its people, cultures and markets.

Strategic Objective

Contributing to the sustainable development of Africa.

BUSINESS OVERVIEW (Continued)

Summary

With a solid foundation from its recovery strategy, Kenya Airways is poised for growth, leveraging operational resilience and customer-centric solutions to drive sustained success.

The Board of Kenya Airways PLC is announcing the 2025 financial results which show the following:

- An operating loss margin of 3.5% for the financial year ended 2025 compared to an operating profit of 9.0% in the previous year ended 2024.
- A loss before tax margin of 11.10 % from a profit margin of 2.9% in prior year.

Capacity and traffic

The year saw an increase in capacity deployed in the market. The Group's capacity measured in Available Seat Kilometres (ASKs) decreased by 17.7% closing at 13,349 million compared to 16,227 million reported in the previous year.

The uptake of this capacity measured in Revenue Passenger Kilometres (RPKs) closed at 9,982 million compared to 12,204 million representing a decrease of 18.2%.

Turnover

The Group's and Company's turnover closed at KShs 161,473 million and KShs 145,765 million respectively for the year ended 31 December 2025 against KShs 188,495 million for the Group and KShs 173,148 million for the Company for the year ended 31 December 2024. The revenue decrease was driven mainly by decline in capacity as well as decrease in passenger numbers.

Cargo Operations

Combined cargo tonnage (both passenger belly and freighter aircraft) decreased by 8.5 % from 70,776 tonnes reported in 2024 to 64,780 tonnes uplifted in 2025. This decline was driven by the reduced capacity in passenger fleet due to grounded aircraft.

Operating Costs

The total direct operating costs amounted to KShs 102,023 million for year ended 31 December 2025 at Group level and KShs 95,968 million at Company level as compared to KShs 127,567 million at Group level and KShs 120,442 million at Company level for the year ended 31 December 2024. The decrease in direct operating costs was driven by the decrease in operations, as demonstrated by a 13.7% decrease in block hours (143,548 block hours in 2025 vs 166,374 block hours in 2024).

Fuel costs at Group level amounted to KShs 45,493 million for the year ended 31 December 2025 compared to KShs 60,483 million at Group level for the year ended 31 December 2024. The decrease in fuel costs was driven by the decrease in operations.

Fleet ownership costs at Group level amounted to KShs 27,143 million and KShs 24,316 million for the Company for the year ended 31 December 2025 compared to KShs 20,426 million at Group level and KShs. 18,248 million at Company level for the year ended 31 December 2024. The increase is attributed to acquisition of one B738, two Bombardier Dash 8 passenger aircraft, and capitalization of overhauled engines.

Overheads

The Group's and Company's overheads amounted to KShs 37,914 million and KShs 33,407 million respectively for the year ended 31 December 2025 as compared to KShs 23,881 million at Group level and KShs 20,575 million at Company level for the year ended 31 December 2024. The Group and Company reported forex gains in the year ended 31 December 2024 due to appreciation of KES against USD & other global currencies being the contributor to lower costs in 2024.

Kenya Airways Plc
Directors' report
For the year ended 31 December 2025

Employee statistics

The table below summarise the number and composition of company employees in terms of employment contracts, gender and department:

i) Categorisation by employment contract

	2025	2024
Permanent	4,506	4,439
Contracted	1,166	803
Total	5,672	5,242

ii) Categorisation by gender

	2025		2024	
	Male	Female	Male	Female
Senior leadership	81%	19%	83%	17%
Head of Departments	68%	32%	73%	27%
Senior managers	74%	26%	73%	27%
Others	55%	45%	49%	51%
Overall	69%	31%	56%	44%

iii) Categorisation by department

	Group		Company	
	2025	2024	2025	2024
Flight operations	1,637	1,608	1,456	1,459
Gound services	1,324	1,345	1,180	878
Management and administration	1,860	1,575	1,097	1,317
Technical	851	714	716	610
Total	5,672	5,242	4,449	4,264

Opportunity and Risk Management

2025, the Group operated under financial pressure arising from constrained fleet availability, legacy obligations, and industry-wide cost challenges. Aircraft on Ground (AOG) occurrences, primarily due to engine shop visit requirements, affected operational performance. These challenges, though significant, also provided an opportunity to further strengthen operational discipline. Through timely intervention and effective stakeholder engagement, the Group secured financing that enabled the gradual recovery of part of the affected fleet, helping to stabilize operations and preserve revenue momentum.

The Board continues to view the capital raise initiative as the most strategic avenue for addressing the Group's structural liquidity needs and positioning the business for long-term sustainability. The Government of Kenya's public commitment to support this process has been instrumental, and by year-end, tangible progress had been achieved. Successful completion of the capital will enhance balance sheet resilience and position the Airline for sustainable recovery and future growth.

During the year, the Group strengthened its Enterprise Risk Management (ERM) framework through a comprehensive bottom up risk mapping exercise complementing the principal risk identification process. This work has further embedded risk awareness, strengthened internal controls across functions, and supported more informed, risk based decision-making. These enhancements ensure the business is better prepared to scale responsibly once recapitalized.

Opportunity and Risk Management (continued)

Principal Risks

Risk	Description	Change vs 2024	Explanation of the change	Mitigating Actions
1	Financial & Liquidity	▲ Increased	- Liquidity constraints triggered Aircraft on Ground (AOG) creating a negative self-reinforcing cycle. - Short-term financing was secured to recover part of the fleet, but the airline continues to experience some AOG. - The Government of Kenya publicly committed to supporting a capital raise which is the primary resolution to the structural liquidity challenge.	- Continued engagement with Government of Kenya on stabilization and capital raise mandate. - Short-term financing secured. - Close collaboration with technical service providers to expedite shop visit turnaround. - Fleet AOG tracker and escalation protocol established at ExCo level. - Active creditor engagement.
2	Airline Safety	► Stable	- The possibility of an accident/incident resulting in injury or property damage remains inherent in aviation operations. - Increased operational pressure from reduced fleet availability may heighten fatigue and human factors risks if not proactively managed. - The Airline undertook IOSA and ISAGO Audits in 2025 which had improved safety scores compared to prior years	- Strict adherence to Standard Operating Procedures with consequence management for non-compliance. - Compliance monitoring framework aligned to ICAO and KCAA requirements. - Maintain Safety Management System training across all operational levels. - Fatigue risk monitoring protocols reinforced given higher crew utilization due to AOG constraints.
3	Cyber Security & IT	▲ Increased	- The aviation sector continues to witness a rise in cyberattack attempts, exacerbated by geopolitical tensions and AI-powered threat vectors. - The industry's dependency on IT systems heightens exposure.	- Continuous IT systems monitoring, threat surveillance & vulnerability assessments. - Tools, services and security rules updated to reflect the evolving IT landscape. - Access controls and data exchange controls maintained in line with best practice. - Regular user awareness training on phishing, social engineering, and cyber hygiene.
4	Security	► Stable	- Latent security risks persist across the Group's global network. - Regional instability in parts of East Africa and ongoing geopolitical conflicts maintain baseline threat levels.	- Mandatory ongoing security risk assessments with prompt remediation of gaps. - Strict adherence to security policies and procedures. - Close collaboration with relevant security agencies and government authorities. - Mandatory training and certification maintained for all relevant staff.
5	Operational - Volatility in fuel prices	▲ Increased	- Fuel prices were relatively stable in 2025 but tensions in the Middle East have escalated this risk. - AOG events reduced fuel spend in absolute terms but increased per-ASK fuel cost due to lower capacity.	- Competitive sourcing of fuel suppliers across the network. - Rule-based fuel hedging program maintained. - Fuel surcharge mechanisms applied where market conditions permit.
6	Competition	▲ Increased	- Reduced fleet capacity due to AOGs has weakened the Group's competitive positioning on key routes. - Selective application of open-skies agreements continues to constrain market access.	- Pursuit of strategic airline partnerships to maintain network coverage. - Focus on customer experience and loyalty retention. - Capital raise process, if successful, will provide capital for fleet & network restoration.

Kenya Airways Plc
Directors' report
For the year ended 31 December 2025

7	Fraud	Misappropriation or misuse of Group assets by third parties and/or staff.	► Stable	- Fraud management maturity assessments conducted across Company revealed specific organizational gaps and targeted remediation actions were initiated. - ERM embedding program has strengthened control environment in high-risk areas.	- Increased monitoring of controls in fraud-prone areas. - Continued rollout of 'Act Right. Speak Up' ethics campaign & updated Integrity Code. - Enhanced whistleblowing awareness for staff and third parties. - Fraud risk register integrated into the bottom-up ERM risk process.
8	Legal & Compliance	Exposure to legal penalties, financial forfeiture and material loss from failure to comply with statutory laws, regulations or internal policies.	► Stable	- Ongoing exposure to multi-jurisdictional disputes and regulatory investigations. - Increased compliance obligations from evolving data privacy regulations across African markets.	- Governance structure in place including Audit & Risk Committee oversight & Privacy Office. - Regular compliance training and audits. - Ongoing updates of internal processes and reference material for teams involved in compliance-sensitive functions.
9	People & Talent	Inability to retain critical talent and risk of labour disputes disrupting operations.	► Stable	Industry-wide demand for qualified aviation professionals remains elevated post-pandemic.	- Employee value proposition review focused on non-monetary retention levers given liquidity constraints. - Succession planning and talent pipeline development maintained.
10	Inadequate Global Fleet Supply	Constraints in supply of airframes and engines limiting growth plans and increasing fleet ownership costs.	▲ Increased	- As the industry recovers post COVID, engine shop visit backlogs have exacerbated AOGs. - OEM delivery delays continue across the industry, limiting new aircraft acquisitions.	- Close collaboration with aircraft and engine OEMs to expedite shop visits. - Flexibility in network scheduling to reduce flight disruptions.
11	Geopolitical	Negative impact on performance due to wars, political unrest, or natural disasters affecting routes, airspace, commodity prices and passenger demand.	► Stable	- Middle East conflicts and broader geopolitical realignments continue to affect global trade, commodity prices, and air travel demand. - Kenya's domestic political environment remained largely stable in the year	- Strategic engagements with Kenya Government to support engagements with other administrations. - Active monitoring and surveillance of global and regional socio-political developments. - Continuous identification of cost-saving initiatives to offset cost escalations caused by geopolitical events.

Key: ▲ Increasing risk

◄► no change in risk

▼ Decreasing risk

Opportunity and Risk Management (continued)

Principal Opportunities

Opportunity	Description	Status	Strategic Rationale & Value Potential	Actions / Enablers
Capital Raise	Capital raise through a structured process targeting USD 1.2–2.0 billion	► Active/In progress	- Government of Kenya publicly committed strong support for the process, a critical de-risking factor. - Successful conclusion will resolve structural liquidity challenge & drive growth.	- Structured capital raise roadmap in place with defined milestones. - Government of Kenya engagement signaling sovereign backing. - Financial advisors and legal counsel supporting transaction structuring.
ERM & Internal Controls Maturity	Deepening enterprise risk management to embed a positive risk management culture across all functions.	► Active/In progress	- A robust ERM drives better decisions, protects value, and builds resilience needed to pursue growth and navigate uncertainty. - Bottom-up risk mapping ensures company-wide risk are systematically managed. - Stronger internal controls reduce fraud leakage and compliance costs.	- Bottom-up risk mapping rolled out across the business - Deployment of Control Self-Assessments. - Ongoing ERM training & embedding program - Risk culture integrated into performance management frameworks.
Digital-Led Process Efficiency	Automating manual processes across operations to reduce processing errors and reduce fraud leakage.	► Active/In progress	Significant manual processing costs persist across core functions and automation will reduce costs error rates and fraud exposure.	Process automation roadmap developed, prioritizing highest-cost, highest-error manual workflows.
African Aviation Market Growth	Continued expansion of intra-African and long-haul routes leveraging Kenya's geographic hub advantage.	► Depends on fleet recovery	- IATA projects sustained African air travel growth above global average. - Nairobi's position as a continental hub provides structural competitive advantage.	- Network planning team enhanced monitoring of route opportunities. - Strategic partnerships with regional carriers.

The Group acknowledges the severity of the financial and operational challenges faced in 2025, primarily driven by fleet AOG events and sustained liquidity pressure. However, the structured capital raise process, underpinned by strong Government of Kenya commitment, represents a credible and material pathway to recapitalization.

The Board and Management are of the view that, with the capital raise process advancing and short-term financing measures in place, there are no individual risks or combination of risks which, in isolation, place the continued existence of the Group at an irreversible existential risk, provided the capital raise is concluded within the anticipated timeline.

Kenya Airways Plc
Directors' report
For the year ended 31 December 2025

STATEMENT AS TO DISCLOSURE TO THE GROUP'S AUDITOR

With respect to each Director at the time the report was approved;

- a). there is so far as the Director is aware, no relevant audit information which the Group's auditor is unaware; and
- b). the Director has taken all steps that the Director ought to have taken as a Director so as to be aware of any relevant audit information and to establish the Group's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

PricewaterhouseCoopers LLP continues in office in accordance with the provisions of section 719 (2) of the Companies Act, 2015. The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes approval of the audit engagement contract and the associated fees on behalf of the shareholders.

BY ORDER OF THE BOARD



Habil A. Waswani
Secretary

 29th March 2026

Kenya Airways Plc
Directors' Remuneration Report
For the year ended 31 December 2025

INFORMATION NOT SUBJECT TO AUDIT

The Directors remuneration policy sets out the guidelines that the Group have applied to remunerate its Executive and Non-Executive Directors. The Directors remuneration report has been prepared in accordance with the relevant provisions of the Capital Markets Authority (CMA) code of Corporate Governance and the requirements of the Companies Act, 2015.

The Group's Corporate Governance and Nominations committee ("the committee") of the Board is responsible for overseeing and monitoring the Group's corporate governance policies, practices and guidelines.

The Committee is mandated to review the remuneration of the Directors to ensure that the same is competitive and aligned with the business strategy and long-term objectives of the Group.

During the period under review, no Director had entitlement to share options arrangements or other long-term incentives.

The Directors' remuneration policy at a glance is set out below:

Executive Director

The Executive Director is remunerated in accordance with the staff remuneration policy. His remuneration package comprises a base salary, pension/gratuity and other benefits designed to recognise the skills and experience of an Executive Director.

Non-Executive Directors

In recognition of their contribution to the Company, Non-Executive Directors receive fees as well as sitting allowances for Board and Committee meetings. The fees are approved by Shareholders at Annual General Meetings and are payable monthly. The Non-Executive Directors are not covered by the Group's incentive programs and do not receive performance-based remuneration. No pension contributions are payable on their fees.

Travel and related expenses

The Group reimburses travel and accommodation expenses related to attendance of Board meetings for Non-Executive Board members who are not Kenyan residents. There is a travel policy for Non-Executive Directors.

Implementation report

During the year under review, there was no arrangement to which the Group was a party where Directors acquired benefits by means of transactions in the Group's shares outside the applicable law. The Group has a strict insider trading policy to which the Directors and senior management must adhere to. There were no Directors' loans at any time during the year.

Directors' Contract of Service

The tenures of the Directors in office at the end of the current financial period are tabulated below:

Director	Year of first Appointment	Last year of Re-election	Next year of Re-election / Retirement by Rotation
Mr. Michael Joseph	2016	2022	Retired in June 2025
Mr. Raphael Otieno (Representative of C.S. National Treasury)	2013	2025	2028
P.S. Aviation and Aerospace (Ms. Teresia Mbaika)	2020	2023	2026
Mr. Allan Kilavuka	2020	N/A	Exited in December 2025
Capt. George Kamal	2025	N/A	Appointed in December 2025
Mr. Philip Wambugu	2021	2024	2027
Mr. John Wilson	2021	2024	Resigned in October 2025
Mr. Christopher Buckley	2023	2023	2026

Kenya Airways Plc
Directors' Remuneration Report
For the year ended 31 December 2025

INFORMATION SUBJECT TO AUDIT

At the previous Annual General Meeting (AGM) shareholders voted for the adoption of the Directors remuneration through proposal and secondment on the floor of the AGM.

The results of the election were as follows:

Vote	Number of ballots	Total shares	Percentage of total votes cast
Against	31	265,301	0.005%
For	331	5,508,772,532	99.994%
Abstain	35	69,453	0.001%
	397	5,509,107,286	100.00%

The remuneration of all Directors is subject to regular review to ensure that levels of remuneration and compensation are appropriate.

The remuneration paid to Directors in the period under review and the prior year is summarised in the table below:

31 December 2025

	Basic salary KShs 000	Pensions and other benefits KShs 000	Fees KShs 000	Total KShs 000
Mr. Michael Joseph	-	-	8,272	8,272
Mr. Allan Kilavuka*	55,680	75,392	-	131,072
Principal Secretary-National Treasury	-	-	600	600
Principal Secretary-Transport	-	-	600	600
Ms. Teresia Mbaika	-	-	203	203
Mr. Christopher Buckley	-	-	1,756	1,756
Mr. John Wilson Hakan	-	-	1,421	1,421
Mr. Philip Wambugu	-	-	1,877	1,877
Mr. Alex Mbuvi	-	-	1,147	1,147
Mr Festus Kingori	-	-	2,639	2,639
Mr Raphael Otieno	-	-	1,116	1,116
Total	55,680	75,392	19,631	150,703

*Pensions and other benefits include terminal benefits amounting to Ksh 15 million and other contractual obligations KShs 48 million that arose in the year 2025.

Kenya Airways Plc
Directors' Remuneration Report
For the year ended 31 December 2025

INFORMATION SUBJECT TO AUDIT (Continued)

31 December 2024

	Basic salary KShs 000	Pensions and other benefits KShs 000	Fees KShs 000	Total KShs 000
Mr. Michael Joseph	-	-	18,225	18,225
Mr. Allan Kilavuka	58,400	15,675	-	74,075
Principal Secretary-National Treasury	-	-	650	650
Principal Secretary-Transport	-	-	600	600
Mr. Christopher Buckley	-	-	1,603	1,603
Mr. John Wilson Hakan	-	-	1,765	1,765
Mr. Philip Wambugu	-	-	1,603	1,603
Dr. Haron Sirima	-	-	545	545
Major Gen (Rtd) Michael Gichangi	-	-	1,374	1,374
Mr. Daghar Mohammed	-	-	51	51
Mr. Alex Mbuvi	-	-	1,117	1,117
Mr Festus Kingori	-	-	964	964
Mr. David Kabeberi	-	-	1,858	1,858
Mr Raphael Otieno	-	-	51	51
Total	58,400	15,675	30,406	104,481



Habil A. Waswani
Company Secretary

Nairobi

 March 2026

Kenya Airways Plc
Statement of Directors' Responsibilities
For the year ended 31 December 2025

The Companies Act 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company at the end of the financial year and its financial performance for the year then ended. They are responsible for ensuring that the group and company keeps proper accounting records that are sufficient to show and explain the transactions of the company; disclose with reasonable accuracy at any time the financial position of the group and company; and that enables them to prepare financial statements of the group and company that comply with prescribed financial reporting standards and the requirements of the Companies Act 2015. They are also responsible for safeguarding the assets of the group and company and for taking reasonable steps of the group and company that enables them to prepare financial statements of the group and company that can assist with the prevention and detection of fraud and other irregularities.

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

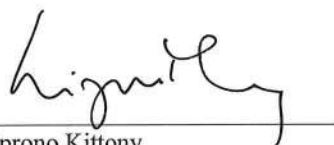
- (i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (ii) selecting suitable accounting policies and applying them consistently; and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

The directors have assessed the Group and Company's ability to continue as a going concern and disclosed in Note 2(e) of the financial statements matters relating to the use of going concern basis of preparation.

The Directors acknowledge that the continued operation of the Group and the Company as going concern depends on the measures that the Directors have put in place for the Group and Company profitability and the continued financial support from the Government of Kenya as disclosed in Note 2(e) of the financial statements. Because of the strategic plans set out in Note 2(e) of the financial statements and the letter of commitment for continued financial support from the Government of Kenya, the Directors believe that the Group and Company will remain a going concern for at least the next twelve months from the date of this report.

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

Approved by the Board of Directors on 24 March 2026 and signed on its behalf by:



Kiprono Kittony
Chairman



George Kamal
A.g Group Managing Director & CEO



Independent auditor's report to the Shareholders of Kenya Airways Plc

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Kenya Airways Plc (the Company) and its subsidiaries (together, the Group) set out on pages 43 to 138 which comprise the consolidated statement of financial position at 31 December 2025 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2025, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2025 and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

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

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities and the ethical requirements that are applicable to our audit of financial statements in Kenya. We have also fulfilled our ethical responsibilities in accordance with the IESBA Code.

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

Material uncertainty related to going concern

We draw your attention to Note 2(e) in the financial statements, which discloses the directors' assessment of the Group's and Company's ability to continue as a going concern and the matters relating to the going concern basis of preparation. As stated in Note 2(e), these events or conditions, along with other matters as set forth in the note indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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B Okundi K Saiti



Independent auditor's report to the Shareholders of Kenya Airways Plc (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of aircraft and right-of-use assets As required by IAS 36: <i>Impairment of assets</i>, the Group performs an annual impairment test to assess the recoverability of the carrying value of its aircraft and an impairment assessment of aircraft and related equipment and the right-of-use (ROU) assets relating to aircraft and related equipment. As disclosed in Note 4b(i) of the financial statements, the Group uses the higher of fair value less costs to sell and value-in-use calculations to determine the recoverable amount of the cash generating unit. The determination of the recoverable amount requires management judgement in both identifying and then valuing the relevant cash generating units (CGUs) as disclosed in Note 16. Recoverable amounts are based on management's estimate of variables and market conditions such as future ticket prices, exchange rates, growth rates, the timing of future operating expenditure, and the most appropriate discount rate. This is an area of focus because changes in management estimates and judgements could result in material variations in the outcomes of the assessment.	We evaluated and challenged the composition of management cash flow forecasts, and the underlying assumptions based on the historical performance of the CGUs, industry-specific reports and the macro-economic outlook for the aviation sector. We tested the appropriateness of the impairment models and the reasonableness of the assumptions by benchmarking the key market-related assumptions in the models, such as discount rates, long term growth rates and foreign exchange rates, against external data. We tested mathematical accuracy and performed sensitivity analyses of the models. Where an independent valuer was used, we reviewed the valuation reports and assessed the reasonableness and consistent application of assumptions in determining fair values. We also assessed the competence, capabilities and objectivity of the independent valuers. We assessed the adequacy and appropriateness of the related disclosures in Notes 14 and 16 of the financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of prepaid maintenance asset and adequacy of return condition provisions. Under the terms of the lease agreements, the Group is contractually required to either return the aircraft and engines in a specified condition or compensate the lessor based on their actual condition at the time of return. A provision is recognised when the return-condition requirements are breached. The provision represents the present value of the expected costs associated with meeting these contractual obligations and is recorded in the statement of financial position. As at 31 December 2025, the Group return condition provision amounted to KShs 19,115 million (2024: KShs 18,875 million) as disclosed in Note 28. The measurement of this provision is based on a model that incorporates several assumptions requiring significant judgement, including: • Past and expected future utilisation and maintenance patterns of the aircraft and engines; • The estimated cost of performing the required maintenance at the expected date of occurrence; and • The discount rate applied to determine the present value of the future liability. In addition, the lease agreements also require the Group to make advance payments to fund future aircraft maintenance. Qualifying maintenance costs incurred by the Group are reimbursed by the lessors, whereas any unused maintenance reserves at the time of aircraft return are forfeited. As a result, management performs an annual impairment assessment to estimate the portion of maintenance reserves that is unlikely to be recovered at the end of the lease. As at 31 December 2025, the Group had a prepaid maintenance asset of KShs 21,218 million (2024: KShs 19,502 million) as disclosed under Note 21. This is a Key Audit Matter because of the significant management assumptions underlying the determination return condition provision and recoverable portion of prepaid maintenance assets.	We performed the following audit procedures; • Reviewed lease agreements to understand key terms and affecting the Group's obligations. • Ascertained that the agreed-upon return conditions with the lessors are accurately reflected in the return condition provisions model. • Tested the completeness and accuracy of data used. • Assessed the appropriateness key assumptions, judgements and estimates used in the RCP model. • Tested the reasonableness of estimated future maintenance costs using third-party price lists, quotations, and historical invoices. • Confirmed maintenance-reserve payments directly with lessors and reconciled any differences between confirmed balances and the Company's general ledger amounts. • Assessed the recoverability of the balance from the lessors by considering the expected future maintenance cost against which the Group could claim. • Assessed the adequacy and appropriateness of the related disclosures in Notes 21 and 28 of the financial statements.



Independent auditor's report to the Shareholders of Kenya Airways Plc (continued)

Other information

The other information comprises the Corporate Information, Statement of Corporate Governance, Directors' report, Directors' remuneration report, Statement of Directors' responsibilities and Principal shareholders and share distribution appendix, which we obtained prior to the date of this auditor's report, and the rest of the other information in the 2025 Annual Report and Financial Statements which is expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the 2025 Annual Report and Financial Statements and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent auditor's report to the Shareholders of Kenya Airways Plc (continued)

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

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

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

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

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



Independent auditor's report to the Shareholders of Kenya Airways Plc (continued)

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

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

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the directors' report on pages 26 to 32 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 33 to 35 has been properly prepared in accordance with the Companies Act, 2015.

FCPA Michael Mugasa, Practicing Certificate Number 1478

Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP

Certified Public Accountants

Nairobi

24 March 2026



UNIQUE CODE: 28571260324

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025

	Notes	2025 KShs millions	2024 KShs millions
Revenue	7	161,473	188,495
		161,473	188,495
Direct costs	8	(102,023)	(127,567)
Fleet ownership costs	8	(27,143)	(20,426)
Other operating costs	8	(37,914)	(23,881)
Operating (loss)/profit		(5,607)	16,621
Finance costs	9	(12,399)	(11,163)
Interest income	9	79	69
(Loss)/profit before tax	10	(17,927)	5,527
Income tax credit/(expense)	11	764	(95)
(Loss)/profit for the year		(17,163)	5,432
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Foreign currency exchange gains on cash flow hedges	23	-	10,554
Reclassification of foreign currency exchange gains to profit or loss	23	1,421	3,826
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation on land and building	23	1,928	-
Other comprehensive income for the year, net of tax		3,349	14,380
Total comprehensive (loss)/profit for the year		(13,814)	19,812

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025 (continued)

	Notes	2025 KShs millions	2024 KShs millions
(Loss)/profit for the year is attributable to:			
Owners of the Company		(17,134)	5,511
Non-controlling interest	24	(29)	(79)
(Loss)/profit for the year		(17,163)	5,432
Total comprehensive (loss)/profit for the year is attributable to:			
Owners of the Company		(13,785)	19,891
Non-controlling interest	24	(29)	(79)
Total comprehensive (loss)/profit for the year		(13,814)	19,812
Earnings per share:			
Basic (loss)/profit per share (KShs)	12	(2.94)	0.95
Diluted (loss)/profit per share (KShs)	12	(2.29)	0.74

Company statement of profit or loss and other comprehensive income for the year ended 31 December 2025

	Notes	2025 KShs millions	2024 KShs millions
Revenue	7	145,765	173,148
		145,765	173,148
Direct costs	8	(95,968)	(120,442)
Fleet ownership costs	8	(24,316)	(18,248)
Other operating costs	8	(33,407)	(20,575)
Operating (loss)/ profit		(7,926)	13,883
Finance costs	9	(11,569)	(11,937)
Interest income	9	164	174
(Loss)/profit before tax	10	(19,331)	2,120
Income tax expense	11	(28)	(29)
(Loss)/profit for the year		(19,359)	2,091
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Foreign currency exchange gains/(losses) on cashflow hedges	23	-	10,554
Reclassification of foreign currency exchange gains to profit or loss	23	1,421	3,826
<i>Items that will not be reclassified to the profit or loss</i>			
Revaluation on land and building	23	1,720	-
Other comprehensive income for the year, net of tax		3,141	14,380
Total comprehensive (loss)/profit for the year		(16,218)	16,471

Consolidated statement of financial position as at 31 December 2025

		2025	2024
ASSETS	Notes	KShs millions	KShs millions
Non-current assets			
Property, aircraft and equipment	14	70,317	73,411
Intangible assets	15	2,963	2,887
Right-of-use-assets	16	38,768	36,966
Return condition asset	16	12,023	9,593
Aircraft deposits	18	5,528	5,166
Deferred income tax	27	1,770	1,052
Prepaid maintenance asset	21	10,017	8,422
Restricted cash	31	417	-
		141,803	137,497
Current assets			
Inventories	19	2,803	3,026
Trade and other receivables	20	20,882	20,361
Prepaid maintenance asset	21	11,042	11,080
Current income tax	11	1,365	1,359
Cash and bank balances	31	5,333	5,781
		41,425	41,607
TOTAL ASSETS			
		183,228	179,104
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	22	5,824	5,824
Share premium	22	49,223	49,223
Convertible loan notes	22	9,630	9,630
Treasury shares	22	(142)	(142)
Other reserves	23	10,319	6,970
Accumulated losses		(206,881)	(189,747)
Deficit attributable to owners of the Company		(132,027)	(118,242)
Non-controlling interests	24	(38)	(9)
Total shareholders' deficit			
		(132,065)	(118,251)

Consolidated statement of financial position as at 31 December 2025 (continued)

	Notes	2025 KShs millions	2024 KShs millions
LIABILITIES			
Non-current liabilities			
Borrowings	25	128,799	126,300
Lease liabilities	26	37,901	37,757
Deferred income tax	27	4,193	3,456
Provisions for liabilities	28	11,479	10,401
		<u>182,372</u>	<u>177,914</u>
Current liabilities			
Borrowings	25	22,508	21,785
Lease liabilities	26	10,828	10,569
Sales-in-advance of carriage	29	22,869	25,225
Trade and other payables	30	62,574	52,185
Provisions for liabilities	28	14,142	9,677
		<u>132,921</u>	<u>119,441</u>
TOTAL EQUITY AND LIABILITIES		<u>183,228</u>	<u>179,104</u>

The financial statements on pages 43 to 138 were approved and authorised for issue by the Board of Directors on ~~24~~ 24 March 2026 and signed on its behalf by:



Kiprono Kittony
Chairman



George Kamal
A.g Group Managing Director & CEO

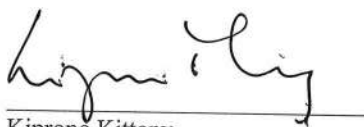
Company statement of financial position as at 31 December 2025

		2025	2024
ASSETS	Notes	KShs millions	KShs millions
Non-current assets			
Property, aircraft and equipment	14	68,305	72,223
Intangible assets	15	2,882	2,848
Right-of-use-assets	16	32,858	31,502
Return condition asset	16	8,213	7,095
Investment in subsidiaries	17	435	435
Aircraft deposits	18	4,765	4,545
Prepaid maintenance asset	21	8,710	7,314
		126,168	125,962
Current assets			
Inventories	19	2,607	2,879
Trade and other receivables	20	48,829	47,579
Prepaid maintenance asset	21	7,683	8,232
Current income tax	11	1,322	1,317
Cash and bank balances	31	5,065	3,962
		65,506	63,969
TOTAL ASSETS			
		191,674	189,931
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	22	5,824	5,824
Share premium	22	49,223	49,223
Convertible loan notes	22	9,630	9,630
Treasury shares	22	(142)	(142)
Other reserves	23	9,783	6,642
Accumulated losses		(206,595)	(187,236)
Total shareholders' deficit		(132,277)	(116,059)
LIABILITIES			
Non-current liabilities			
Borrowings	25	127,551	124,642
Lease liabilities	26	33,097	32,379
Deferred income tax	27	4,193	3,456
Provisions for liabilities	28	6,606	6,840
		171,447	167,317

Company statement of financial position as at 31 December 2025 (continued)

	Notes	2025 KShs millions	2024 KShs millions
LIABILITIES			
Current liabilities			
Borrowings	25	22,123	21,723
Lease liabilities	26	8,450	8,663
Sales-in-advance of carriage	29	21,930	24,248
Trade and other payables	30	87,066	75,200
Provisions for liabilities	28	12,935	8,839
		152,504	138,673
TOTAL EQUITY AND LIABILITIES			
		191,674	189,931

The financial statements on pages 43 to 138 were approved and authorised for issue by the Board of Directors on 24 March 2026 and signed on its behalf by:


Kiprono Kittony
Chairman


George Kamal
A.g Group Managing Director & CEO

Consolidated statement of changes in equity for the year ended 31 December 2025

	Share capital KShs millions	Share premium KShs millions	Convertible loan notes KShs millions	Treasury shares KShs millions	Other reserves KShs millions	Accumulated losses KShs millions	Total KShs millions	Non-controlling interest KShs millions	Total equity KShs millions
Year ended 31 December 2024									
At start of year	5,824	49,223	9,630	(142)	(7,410)	(195,258)	(138,133)	70	(138,063)
Profit for the year	-	-	-	-	-	5,511	5,511	(79)	5,432
Other comprehensive income (Note 23)	-	-	-	-	10,554	-	10,554	-	10,554
Reclassified to profit or loss (Note 23)	-	-	-	-	3,826	-	3,826	-	3,826
At end of year	5,824	49,223	9,630	(142)	6,970	(189,747)	(118,242)	(9)	(118,251)
Year ended 31 December 2025									
At start of year	5,824	49,223	9,630	(142)	6,970	(189,747)	(118,242)	(9)	(118,251)
Loss for the year	-	-	-	-	-	(17,134)	(17,134)	(29)	(17,163)
Other comprehensive income (Note 23)	-	-	-	-	1,421	-	1,421	-	1,421
Revaluation on land and building (Note 23)	-	-	-	-	1,928	-	1,928	-	1,928
At end of year	5,824	49,223	9,630	(142)	10,319	(206,881)	(132,027)	(38)	(132,065)

Company statement of changes in equity for the year ended 31 December 2025

	Share capital KShs millions	Share premium KShs millions	Convertible loan notes KShs millions	Treasury shares KShs millions	Other reserves KShs millions	Accumulated loss KShs millions	Total KShs millions
Year ended 31 December 2024							
At start of year	5,824	49,223	9,630	(142)	(7,738)	(189,327)	(132,530)
Profit for the year	-	-	-	-	-	2,091	2,091
Other comprehensive income (Note 23)	-	-	-	-	10,554	-	10,554
Reclassified to profit or loss (Note 23)	-	-	-	-	3,826	-	3,826
At end of year	5,824	49,223	9,630	(142)	6,642	(187,236)	(116,059)
Year ended 31 December 2025							
At start of year	5,824	49,223	9,630	(142)	6,642	(187,236)	(116,059)
Loss for the year	-	-	-	-	-	(19,359)	(19,359)
Revaluation of land and buildings (Note 23)	-	-	-	-	1,720	-	1,720
Reclassified to profit or loss (Note 23)	-	-	-	-	1,421	-	1,421
At end of year	5,824	49,223	9,630	(142)	9,783	(206,595)	(132,277)

Consolidated statement of cash flows for the year ended 31 December 2025

	Notes	2025 KShs millions	2024 KShs millions
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	19,703	20,853
Interest received		79	69
Interest paid		(1,641)	(3,106)
Income tax paid	11	(49)	(76)
Net cash flows from operating activities		18,092	17,740
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, aircrafts, and equipment	14	(5,246)	(7,128)
Proceeds from disposal of property, aircraft and equipment		1,053	9
Purchase of intangible assets	15	(49)	(19)
Payment of deposits for aircraft leases	18	(801)	(663)
Proceeds from refunds of aircraft deposits	18	484	333
Net cash flows from investing activities		(4,559)	(7,468)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	25	219	7,504
Repayments of borrowings	25	(1,295)	(5,017)
Payment of deferred borrowing costs	25	(77)	(7)
Repayment of principal portion of lease liabilities	26	(12,466)	(14,517)
Restricted bank balances		(417)	-
Net cash flows used in financing activities		(14,036)	(12,037)
Decrease in cash and cash equivalents		(503)	(1,765)
Effects of exchange rate changes on cash and cash equivalents		55	(219)
Cash and cash equivalents at start of year		5,781	7,765
Cash and cash equivalents at end of year		5,333	5,781

Company statement of cash flows for the year ended 31 December 2025

	Notes	2025 KShs millions	2024 KShs millions
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	16,798	18,487
Interest received		164	174
Interest paid		(1,641)	(3,106)
Income tax paid	11	(33)	(61)
Net cash flows from operating activities		15,288	15,494
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, aircrafts, and equipment	14	(4,534)	(6,911)
Proceeds from disposal of property, aircraft and equipment		1,053	6
Purchase of intangible assets	15	(40)	(19)
Payments of deposits for aircraft leases	18	(600)	(634)
Proceeds from refunds of aircraft deposits	18	425	274
Net cash flows from investing activities		(3,696)	(7,284)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	25	-	5,725
Repayments of borrowings	25	(624)	(4,958)
Payment of deferred borrowing costs	25	(77)	(7)
Repayment of principal portion of lease liabilities	26	(9,808)	(12,214)
Net cash flows from financing activities		(10,509)	(11,454)
Increase / (decrease) in cash and cash equivalents		1,083	(3,244)
Effects of exchange rate changes on cash and cash equivalents		20	(271)
Cash and cash equivalents at start of year		3,962	7,477
Cash and cash equivalents at end of year		5,065	3,962

Notes

1. REPORTING ENTITY

Kenya Airways Plc (“the Company”) is a limited liability company incorporated in Kenya under the Companies Act 2015 and is domiciled in Kenya. The annual financial statements comprise the consolidated and company financial statements. The subsidiaries in the group are namely Jambojet Limited, African Cargo Handling Limited, Kenya Airfreight Handling Limited, Kencargo Airlines International Limited, Fahari Aviation Limited and (together referred to as the “Group” and individually as “Group Companies”).

The Group is primarily involved in international, regional and domestic carriage of passengers and cargo by air, the provision of ground handling services to other airlines and the handling of import and export cargo. The address of its registered office is as shown on page 2. The Company’s shares are listed on the Nairobi Securities Exchange, Dar es Salaam Stock Exchange and the Uganda Securities Exchange.

2. BASIS OF PREPARATION

(a) Basis of Accounting

The consolidated and Company financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act, 2015.

For Companies Act, 2015 reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is presented within the statement of profit or loss and other comprehensive income.

A summary of material accounting policies is presented in Note 3.

(b) Basis of measurement

The Group and Company financial statements have been prepared on the historical cost basis of accounting except for certain assets and liabilities including land and buildings and derivative financial instruments which are measured at fair value.

(c) Functional and presentation currency

These consolidated and Company financial statements are presented in Kenya shillings (KShs), which is also the Company’s functional currency. The financial statements are rounded to the nearest million shilling (KShs millions), unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are based on the Directors’ best knowledge of current events, actions, historical experience, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4.

Notes (Continued)

2. BASIS OF PREPARATION (Continued)

(e) Going concern

The Group and Company reported a loss of KShs 17,163 million (2024: profit of KShs 5,432 million) and a loss of KShs 19,359 million (2024: profit of KShs (2,091) million) respectively for the year ended 31 December 2025 and, as of that date, the Group's and Company's current liabilities exceeded current assets by KShs 91,496 million (2024: KShs 77,834 million) and KShs 86,998 million (2024: KShs 74,704 million) respectively. In addition, as at 31 December 2025, the Group's and Company's total liabilities exceeded total assets by KShs 132,065 million (2024: KShs 118,251 million) and KShs 132,277 million (2024: KShs 116,059 million) respectively.

In 2025, the aviation industry continued its steady recovery, supported by strong passenger demand, particularly on international routes. However, the sector continued to face notable headwinds, including delays in aircraft deliveries, engine availability challenges, and persistent spare parts global supply chain constraints. Cargo performance softened amid a slowdown in global trade and evolving tariff regimes. Additionally, recovery expectations and regulatory costs continue to place pressure on performance within the aviation sector.

During the year, the company grounded three Boeing 787-8 Dreamliner aircraft, representing 33% of its wide-body fleet. This reduction in operational capacity adversely affected the Airline's performance, leading to lower passenger numbers and reduced revenue generation.

These conditions collectively indicate the existence of a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue operating as a going concern. Consequently, there is a risk that the Group and Company may be unable to realize their assets and settle their liabilities in the normal course of business.

To address these challenges, the Group and Company have continued to prioritize their financial restructuring efforts, which aim to:

Structurally reducing the costs of operation;

- a. Getting an equity investment partner to inject more capital to clean up balance sheet and invest in growth.
- b. Fleet rationalisation to support growth and optimize on maintenance costs.
- c. Network optimisation through new routes and increased partnerships;
- d. Digital transformation to improve efficiency and operational costs;
- e. Improving our customers experiences with a view to grow market share;
- f. De-risking the business through diversification with increased focus on cargo business, maintenance and repair operations, drone services among others and
- g. Culture changes to enhance staff productivity.

The Directors are confident that the plans will enhance the Group's and Company's performance, cash flows, and liquidity position over the medium to long term, ultimately ensuring the sustainability of the business.

The key shareholders and other stakeholders have been and continue to be appraised of and involved in the process of the required long-term support and recovery plan.

The Government of Kenya has committed, through a letter of support, to continue providing the required financial support to the Group to enable it to implement its recovery program and meet its financial obligations as and when they fall due, for at least the next 12 months from the date of approval of the annual financial statements for the year ended 31 December 2025.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated and company financial statements have been applied consistently to all periods presented in these financial statements.

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are all 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.

ii. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in the subsidiary that does not result in loss of control are accounted for as equity transactions.

iii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in that investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

b. Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kenya Shilling (KShs), which is Kenya Airways Plc's functional and presentation currency.

Transactions in foreign currencies during the year are converted into the respective functional currencies of Group companies at rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rates ruling at the reporting date. The resulting differences from conversion are taken to other income/ losses in profit or loss in the year in which they arise.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost are translated at the exchange rate ruling at the transaction date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

However, foreign currency differences arising from the translation of qualifying cash flow hedges (Borrowings and lease liabilities) are recognised in other comprehensive income to the extent that the hedge is effective.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

c. Revenue from contracts with customers

Revenue represents the fair value of the consideration received or receivable for sale of goods and services and is stated net of value added tax (VAT), rebates and discounts.

The Group recognises revenue from contracts with customers from the following major sources:

- providing international, regional and domestic carriage of passengers by air;
- providing international, regional and domestic carriage of freight and mail by air;
- providing handling services to other airlines and the handling of import and export cargo; and
- providing engineering and training services;

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a service to a customer. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent and has concluded that it is acting as a principal in all its revenue arrangements except for passenger interline and sale of holiday packages where the Group acts as an agent. The Group considers whether it is an agent or a principal in relation to transportation and accommodation services by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party. Where Kenya Airways acts as an agent between the service provider and the end customer, the net commission income is recognised as revenue on satisfaction of the performance obligation (which typically is the date of sale).

The specific recognition criteria described below must also be met before revenue is recognised:

▪ *Passenger, freight and mail*

Passenger (including excess baggage), freight and mail are recognised as revenue when each performance obligation for the transportation service is fulfilled, that is at the point when flight documents are used and is presented net of discounts and taxes. The transaction price is allocated to each performance obligation based on the relative stand-alone selling price related to each performance obligation. Revenue documents (e.g. tickets or airway bills) sold but unused are held in the Group and Company statement of financial position under current liabilities as passenger and cargo sales in advance within 'Sales in Advance of Carriage'. This item is reduced either when Kenya Airways or another airline completes the transportation or when the passenger requests for a refund, which is paid in full. Unutilised tickets are recognised as revenue on expiry following the lapse of estimated period where the company believes there will be no material claim from passengers. The current estimated period is 13 months.

▪ *Handling services*

Sale of handling and ramp services is recognised when the performance obligation is fulfilled, that is at the point when control transfers which is typically when the cargo has been handed over to the courier, or from courier to the customer.

▪ *Engineering services*

The Group recognises engineering revenue over time as the benefits are transferred to the customers by determining the appropriate amount of revenue and cost relating to third-party maintenance contracts to be recognised in the statement of profit or loss in each period, when the outcome can be estimated reliably. Estimation is based on cost plus margin. Maintenance revenue is recognised as the related performance obligations are satisfied (over time), being where the control of the goods or services are transferred to the customer. When the outcome of a maintenance contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that are likely to be recoverable.

▪ *Training services*

Revenue from training services is recognised over time as the customer simultaneously receive and consume the benefits of these services over the training period. The level of completion of course work is measured on a straight-line basis over training period. The training period varies based on the type of course. Advance payments are recognised as contract liabilities and recognised as revenue as coursework is completed.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

d. Rental income

The Group earns rental income from its operating lease and sublease agreements. Rental income is accounted for on a straight-line basis over the lease term by reference to the right-of-use assets.

e. Interest income

Income is accrued on a time proportion basis, by applying the effective interest rate applicable to the principal outstanding.

f. Frequent flyer programmes

Kenya Airways Plc operates a frequent flyer program “Asante Rewards”. This program allows registered members to acquire “miles” as they fly on KQ airline or with other partner companies. These miles entitle members to a variety of benefits such as free flights. The Company is also hosted on Air France/KLM frequent flyer programme called Flying Blue. Under the Flying Blue Programme, members earn miles by using both airline and non-airline partners. Kenya Airways is invoiced by Air France/KLM and is required to pay for the miles that are earned on the programme. Accumulated miles can be used by members to get a variety of awards ranging from free tickets to flight upgrades. Kenya Airways Plc earns revenue as miles are redeemed on its services.

The probability of air miles being converted into award tickets is estimated using a statistical method. The value of air miles is estimated based on the deferred income approach, based on its fair value. This estimate takes into consideration the conditions of the use of free tickets and other awards. The estimated value of air miles is recorded as a deduction from revenues and recorded under the caption “Sales in advance of carriage” as liability on the balance sheet at the same time the qualifying flight for which air miles are awarded is recognised.

g. Property, aircraft and equipment

(i) *Recognition, measurement and subsequent expenditure*

Land and buildings are initially measured at cost and then are subsequently measured at fair value on the date of revaluation less subsequent accumulated depreciation and accumulated impairment losses.

Other categories of property, aircraft and equipment are included in the financial statements at their historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

The Group allocates the amount initially recognised in respect of an item of property, aircraft and equipment to its significant components and depreciates separately each component. Aircrafts are componentised into airframe, engine, landing gear, auxiliary power (APU) unit and cabin reconfigurations. Major maintenance of engines and APU including replacement spares and parts, labour costs and/or third-party maintenance service costs, are capitalised and depreciated over the average expected life between major maintenance events.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of replacing part of an item of property or aircraft or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, aircraft and equipment are recognised in profit or loss. Gains and losses on disposal of property, aircraft and equipment are determined by comparing the proceeds of disposal with the carrying amount of the item of property, aircrafts and equipment and are recognised in profit or loss in the year in which they arise.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

g. Property, aircraft and equipment (continued)

(ii) Depreciation

Depreciation is calculated on the straight-line basis to allocate the cost or revalued amounts to their residual values over the estimated useful lives of the property, aircrafts and equipment. The depreciation rates for the current and comparative year are as follows:

<i>Aircraft and related equipment:</i>	<i>%</i>
Boeing 787, 777, 737-300 & 737-700	5.56 - 20.00
Embraer E190	5.56 - 20.00
Simulator	5.00
<i>Other property and equipment:</i>	<i>%</i>
Ground service equipment	25.00
Motor vehicles	25.00
Communication assets	12.50
Intangible assets	20.00
Other assets	20.00 - 30.00
Buildings	2.50
Leasehold land	Over the period of the lease
Freehold land	Not depreciated

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

(iii) Revaluation

Land and buildings are revalued every three years. The carrying amounts are adjusted to the revaluations and the resulting increase, net of deferred tax, is recognised in other comprehensive income and presented in the revaluation reserve within equity.

Revaluation decreases that offset previous increases of the same asset are charged or recognised in other comprehensive income with all other decreases being charged to profit or loss.

Revaluation surpluses are not distributable.

Depreciation on revalued land and buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

(iv) Non-depreciable assets

These are assets that have not yet been brought to the location and/or condition necessary for it to be capable of operating in the manner intended by management. In the event of partially completed construction work that has necessitated advance or progress payments, or work-in-progress, depreciation will only commence when the work is complete. Property, aircrafts and equipment are classified as work-in-progress if it is probable that future economic benefits will flow to the Group and the cost can be measured reliably.

Amounts held within work in progress that are substantially complete, in common with other fixed assets, are assessed for impairment.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

h. Intangible assets - capitalised software

The costs incurred to acquire and bring to use specific computer software licences are capitalised. Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the cost to complete the development. Internally developed software is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software is capitalised only if the definition of an intangible asset and the recognition criteria are met. All other expenditure is expensed as incurred.

The costs are amortised on the straight-line basis over the expected useful lives, from the date the software is available for use. Software is amortised for a period not more than five years. Amortisation methods, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

i. Intangible assets – landing slot

Landing slots are measured initially at cost. No amortisation charge is recognised for landing slots as their useful lives are considered to be indefinite. Following initial recognition, landing slots are measured at cost less accumulated impairment losses, if any. Capitalised landing rights based within the European Union (EU) are not amortised, as regulations provide that these landing rights are perpetual.

j. Leases

Group's lease portfolio

The Group leases comprise of buildings and aircraft and related equipment leases.

Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate, which is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

j. Leases (continued)

Group as a lessee (continued)

The lease liability is presented as a separate line in the consolidated and company statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated and company statement of financial position.

In respect of aircraft and engines under leases, the Group has the responsibility to fulfil certain return conditions under the relevant leases. In order to fulfil these return conditions, major overhauls are required to be conducted on a regular basis. Accordingly, estimated costs of major overhauls for aircraft and engines under these leases are capitalised as a return conditions asset which forms part of the right-of-use assets. The return condition asset comprises the initial measurement of the corresponding return condition provision. It is subsequently measured at cost less amortisation to profit or loss, within fleet costs over the estimated period between overhauls using the estimated flying hours/cycles. Differences between the estimated costs and the actual costs of overhauls are included in the profit or loss in the period of overhaul.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The Group's lease payments are deductible upon payment for tax purposes. In accounting for the deferred tax relating to the lease, the Group considers both the lease asset and liability separately. The Group separately accounts for the deferred taxation on the taxable temporary difference and the deductible temporary difference, which upon initial recognition are equal and offset to zero. Deferred tax is recognised on subsequent changes to the taxable and temporary differences.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

j. Leases (continued)

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its aircraft and properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. When the head lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Finance income from finance leases is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

k. Prepaid maintenance assets

Prepaid maintenance assets are payments made in advance to lessors for aircraft maintenance as required by the lease contracts. The prepaid maintenance reserve is offset against the maintenance cost by the lessor during the lease period. The unutilised prepayments at the end of the lease are not refundable by the lessor.

The maintenance payments are effectively supplemental lease payments which are carried as a lease incentive asset until the amount is forfeited. Since the amount of the refund is unknown and varies with the future maintenance costs to be incurred, it is treated as a variable lease payment that does not depend on an index or a rate and recognised in the profit or loss, within fleet costs, in the period in which the event or condition that triggers those payments occurs, i.e. when the amount of the supplemental rental is forfeited.

The prepaid maintenance asset is assessed for impairment annually based on the expected maintenance payments and projected costs for the remaining period of the lease.

l. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency. Derivatives are initially recognised at fair value; any directly attributable transaction costs are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group designates:

- Non-derivative financial liabilities to hedge foreign currency risk in a cash flow hedge relationship.

On initial designation, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item. Movements in the hedging reserve in equity are detailed in the other comprehensive income.

All hedging activities are carried out in accordance with the Group's internal risk management policies, as approved by the Board of Directors, and in accordance with the applicable regulations where the Group operates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of the changes in fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

l. Derivative financial instruments and hedge accounting (continued)

Any ineffective portion of the changes in fair value of the derivative is recognised immediately in profit or loss. The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period as periods during which the hedged item affects the profit or loss.

Hedge ineffectiveness can arise from:

- The extent to which the hedging instrument is not correlated to the hedged item
- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

Variances arising from discounting the hedged item are determined when measuring hedge ineffectiveness and are not considered material.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. Any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss. Accumulated losses in the cash flow hedging reserves are assessed for recoverability at every reporting period date. If a portion of such losses is not expected to be recovered in one or more future periods, the amount is immediately reclassified to profit or loss.

m. Aircraft purchase

(i) *Aircraft subsidy*

The Group receives credits from manufacturers in connection with the acquisition of certain aircraft engines. These credits are offset against the cost of new aircraft where the credit is in effect a discount on the price.

(ii) *Deferred income*

Credits relating to delays in delivery are deferred and recognised in profit or loss on delivery of the aircraft.

n. Deferred expenditure

The Group amortises cost of obtaining aircraft financing over the loan repayment period. The deferred expenditure is capitalised to the related borrowing (see Note 25(d)).

o. Aircraft deposits

Aircraft deposits relate to advance payments for purchase or lease of aircrafts. Deposits paid towards the acquisition of aircraft represent amounts paid to the lessor for the option to purchase or lease aircrafts in the future. Deposits for leased aircraft acts as security for future lease payments and are fully refundable and accounted for as financial assets. Deposits made for the option to purchase or lease aircrafts in the future are non-refundable upon expiry. Initially, the financial asset is measured at fair value. The difference between fair value and the deposit amount at initial recognition is deferred and amortised to profit or loss over period of deposit only to the extent that it arises from a change in a factor (including time) that market participants would consider when pricing the asset. The deposit is subsequently measured at amortised cost using the effective interest rate method less loss allowance.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

p. Employee benefits

(i) Short term employee benefits

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

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iii) Accrued leave

The monetary value of the unutilised leave by staff as at year end is carried in accruals as a payable and movements in the year are recognised in profit or loss.

(iv) Employee Share Ownership Scheme (ESOP)

The Group operates an ESOP that was set up during the Initial Public Offering in 1996. The scheme is inactive and currently holds 496,625 shares (2024: 496,625 shares). As part of the 2017 capital restructuring, a new ESOP scheme was created, and the Trustee allocated 142,164,558 ordinary shares which had not been issued to staff at the close of the year.

(v) Defined contribution plan

The employees of the Group participate in a defined contribution retirement benefit scheme. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the Group and employees. The Group and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme. The Group's contributions to defined contribution schemes are charged to profit or loss in the year to which they relate. The Group has no further obligation once the contributions have been paid.

(vi) Staff gratuity

The Group has a gratuity arrangement for certain staff who are not covered by the defined contribution plan. Entitled staff are eligible for gratuity upon retirement/leaving the Group based on their contracts.

q. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current income tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred income tax

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

r. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of the business including direct material costs and other overheads incurred to bring the asset to the existing location and condition. Cost of issues is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of disposal. An allowance is made for obsolete, slow moving and defective inventories.

s. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprises cash in hand, bank balances and short-term deposits net of bank overdrafts.

t. 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.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction.

u. Compound instruments

The component parts of compound instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon the conversion or at the instrument's maturity date.

The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of any income tax effects and is not subsequently re-measured. The component will remain classified as equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital/share premium account.

v. Financial instruments

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 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.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

v. Financial instruments (continued)

(i) Financial assets (continued)

(i) Classification of financial assets

The Group classifies financial instruments into three categories as described below.

Financial assets that meet the following conditions are measured subsequently at amortised cost:

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

The Group's financial assets at amortised cost include trade receivables, aircraft deposits and cash and bank balances.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(ii) De-recognition

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. 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.

On derecognition of a financial asset measured at amortised cost, the difference between the assets carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(iii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

v. Financial instruments (continued)

(ii) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including loans and convertible loan note.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Floating rate financial liabilities are initially recognised at an amount equal to the principal. Re-estimating the future interest payments does not significantly affect the carrying amount of the liability.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Accounts payables and accruals are recognized for amounts to be paid in the future for goods or services received, whether or not billed by the supplier.

(iii) Derecognition

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

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

(iv) Impairment

(i) Financial assets

The Group recognises an allowance for expected credit losses (ECLs) for its trade receivables, aircraft deposits and bank balances. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, other receivables and loans to related parties the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical loss rates, which are derived from settlement of invoices over an average period of 5 years and adjusted with macroeconomic factor overlay calculations to incorporate current and forward-looking information. Macroeconomic factors incorporated for global debtors were world economic expectations and crude oil price percentage changes, while for local debtors were deposits, savings, lending, GDP and housing price index.

Other assets include cash and bank balances and aircraft deposits which the Group uses counter party external rating equivalent both to determine whether the financial asset has significantly increased in credit risk and to estimate ECLs. The Group applies a simplified approach in calculating ECLs. The assessed amounts in the year were not material.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Indicators that there is no reasonable expectation of recovery include, the debtor being in severe financial difficulty and has failed to engage in repayment plan with the Group.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories and deferred income tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's 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 flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units 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. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

w. Sovereign guarantee from the Government of Kenya

The Government of Kenya issued guarantees in relation to certain obligations of the Group to Exim Bank and a consortium of Kenyan Banks as part of balance sheet restructuring. The financial guarantee was initially measured at fair value. After initial recognition, the financial guarantee is measured at amortised cost over the term of the guaranteed loans.

x. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares.

y. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, there being assets that take substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Other borrowing costs are recognised as an expense as per Note 9.

z. Provision for liabilities

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 finance cost.

Provisions for employee legal claims are recognised when: the Group has 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 for employee restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring has either commenced or has been announced publicly.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be insignificant.

Return condition provision represents the estimate of the cost to meet the contractual lease end obligations on certain aircraft and engines held under lease arrangements. The present value of the expected cost is recognised over the lease term considering the existing fleet plan and long-term maintenance schedules.

aa. Related parties

The Group is controlled by Kenya Airways Plc incorporated in Kenya being the ultimate parent. There are other companies that are related to Kenya Airways Plc through common shareholdings or common Directorships. The Group discloses the nature and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the Directors, executive officers and related companies.

bb. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer (CEO). The CEO makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

cc. Dividends

Dividends payable are recognised as a liability in the period in which they are declared.

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

dd. Adoption of new and revised IFRS Accounting Standards

(i) New and amended standards and interpretations adopted by the Group and Company

The Group and Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group and Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following standards and amendments were issued and adopted for the first time for annual reporting periods ending 31 December 2025.

Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)

This amendment was published in November 2025 and is effective for annual periods beginning on or after 1 January 2026.

These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:

- its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or
- it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

The amendment listed above did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

(ii) New standards, interpretations and amendments issued but not effective

The following standards, interpretations and amendments were issued but not effective.

Amendment to IFRS 9, “Financial Instruments” and IFRS 7, “Financial Instruments: Disclosures” - Classification and Measurement of Financial Instruments

This amendment was published in May 2024 and is effective for annual periods beginning on or after 1 January 2026.

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

They clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

They add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and They make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

Notes (Continued)

3. MATERIAL ACCOUNTING POLICIES (Continued)

dd. Adoption of new and revised IFRS Accounting Standards (continued)

(ii) *New standards, interpretations and amendments issued but not effective (Continued)*

IFRS 19, 'Subsidiaries without Public Accountability'

This new standard and amendment works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

This amendment was published in May 2024 and amended in August 2025 and is effective for annual periods beginning on or after 1 January 2027.

The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements.

IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.

IFRS 18, 'Presentation and Disclosure in Financial Statements'

This amendment was published in April 2024 and is effective for annual periods beginning on or after 1 January 2027.

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. The group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Group's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

a. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Landing slots which have an indefinite useful life are tested for impairment annually or when such indicators exist. The recoverable amounts of cash generating units have been determined based on the value-in-use calculations. These calculations require the use of significant estimates and assumptions. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Changes to the estimates around the value in use may result in adjustments to the impairment charge in future periods.

(ii) Use of life of Property, aircrafts and equipment and intangible assets

The Group's management estimates the economic useful life of its assets for calculating depreciation. This estimate is determined after considering the expected usage of the assets from the latest fleet plans and other business plan information or physical wear and tear. Management reviews the estimated residual value and estimated economic useful lives annually and future depreciation charges would be adjusted where management believes the estimated economic useful life differ from previous estimates.

(iii) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The measurement of impairment losses across all categories of financial assets requires judgement and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's Expected Credit Losses (ECL) calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Historical default and expected loss rates;
- The Group's criteria for assessing if there has been a significant increase in credit risk; and
- Development of ECL models, including the various formulas and the choice of inputs.

(iv) Return condition provisions

Under the terms of the lease arrangements with the lessors, the Group and Company as lessee are contractually committed to either return the aircraft and/or engines in a certain condition or to compensate the lessor based on the actual condition of the aircraft and/or engines at the date of return. The Group is required to fulfil certain obligations which may include the completion of certain overhauls to the airframe, auxiliary power unit, engines and the refurbishment of seats at the date of return of the aircraft. The provision for return conditions is determined based on the best estimate of the future costs that will be incurred to fulfil the return conditions. The measurement of the provision includes assumptions relating to expected costs, escalation rates, discount rates commensurate with the expected obligation maturity and long-term maintenance schedules. Changes in the assumptions may result to adjustments in the measurement of the provision in future periods.

Notes (Continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

b. Key sources of estimation uncertainty (Continued)

(v) *Determination of discount rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore it uses a discount rate to measure lease liabilities. The discount rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The discount rate therefore reflects what the Group would have to pay which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The discount rate for each lease was determined by taking into account the risk-free rate, adjusted for factors such as credit rating linked to the life of the underlying asset. Changes to the inputs used to estimate the discount rate may result to adjustment of the discount rate and ultimately the lease liability measurement in future periods.

(vi) *Asset restoration obligations*

The Group has identified certain contractual obligations associated with the restoration of leased properties at the end of the lease term. An estimate of the present value of restoration costs are recognised as part of the right-of-use asset and depreciated over the lease term. Measurement of this provision requires assumptions and estimates to be made in relation to discount rates, the expected restoration costs and the expected timing of these costs. Changes in this provision are recognised as an adjustment to the right of use asset.

b. Critical accounting estimates, assumptions and judgements

(i) *Impairment of non-financial assets*

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

The Group performed an impairment test on its owned aircrafts and right of use assets for leased aircrafts. The impairment review was carried out at the 'cash-generating unit' level, defined as the smallest identifiable group of assets, liabilities and associated intangible assets that generate cash inflows that are largely independent of the cash flows from other assets or group of assets. The impairment review was performed on the network airline operations CGU, including passenger, freighter and charter operations, as well as all related ancillary operations.

The Group and Company performed an impairment assessment of its owned aircrafts and related equipment at the end of year by comparing the recoverable amounts of the assets against their carrying value in the statement of financial position. Similar to prior years, the recoverable amount was based on fair value less costs to dispose of the aircrafts and related equipment by an independent external aviation expert, MBA Aviation (USA).

The basis of valuation was market prices based on recent transactions. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. As a result, an impairment charge of KShs 349 million for Group and Company (2024 : KShs 2,963 million) was realised for owned aircrafts.

The recoverable amount of the network airline operations for leased aircrafts has been measured based on the value-in-use, using a discounted cash flow model for leased aircrafts. Cash flow projections are based on the business plan covering the remaining life of each aircraft. Cash flows for the remaining life of each aircraft have been projected to increase in line with the long-term growth rate of the main economies in which the Group operates. There was no impairment charged for the leased aircrafts.

Notes (Continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

b. Critical accounting estimates, assumptions and judgements (Continued)

(ii) Recoverability of deferred income tax assets

The timing and duration of return to profitability has resulted in the Group exercising judgment in the determination of cashflow forecast. The Company has therefore not recognised deferred tax assets in the financial statements in view of the uncertainty regarding the ability of the Company to generate sufficient taxable profits in the foreseeable future to facilitate utilisation of the benefits from the deductions.

The deferred tax assets include an amount of KShs 1,770 million (2024: KShs 1,052 million) relating to Jambojet Limited, African Cargo Handling Limited and Kenya Airfreight Handling Company. The Group has concluded that the deferred income tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries. Jambojet recognized a deferred income tax asset in the year due to continued profitable position over the last three years while the other subsidiaries are expected to generate taxable incomes from 2026 onwards. The losses can be carried forward for 5 years.

As at 31 December 2025, the Group and Company had unrecognised deferred tax assets of KShs 53,412 million and KShs 53,446 million against KShs 51,629 million and KShs 50,505 million in 2024 respectively relating to tax losses they do not reasonably expect to utilise (refer to Note 27).

c. Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately above), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several property lease contracts that include extension options.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate.

(ii) Classification of rental property as property, plant and equipment or investment property

The Group determines whether a property should be classified as investment property or property, plant and equipment by considering the following factors;

- The intention for the use of the property;
- The proportion of rental income to the total income;
- The portion that is held for rentals or capital appreciation versus the portion that is held for use in the production or supply of goods or services or for administrative purposes; and
- The significance of ancillary services provided to the occupants of the property.

Notes (Continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

c). Critical judgements in applying the Group's accounting policies (Continued)

(iii) Deferred income tax asset

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As disclosed in Note 4(b), the Group has not recognised the full deferred income tax assets on the basis that the only the recognised portion is recoverable.

(iv) Accounting for foreign currency hedge

The Company hedges its foreign currency risk in relation to its lease liabilities against forecasted US dollar-denominated future revenue streams. The determination of the effectiveness of the hedge involves estimation of future USD revenue forecasts based on significant management assumptions such as ratio used to allocate "highly probable" USD sales out of the total budgeted sales, future currency exchange rates and revenue growth rates.

5. FINANCIAL RISK MANAGEMENT

Operating in the aviation industry, Kenya Airways Plc carries out its activities in an extremely dynamic, and often highly volatile, commercial environment. Therefore, both opportunities and risks are encountered as part of everyday business for the Group and Company. The Group's and Company's ability to recognise, successfully control and manage risks early in their development and to identify and exploit opportunities is key to its ability to successfully realise the corporate vision.

The Group and Company has exposure to the following risks from its use of financial instruments:

- a) Market risk
- b) Credit risk
- c) Liquidity risk
- d) Capital management

Changing market conditions expose the Group and Company to various financial risks and management have highlighted the importance of financial risk management as an element of control for the Group and Company. The policy of the Group and Company is to minimise the negative effect of such risks on cash flow, financial performance and equity.

This note presents information about the Group's and Company's exposure to each of the above risks, the Group's and Company's objectives, policies and processes for measuring and managing risk and the Group's and Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Group's and Company's Board of Directors have overall responsibility for the establishment of an oversight of the Group's and Company's risk management framework. The Board of Directors have established the Risk Management Committee, which is responsible for developing and monitoring the Group's and Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

The Group's and Company's risk management framework

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

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

(a) Market risk

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

Where possible, the Group and Company uses derivatives to manage market risks. As such, transactions are carried out within the guidelines set by the Board of Directors. Generally, the Group and Company seeks to apply hedge accounting to manage volatility in profit or loss.

(i) Interest rate risk

The Group's and Company's exposure to market risk due to changes in interest rates primarily relates to its cash deposits and borrowings.

Most of the Group's and Company's debts are asset secured, reflecting the capital-intensive nature of the airline industry. The Group and Company has a mix of fixed rate interest loans and variable rate interest loans.

Exposure to interest rate risk

The interest rate profile of the Group's and Company's interest-bearing financial instruments as reported to management of the Group and Company is as follows:

Group and Company

	Nominal amount			
	2025		2024	
	Effective interest rate	KShs millions	Effective interest rate	KShs millions
Fixed rate instruments				
Local currency facility	3.00%	131,488	3.00%	108,342
Convertible loan note – liability component	12.03%	4,665	12.03%	5,434
		136,153		113,776
Variable rate instruments				
Local bank revolving facility	-	-	10.70%	19,706
Samburu facility	9.79%	7,886	11.54%	7,982
Tsavo facility	10.56%	5,701	11.37%	5,040
		13,587		32,728
Total exposure		149,740		146,504

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(i) Interest rate risk (continued)

Sensitivity Analysis

A 1% increase/decrease in the interest rates at the reporting date would have increased/ decreased profit or loss and equity by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant and is only applied on variable interest-bearing instruments.

	Profit or loss/equity	
	2025 KShs million	2024 KShs million
Variable rate instruments		
1% increase	(136)	(327)
1% decrease	136	327

(ii) Foreign currency risk

The Group and Company are exposed to foreign currency risk to the extent that there is mismatch between the currencies in which sales, purchases and borrowings are denominated. The currencies in which these transactions are primarily denominated are US Dollars (USD), Euros and Sterling Pounds.

To mitigate the foreign currency risk exposure, management hedges highly probable forecast USD sales against USD loans and lease liabilities to ensure that the foreign currency obtained from their sales is used to settle any foreign denominated liabilities. The main liabilities are the repayment of borrowings and lease liabilities relating to aircraft. Generally, liabilities are denominated in currencies that match the cash flows generated by the underlying operations of the Group and Company – primarily US Dollars. In addition, interest in borrowings and lease liabilities are denominated in the currency of the borrowing and lease liabilities.

The various currencies to which the Group and Company were exposed at 31 December 2025 and 31 December 2024 are summarized in the table below (all amounts expressed in Kenya Shillings million). The exposure is only in relation to the major non-Kenya shilling denominated balances:

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(iii) Foreign currency risk (Continued)

Group

31 December 2025

	GBP KShs millions	USD KShs Millions	Euro KShs millions	Total KShs Millions
<i>Financial assets and lease receivables</i>				
Prepaid maintenance asset	-	21,059	-	21,059
Aircraft deposits	-	5,528	-	5,528
Trade and other receivables	863	7,850	918	9,631
Cash and cash equivalents	420	1,328	90	1,838
	1,283	35,765	1,008	38,056
<i>Financial liabilities and provisions</i>				
Trade and other payables	(747)	(22,521)	(797)	(24,065)
Convertible loan note	-	(4,665)	-	(4,665)
Lease liabilities	-	(10,828)	-	(10,828)
Return condition provision	-	(24,585)	-	(24,585)
Loans and borrowings	-	(13,586)	-	(13,586)
Lease liabilities	-	(37,901)	-	(37,901)
Net exposure	536	(78,321)	211	(77,574)

31 December 2024

Financial assets and lease receivables

Prepaid maintenance asset	-	19,502	-	19,502
Aircraft deposits	-	5,166	-	5,166
Trade and other receivables	640	6,999	539	8,178
Cash and cash equivalents	152	780	259	1,191

Financial liabilities and provisions

Trade and other payables	(385)	(25,535)	(661)	(26,581)
Convertible loan note	-	(5,434)	-	(5,434)
Lease liabilities	-	(10,569)	-	(10,569)
Return condition provision	-	(19,116)	-	(19,116)
Loans and borrowings	-	(32,728)	-	(32,728)
Lease liabilities	-	(37,772)	-	(37,772)

Net exposure	407	(98,707)	137	(98,163)
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Financial liabilities

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(iii) Foreign currency risk (Continued)

Company:

	GBP KShs millions	USD KShs Millions	Euro KShs Millions	Total KShs Millions
31 December 2025				
<i>Financial assets and lease receivables</i>				
Prepaid maintenance asset	-	16,393	-	16,393
Aircraft deposits	-	4,765	-	4,765
Trade and other receivables	802	7,603	890	9,295
Cash and cash equivalents	420	1,311	90	1,821
	1,222	30,072	980	32,274
<i>Financial liabilities and provisions</i>				
Return condition provision	-	(18,595)	-	(18,595)
Trade and other payables	(747)	(21,663)	(797)	(23,207)
Convertible loan note	-	(4,665)	-	(4,665)
Lease liabilities	-	(8,450)	-	(8,450)
Loans and borrowings	-	(13,586)	-	(13,586)
Lease liabilities	-	(33,097)	-	(33,097)
	475	(69,984)	183	(69,326)
Net exposure				
31 December 2024				
<i>Financial assets and lease receivables</i>				
Prepaid maintenance asset	-	15,546	-	15,546
Aircraft deposits	-	4,545	-	4,545
Trade and other receivables	643	9,149	545	10,337
Cash and cash equivalents	152	713	259	1,124
	795	29,953	804	31,552
<i>Financial liabilities and provisions</i>				
Return condition provision	(385)	(23,531)	(661)	(24,577)
Trade and other payables	-	(5,434)	-	(5,434)
Convertible loan note	-	(7,427)	-	(7,427)
Lease liabilities	-	(14,707)	-	(14,707)
Loans and borrowings	-	(32,728)	-	(32,728)
Lease liabilities	-	(32,961)	-	(32,961)
	410	(86,835)	143	(86,282)
Net exposure				

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(iii) Foreign currency risk (Continued)

Sensitivity analysis

A 10% percent appreciation or depreciation of the Kenya shilling against the following currencies would increase/ (decrease) the reported profit or loss and equity by amounts shown below. This analysis is based on foreign currency exchange rates variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables in particular interest rates remain constant.

<i>Profit or loss</i>	Group		Company	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
GBP	54	41	48	41
USD	(7,832)	(9,871)	(6,998)	(8,684)
EURO	21	14	18	14
	(7,757)	(9,816)	(6,932)	(8,629)

The exchange rates applied during the year are as follows:

	Average rates		Closing rates	
	2025	2024	2025	2024
GBP	173.68	174.56	174.30	162.88
USD	129.09	136.41	129.00	129.20
EURO	151.57	148.07	151.79	135.02

(b) Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or a counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's and Company's receivables from customers, cash and bank balances and aircraft deposits.

The carrying amount of the financial assets represents the maximum credit exposure.

The Group and Company largely conducts its sale of passenger and cargo transportation through International Air Transport Association (IATA) approved sales agents. All IATA agents have to meet a minimum financial criterion applicable to their country of operation to remain accredited. Adherence to the financial criteria is monitored on an on-going basis by IATA through the association's Agency Programme. The credit risk associated with such sales agents is relatively low owing to the programme's broad diversification. The Group's and Company's accounts receivable are generated largely from the sale of passenger airline tickets and cargo transportation services. Majority of these sales are in accounts receivable which are generally short term in duration. The credit risk associated with these receivables is minimal and the expected credit loss that the Group and Company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses are based on the historical loss rates, which are derived from settlement of invoices over an average period of 5 years and adjusted with macroeconomic factor overlay calculations to incorporate current and forward-looking information. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

The Group and Company do not have significant concentrations of credit risk on derivative counterparties where transactions are limited to financial institutions possessing high credit quality since the risk of default is low

The Board of Directors sets the Group's and Company's treasury policies and objectives and lays down parameters within which the various aspects of treasury risk management are operated. The Board has set limits for investing in specified banks and financial institutions and cash surpluses are maintained with credible institutions.

The carrying amount of financial assets and lease incentive asset represents the maximum exposure to credit risk:

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	Millions
Trade receivables (Note 20)	10,439	12,394	10,241	11,473
Due from related parties (Note 32)	11	-	28,067	26,686
Aircraft deposits (Note 18)	5,528	5,166	4,765	4,545
Bank balances (Note 31)	5,333	5,781	5,065	3,962
Prepaid maintenance asset (Note 21)	21,059	19,502	16,393	15,546
Total	42,370	42,843	64,531	62,212

In order to minimize credit risk, the Group has tasked its Risk Management Committee to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Risk Management Committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing (stage 1)	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL
Doubtful (stage 2)	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
In default (stage 3)	Amount is >360 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and has failed to engage in a repayment plan with the Group.	Amount is written off

The Group and Company consider factors such as changes in the payment cycle i.e. there is reduced frequency in payment remittances from what had been agreed with the customer. For example, if a debtor defaults in the IATA clearing house, this is flagged as an indication of a significant increase in credit risk.

The tables below detail the credit quality of the Group's and Company's financial assets as well as the Group's and Company's maximum exposure to credit risk by credit risk rating grades.

Group

	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount KShs millions	Loss allowance KShs millions	Net carrying amount KShs millions
31 December 2025						
Trade receivables (Note 20)	N/A	Doubtful	Lifetime ECL	14,109	(3,670)	10,439
Bank balances (Note 31)	A, BBB, B+, B-	Performing	12-month ECL	5,333	-	5,333
Aircraft deposits (note 18)	N/A	Performing	12-month ECL	5,528	-	5,528
Due from related companies (Note 32)	N/A	Doubtful	Lifetime ECL	3	(3)	-
Prepaid maintenance asset (Note 21)	N/A	Performing	12-month ECL	21,059	-	21,059
				46,032	(3,673)	42,359
31 December 2024						
Trade receivables (Note 20)	N/A	Doubtful	Lifetime ECL	15,968	(3,574)	12,394
Bank balances (Note 31)	A, BBB, B+, B-	Performing	12-month ECL	5,781	-	5,781
Aircraft deposits (Note 18)	N/A	Performing	12-month ECL	5,166	-	5,166
Due from related companies (Note 32)	N/A	Doubtful	Lifetime ECL	3	(3)	-
Prepaid maintenance asset (Note 21)	N/A	Performing	12-month ECL	19,502	-	19,502
				46,420	(3,577)	42,843

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

The tables below detail the credit quality of the Group's and Company's financial assets as well as the Group's and Company's maximum exposure to credit risk by credit risk rating grades.

Company

31 December 2025

	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount KShs millions	Loss allowance KShs millions	Net carrying amount KShs millions
Trade receivables (Note 20)	N/A	Doubtful	Lifetime ECL	13,839	(3,598)	10,241
Bank balances (Note 31)	A, BBB, B+, B-	Performing	12-month ECL	5,065	-	5,065
Aircraft deposits (Note 18)	N/A	Performing	12-month ECL	4,765	-	4,765
Due from related companies (Note 32)	N/A	Doubtful	Lifetime ECL	30,920	(2,853)	28,067
Prepaid maintenance asset (Note 21)	N/A	Performing	12-month ECL	16,393	-	16,393
				70,982	(6,451)	64,531

31 December 2024

	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount KShs millions	Loss allowance KShs millions	Net carrying amount KShs millions
Trade receivables (Note 20)	N/A	Doubtful	Lifetime ECL	14,994	(3,521)	11,473
Bank balances (Note 31)	A, BBB, B+, B-	Performing	12-month ECL	3,962	-	3,962
Aircraft deposits (Note 18)	N/A	Performing	12-month ECL	4,545	-	4,545
Due from related companies (Note 32)	N/A	Doubtful	Lifetime ECL	28,908	(2,222)	26,686
Prepaid maintenance asset (Note 21)	N/A	Performing	12-month ECL	15,546	-	15,546
				67,955	(5,743)	62,212

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Credit risk profile based on provision matrix (Amounts in KShs millions)

Group

31 December 2025	<30 days	31-60 days	61-90 days	91-180 days	181-360 days	Over 361 days	Total
Trade- Airlines							
ECL rate	1.0%	17.8%	32.5%	34.4%	2.7%	62.0%	40.4%
Expected gross carrying amount	488	15	1	2	1	906	1,413
Lifetime ECL	(5)	(3)	(0)	(1)	(0)	(562)	(571)
Trade- Agents							
ECL rate	0.3%	2.8%	2%	5.5%	6.3%	117.7%	18.3%
Expected gross carrying amount	6,434	318	103	107	76	1,252	8,290
Lifetime ECL	(19)	(9)	(2)	(6)	(5)	(1,474)	(1,515)
Trade- Others							
ECL rate	56.3%	12.1%	12.6%	9.7%	13.2%	44.5%	26.1%
Expected gross carrying amount	816	91	103	205	499	1,350	3,064
Lifetime ECL	(459)	(11)	(13)	(20)	(82)	(603)	(1,188)
Trade- Government							
ECL rate	2.7%	8.5%	11.1%	18.2%	33.9%	94.9%	29.1%
Expected gross carrying amount	650	120	63	79	111	319	1,342
Lifetime ECL	(18)	(10)	(7)	(14)	(37)	(303)	(389)
Total trade receivables	8,388	544	270	393	687	3,827	14,109
Lifetime ECL	(501)	(33)	(22)	(48)	(124)	(2,942)	(3,670)
Net carrying amount	7,887	511	248	345	563	885	10,439

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Credit risk profile based on provision matrix (Amounts in KShs millions)

31 December 2024	<30 days	31-60 days	61-90 days	91-180 days	181-360 days	361 days	Total
Trade- Airlines							
ECL rate	1.5%	12.6%	32.7%	20.4%	22.9%	66.5%	41.6%
Expected gross carrying amount	695	0	20	11	1	1,134	1,861
Lifetime ECL	(8)	(0)	(5)	(2)	(0)	(561)	(576)
Trade- Agents							
ECL rate	0.4%	4.9%	10.8%	15.1%	16.7%	109.8%	16.7%
Expected gross carrying amount	6,686	196	81	140	211	1,204	8,518
Lifetime ECL	(26)	(10)	(9)	(21)	(35)	(1,773)	(1,874)
Trade- Others							
ECL rate	2.0%	6.6%	8.5%	9.1%	14.2%	25.3%	17.4%
Expected gross carrying amount	694	174	142	433	556	2,865	4,864
Lifetime ECL	(14)	(12)	(12)	(39)	(79)	(610)	(766)
Trade- Government							
ECL rate	4.3%	9.6%	13.2%	23.9%	40.1%	94.4%	49.3%
Expected gross carrying amount	177	42	64	102	14	326	725
Lifetime ECL	(8)	(4)	(8)	(24)	(6)	(308)	(358)
Total trade receivables	8,252	412	307	686	782	5,529	15,968
Lifetime ECL	(56)	(26)	(34)	(86)	(120)	(3,252)	(3,574)
Net carrying amount	8,196	386	273	600	662	2,277	12,394

Company

31 December 2025	<30 days	31-60 days	61-90 days	91-180 days	181-360 days	Over 361 days	Total
Trade - Airlines							
ECL rate	1.0%	6.67%	0%	50%	0%	63.5%	38.19%
Expected gross carrying amount	477	15	1	2	110	885	1,490
Lifetime ECL	(5)	(1)	-	(1)	-	(562)	(569)
Trade – Agents							
ECL rate	7.5%	2.9%	3.03%	5.77%	6.76%	79.4%	18.1%
Expected gross carrying amount	6,213	307	99	104	74	1,209	8,006
Lifetime ECL	(468)	(9)	(3)	(6)	(5)	(960)	(1,451)
Trade – Others							
ECL rate	27.8%	8.14%	10.31%	8.0%	31.0%	66.4%	38.2%
Expected gross carrying amount	1,425	86	97	248	221	1,035	3,112
Lifetime ECL	(396)	(7)	(10)	(20)	(69)	(688)	(1,190)

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Credit risk profile based on provision matrix (Amounts in KShs millions)

Company (continued)

	<30 days	31-60 days	61-90 days	91-180 days	181-360 days	Over 361 days	Total
31 December 2025							
Trade - Government							
ECL rate	2.70%	8.30%	11.1%	17.7%	3700%	94.9%	31.57%
Expected gross carrying amount	650	120	63	79	1	319	1,232
Lifetime ECL	(18)	(10)	(7)	(14)	(37)	(303)	(389)
Total receivable balance	8,765	528	261	432	406	3,448	13,840
Lifetime ECL	(887)	(28)	(20)	(40)	(111)	(2,513)	(3,599)
Net carrying amount	7,878	500	241	392	295	935	10,241
Other receivables and related party balances							
ECL rate	0.40%	3.30%	2.60%	2.80%	3.60%	8.7%	6.90%
Expected gross carrying amount	4,432	954	709	2,102	3,158	30,087	41,442
Lifetime ECL	(18)	(31)	(18)	(59)	(113)	(2,613)	(2,852)
31 December 2024							
Trade - Airlines							
ECL rate	1.8%	14.6%	38.0%	23.7%	26.7%	77.4%	48.4%
Expected gross carrying	445	0	13	7	0	725	1,190
Lifetime ECL	(8)	(0)	(5)	(2)	(0)	(561)	(576)
Trade – Agents							
ECL rate	0.4%	5.0%	10.8%	15.2%	16.8%	110.3%	16.8%
Expected gross carrying	6,452	189	78	135	204	1,163	8,221
Lifetime ECL	(25)	(9)	(9)	(21)	(34)	(1,283)	(1,381)
Trade – Others							
ECL rate	2.0%	6.7%	8.6%	9.1%	14.3%	25.5%	17.5%
Expected gross carrying	689	173	141	429	551	2,874	4,857
Lifetime ECL	(14)	(12)	(12)	(39)	(79)	(610)	(766)
Trade - Government							
ECL rate	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Expected gross carrying	177	42	64	102	15	326	726
Lifetime ECL	(8)	(4)	(8)	(24)	(6)	(308)	(358)
Other receivables and related party balances							
ECL rate	2.0%	3.6%	3.9%	4.8%	6.1%	10.6%	6.9%
Expected gross carrying	6,375	2,954	7,647	1,161	1,921	18,276	38,334
Lifetime ECL	(127)	(105)	(300)	(56)	(117)	(1,935)	(2,640)

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

A reconciliation of the impairment loss accounts:

Group	Trade and other receivables KShs millions	Due from related party KShs millions	Total KShs millions
31 December 2025			
At 1 January 2025	(3,423)	(3)	(3,426)
Increase in expected credit losses	(247)	-	(247)
At 31 December 2025	(3,670)	(3)	(3,673)
31 December 2024			
At 1 January 2024	(3,692)	(40)	(3,732)
Decrease in expected credit losses	269	37	306
At 31 December 2024	(3,423)	(3)	(3,426)
Company			
31 December 2025			
At 1 January 2025	(3,357)	(2,222)	(5,579)
Decrease in expected credit losses	(242)	(631)	(873)
At 31 December 2025	(3,599)	(2,853)	(6,452)
31 December 2024			
At 1 January 2024	(5,189)	(130)	(5,319)
Increase in expected credit losses	-	(2,092)	(2,092)
Decrease in expected credit losses	1,832	-	1,832
At 31 December 2024	(3,357)	(2,222)	(5,579)

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Incorporation of forward-looking information

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Group formulates three economic scenarios: a base case, which is the central scenario, developed internally based on consensus forecasts, and two less likely scenarios, one upside and one downside scenario.

The central scenario is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organizations such as the World Bank, the International Monetary Fund and selected private-sector forecasts. The forecasts for the macroeconomic factors were derived using ARIMA time series modelling. However, the forecasts that could not be reasonably derived using ARIMA were obtained from the sources described above.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The key drivers for credit risk for receivable portfolios are: lending rates, inflation rates, deposits rates, savings rates, currency exchange rates, Consumer Price Index and changes in GDP.

The economic scenarios used as at 31 December 2025 include the following range of indicators

Macro-Economic Variable	Base	Upside	Downside
Weighting	90.00%	5.00%	5.00%
Inflation Rate	3.77%	3.77%	-5.53%
Saving	3.67%	5.44%	1.91%
Lending	15.33%	18.22%	12.45%
Crude oil prices % change	-1.10%	-0.79%	0.64%
Housing price index	-0.02%	-0.06%	4.88%
Public debt to GDP	65.48%	66.00%	70.94%
Global CPI % Change	4.90%	5.80%	7.41%
Real Global GDP % Change	3.00%	3.30%	5.67%

In determining the economic scenarios to be applied, each of the economic variables was adjusted either upside or downside using the historical standard deviation. Predicted relationships between the key indicators and default and loss rates on the trade receivables portfolios were developed based on analyzing historical data over the past five years.

Sensitivity Analysis

A 5% increase/decrease in the macroeconomic variables at the reporting date would have increased/ decreased profit or loss and equity by the amounts shown below. The analysis assumes that all other variables, in particular, probabilities of default and loss given defaults, remain constant.

Macroeconomic variables	Profit or loss/equity	
	2025 KShs millions	2024 KShs millions
5% increase	(283)	(254)
5% decrease	283	254

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and Company's reputation.

Kenya Airways seeks to maintain sufficient cash balances to cover six months debt obligations and lease rentals.

Management performs cash flow forecasting and monitor rolling forecasts of the Group's and Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group and Company do not breach borrowing limits or covenants on any of its borrowing facilities. Management have sought waivers before year-end from lenders when they have not been compliant with the covenants. Where the waiver is not received prior to the year end, management classifies the loans as current in compliance with the standards. Note 2(e) summarises the procedures the Directors are putting in place to address the solvency challenges facing the Company.

The table below analyses financial liabilities and provisions into relevant maturities based on the remaining period at year-end to the contractual maturity date. The amounts are gross and undiscounted and include estimated interest payments.

Group:

	Less than 1 year KShs millions	2 - 5 years KShs millions	Over 5 years KShs millions	Total KShs millions
31 December 2025				
Borrowings	27,595	46,960	102,174	176,729
Trade and other payables	64,184	-	-	64,184
Lease liabilities	14,453	29,578	15,781	59,812
Return condition provisions	13,641	3,569	7,310	24,520
	119,873	80,107	125,265	325,245
31 December 2024				
Borrowings	26,665	40,785	92,733	160,183
Trade and other payables	52,185	-	-	52,185
Lease liabilities	11,961	30,856	20,433	63,250
Return condition provisions	7,966	6,588	4,561	19,115
	98,777	78,229	117,727	294,733

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Company

	Less than 1 year KShs millions	2 - 5 Years KShs millions	Over 5 years KShs millions	Total KShs millions
31 December 2025				
Borrowings				
Trade and other payables	87,343	-	-	87,343
Lease liabilities	11,794	24,961	15,448	52,203
Return condition provisions	11,989	3,565	2,976	18,530
	<u>111,126</u>	<u>28,526</u>	<u>18,424</u>	<u>158,076</u>
31 December 2024				
Borrowings	26,665	40,785	92,733	160,183
Trade and other payables	75,200	-	-	75,200
Lease liabilities	9,649	27,074	18,724	55,447
Return condition provisions	7,966	4,856	1,984	14,806
	<u>119,480</u>	<u>72,715</u>	<u>113,441</u>	<u>305,636</u>

(d) Capital management

The Group's Board of Director's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business.

The Group's Board of Directors monitors the return on capital, which is defined as net operating income divided by total shareholders' equity.

The Group's Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group monitors the return on shareholder's funds which is defined as the profit for the year expressed as a percentage of average shareholder's equity. The Group and Company seeks to provide a higher return to the shareholders by investing in more profitable routes and improving on efficiencies to provide world class service to meet its growth plans.

The Group also monitors capital on the basis of a gearing ratio which is calculated as the ratio of borrowings net of bank and cash balances to shareholder's equity.

The gearing ratio for the Group at the end of the year was as follows:

Group	2025 KShs millions	2024 KShs millions
Total equity*	(132,065)	(118,242)
Borrowings (Note25)	151,307	148,085
Less: Cash and bank balances (Note 31)	(5,333)	(5,781)
Net borrowings	145,974	142,304
Net debt to equity ratio	>100%	>100%

Notes (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) Capital management (Continued)

The gearing ratio for the Company at the end of the year was as follows:

Company	2025 KShs millions	2024 KShs millions
Total equity*	(132,277)	(116,059)
Borrowings (Note 25)	149,764	146,365
Less: Cash and bank balances (Note 31)	(5,065)	(3,962)
Net borrowings	144,699	142,403
Net debt to equity ratio	>100%	>100%

*Total equity includes all capital and reserves of the Group and Company respectively.

(e) Fair value measurement of financial instruments

The group hold financial assets not at fair value. The directors have assessed the carrying value of these assets to be equivalent to their fair value due to their short-term tenure.

6 OPERATING SEGMENTS

Executive directors have determined the operating segments based on the nature of services. The operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer that are used to make strategic decisions.

The operating segments are the business segments as disclosed in the financial statements. The rest of the world refers to routes operated outside Kenya and they include regions specified in the geographical segment disclosure.

Segment profit/loss represents the operating profit and loss earned by each segment without allocation of share of profits/losses of associates, finance costs and income tax expense.

The major part of the business of the Group and Company falls under category of aviation transport with income from other categories comprising less than 9.1% of total income.

Notes (Continued)

6. OPERATING SEGMENTS (Continued)

Analysis of turnover according to business segments:

	Passenger	Freight and mail	Handling	Other revenue	Total
	KShs million	KShs million	KShs million	KShs million	KShs million
31 December 2025					
Kenya	20,625	33	2,303	737	23,698
Rest of the world	110,730	15,434	-	11,611	137,775
	131,355	15,467	2,303	12,348	161,473
31 December 2024					
Kenya	20,825	39	2,528	781	24,173
Rest of the world	135,229	16,190	-	12,903	164,322
	156,054	16,229	2,528	13,684	188,495

Analysis of costs according to business segments:

31 December 2025

	Passenger	Freight and mail	Handling	Others	Total
	KShs million	KShs million	KShs million	KShs million	KShs million
31 December 2025					
Operating costs	135,916	16,004	2,383	12,777	167,080
31 December 2024					
Operating costs	142,327	14,801	2,306	12,440	171,874

Notes (Continued)

6. OPERATING SEGMENTS (Continued)

Analysis of operating loss/ (profit) per business segments:

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	million	million	million	million
Passengers	(4,561)	13,728	(6,450)	11,534
Freight, Mail & Others	(537)	1,428	(840)	1,297
Handling	(80)	222	-	-
Others	(429)	1,243	(636)	1,052
	<u>(5,607)</u>	<u>16,621</u>	<u>(7,926)</u>	<u>13,883</u>

Segment assets and liabilities

The major revenue-earning assets of the Group and Company comprise the aircraft fleet, all of which are registered in Kenya. Since the Group's and Company's aircraft fleet is employed flexibly across its worldwide route network, there is no suitable basis of allocating such assets and related liabilities to the operating segments. Since the aircraft fleet is deployed flexibly across the Group's route network, providing information on non-current assets by geographical and business segments is not considered meaningful.

Analysis of turnover by geographical Segments

	2025	2024
	KShs	KShs
	millions	millions
Africa	95,111	107,530
Europe	31,947	36,258
Middle East	9,737	10,763
China	5,938	8,274
India	4,900	6,244
North America	13,840	19,426
	<u>161,473</u>	<u>188,495</u>

Notes (Continued)

7. REVENUE

Revenue from contracts with customers:

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Recognised at a point in time:				
Passengers	131,355	156,054	118,625	143,815
Freight and mail	15,467	16,229	15,456	16,183
Handling	2,303	2,528	-	-
	<u>149,125</u>	<u>174,811</u>	<u>134,081</u>	<u>159,998</u>
Recognised over time:				
Engineering services	1,023	957	1,011	942
Training services	214	170	199	170
	<u>1,237</u>	<u>1,127</u>	<u>1,210</u>	<u>1,112</u>
(ii) Other revenue				
Lease rental income	775	820	775	820
Sundry income	10,336	11,737	9,699	11,218
	<u>11,111</u>	<u>12,557</u>	<u>10,474</u>	<u>12,038</u>
Total	<u>161,473</u>	<u>188,495</u>	<u>145,765</u>	<u>173,148</u>

8. EXPENSES BY NATURE

(a) Direct costs

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Aircraft fuel and oil	45,493	60,483	42,846	57,206
Aircraft landing, handling and navigation	18,134	21,965	17,355	21,007
Aircraft maintenance	12,876	16,052	11,813	14,969
Passenger services	6,605	7,562	6,538	7,512
Commissions on sales	3,699	4,272	3,605	4,189
Aircraft, passenger and cargo insurance	1,579	1,847	1,349	1,558
Crew route expenses	5,006	5,115	4,979	5,096
Central reservation system and frequent flyer programme	7,268	8,773	6,675	7,965
Other direct costs	1,363	1,498	808	940
	<u>102,023</u>	<u>127,567</u>	<u>95,968</u>	<u>120,442</u>

Notes (Continued)

8. EXPENSES BY NATURE (Continued)

(b) Fleet ownership costs

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Short-term lease expense	945	1,045	283	871
Depreciation on aircraft and related equipment (Note 14)	8,173	7,075	8,138	7,052
Amortisation of Right of Use (ROU) asset- aircraft and related equipment (Note 16)	8,151	6,916	6,717	5,594
Impairment of aircraft and related equipment writeback (Note 16)	-	(4,889)	-	(4,889)
Impairment of aircraft and related equipment (Note 14)	349	2,963	349	2,963
Amortisation of return condition asset (Note 16)	4,472	3,894	3,776	3,235
Impairment of prepaid maintenance asset (Note 21)	5,053	3,422	5,053	3,422
	27,143	20,426	24,316	18,248

(c) Other operating costs

(i) Administration expenses

Employee costs (Note 8(d))	27,475	22,139	23,688	19,011
Legal and professional fees	866	695	767	640
Directors' remuneration	33	45	25	36
Auditor's remuneration	24	24	16	13
General expenses	4,981	3,357	4,395	2,783
	33,379	26,260	28,891	22,483

(ii) Establishment

General maintenance and supplies	782	663	590	565
Depreciation on property and equipment (Note 14)	1,127	1,038	1,037	965
Amortisation of intangible assets – computer software (Note 15)	167	156	139	150
Amortisation of leased buildings (Note 16)	817	306	687	228
Short term lease rent	94	24	114	5
	2,987	2,187	2,567	1,913

Notes (Continued)

8. EXPENSES BY NATURE (Continued)

(c) Other operating costs (Continued)

(iii) Selling

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Advertising and publicity	264	328	166	244
Provision for expected credit losses on trade and other receivables (Note 20)	247	(306)	873	260
	511	22	1,039	504
Bank charges	142	162	133	155
Foreign currency losses/(gains)	895	(4,750)	777	(4,480)
	1,037	(4,588)	910	(4,325)
Total other operating costs	37,914	23,881	33,407	20,575

(d) Employee costs

Wages and salaries	20,849	17,488	18,460	14,966
Retirement benefits costs	1,223	954	1,070	839
National Social Security Fund (NSSF)	813	571	723	513
Increase in leave pay accrual	1,266	698	1,210	684
Other staff costs	3,324	2,428	2,225	2,009
	27,475	22,139	23,688	19,011

Number of employees

Flight operations	1,637	1,608	1,456	1,459
Ground services	1,324	1,345	1,180	878
Management and administration	1,860	1,575	1,097	1,317
Technical	851	714	716	610
	5,672	5,242	4,449	4,264

Notes (Continued)

9. NET FINANCE COSTS

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Interest expense				
- Borrowings	6,484	8,376	6,076	8,229
- Lease liabilities (Note 26)	3,887	3,852	3,473	3,285
- Return condition provisions (Note 28)	721	127	687	99
	11,092	12,355	10,236	11,613
Currency translation losses on borrowings (Note 25)	(25)	-	(25)	-
Currency translation losses on hedged items reclassified from OCI (Note 23)	1,421	1,621	1,421	1,621
Currency translation non-hedged items	(67)	(4,441)	(49)	(4,469)
Currency translation losses on leases	(22)	1,628	(14)	3,172
	12,399	11,163	11,569	11,937
Interest income:				
Interest income on bank deposits and intercompany balances	(79)	(69)	(164)	(174)
Net finance costs	12,320	11,094	11,405	11,763

10. (LOSS)/PROFIT BEFORE TAX

The profit/(loss) before tax is arrived at after charging/(crediting):

Lease rental income (Note 7 (ii))	(775)	(820)	(775)	(820)
Employee costs (Note 8(d))	27,475	22,139	23,688	19,011
Net foreign exchange losses	2,969	5,984	2,797	4,169
Depreciation of property, aircraft and equipment (Note 14)	9,300	8,113	9,175	8,017
Impairment of property, aircraft and equipment (Note 14)	349	2,963	349	2,963
Amortisation of computer software (Note 15(b))	167	156	139	150
Amortisation of right-of-use asset (Note 16)	8,968	7,222	7,404	5,822
Amortisation of return conditions asset (Note 16)	4,472	3,894	3,776	3,235
Reversal of previously recognised impairments (Note 16)	-	(4,889)	-	(4,889)
Impairment of prepaid maintenance asset (Note 21)	5,053	3,422	5,053	3,422
Provision for expected credit losses on trade receivables (Note 20)	247	(306)	873	260
Auditor's remuneration	24	24	16	13
Directors' remuneration (Note 32 b (iii))	151	104	151	104
Provision for obsolete inventories (Note 19)	-	208	-	208

Notes (Continued)

11. INCOME TAX

(a) Group

(i) Income tax (credit)/expense

Income tax charge/(credit) recognised in profit or loss

	2025 KShs Millions	2024 KShs Millions
Current income tax at 30% (2024:30%)	43	36
Deferred income tax (Note 27)	(807)	59
	<u>(764)</u>	<u>95</u>

(ii) Reconciliation of income tax based on accounting loss to tax (credit)/charge

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2025 KShs million	2024 KShs million
(Loss)/profit before tax	(17,927)	5,527
Current tax at 30% (2024: 30%)	(5,378)	1,658
Tax effect of expenses not subject for tax purposes	2,240	16,145
Unrecognised deferred tax asset (Note 27)	3,376	(17,708)
Utilisation of previous unrecognised tax losses	(1,002)	-
Income tax (credit)/expense	<u>(764)</u>	<u>95</u>

(b) Company

(i) Income tax expense

Income tax charge recognised in profit or loss

Current tax at 30% (2024:30%)	28	29
Income tax expense	<u>28</u>	<u>29</u>

(ii) Reconciliation of tax based on accounting loss to tax charge

(Loss)/profit/before tax	(19,331)	2,120
Current tax at 30% (2024:30%)	(5,799)	636
Tax effect of expenses not subject for tax purposes	2,378	9,309
Unrecognised deferred income tax asset (Note 27)	3,449	(9,916)
Income tax expense	<u>28</u>	<u>29</u>

Notes (Continued)

11. INCOME TAX (continued)

(c) Current tax recoverable

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
At start of year	1,359	1,322	1,317	1,285
Charge for the year	(43)	(39)	(28)	(29)
Paid during the year	49	76	33	61
At end of year	1,365	1,359	1,322	1,317

12. EARNINGS PER SHARE - GROUP

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

	2025	2024
	KShs	KShs
	millions	millions
(Loss)/profit attributable to owners of the Company	(17,134)	5,511
Basic loss per share		
Weighted average number of ordinary shares (million)	5,824	5,824
Basic (loss)/profit per share (KShs)	(2.94)	0.95
Instruments with dilutive impact in the year:		
Weighted average number of ordinary shares deemed to be issued in respect of convertible loan note (million)	1,659	1,659
Adjusted (loss)/profit after tax	(17,163)	5,511
Diluted (loss)/profit per share (KShs)	(2.29)	0.74

13. DIVIDENDS – GROUP AND COMPANY

The Directors do not recommend payment of dividend for the year ended 31 December 2025 (2024: Nil). This proposal will be presented for formal approval by the shareholders at the forthcoming Annual General Meeting.

The unclaimed dividends account is as follows:

	2025	2024
	KShs	KShs
	millions	millions
At start and end of year (Note 30)	70	70

Notes (Continued)

14. PROPERTY, AIRCRAFT AND EQUIPMENT

Group

	Land and buildings KShs millions	Aircraft and related equipment KShs millions	Other property and equipment KShs millions	Incomplete projects KShs millions	Total KShs millions
As at 1 January 2024					
Cost or valuation	11,783	134,664	12,630	2,835	161,912
Accumulated depreciation	(689)	(72,385)	(11,470)	-	(84,544)
At 1 January 2024	11,094	62,279	1,160	2,835	77,368
Year ended 31 December 2024					
Opening net book amount	11,094	62,279	1,160	2,835	77,368
Additions	-	1,993	788	4,347	7,128
Transfer from incomplete projects	-	4,209	56	(4,265)	-
Disposals	-	(47)	(313)	-	(360)
Depreciation charge	(689)	(7,075)	(349)	-	(8,113)
Impairment charge	-	(2,963)	-	-	(2,963)
Depreciation eliminated on disposal	-	42	309	-	351
At 31 December 2024	10,405	58,438	1,651	2,917	73,411
As at 31 December 2024					
Cost or valuation	11,783	140,819	13,160	2,917	168,679
Accumulated depreciation	(1,378)	(82,381)	(11,509)	-	(95,268)
At 31 December 2024	10,405	58,438	1,651	2,917	73,411
Year ended 31 December 2025					
Opening net book amount	10,405	58,438	1,651	2,917	73,411
Additions	-	1,673	610	2,963	5,246
Transfer from incomplete projects	-	4,412	11	(4,616)	(193)
Reclassification to ROU	-	(488)	-	-	(488)
Disposals	-	(3,886)	(182)	-	(4,068)
Depreciation charge	(689)	(8,173)	(438)	-	(9,300)
Impairment charge	-	(349)	-	-	(349)
Revaluation surplus	2,754	-	-	-	2,754
Depreciation eliminated on disposal	-	3,122	182	-	3,304
At 31 December 2025	12,470	54,749	1,834	1,264	70,317
As at 31 December 2025					
Cost or valuation	12,470	145,652	13,781	1,264	173,167
Accumulated depreciation	-	(90,903)	(11,947)	-	(102,850)
At 31 December 2025	12,470	54,749	1,834	1,264	70,317

Notes (Continued)

14. PROPERTY, AIRCRAFT AND EQUIPMENT (Continued)

Company

	Land and buildings KShs millions	Aircraft and related equipment KShs millions	Other property and equipment KShs millions	Incomplete projects KShs millions	Total KShs millions
At 1 January 2024					
Cost or valuation	11,206	134,269	12,106	2,803	160,384
Accumulated depreciation	(659)	(72,350)	(11,077)	-	(84,086)
At 31 January 2024	10,547	61,919	1,029	2,803	76,298
Year ended 31 December 2024					
Opening net book amount	10,547	61,919	1,029	2,803	76,298
Additions	-	1,993	572	4,346	6,911
Transfer from incomplete projects	-	4,209	30	(4,239)	-
Disposals	-	(46)	(313)	-	(359)
Depreciation charge	(659)	(7,052)	(306)	-	(8,017)
Impairment charge	-	(2,963)	-	-	(2,963)
Depreciation eliminated on disposal	-	42	311	-	353
At 31 December 2024	9,888	58,102	1,323	2,910	72,223
At 31 December 2024					
Cost or valuation	11,206	140,424	12,395	2,910	166,935
Accumulated depreciation	(1,318)	(82,322)	(11,072)	-	(94,712)
At 31 December 2024	9,888	58,102	1,323	2,910	72,223
Year ended 31 December 2025					
Opening net book amount	9,888	58,102	1,323	2,910	72,223
Additions	-	1,077	516	2,941	4,534
Transfer from incomplete projects	-	3,945	7	(4,085)	(133)
Reclassification to ROU	-	(486)	-	-	(486)
Disposals	-	(3,886)	(149)	-	(4,035)
Depreciation charge	(659)	(8,138)	(378)	-	(9,175)
Impairment charge	-	(349)	-	-	(349)
Revaluation surplus	2,456	-	-	-	2,456
Depreciation eliminated on disposal	-	3,121	149	-	3,270
At 31 December 2025	11,685	53,386	1,468	1,766	68,305
At 31 December 2025					
Cost or valuation	11,685	141,746	12,769	1,280	167,480
Accumulated depreciation	-	(87,874)	(11,301)	-	(99,175)
At 31 December 2025	11,685	53,872	1,468	1,280	68,305

Notes (Continued)

14. PROPERTY, AIRCRAFT AND EQUIPMENT (Continued)

Carrying amounts that would have been recognised if land and buildings were stated at cost

	Group		Company	
	KShs millions 2025	KShs millions 2024	KShs millions 2025	KShs millions 2024
Cost	4,615	4,615	4,081	4,081
Accumulated depreciation	(3,938)	(3,279)	(3,292)	(2,633)
Net book amount	677	1,336	789	1,448

Included in property, aircraft and equipment of Group and Company are assets with a cost of KShs 31,870 million (2024: KShs 31,325 million) and KShs 31,125 million (2024: KShs 30,528 million) respectively that are fully depreciated but still in use. The notional annual depreciation of these assets would have been KShs 4,931 million (2024: KShs 4,741 million) and KShs 4,802 million (2024: KShs 4,646 million) respectively. For cost model is used for property, aircraft and equipment. Management have considered that the fair value is not materially different from the carrying amounts in the books

Incomplete projects relate to aircraft, property and other equipment yet to be available for use.

Also included in land and buildings for Group and Company are properties that are the subject of court disputes valued at KShs 86 million (2024: KShs 86 million). The Group and Company are the defendants in several legal suits in which the parties are claiming ownership of the company's land. Based on the legal advice and information currently available, the Directors do not expect any significant amounts to crystallize from the assessments. The Directors have disclosed the general nature of the dispute as they do not want to prejudice the position of the Group and Company over these matters that are currently in court.

Impairment assessment

The Group and Company performed an impairment assessment of its owned aircrafts and related equipment at the end of year by comparing the recoverable amounts of the assets against their carrying value in the statement of financial position. Similar to prior years, the recoverable amount was based on fair value less costs to dispose of the aircrafts and related equipment by an independent external expert, MBA Aviation (USA). The basis of valuation was market prices based on recent transactions, age and condition of the equipment.

The results of the impairment assessment are as follows;

	2025 KShs millions	2024 KShs millions
Impairment charge – owned aircrafts	349	2,963
At end of year	349	2,963

The fair valuation falls under level 3 of the fair value hierarchy as the inputs were not based on observable market inputs. There was no change in the valuation technique during the year.

Assets pledged as security

The net book value of aircraft and land and buildings charged as security for loan facilities obtained to finance their purchase is KShs 47,200 million and KShs 4,873 million (2024: KShs 48,594 million and KShs 46 million respectively) at the end of the year. Details of the outstanding loan facilities are disclosed in note 25.

Notes (Continued)

14. PROPERTY, AIRCRAFT AND EQUIPMENT (Continued)

Fair value measurement of the Group's and Company's land and buildings

The Group's and Company's land and buildings were revalued at 31 December 2025 by an independent valuer, Quice Real Estate Limited. Quince Real Estate Limited are members of the Institute of Valuers of Kenya and they have appropriate qualifications and recent experience in the fair value measurements of properties in the relevant locations. The valuation conforms to International Valuation Standards (IVS), Institution of Surveyors of Kenya (ISK) guidelines and was based on open market value on arm's length terms.

The fair value of the land was determined based on the sales comparison/market approach that reflects recent transaction prices for similar properties.

The fair value for the buildings was determined using the depreciated replacement cost approach. This valuation method was used because there isn't market data available on sale of airline type of property – as such transactions are not common in this market. There has been no change in the valuation technique during the year.

The Group assessed land and buildings for impairment considering the prevailing conditions in the industry. The Group determined that there were no changes to the assumptions about the future use of the assets, specifically the remaining useful lives and the residual values, hence no impairment was recognised.

Details of the fair value hierarchy for the Group's and Company's property carried at fair value as at 31 December 2025 and 31 December 2024 are as follows:

	Level 1 KShs millions	Level 2 KShs millions	Level 3 KShs millions	Total KShs millions
31 December 2025				
Group				
Land and buildings	-	-	12,471	12,471
Company				
Land and buildings	-	-	11,686	11,686
31 December 2024				
Group				
Land and buildings	-	-	10,410	10,410
Company				
Land and buildings	-	-	9,889	9,899

There were no transfers between the levels during the current or prior year.

Notes (Continued)

15. INTANGIBLE ASSETS

Intangible assets consist of:

	Group		Company	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
Landing slot	2,561	2,561	2,561	2,561
Computer systems and software	380	301	321	287
Incomplete projects	22	25	-	-
	2,963	2,887	2,882	2,848

(a) Intangible assets – landing slot

The Group has rights to a landing slot at the London Heathrow International Airport to enable daily afternoon landings and departures on the Nairobi – London route. The rights obtained to the use of the slot are for an indefinite period as per the nature of the asset and the operationalising agreements. The slot was obtained in 2017 as an in-kind contribution from KLM Royal Dutch Airlines in exchange for ordinary shares in the Company.

(b) Intangible assets – computer systems and software

Intangible assets - software

	Group		Company	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
At start of year	301	358	287	338
Additions	49	19	40	19
Transfer from property, aircraft and equipment (Note 14)	197	80	133	80
Amortisation during the year	(167)	(156)	(139)	(150)
At end of year	380	301	321	287
Cost	5,944	5,698	5,680	5,507
Amortisation	(5,564)	(5,397)	(5,359)	(5,220)
Net book value At 31 December	380	301	321	287

Management performed an impairment assessment on the Group's intangible assets considering the prevailing conditions in the industry. No impairment charge was identified as at the reporting date.

Notes (Continued)

16. RIGHT-OF-USE-ASSETS

(a) Right-of-use assets

Group	Aircraft and related equipment KShs millions	Buildings KShs Millions	Total KShs Millions
Carrying amount:			
At 1 January 2024	31,873	1,165	33,038
Additions	6,778	58	6,836
Modifications	(643)	68	(575)
Reversal of previously recognised impairment	4,889	-	4,889
Amortisation charge	(6,916)	(306)	(7,222)
At 31 December 2024	35,981	985	36,966
At 1 January 2025	35,981	985	36,966
Additions	6,476	56	6,532
Modifications	3,723	760	4,483
Amortisation charge	(8,151)	(817)	(8,968)
Reclassification of engine to PPE (lease to own)	(245)	-	(245)
At 31 December 2025	37,784	984	38,768
Company			
Carrying amount:			
At 1 January 2024	26,049	571	26,620
Additions	3,910	-	3,910
Amortisation charge	(5,594)	(228)	(5,822)
Reversal of previously recognised impairment	4,889	-	4,889
Renewal	1,859	58	1,917
Retirement obligation write-back	-	(12)	(12)
At 31 December 2024	31,113	389	31,502
At 1 January 2025	31,113	389	31,502
Additions	3,883	-	3,883
Modification	4,117	760	4,877
Amortisation charge	(6,717)	(687)	(7,404)
At 31 December 2025	32,396	462	32,858

Notes (Continued)

16. RIGHT-OF-USE-ASSETS (Continued)

(a) Right of use assets (continued)

The Group and Company leases several assets including buildings and aircraft and related equipment. The average lease term for aircraft is 10 to 12 years, engines are 7 years and buildings are 5 to 13 years.

The various lease agreements do not provide for purchase options on expiry of the lease terms.

No restrictions have been imposed by the lessors on the Group and Company in respect to dividend pay outs, borrowings or further leasing.

Impairment assessment

Despite recovery from the impact of Covid-19 pandemic, impact of Global supply chain challenges, increased fuel prices and depreciation of Kenya shilling against hard currencies required the Group to perform an impairment test on right-of-use assets for leased aircrafts and buildings. The impairment review was carried out at the 'cash-generating unit' (CGU) level, defined as the smallest identifiable group of assets, liabilities and associated intangible assets that generate cash inflows that are largely independent of the cash flows from other assets or group of assets. The impairment review was performed on the network airline operations CGU, including passenger, freighter and charter operations, as well as all related ancillary operations.

The recoverable amount of the network airline operations has been measured based on the value-in-use, using a discounted cash flow model. Cash flow projections are based on the business plan covering the life of individual aircrafts. Cash flows for the impairment assessment period are projected to increase in line with the long-term growth rate of the main economies in which the Group operates. The following key assumptions were made in calculation of value-in-use:

- Weighted Average Cost of Capital (WACC) discount rate of 7.85%.
- Ten years of future cashflows was used, to reflect the length of lease terms.
- Financing costs was excluded from the workings as provided for by IAS 36.

IAS 36 provides that an entity shall assess at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

Following the assessment done at the end of the year using the assumptions above, the recoverable amount was much higher than the carrying amount of the CGU.

Amounts recognised in the profit and loss are as follows:

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Amortisation of right-of-use assets (Note 16)	8,968	7,222	7,404	5,822
Interest on lease liabilities (Note 26)	3,887	3,852	3,473	3,285
Expenses relating to short-term leases (Note 8)	945	1,045	283	871
Reversal of previously recognised impairment	-	(4,889)	-	(4,889)

Notes (Continued)

16. RIGHT-OF-USE-ASSETS (Continued)

(a) Right of use assets (continued)

Lease modifications and terminations

A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. If a lease continues to exist, the lease modification can result in a separate lease or a change in the accounting for the existing lease.

The exercise of an existing purchase option or renewal option or a change in the assessment of whether such options are reasonably certain to be exercised are not lease modifications but can result in the remeasurement of lease liabilities and right-of-use assets.

(b) Return condition assets

The movement in return condition assets is as follows:

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
At start of year	9,593	9,213	7,095	6,632
Additions	6,902	4,274	4,894	3,698
Amortisation charge	(4,472)	(3,894)	(3,776)	(3,235)
At end of year	12,023	9,593	8,213	7,095

Notes (Continued)

17. INVESTMENTS

(a) Investment in subsidiaries - Company

Details of investment	Country of incorporation	Activity	2025 % of equity	2024 interest	2025 KShs million Carrying Amount	2024 KShs million Carrying Amount
Kenya Airfreight Handling Limited (2,550,000 shares of KShs 20 each)	Kenya	Cargo handling for perishable products	51%	51%	51	51
JamboJet Limited (1,000,000 shares of KShs 606 each)**	Kenya	Local passenger air transport	100%	100%	-	-
Kencargo Airlines International Limited (1,000,000 shares of KShs 20 each)*	Kenya	Dormant	100%	100%	-	-
African Cargo Handling Limited (5,753,822 shares of KShs 100 each)***	Kenya	Cargo handling	100%	100%	384	384
Fahari Aviation (5,000 shares of KShs 20 each)	Kenya	Drone operations and training	100%	100%	-	-
					435	435

*The investment in Kencargo Airlines International Limited is fully impaired since the Company has been inactive thus casting doubt on the recoverability and valuation of the investment. The investment was impaired by KShs 20 million.

** The investment in Jambojet Limited is fully impaired by KShs 606 million.

*** The purchase of African Cargo Handling Limited was below the net identifiable assets resulting in a bargain purchase.

The movement in the impairment of investment in subsidiaries is as follows:

	2025 KShs millions	2024 KShs millions
At start of year	626	626
Impairment charge	-	-
At end of year	626	626

During the year, the Company did not recognise any impairment charge on any of the subsidiaries (2024: Nil)

Notes (Continued)

17. INVESTMENTS (Continued)

(a) Investment in subsidiaries – Company (continued)

The summarised financial information of the subsidiaries with material NCI is as shown below:

	Current assets		Non-current assets		Current liabilities		Non-current liabilities	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
Kenya Airfreight Handling Limited	831	673	252	277	1,027	837	88	78
	Shareholder's equity		Revenues		Profit/(loss) before tax		Total comprehensive income	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
Kenya Airfreight Handling Limited	(32)	35	321	385	(83)	(104)	(58)	(73)

Notes (Continued)

17. INVESTMENTS (Continued)

(b) Investments in associates – Group and Company

(i) African Tours and Hotels Limited:

	2025 KShs millions	2024 KShs millions
African Tours and Hotels Limited: (100,398 ordinary shares of KShs 20 each)	2	2
Less: Impairment on investment in associate	(2)	(2)
	<u>-</u>	<u>-</u>

The shareholding in African Tours and Hotels Limited represents 20.1% of the issued ordinary share capital of the company. The Company was placed under receivership several years back and, therefore, the Directors do not expect the value of the investment to be recovered. Consequently, the investment is fully impaired.

(ii) Precision Air Services Limited:

	2025 KShs millions	2024 KShs millions
66,157,350 ordinary shares of KShs 3.48 (TShs 20) each	230	230
Less: Impairment of investment in associate	(230)	(230)
	<u>-</u>	<u>-</u>

The summarised financial information of the associate is set out below:

Current assets	1,089	1,338
Non- current assets	2,759	2,878
Total assets	<u>3,848</u>	<u>4,216</u>
Current liabilities	(18,120)	(16,014)
Non-current liabilities	(13,680)	(13,617)
Total liabilities	<u>(31,800)</u>	<u>(29,631)</u>
Total revenue for the year	6,176	8,208
Loss before tax for the year	(2,517)	(733)
Total comprehensive loss for the year	<u>(2,566)</u>	<u>(1,881)</u>

Kenya Airways Plc owns 41.23% equity interest in Precision Air Services Limited. The investment was fully impaired in 2013 as the Directors do not expect the value of the investment to be recovered.

Notes (Continued)

18. AIRCRAFT DEPOSITS - Group and Company

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Deposits for leased aircrafts	5,223	4,847	4,448	4,226
Deposits for acquisition of aircrafts	310	323	322	323
Other provisions on deposits	(5)	(4)	(5)	(4)
	5,528	5,166	4,765	4,545

The deposits for leased aircraft relates to the lease of aircraft and engines, specifically Boeing 737's, 787's, and Embraer E190's. These deposits are recorded at amortized cost.

The deposits for acquisition of aircrafts represents amounts paid to Boeing Corporation for an option to purchase or lease aircraft in the future.

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
At start of year	5,166	5,942	4,545	5,088
Additions	801	663	600	634
Refunds in the year	(484)	(333)	(425)	(274)
Discounting impact to profit or loss	54	111	54	111
Provision for deposits	(1)	1	(1)	1
Foreign currency exchange gain	(8)	(1,218)	(8)	(1,015)
At end of year	5,528	5,166	4,765	4,545

19. INVENTORIES – GROUP AND COMPANY

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Aircraft consumables	4,058	4,448	3,862	4,301
Other inventories	442	275	442	275
Provisions for obsolescence	(1,697)	(1,697)	(1,697)	(1,697)
	2,803	3,026	2,607	2,879

The cost of inventories recognised as an expense and included in the Group's and Company's 'Direct costs' amounted to KShs 1,787 million (2024: KShs 1,584 million).

Notes (Continued)

19. INVENTORIES – GROUP AND COMPANY (continued)

The movement in provision for obsolete inventories is as follows:

	2025 KShs millions	2024 KShs millions
At start of year	1,697	1,489
Increase in provisions in provision during the year	-	208
At end of year	1,697	1,697

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
Trade receivables	14,109	15,968	13,839	14,994
Less: Provision for expected credit losses	(3,670)	(3,574)	(3,598)	(3,521)
	10,439	12,394	10,241	11,473
Due from related parties (Note 32(i))	14	3	30,920	28,908
Less: Provision for expected credit losses	(3)	(3)	(2,853)	(2,222)
	11	-	28,067	26,686
Prepayments and other receivables	10,432	7,967	10,521	9,420
	20,882	20,361	48,829	47,579

The movement in the provision for expected credit losses of trade receivables, prepayments, other receivables and amounts due from related companies is as follows:

	Group		Company	
	2025 KShs millions	2024 KShs Millions	2025 KShs millions	2024 KShs millions
At start of year	3,426	3,732	5,578	5,318
Charge/(credit) to profit or loss	247	(306)	873	260
At end of year	3,673	3,426	6,451	5,578

Notes (Continued)

21. PREPAID MAINTENANCE ASSETS

The movement in the prepaid maintenance assets is as follows:

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
At start of year	43,456	40,014	39,161	35,947
Additions	7,140	7,793	6,194	6,619
Refunds	(498)	(471)	(267)	(217)
Foreign currency exchange gain	(32)	(3,880)	(27)	(3,188)
At end of year	50,066	43,456	45,061	39,161
Provision for impairment	(29,007)	(23,954)	(28,668)	(23,615)
	21,059	19,502	16,393	15,546
Split as follows:				
Current	11,042	11,080	7,683	8,232
Non-current	10,017	8,422	8,710	7,314
	21,059	19,502	16,393	15,546

The movement in the provision for impairment is as follows:

At start of year	23,954	20,532	23,615	20,193
Charge for the year	5,053	3,422	5,053	3,422
At end of year	29,007	23,954	28,668	23,615

22. SHARE CAPITAL – GROUP AND COMPANY

(a) Share capital and share premium

	2025	2024
	KShs	KShs
	millions	millions
<i>Issued and fully paid:</i>		
5,823,902,621 ordinary shares of KShs 1 each	5,824	5,824

Notes (Continued)

22. SHARE CAPITAL – GROUP AND COMPANY (Continued)

The movement in the share capital and share premium is as follows:

	Issued and fully paid No. of shares million	Share capital KShs millions	Share premium KShs million	Total KShs million
At 1 January 2024 and 31 December 2024	5,824	5,824	49,223	55,047
At 1 January 2025 and 31 December 2025	5,824	5,824	49,223	55,047

(b) Convertible loan notes

On 14 November 2017, as part of its balance sheet restructuring, the Company issued the Government of Kenya and KQ Lenders Company 2017 Limited Convertible loan notes of KShs 7,744 million (USD 75 million) and KShs 5,163 million (USD 50 million) respectively. The Government of Kenya note was issued at zero interest rate while the KQ Lenders Company 2017 Limited Convertible loan note attracts an interest of 5.11% in year 1 to year 5, 15.34% in year 6 to year 7 and 25.56% in year 8 to year 10.

The notes are mandatorily convertible to equity shares in year 10 but can be converted to equity anytime within the 10 years. On conversion to equity, the Government of Kenya will be issued with 995,254,143 ordinary shares at KShs 7.78 per share while the KQ Lenders Company 2017 Limited will be issued with 663,502,762 ordinary shares at KShs 7.78 per share.

The note issued to the Government of Kenya is classified as an equity instrument, while the note issued to KQ Lenders Company 2017 Limited is considered a compound instrument comprising both a liability element and an equity element. The equity element is recorded in equity under shareholders' funds, while the liability element is presented in non-current liabilities under borrowings.

	2025 KShs millions	2024 KShs millions
KQ Lenders Company 2017 Limited equity component	1,886	1,886
Government of Kenya mandatorily convertible loan	7,744	7,744
Equity component	9,630	9,630

(c) Treasury shares

Treasury shares represent the shares in Kenya Airways Plc that are held by the Trustees of the Kenya Airways Employee Share Ownership Scheme 2017, a trust set up for the purpose of incentivising certain employees through issuance of shares to employees as part of their remuneration package.

The formation of the scheme was approved at the Extraordinary General Meeting of the Company held on 7 August 2017. Accordingly, the Directors allotted 142,164,558 shares to the scheme for zero cash consideration. The shares are carried at a par value of KShs 1 each.

Under the scheme, eligible employees may be granted the shares at the discretion of the Directors for no cash consideration upon the satisfaction of various conditions as determined by the Directors from time to time. The vesting conditions are yet to be determined by the Board of Directors and as such the shares have been shown as treasury shares until the vesting conditions have been determined.

Notes (Continued)

23. OTHER RESERVES – GROUP AND COMPANY

Other reserves are made up the following reserves:

	Group		Company	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
Cash flow hedge reserve - foreign currency	-	(1,421)	-	(1,421)
Revaluation surplus	10,319	8,391	9,783	8,063
	10,319	6,970	9,783	6,642

The following table shows the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided in the tables below:

Cash flow hedge reserves	Group		Company	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
At start of year	(1,421)	(15,801)	(1,421)	(15,801)
Foreign currency exchange gain on hedged borrowings	-	3,105	-	3,105
Foreign currency exchange gain on hedged lease liabilities	-	7,449	-	7,449
	-	10,554	-	10,554
Reclassification to profit or loss:				
- cessation of hedging relationship	1,421	1,621	1,421	1,621
- repayment of leases	-	2,205	-	2,205
	1,421	3,826	1,421	3,826
	-	(1,421)	-	(1,421)

Notes (Continued)

23. OTHER RESERVES (Continued)

(a) Cash flow hedge reserve – Group and Company (continued)

Derivative financial instruments and hedging activities – Group and Company

Non-derivative financial liabilities to hedge foreign currency risk in a cash flow hedge relationship.

The Group's primary risk management objective is to mitigate foreign currency risk stemming from fluctuations in exchange rates, particularly concerning highly probable forecasted sales denominated in foreign currency. Given that a significant portion of the Group's revenue is derived from foreign currencies other than the Kenyan Shilling (KShs), exposure to foreign exchange risk directly impacts the Group's profitability and financial position due to fluctuations in exchange rates. Accordingly, the Group's policy involves designating monthly USD sales as highly probable forecasted transactions within a hedging relationship, aligning with the Group's risk management strategy.

The hedged risk specifically targets the USD/KShs foreign exchange risk related to the conversion of foreign currency-denominated forecasted sales into KShs and the movements in spot rates. The hedged item comprises highly probable forecasted sales denominated in USD, while the hedging instruments encompass foreign currency borrowings in the form of long-term loans from banks and aircraft lease payments.

Given that the critical terms of the hedge relationship perfectly align, the Group evaluates the ineffectiveness of the hedge relationship monthly.

- a) Details of amount held in other comprehensive income (OCI) and the period during which these are going to be released and affecting the statement of profit & loss:

Cash flow hedging reserve	2025			2024		
	Release			Release		
	Closing Values in Hedge reserves	In less than 12 months	After 12 Months	Closing Values in Hedge reserves	In less than 12 Months	After 12 Months
	KShs millions	KShs millions	KShs millions	KShs millions	KShs millions	KShs millions
Foreign Currency Hedging-Lease liabilities	-	-	-	(1,421)	-	(1,421)

Notes (Continued)

23. OTHER RESERVES – GROUP AND COMPANY (Continued)

(a) Cash flow hedge reserve – Group and Company (continued)

(i) Gain/(loss) recognised in OCI and recycled (amount of gain/(loss) recognised in hedging reserve and recycled during the year 2025)

Cash-flow hedges	Reserve	Opening balance	Net amount recognized in hedge reserves	Reclassified to the P&L	Closing balance before tax
		KShs millions	KShs millions	KShs millions	KShs millions
Non-Derivative financial instruments- Lease liabilities	Cash flow hedge reserve	(1,421)	-	1,421	-
		(1,421)	-	1,421	-

(ii) Gain/(loss) recognised in OCI and recycled (amount of gain/(loss) recognised in hedging reserve and recycled during the year 2024)

Cash-flow hedges	Reserve	Opening Balance	Net amount recognized in hedge reserves	Reclassified to P&L	Closing balance before tax
		KShs millions	KShs millions	KShs millions	KShs millions
Non-Derivative financial instruments- Borrowings	Cash flow hedge reserve	(4,726)	3,105	1,621	-
Non-Derivative financial instruments- Lease liabilities	Cash flow hedge reserve	(11,075)	7,449	2,205	(1,421)
		(15,801)	10,554	3,826	(1,421)

The Company's hedging policy only allows for effective hedge relationships to be established. The effective portion of the hedge is taken to OCI while the ineffective portion of hedge is recognised immediately to the statement of profit or loss under other losses.

(b) Revaluation surplus - Group and Company

The revaluation surplus arose on the revaluation of land and buildings (freehold and leasehold) and is stated net of deferred income tax. The revaluation was done in the year 2025, the surplus is not distributable.

	Group		Company	
	2025	2024	2025	2024
	KShs millions	KShs millions	KShs millions	KShs millions
At start of year	8,391	8,391	8,063	8,063
Revaluation surplus net	1,928	-	1,720	-
At end of year	10,319	8,391	9,783	8,063

Notes (Continued)

24. NON-CONTROLLING INTERESTS

The non-controlling interests relate to the portion of equity ownership in Kenya Airfreight Handling Limited attributable to Stamina Group B.V.

	2025 KShs millions	2024 KShs millions
Stamina Group B.V		
At start of year	(9)	70
Share of loss for the year	(29)	(79)
At end of year	(38)	(9)
Represented by:		
Holding in Kenya Airfreight Handling Limited	49%	49%

25. BORROWINGS – GROUP AND COMPANY

Group

Loans (Note 25(a))	146,708	142,790
Sovereign guarantee from the Government of Kenya (Note 25(b))	-	(103)
Convertible loan note – liability component (Note 25(c))	4,665	5,434
Deferred borrowing costs (Note 25(d))	(66)	(36)
	151,307	148,085
Comprising:		
Current:		
Payable within one year	22,508	21,785
Non-current:		
Payable after one year	128,799	126,300
	151,307	148,085

Company

Loans (Note 25(a))	145,075	141,070
Sovereign guarantee from the Government of Kenya (Note 25(b))	-	(103)
Convertible loan note – liability component (Note 25(c))	4,665	5,434
Deferred borrowing costs (Note 25(d))	(66)	(36)
	149,674	146,365
Comprising:		
Current:		
Payable within one year	22,123	21,723
Non-current:		
Payable after one year	127,551	124,642
	149,674	146,365

Notes (Continued)

25. BORROWINGS – GROUP AND COMPANY

(a) Loans

The make-up of the loans is as follows:

Group	Maturities	2025		2024	
		Average interest rates per annum	KShs millions	Average interest rates per annum	KShs millions
Tsavo Facility - aircraft loans (USD)	2014-2025	10.56%	5,701	11.37%	5,040
Samburu Facility - aircraft loans (USD)	2012-2025	9.79%	7,886	11.54%	7,982
Loan from GoK- KShs (Guaranteed debt)	2022-2045	3.00%	84,613	3.00%	62,581
Loans from GoK (KShs)	2020-2035	3.00%	46,875	3.00%	45,761
Loan from local banks (KShs)	2024-2028	18.5%	1,633	18.5%	1,720
Local banks revolving loan (USD)	2018-2027		-	10.70%	19,706
			146,708		142,790

Company	Maturities	2025		2024	
		Average interest rates per annum	KShs millions	Average interest rates per annum	KShs millions
Tsavo Facility - aircraft loans (USD)	2014-2025	10.56%	5,701	11.37%	5,040
Samburu Facility - aircraft loans (USD)	2012-2025	9.79%	7,886	11.54%	7,982
Loan from GoK- KShs (Guaranteed debt)	2022-2045	3.00%	84,613	3.00%	62,581
Loans from GoK (KShs)	2020-2035	3.00%	46,875	3.00%	45,761
Local banks revolving loan (USD)	-		-	10.70%	19,706
			145,075		141,070

The aircraft loans were obtained for the purpose of funding aircraft acquisition, aircraft spare engines and pre-delivery payments for ordered aircrafts. For the purpose of holding collateral for the financiers, the aircrafts were registered in the name of special entities whose equity are held by the security trustees on behalf of the respective financiers. The legal title is to be transferred to Kenya Airways Plc once the loans are fully repaid. The special entities are as listed below:

Entity	Bank	Guarantee	Original Tenure of the loan
Tsavo Financing LLC	African Export and Import Bank	None	10 years
Samburu Limited	African Export and Import Bank in syndication with Standard Chartered Bank	None	12 years

The Local banks revolving loan was guaranteed by the Government of Kenya for up to USD 225 million and as part of its support to the airline in 2025, the Government entered into a settlement agreement with the local banks on the airline's behalf amounting to USD 149.9 million. The settled amounts were subsequently recognized as additional shareholder loans to the airline, totalling KShs 19 billion.

A corporate guarantee of KShs 1,000 million is in place for the Kenya Airways and Co-operative Bank Ab Initio Programme.

Notes (Continued)

25. BORROWINGS – GROUP AND COMPANY (Continued)

(a) Loans (Continued)

Jambojet loan

In 2024, Jambojet obtained a loan of KShs 1,719,802,848 from NCBA bank, the company's principal banker. The purpose of the loan was to fund the restructuring of leases by repayment of lease rentals arrears amounting to KShs 1,421,145,000. It was also to assist in funding the maintenance of aircraft engines. The loan attracts interest at a base rate of 17.5% with a margin of 1% per annum. In the event of default, the loan will attract additional default interest rate of 2.5% per month.

The loan is denominated in Kenya Shillings and is secured by a corporate guarantee of KShs 2 billion by Kenya Airways Plc, a credit insurance of KShs 1.08 billion by Africa Special Risks Limited and a cash cover of KShs 392 million.

During the year, Jambojet drew down an additional KShs 219 million from the bank. The purpose of the loan was to finance engine shop visits for KShs 142 million and KShs 76 million for the financing of medical insurance for staff.

(i) Covenants

The Group and Company has a number of facilities with African Export-Import Bank (Afrexim), Private Export Funding Corporation and the Government of Kenya for the purchase of aircraft and working capital requirements. The facilities contain some financial covenants, which are monitored against the annual audited financial statements. As at 31 December 2025, the Group and Company did not comply with the financial covenants from the Lenders being, the unrestricted cash to revenue ratio and the debt service cover ratio. The Group and Company did not obtain waivers from the financiers. Consequently, the loan balances for Samburu and Tsavo Junior facilities have been classified as current liabilities.

As at 31 December 2025, the Group and Company had not made payments of interest on the Government of Kenya loan as set out in the loan agreements. The Group sought and was granted waiver and deferral on the unpaid interest on the shareholder loan from the Government of Kenya. The Government of Kenya loans attract interest at a rate of 3% per annum payable by the 20th day of June every year. The Government of Kenya granted the company a deferral of payment of interest on the loans until June 2026.

(i) Maturities of amounts included in loans is as follows:

Group

	2025 KShs millions	2024 KShs millions
The borrowings maturity analysis is as follows:		
Within one year	22,508	21,839
Between two and five years	124,200	120,951
	146,708	142,790

Company

	2025 KShs millions	2024 KShs millions
The borrowings maturity analysis is as follows:		
Within one year	22,123	21,777
Between two and five years	122,952	119,293
	145,075	141,070

Notes (Continued)

25. BORROWINGS – GROUP AND COMPANY (Continued)

(a) Loans (Continued)

(ii) The movement in the loans is as follows:

31 December 2025

Group	Aircraft loans KShs millions	GoK loans KShs millions	Local banks loans KShs millions	Total KShs millions
At start of year	13,023	108,341	21,426	142,790
Additions	-	19,685	219	19,904
Repaid in the year	(624)	-	(20,356)	(20,980)
Accrued interest	1,231	3,462	326	5,019
Foreign currency exchange gains	(16)	-	(9)	(25)
At end of year	13,614	131,488	1,606	146,708

31 December 2024

Group	Aircraft loans KShs millions	GoK loans KShs millions	Local banks loans KShs millions	Total KShs millions
At start of year	19,374	105,238	17,092	141,704
Additions	-	-	7,504	7,504
Repaid in the year	(4,697)	-	(320)	(5,017)
Accrued interest	1,592	3,103	329	5,024
Foreign currency exchange gains	(3,246)	-	(3,179)	(6,425)
At end of year	13,023	108,341	21,426	142,790

Notes (Continued)

25. BORROWINGS – GROUP AND COMPANY (Continued)

(a) Loans (Continued)

(iii) The movement in the loans is as follows (continued):

Company

31 December 2025

	Aircraft loans KShs millions	GoK loans KShs millions	Local banks loans KShs millions	Total KShs millions
At start of year	13,023	108,341	19,706	141,070
Additions	-	19,685	-	19,685
Repaid in the year	(624)	-	(19,697)	(20,321)
Accrued interest	1,204	3,462	-	4,666
Foreign currency exchange gains	(16)	-	(9)	(25)
At end of year	13,587	131,488	-	145,075

Company

31 December 2024

	Aircraft loans KShs millions	GoK loans KShs millions	Local banks loans KShs millions	Total KShs millions
At start of year	19,374	105,238	17,092	141,704
Additions	-	-	5,725	5,725
Repaid in the year	(4,697)	-	(261)	(4,958)
Accrued interest	1,592	3,103	329	5,024
Foreign currency exchange gains	(3,246)	-	(3,179)	(6,425)
At end of year	13,023	108,341	19,706	141,070

Accrued interest for the Government of Kenya facility amounts to KShs 8.5 billion. The Group sought and was granted waiver and deferral on the unpaid interest on the shareholder loans from GoK.

During the year, as part of its continued support to the airline, the Government of Kenya entered into a settlement agreement with local banks on behalf of the airline amounting to USD 149.9 million. The settled amounts were recognized as additional shareholder loans to the airline totalling KShs 19 billion. In addition, one of the Government's shareholder loans, amounting to KShs 25 billion, matured during the year and was subsequently restructured by an additional 10 years, together with the accrued interest.

The Government loans are subject to Public Finance Management (PFM) Act of 2015 of Kenya.

The movement in currency translation differences on hedged borrowings has been dealt with as follows:

Notes (Continued)

25. BORROWINGS – GROUP AND COMPANY (Continued)

(a) Loans (Continued)

(iv) Analysis of loans by currency:

Group

	2025 KShs millions	2024 KShs millions
Total currency translation differences on borrowings	-	3,105
Realised on settlement of loans and cessation of hedging relationship	-	1,621
Net hedge effect	-	4,726
Borrowings in US Dollars	13,614	32,728
Borrowings in KES	133,094	110,062
	146,708	142,790

Company

	2025 KShs millions	2024 KShs millions
Total currency translation differences on borrowings	-	3,105
Realised on settlement of loans and cessation of hedging relationship	-	1,621
Net hedge effect	-	4,726
Borrowings in US Dollars	13,587	32,728
Borrowings in KES	131,488	108,342
	145,075	141,070

(b) Sovereign guarantee from the Government of Kenya

On 14 November 2017, as part of the balance sheet restructuring, the Government of Kenya (GOK) issued guarantees in the aggregate amount of USD 750,000,000 in favour of Exim Bank and a consortium of Kenyan banks in relation to certain obligations of the Group and Company to Exim Bank and the consortium of Kenyan Banks. The fair value of the guarantee was determined on 14 November 2017 by an independent valuer at USD 13,898,096 (KShs 1,434 million). In return, Kenya Airways Plc issued the GOK 184,321,067 shares at KShs 7.78 per share.

The financial guarantee is measured at amortised cost over the term of the guaranteed loans.

The fair value was determined by an independent valuer who has appropriate qualifications and relevant experience in fair value measurements of such assets. The valuation was determined as the difference of weighted risk-free loan (taking the guarantee into consideration) and weighted risky loan (assuming no guarantee in place). The valuation falls under level 3 of the fair value hierarchy as the inputs are not based on observable market inputs.

Notes (Continued)

25. BORROWINGS – GROUP AND COMPANY (Continued)

(b) Sovereign guarantee for Government of Kenya (continued)

The movement for the year is presented below:

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Sovereign guarantee from the Government of Kenya – at cost	1,434	1,434	1,434	1,434
Accumulated amortisation	(1,434)	(1,331)	(1,434)	(1,331)
	-	103	-	103

The guarantee has been fully amortised as the loans have been converted into Government of Kenya shareholder loans.

The movement in amortisation of the sovereign guarantee from the Government of Kenya is as follows:

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
At start of year	1,331	1,291	1,331	1,291
Charge to profit or loss	103	40	103	40
	1,434	1,331	1,434	1,331

(c) Convertible loan note - liability component

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
At start of year	5,434	6,857	5,434	6,857
Accrued interest	(547)	(100)	(547)	(100)
Paid in the year	(215)	(160)	(215)	(160)
Foreign currency exchange gains	(7)	(1,163)	(7)	(1,163)
At end of year	4,665	5,434	4,665	5,434

(d) Deferred borrowing costs

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
At start of year	36	188	36	188
Additions	77	7	77	7
Charge for the year	(47)	(159)	(47)	(159)
At end of year	66	36	66	36

Notes (Continued)

25. BORROWINGS – GROUP AND COMPANY (Continued)

(d) Deferred borrowing costs (Continued)

The deferred borrowing costs are presented in the statement of financial position as:

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Current	66	22	66	22
Non-current	-	14	-	14
	66	36	66	36

Deferred borrowing costs relate to expenses incurred in obtaining financing for the purchase of the Boeing 787 8 and B777 300ER aircraft, as well as fees paid to banks upon the successful restructuring in November 2017 of short term loans into facilities with longer repayment periods. These costs include commitment, arrangement, consultancy, underwriting, and guarantee fees. The costs are being amortised over the respective repayment periods of the related loans. The addition during the year arose from facility charges associated with the USD 50 million Standby Letter of Credit (SBLC) facility obtained from NCBA Bank.

(e) Net debt reconciliation

This section sets out an analysis of net debt and the movements in the net debt for each of the periods presented;

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Cash and cash equivalents (Note 31 (b))	5,333	5,781	5,065	3,962
Borrowed funds – repayable within one year	(22,508)	(21,785)	(22,123)	(21,723)
Borrowed funds – repayable after one year	(128,799)	(126,300)	(127,551)	(124,642)
Lease liabilities	(48,729)	(48,326)	(41,547)	(41,042)
Net debt	(194,703)	(190,630)	(186,156)	(183,445)

Group

	Liquid assets	Borrowed funds		Leases	
	Cash and cash equivalents	Due within 1 year	Due after 1 year	Lease liabilities	Total
	KShs	KShs	KShs	KShs	KShs
	millions	millions	millions	millions	millions
Year ended 31 December 2025					
Net debt	5,781	(21,785)	(126,300)	(48,326)	(190,630)
Cash flows	(503)	(723)	(2,499)	12,466	8,741
Non-cash movements	55	-	-	(12,869)	(12,814)

Net debt at end of year	5,333	(22,508)	(128,799)	(48,729)	(194,703)
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Year ended 31 December 2024

Net debt	7,765	(24,837)	(125,113)	(58,529)	(200,714)
Cash flows	(4,502)	3,052	(1,187)	10,203	7,566
Non-cash movements	2,518	-	-	-	2,518

Net debt at end of year	5,781	(21,785)	(126,300)	(48,326)	(190,630)
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Notes (Continued)

25. BORROWINGS – GROUP AND COMPANY (Continued)

(e) Net debt reconciliation (continued)

Company

	Liquid assets		Borrowed funds		Leases
	Cash and cash equivalents	Due within 1 year	Due after 1 year	Lease liabilities	Total
	KShs	KShs	KShs	KShs	KShs
	millions	millions	millions	millions	millions
Year ended 31 December 2025					
Net debt	3,962	(21,723)	(124,642)	(41,042)	(183,445)
Cash flows	1,083	(400)	(2,909)	9,809	7,583
Non-cash movements	20	-	-	(10,314)	(10,294)
Net debt at end of year	5,065	(22,123)	(127,551)	(41,547)	(186,156)
Year ended 31 December 2024					
Net debt	7,477	(24,775)	(123,455)	(47,956)	(188,709)
Cash flows	(6,033)	3,052	(1,187)	6,914	2,746
Non-cash movements	2,518	-	-	-	2,518
Net debt at end of year	3,962	(21,723)	(124,642)	(41,042)	(183,445)

Notes (Continued)

26. LEASE LIABILITIES

	Group		Company	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
At start of year	48,326	63,678	41,042	53,104
Modifications	3,964	(575)	4,324	-
Reclassification of lease rental arrears	(1,409)	(1,511)	(1,350)	(1,065)
Additions	6,449	6,778	3,880	5,820
Interest expense on lease liabilities	3,887	3,852	3,473	3,285
Lease payments	(12,466)	(14,517)	(9,808)	(12,214)
Foreign currency exchange gains to profit or loss	(22)	(1,930)	(14)	(439)
Foreign currency exchange gains charge to OCI	-	(7,449)	-	(7,449)
At end of year	48,729	48,326	41,547	41,042

The movement in foreign exchange losses on hedged leases have been dealt with as follows:

Group and Company	2025 KShs millions	2024 KShs millions
Total foreign currency exchange gains on leases (Note 23)	-	7,449
Realised on settlement of leases (Note 23)	-	2,205
Cessation of hedging relationship (Note 23)	1,421	-
	1,421	9,654

Maturity analysis of lease liabilities:

	Group		Company	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
Year 1	13,636	10,995	10,977	9,649
Year 2	10,116	13,653	8,116	9,131
Year 3	8,119	7,303	6,701	7,181
Year 4	6,200	6,083	5,394	6,031
Year 5	5,143	4,783	4,750	4,731
Year 6 and onwards	15,781	20,433	15,448	18,724
Undiscounted lease payments	58,995	63,250	51,386	55,447
Less: unearned interest	(10,266)	(14,924)	(9,839)	(14,405)
	48,729	48,326	41,547	41,042

Notes (Continued)

26. LEASE LIABILITIES (Continued)

Analysed as:

	Group 2025 KShs millions	2024 KShs millions	Company 2025 KShs millions	2024 KShs millions
Current	10,828	10,569	8,450	8,663
Non-current	37,901	37,757	33,097	32,379
	48,729	48,326	41,547	41,042

27. DEFERRED INCOME TAX

Deferred income tax is calculated using the enacted income tax rate of 30% (2024: 30%). The deferred income tax liability/ (asset) is made up as follows:

	Group		Company	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
Other temporary differences	(5,023)	(3,889)	(4,880)	(3,773)
Tax losses carried forward	(48,122)	(49,021)	(46,645)	(45,730)
Unrealised exchange losses	222	2,279	228	1,779
Losses on cash flow hedges	-	(609)	-	(609)
Property, aircraft and equipment:				
- at cost	506	1,827	558	689
- on revaluation	4,423	3,597	4,193	3,457
Right-of-use assets and lease liabilities	(2,995)	(3,409)	(2,607)	(2,862)
Net deferred income tax asset	(50,989)	(49,225)	(49,153)	(47,049)
Deferred income tax assets not recognised				
	53,412	51,629	53,346	50,505
	2,423	2,404	4,193	3,456

Presented in the statement of financial position as follows:

Deferred income tax asset	(1,770)	(1,052)	-	-
Deferred income tax liabilities	4,193	3,456	4,193	3,456
	2,423	2,404	4,193	3,456

The movement on the deferred tax is as follows:

At start of year	2,404	2,345	3,456	3,456
Credit to profit or loss (Note 11)	(807)	59	-	-
Deferred tax on revaluation on land and buildings	826	-	737	-
At end of year	2,423	2,404	4,193	3,456

Notes (Continued)

27. DEFERRED INCOME TAX (Continued)

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. As at 31 December 2025, Kenya Airways Plc and JamboJet Limited estimated tax losses amounted to KShs 155,482 million and KShs 655 million respectively (2024: KShs 152,434 and KShs 3,947 million respectively). Kenyan Income Tax laws allow for carry forward of tax losses indefinitely. Effective 1st July 2025, Kenya's Finance Act 2025 limits the carry-forward of tax losses to a maximum of five years. Losses unutilized after this period lapse and cannot offset future taxable income. However, KQ may apply to the Cabinet Secretary for the National Treasury for an extension of the five-year period, based on the recommendation of the Kenya Revenue Authority (KRA). This replaces the previous indefinite carry-forward

The Company has not recognised deferred tax assets in the financial statements in view of the uncertainty regarding the ability of the Company to generate sufficient taxable profits in the foreseeable future to facilitate utilisation of the benefits from the deductions.

28. PROVISIONS FOR LIABILITIES

(a) Group

Split as follows:

Year ended 31 December 2025	Return condition provision KShs millions	Redundancy provision KShs millions	Asset retirement obligation KShs millions	Other provisions KShs millions	Total provisions KShs millions
At start of year	19,115	421	3	539	20,078
Increase in the year	7,040	-	-	82	7,122
Charged to profit or loss	164	-	-	-	164
Utilised in the year	(2,420)	(8)	(1)	-	(2,429)
Impact of discounting	721	-	-	-	721
Foreign currency exchange gains	(35)	-	-	-	(35)
At end of year	24,585	413	2	621	25,621
Current	13,108	413	-	621	14,142
Non-current	11,477	-	2	-	11,479
At 31 December 2025	24,585	413	2	621	25,621

Notes (Continued)

28. PROVISIONS FOR LIABILITIES (Continued)

(a) Group (Continued)

Year ended 31 December 2024	Return condition provision KShs millions	Redundancy provision KShs millions	Asset retirement obligation KShs millions	Other provisions KShs millions	Total provisions KShs millions
At start of year	18,875	426	15	881	20,197
Increase in the year	4,266	-	-	-	4,266
Charged to profit or loss	-	-	-	24	24
Utilised in the year	(941)	(5)	(12)	(366)	(1,324)
Impact of discounting	127	-	-	-	127
Foreign currency exchange gains	(3,212)	-	-	-	(3,212)
At end of year	19,115	421	3	539	20,078
Split as follows:					
Current	8,717	421	-	539	9,677
Non-current	10,398	-	3	-	10,401
At 31 December 2024	19,115	421	3	539	20,078

(b) Company

Year ended 31 December 2025

	Return condition provision KShs millions	Redundancy provision KShs millions	Other provisions KShs millions	Total provisions KShs millions
At start of year	14,806	333	540	15,679
Increase in the year	4,960	-	81	5,041
Charged to profit or loss	154	-	-	154
Utilised in the year	(1,982)	(8)	-	(1,990)
Impact of discounting	687	-	-	687
Foreign currency exchange gains	(30)	-	-	(30)
At end of year	18,595	325	621	19,541
Split as follows:				
Current	11,989	325	621	12,935
Non-current	6,606	-	-	6,606
At 31 December 2025	18,595	325	621	19,541

Notes (Continued)

28. PROVISIONS FOR LIABILITIES (Continued)

(b) Company (continued)

Year ended 31 December 2024

	Return condition provision KShs millions	Redundancy provision KShs millions	Asset retirement obligation KShs millions	Other provisions KShs millions	Total provisions KShs millions
At start of year	13,953	338	12	863	15,166
Increase in the year	3,698	-	-	-	3,698
Charged to profit or loss	12	-	-	-	12
Utilised in the year	(586)	(5)	(12)	(323)	(926)
Impact of discounting	99	-	-	-	99
Foreign currency exchange gains	(2,370)	-	-	-	(2,370)
At end of year	14,806	333	-	540	15,679
Split as follows:					
Current	7,966	333	-	540	8,839
Non-current	6,840	-	-	-	6,840
At 31 December 2024	14,806	333	-	540	15,679

(i) Return condition provisions

Return condition provision relates to a provision for an unavoidable contractual obligation to return the aircraft in certain conditions at the date of return. In order to fulfil these return conditions, major overhauls are required to be conducted on a regular basis. Accordingly, estimated costs of major overhauls for aircraft and engines under leases are accrued and charged to the profit or loss over the estimated period between overhauls using the ratios of actual flying hours/cycles and estimated flying hours/cycles between overhauls. Differences between the estimated costs and the actual costs of overhauls are included in the profit or loss in the period of overhaul. The return condition provision is calculated using a model which incorporates several assumptions which include the past and expected future utilisation and maintenance patterns of the aircraft and engines, expected cost of maintenance at the time it is estimated to occur and discount rate applied to calculate the present value of the future liability.

(ii) Redundancy provisions

The Group implemented a staff restructuring program in the year 2012 aimed at improving operational efficiency. The program affected 599 employees and as at 31 December 2025 a provision of KShs 413 million (2024: KShs 421 million) is held to cover the redundancy payments arising from the accompanying litigation. The unionisable staff had moved to the Industrial Court to block the restructuring and the Court ruled in their favour, ordering the reinstatement of affected employees. The Group appealed against the decision and on 11 July 2014, the Court of Appeal ruled that the Group was justified in declaring the redundancy but had failed to meet the statutory threshold of procedural fairness. The employees challenged the decision further at the Supreme Court. At Supreme court, the 2014 decision was upheld. The claimants have since returned to the Court of Appeal to seek clarification of the judgement. The Court of Appeal is yet to give directions.

Notes (Continued)

28. PROVISIONS FOR LIABILITIES (Continued)

(iii) Asset retirement obligations

Under the terms of certain property lease arrangements, the Group and Company has a contractual obligation to restore the property in a certain condition at the end of the lease term.

(iv) Other provisions

Other provisions relate to various legal cases brought against the Group and Company which are pending determination by the courts. Provisions are recognised when the Group has determined that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Management has made appropriate provisions in respect of certain cases.

29. SALES IN ADVANCE OF CARRIAGE

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Passengers	22,741	25,162	21,802	24,185
Freight	128	63	128	63
	22,869	25,225	21,930	24,248

The reconciliation of the sales in advance of carriage is as follows:

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
At the beginning of year	25,225	28,219	24,248	27,468
Total tickets sold	136,158	153,060	124,496	140,595
Total tickets uplifted	(133,385)	(151,392)	(121,898)	(139,344)
Expired tickets recognised in revenue	(5,129)	(4,662)	(4,916)	(4,471)
At end of year	22,869	25,225	21,930	24,248

30. TRADE AND OTHER PAYABLES

Trade payables	30,369	24,262	28,637	22,040
Other payables and accrued expenses	29,413	24,816	28,314	23,642
Due to related parties (Note 32)	2,722	3,037	30,045	29,448
Unclaimed dividends (Note 13)	70	70	70	70
	62,574	52,185	87,066	75,200

Notes (Continued)

31. (a) CASH GENERATED FROM OPERATIONS

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Profit/(loss) before tax	(17,927)	5,527	(19,331)	2,120
Adjustments for:				
Depreciation of property and equipment (Note 14)	9,300	8,113	9,175	8,017
Impairment of assets (Note 14)	349	2,963	349	2,963
Amortisation of intangible assets (Note 15)	167	156	139	150
Amortisation of return condition asset (Note 16)	4,472	3,894	3,776	3,235
Amortisation of right-of-use assets (Note 16)	8,968	7,222	7,404	5,822
Reversal of impairment on ROU assets (Note 16)	-	(4,889)	-	(4,889)
Unrealised foreign currency gain on return condition provisions (Note 28)	(35)	(3,212)	(30)	(2,370)
Discount unwinding on return condition provisions (Note 28)	721	127	687	99
Amortisation of deferred expenditure (Note 25(d))	47	159	47	159
Amortisation of sovereign guarantee (Note 25 (b))	103	40	103	40
Discounting impact on aircraft deposits (Note 18)	(54)	(111)	(54)	(111)
Unrealised foreign currency exchange gain on aircraft deposits (Note 18)	9	1,217	9	1,014
Unrealised foreign currency exchange gain on lease liabilities (Note 26)	(22)	(1,930)	(14)	(439)
Unrealised foreign currency exchange gain on mandatory convertible debt (Note 25(c))	(7)	(1,163)	(7)	(1,163)
Foreign currency exchange gain on borrowings (Note 9)	(25)	(2,862)	(25)	(2,862)
Realised foreign currency exchange loss on leases (Note 26)	-	2,205	-	2,205
Interest expense on borrowings (Note 9)	6,484	8,376	6,076	8,229
Interest expense on lease liabilities (Note 9)	3,887	3,852	3,473	3,285
Interest income (Note 9)	(79)	(69)	(164)	(174)
Gain on disposal of assets	(288)	-	(289)	3
Changes in working capital items:				
Inventories	223	(223)	272	(192)
Trade and other receivables	(521)	(1,543)	(1,250)	(2,051)
Prepaid maintenance asset	(1,557)	(20)	(847)	208
Sales in advance of carriage	(2,356)	(2,994)	(2,318)	(3,220)
Trade and other payables	10,389	(1,904)	11,866	(611)
Provision for liabilities	(2,545)	(2,078)	(2,249)	(980)
Cash generated from operations	19,703	20,853	16,798	18,487

Notes (Continued)

31. (b) CASH AND CASH EQUIVALENTS

For purposes of statement of cash flows, cash and cash equivalents as at 31 December comprise the following;

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Cash at bank and in hand	3,359	5,272	3,091	3,603
Short -term bank deposits	1,974	509	1,974	359
	5,333	5,781	5,065	3,962

31. (c) RESTRICTED CASH BALANCES

The group had restricted cash amounting to KShs 417 million as at 31 December 2025. This represents a fixed deposit placed with NCBA bank as a cash cover for the loan taken by Jambojet in 2024. The restricted cash is not available for general business use and the company anticipates that the restricted cash will remain in place for the term of the loan.

32. RELATED PARTY TRANSACTIONS

(a) Nature of related party transactions and balances

During the year, companies within the Group entered into transactions with related parties who are not members of the Group. Details of those transactions are presented below:

(i) Group

KLM Royal Dutch Airlines (KLM)

KLM holds 7.8 % (2024: 7.8%) equity interest in Kenya Airways Plc.

Precision Air Services Limited

Kenya Airways Plc holds 41.23% (2024: 41.23%) equity interest in Precision Air Services Limited with code share on the route between Nairobi and Dar es Salaam.

As is common throughout the airline industry, Kenya Airways Plc, KLM Royal Dutch Airlines and Precision Air Services Limited from time to time carry each other's passengers travelling on the other airline's tickets. The settlement between the two carriers is effected through IATA clearing house, of which all airlines are members.

Management fee income

	2025	2024
	KShs	KShs
	millions	millions
African Cargo Handling Limited	909	959
Jambojet Limited	190	36
Fahari Aviation Limited	12	12

Notes (Continued)

32. RELATED PARTY TRANSACTIONS (Continued)

(ii) Company

Handling expenses

	2025 KShs millions	2024 KShs millions
African Cargo Handling Limited	140	153
<i>Direct Costs</i>		
Jambojet Limited	184	181

(b) Related companies' balances

Balances outstanding at the year-end on account of transactions with related parties were as follows:

(i) *Due from related companies*

	Group		Company	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
Precision Air Services Limited	14	3	14	3
Kenya Airfreight Handling Limited	-	-	215	201
African Cargo Handling Limited	-	-	25,931	24,877
Jambojet Limited	-	-	4,337	3,485
Kencargo International Airlines Limited	-	-	61	61
Fahari Aviation Limited	-	-	362	281
	14	3	30,920	28,908
Provision for expected credit losses	(3)	(3)	(2,853)	(2,222)
	11	-	28,067	26,686

The movement in the provision for expected credit losses is as follows:

	Group		Company	
	2025 KShs millions	2024 KShs millions	2025 KShs millions	2024 KShs millions
At start of year	3	40	2,222	1,678
Provision during the year	-	(37)	631	544
At end of year	3	3	2,853	2,222

Notes (Continued)

32. RELATED PARTY TRANSACTIONS (continued)

(b) Related companies' balances (continued)

(ii) Due to related companies

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
KLM, Royal Dutch Airlines	2,722	3,037	2,722	3,037
African Cargo Handling Limited	-	-	27,236	26,361
Kenya Airfreight Handling Limited	-	-	57	50
Jambojet Limited	-	-	30	-
	2,722	3,037	30,045	29,448

Amounts due from and due to Kenya Airfreight Handling Limited (KAHL) arise from payments of expenses by Kenya Airways Plc on behalf of KAHL, less charges by KAHL for services rendered to Kenya Airways Plc. It also includes a loan amount of KShs 19.6 million advanced to KAHL by Kenya Airways Plc. The loan carries a fixed rate of 10% per annum. The other related party balances are interest free and have no fixed repayment terms.

The amounts due from African Cargo Handling Limited (ACHL) relate to cargo freight charges collected by ACHL on behalf of Kenya Airways and the expenses paid by Kenya Airways on behalf of ACHL. The amounts due to ACHL relate to cash transfers from ACHL to Kenya Airways and the ACHL IATA billings. The related party balances are interest free and have no fixed repayment terms.

The amounts due from Jambojet to Kenya Airways, relate to management fees, loans and interline balances from passenger uplifts on behalf of Jambojet. The related party balances are interest free and have no fixed repayment terms other than the loans which carry a fixed interest rate of 9.5% per annum.

The amounts due from Precision Air relate mainly to payroll and passenger hotel accommodation costs due to Kenya Airways. These costs are paid by Kenya Airways then recharged. The balances are interest free and have no fixed repayment terms.

(iii) Remuneration of Directors and key management compensation

The remuneration for Directors and other members of key management during the year were as follows:

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Short term employment benefits:				
Salaries and other benefits	510	488	435	419
Non-monetary benefits	3	2	3	2
Termination benefits	77	5	77	5
	590	495	515	426

Notes (Continued)

32. RELATED PARTY TRANSACTIONS (continued)

(b) Related companies' balances (continued)

(iii) Remuneration of Directors and key management compensation

The Group's Directors' remuneration included in key management compensation above comprise:

	Group		Company	
	2025	2024	2025	2024
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
As executives	131	74	131	74
As non-executives	20	30	20	30
	151	104	151	104

33. COMMITMENTS

As at 31 December 2025, the Group and Company had purchase commitments for aircraft parts and other equipment incidental to the ordinary course of business as follows:

	2025	2024
	KShs	KShs
	millions	millions
Authorised but not contracted for	35,579	31,632

34. OPERATING LEASE ARRANGEMENTS - GROUP AND COMPANY

Operating leases, in which the Group is the lessor, relate to property and owned aircraft owned by the Group with lease terms of between 2 to 5 years, with extension options. It also includes aircraft subleased to other airlines. The lessee do not have an option to purchase the property or aircraft at the expiry of the lease period.

Maturity Analysis

	2025	2024
	KShs	KShs
	millions	millions
Year 1	194	775
Year 2	-	194
Year 3	-	-
At end of the year	194	969

During the year, the Group and Company recognised aircraft lease income of KShs 775 million (2024: KShs 820 million) and property lease income of KShs 160 million (2024: KShs 159 million).

Notes (Continued)

35. CONTINGENT LIABILITIES – GROUP AND COMPANY

(a) Contingent liabilities

	2025 KShs millions	2024 KShs millions
Guarantees	10,117	3,614
Litigation	387	411
	10,504	4,025

(b) Guarantees

In the ordinary course of business, the Group's and Company's bankers have issued guarantees on behalf of the Group and Company in favour of third parties. In the opinion of the Directors, no liability is expected to crystallise in respect of these guarantees.

(c) Litigation

Douala crash - KQ507

A leased aircraft, Boeing 737-800 (registration mark 5Y-KYA) operating as flight number KQ507 crashed shortly after take-off from Douala airport in Cameroon on 5 May 2007. All the 105 passengers and 9 crew members on board perished in the accident. The investigation of the accident carried out under the auspices of the Cameroon civil aviation authorities was completed. Kenya Airways Plc is fully insured for any legal obligations arising out of the accident hence no need for a provision.

Other material litigation

There are other various legal cases brought against the Group which are pending determination by the courts. It is not practicable to determine the timing and ultimate liabilities (if any) that may crystallise upon resolution of the pending cases. Due to the nature and sensitivity of these cases, detailed disclosures have not been made for each case as these may be prejudicial to the position of the Group. During the year there were settlement of some cases and release of provision following settled cases which explains the reduction from KShs 411 million to KShs 387 million.

(d) Tax Claims

The Group is subject to certain tax claims arising in the ordinary course of business. As at the reporting date, the directors believe that the likelihood of any material financial obligation arising from these tax claims is remote.

Kenya Airways Plc
Principal shareholders and share distribution
For the year ended 31 December 2025

Appendix

Principal shareholders

The ten largest shareholdings in the Company and the respective number of shares held at 31 December 2025 are as follows:

Name of shareholder		Number of shares	% Shareholding
1.	Cabinet Secretary to The National Treasury	2,847,844,811	48.90
2.	KQ Lenders Company 2017 Limited	2,207,720,669	37.91
3.	KLM – Koninklijke Luchtvaart Maatschappij (KLM) Royal Dutch Airlines	451,661,470	7.76
4.	The Trustees of the Kenya Airways Employee Share Ownership Scheme 2018	142,164,558	2.44
5.	Kamau Mike Maina	16,099,735	0.28
6.	Shah Umesh Khetsi P	5,992,100	0.10
7.	Shah Tanna, Karishma Vijay Shah-Tanna	3,435,900	0.06
8.	Hussein Abdi Malik	3,432,159	0.06
9.	Galot International Limited	2,652,370	0.05
10.	Bid Ekta Bimal Kunal	2,500,000	0.04
11.	Other Shareholders	140,398,849	2.41
Total		5,823,902,621	100.00

Distribution of shareholders

	Number of shareholders	Number of shares	% Shareholding
Less than 500 shares	63,436	10,924,949	0.19
501 – 5,000 shares	16,719	22,702,178	0.39
5,001 – 10,000 shares	1,226	8,852,113	0.15
10,001 – 100,000 shares	1,503	40,797,477	0.70
100,001 – 1,000,000 shares	182	44,902,269	0.77
Above 1,000,000 shares	17	5,695,723,635	97.80
Total	83,083	5,823,902,621	100.00

Distribution of shareholders by region

	Number of shareholders	Number of shares	% Shareholding
Foreign Institutions	7	453,300,926	7.78
Foreign Individuals	574	6,914,446	0.12
Local Institutions	2,973	5,215,742,525	89.56
Local Individuals	79,529	147,944,724	2.54
Total	83,083	5,823,902,621	100.00