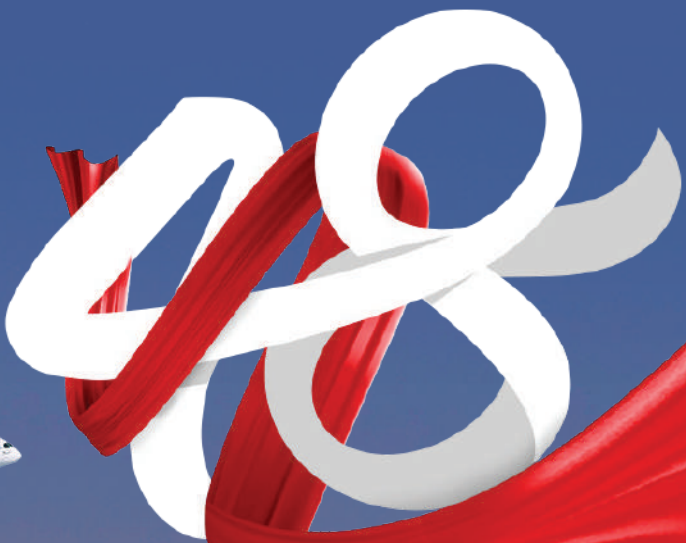


# KENYA AIRWAYS PLC

INTEGRATED REPORT AND AUDITED  
FINANCIAL STATEMENTS 2024

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***A Legacy of Excellence  
A Future of Possibilities***

Guided by a proud history and driven  
by a bold vision, we continue to evolve  
delivering value today while shaping the  
aviation landscape of tomorrow

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# Corporate Information

EXECUTIVE DIRECTORS	Mr. Allan Kilavuka	- Group Managing Director & CEO
NON-EXECUTIVE DIRECTORS	Mr. Michael Joseph Mr. Raphael Otieno	- Chairman - Representative of C.S. The National Treasury (Appointed w.e.f 17th October 2024)
	Dr. Haron Sirima	- Representative of C.S. The National Treasury (Retired w.e.f 17th October 2024)
	Mr. Mohamed Daghar	- P.S. State Department for Transport
	Mr. Alex Mbuvi	- Alternate to P.S. State Department for Transport
	Mr. Philip Wambugu	
	Mr. John Wilson *	
	Mr. Christopher Buckley**	
	Mr. Festus Kingori	- (Appointed w.e.f. 14th June 2024)
	Maj. Gen. (Rtd) Michael Gichangi	- (Retired w.e.f. 14th June 2024)
	Mr. David Kabeberi	- (Resigned w.e.f. 14th October 2024)
	* Swedish	
	** British & Canadian	
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	



## Corporate Information (Continued)

### 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  
Nairobi

### PRINCIPAL LEGAL ADVISORS

Coulson Harney LLP  
5th Floor, West Wing, ICEA Lion Centre  
Riverside Park, Chiromo Road, Nairobi  
P.O. Box 10643-00100, Nairobi, Kenya  
[www.bowmanslaw.com](http://www.bowmanslaw.com)

Tripleoklaw Advocates  
5th Floor, Block C, ACK Garden House  
1st Ngong' Avenue, off Bishops Road  
P.O. Box 43170 - 00100  
Nairobi



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***Built on Trust  
Driven by Service***

Our story is written by those who choose to fly with us—and our future is shaped by the way we continue to serve them.

# Board of Directors Profiles



**Mr. Michael Joseph (79)**  
*Chairman and  
Non-Executive Director*

Michael Joseph was appointed Chairman of Kenya Airways Plc in October 2016. He is also a Non-Executive Director on the Boards of Vodacom Group South Africa, and MFS Africa. Michael is also an advisor to the Vodafone Group mostly related to mobile financial services and Safaricom Plc. He was until October 2017 employed by Vodafone Group Services Limited as the Director of Mobile Money and was responsible for leading the strategic growth and development of successful M-Pesa proposition across the Vodafone footprint.

Michael is a former Chairman and founding CEO of Safaricom Plc, where he steered the company from a subscriber base of less than 18,000 in 2000 to over 17 million subscribers making it the most successful company in East Africa. This phenomenal growth straddling over a decade was notable for the launch of many innovative products and services. He was behind the launch of the highly successful and phenomenal growth of M-Pesa and its related services.

Michael is the recipient of many awards, including CEO of the year awarded by the Kenya Institute of Management and the Elder of the Order of the Burning Spear (award given by the President of Kenya to those who have made a positive impact in Kenya). He has extensive international experience in company start-ups, the implementation and operation of large wireless and wire-line networks. He is also a keen conservationist and serves as Chairman of Lewa Wildlife Conservancy, a leading conservancy in Northern Kenya.

Allan has been at the helm of Kenya Airways since April 2020 as the airline's Group Managing Director and Chief Executive Officer. He was previously the Chief Executive Officer and Managing Director of Jambojet Limited, a fully owned subsidiary of Kenya Airways Plc.

Allan took over this role right at the beginning of a very difficult time for Kenya Airways and the aviation industry in general. He has managed to navigate the airline through these turbulent times and keep the planes flying through a string of measures and initiatives. With over 23 years' experience in leadership and management, and extensive knowledge and experience in the Africa business environment, Allan has proven success in new organization set ups, change management, financial planning, integrations, process improvement and company compliance and responsible strategic leadership. He was also integral to the turnaround of two GE Africa businesses: GE Power Services Africa and GE Industrial Solutions, both based in South Africa.

Allan started his career at Deloitte East Africa in Nairobi, where he specialized in Audit, Accounting, Outsourcing and Custodianship. He later joined GE as the Africa shared service leader and held various senior leadership roles in GE businesses and in GE Corporate both in Kenya and South Africa before joining Jambojet Limited.

Allan has a Bachelor of Commerce Degree from the University of Nairobi and holds a Postgraduate Certificate in Psychology from the University of Liverpool. He has trained at GE's world class Crotonville Leadership Institute in New York, USA in Executive Leadership, Advanced Management and Financial Planning. He is also a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

In 2024, Allan received the African Aviation Leadership Award from the African Aviation Magazine for his significant contribution to the development of aviation in Africa.



**Mr. Allan Kilavuka (52)**  
*Group Managing Director and CEO*



## Board of Directors (Continued)

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.



**Mr. Festus Kingori (61)**  
*Independent Non-Executive  
Director*



**John Wilson (64)**  
*Non-Executive Director*

John joined the Board in June 2021 and Chairs the Human Resources Committee of the Board. John is the immediate former Group Chief Risk & Compliance Officer of Equity Group Holdings Limited, where he retired in March 2021. His vast experienced employment life spans over 40 years having worked with the following organisations in various capacities:- Unicef, the Royal Swedish Army, McKinsey & Co., the World Bank Group (IBRD & IFC), Swedbank, Kaupthing Bank (Stockholm), and lastly at Equity Group Holdings, where he also was at some point the Group COO.

He has extensive knowledge on strategy, transport, heavy manufacturing industry, large scale privatizations and post privatization advisory, project and structured finance, global trade, global banking and risk specialization and compliance among others. He has immense experience in corporate strategy, restructuring, risk and other operational issues affecting corporations. John holds a Master of Arts degree in Economics with dual concentration in Political Science from Uppsala University, Sweden and Masters in Public Affairs specializing in International Relations from Princeton University, New Jersey, United States.

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.



**Philip Wambugu (65)**  
*Non-Executive Director*

## Board of Directors (Continued)



**Christopher Buckley (66)**

*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 he 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.

Mohamed was appointed the Principal Secretary, State Department for Transport in the Ministry of Roads and Transport in November 2022. He is responsible for the Transport Policy formulation and execution, development of regulatory framework for transport sector, oversee implementation of various transport programmes and projects designed to realise efficient, reliable and seamless transport connectivity envisioned in vision 2030 under Road, Rail, Air and Maritime modes of Transport.

In addition, as Principal Secretary in charge of State Department for Transport, he is responsible for providing guidance, direction and oversight on service delivery by various State Corporations and Government Agencies. As the Principal Secretary in charge of Transport, he is a member of the Executive Committee of the Northern Corridor Transit and Transport Coordination Authority (NCTTCA) and therefore he is responsible for all matters relating to NCTTCA.

Mohamed is a holder of BA International Relations from United States International University, Kenya, Masters in Peace, Conflict and Development studies from Universitat Jaume I, Spain. He has a wealth of experience in safety and security matters. Over his tenure, he is expected to steer the State Department to successfully implement mass transit system in Nairobi, develop and improve airports and airstrips, seaport and inland water ports, Nairobi Railway City, the Standard Gauge Railway and multimodal transport corridors in addition to revitalisation of road transport services and safety among other projects of strategic national importance.



**Mohamed Daghar, (39)**

*Non-Executive Director  
(P.S., State Department for Transport)*



**Mr. Raphael Otieno (58)**

*Non-Executive Director  
(Representative of the C.S.,  
the National Treasury)*

Mr. Raphael Owino Otieno was appointed as the alternate director to the Cabinet Secretary, the National Treasury, in October 2024.

Mr. Otieno is the Director General of the Public Debt Management Office, bringing with him three decades of extensive experience in economic policy, research, public debt management, fiscal and monetary 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 macro-economic stability.

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.

Mr. Otieno 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.

## **Board of Directors (Continued)**

Alex was appointed as the alternate director to the Principal Secretary, State Department of Transport 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.



**Alex Mbuvi (50)**

*Alternate to P.S State  
Department for Transport*



**Habil Waswani (48)**

*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).





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Sustainable energy begins at home our  
Pyro Diesel Plant is a step toward energy  
independence and greener operations.

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***Flying Responsibly  
into Tomorrow***

Guided by a commitment to our planet,  
we're building a future where sustainable  
progress takes flight.

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# Management Team Profiles



**Mr. Allan Kilavuka**  
*Group Managing Director  
and CEO*

Allan has been at the helm of Kenya Airways since April 2020 as the airline's Group Managing Director and Chief Executive Officer. He was previously the Chief Executive Officer and Managing Director of Jambojet Limited, a fully owned subsidiary of Kenya Airways Plc.

Allan took over this role right at the beginning of a very difficult time for Kenya Airways and the aviation industry in general. He has managed to navigate the airline through these turbulent times and keep the planes flying through a string of measures and initiatives. With over 23 years' experience in leadership and management, and extensive knowledge and experience in the Africa business environment, Allan has proven success in new organization set ups, change management, financial planning, integrations, process improvement and company compliance and responsible strategic leadership. He was also integral to the turnaround of two GE Africa businesses: GE Power Services Africa and GE Industrial Solutions, both based in South Africa.

Allan started his career at Deloitte East Africa in Nairobi, where he specialized in Audit, Accounting, Outsourcing and Custodianship. He later joined GE as the Africa shared service leader and held various senior leadership roles in GE businesses and in GE Corporate both in Kenya and South Africa before joining Jambojet Limited.

Allan has a Bachelor of Commerce Degree from the University of Nairobi and holds a Postgraduate Certificate in Psychology from the University of Liverpool. He has trained at GE's world class Crotonville Leadership Institute in New York, USA in Executive Leadership, Advanced Management and Financial Planning. He is also a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

In 2024, Allan received the African Aviation Leadership Award from the African Aviation Magazine for his significant contribution to the development of aviation in Africa.

Mary was appointed to the role of Ag. Chief Financial Officer in September 2024. Until her appointment, Mary was/is the Head of Business Performance & Reporting at Kenya Airways.

She has over 15 years' experience in leadership and management roles, and extensive knowledge and experience in the Aviation Sector. She has proven success in financial planning, change management, integrations and process improvement. She has been integral to the turnaround of Kenya Airways especially in the implementation of Project Kifaru Initiatives.

Mary started her career at Ernst & Young where she specialized in Audit and Accounting. She later joined Flamingo Airlines (now JamboJet), a low-cost subsidiary airline of Kenya Airways as the Chief Accountant, a role she held until she transitioned to Kenya Airways.

Other positions held in Kenya Airways include Ag Head of Supply Chain & Facilities, a role she held at the beginning of Covid-19 period, a very difficult time for Kenya Airways and the aviation industry in general. She also held the position of Head of Finance. Mary holds a Bachelor of Commerce Degree and Masters in Business Administration (MBA) from Kenyatta University. She has trained at GE's world class Crotonville Leadership Institute in New York, USA in Leadership, Future and Culture and has attended other several leadership trainings organized by Boeing among other organizations. She is also a member of the Institute of Certified Public Accountants of Kenya (ICPAK).



**Mary Mwenga**  
*Ag. Chief Financial Officer*



## Management Team Profiles (Continued)



**Captain George Kamal**  
*Chief Operating Officer*

Captain Kamal has an MSc in Aviation Management Transformation in New Digital Decade from London Metropolitan combined with over 27 years' experience in aviation as a Pilot, Senior Manager, Head, Post Holder, and Executive Officer.

His aviation career began with Egypt Air as a First Officer and Captain before moving to Etihad Airways as a Captain and Type Rating Instructor / Examiner (TRI/TRE). More recently, he was the Operations Director of Air Arabia and the Chief Operations Officer in Iraqi Airways. During his career, Captain Kamal has held several managerial and executive positions, from Post Holder Quality and Safety to COO.

He has contributed to the success of these airlines who follow various business models, including Legacy, Charter, Low Cost and Ultra-Low Cost.

He is also an experienced Aviation consultant. Captain Kamal has a wealth of experience and proven ability in realising unprecedented targets, reducing costs, and transforming airline operations to propel organisational success.

Hellen holds a Bachelor of Commerce degree from Kenyatta University and an MBA (Strategic Management) from United States International University. Hellen has wide experience in Finance and Audit having previously worked as the Head of Corporate Finance, Head of Internal Audit and Chief Financial Officer at Kenya Airways.

As part of succession planning, Hellen also led the Pricing and Revenue Management function for a period of 2 years. Prior to joining Kenya Airways, she worked at East African Breweries Ltd, Ernst & Young and Family Bank. Hellen is a Certified Public Accountant of Kenya (CPA - K), Certified Internal Auditor, Certified Information Systems Auditor and holds certification in Control self-assessment. She has a diploma in Airline Management from IATA, certificate in Executive business development from the Gordon Institute of Business Management and is a certified coach and mentor.



**Hellen Mathuka**  
*Chief Strategy & Innovations Officer*



**Julius Thairu**  
*Chief Commercial & Customer Officer*

Julius joined Kenya Airways in 2001 and is currently the Chief Commercial & Customer Officer responsible for strategy development and execution of revenue and customer initiatives. He has extensive international commercial experience in delivering growth and improving performance in the aviation industry having worked in various roles across three continents. Prior to his current role, he was Director for Sales responsible for development and implementation of the global Commercial sales strategy. He was also Head of Pricing, Revenue Management and Distribution from June 2009 to May 2014.

He holds a Bachelor of Arts in Building Economics from the University of Nairobi and has attended various management and leadership courses, including the Executive Development Programme with Gordon Business School, South Africa.

## Management Team Profiles (Continued)



**Tom Shivo**  
*Chief People Officer*

Tom is a seasoned HR practitioner with over twenty-seven (27) years working experience. He joined KQ from HF Group (Housing Finance), where he was the Group HR Director for 4 years. Prior to this, he worked at Safaricom as the Head of Business Partners (Commercial Divisions); Airtel Africa as the HR Director (Talent Management) and HR Director at Airtel Nigeria. At Coca-Cola Beverage Africa (Nairobi Bottlers), he was the Country HR Manager for the Kenya business, and before that he was the HR Manager at The Nairobi Hospital.

Tom holds a Master of Business Administration (MBA) degree in Human Resources from University of Nairobi, a Bachelor of Education degree from Kenyatta University and a Higher National Diploma in Human Resources. He also holds an Advanced Leadership certificate from GIBBS Institute (Pretoria University) and Christ Church (Oxford University); and a Senior Management Leadership Certificate from Strathmore Business School.

Fred is an Electrical Engineer and holds various IT professional certifications among them; Risk & Information Systems Control (CRISK), Information Systems Auditor (CISA), and Information Technology Infrastructure Library (ITIL).

He has more than 21 years of experience in management of ICT enterprise systems, covering Hardware Systems Infrastructure, High-end Data Center systems, Networks and Communication Systems, Database Systems and Digital Payment Channels (E-payment Systems).

Prior to joining Kenya Airways, he worked for KCB Bank Group and Equity Bank Group Limited at senior leadership levels. He has a solid track record in aligning the technology agenda to the corporate strategy to enable the business to achieve strategic goals. He has proven capabilities of helping to maximize returns from technology investments to improve operational effectiveness.



**Fredrick Kitunga**  
*Chief Information & Data Officer*



**Habil Waswani**  
*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 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 Heart of Our Legacy*

With every flight, our people carry more than passengers - they carry the spirit, commitment, and ambition that define who we are.

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# Chairman's Statement



**Michael Joseph**

Chairman



*It has been my singular privilege and honour to chair the Kenya Airways Board of Directors for the last 9 years. When I took over the chairmanship the key focus was to restore the airline's fortunes and help develop a sustainable strategy into the future. There have been many milestones on this journey both good and bad. It is therefore with great gratitude that I can proudly say the fruits of the efforts we have been putting in have begun to show.*

# Chairman's Statement

## Global Aviation Overview

In 2024, the global aviation sector experienced high demand and showed great strength, exceeding pre-pandemic numbers in many markets. According to IATA, Passenger traffic in 2024 was higher than in 2019, significantly increasing Revenue Passenger Kilometers (RPKs). International e-commerce and ocean freight limits also helped the cargo sector. Overall, aviation traffic in 2024 showed a 10.4% increase compared to 2023 and was 3.8% above pre-pandemic levels, although the recovery was not uniform.

While passenger demand surged, leading to record highs, the industry also grappled with operational hurdles like labour shortages in recruiting and retaining skilled personnel in aircraft maintenance, air traffic control, and ground operations. These shortages led to increased operational costs and potential service delays.

Persistent supply chain issues that included delays in aircraft deliveries and component shortages impacted revenues, costs, and environmental performance. Some aviation markets struggled to fully recover to pre-pandemic capacity levels, affecting global trade and connectivity. The shift towards sustainable aviation fuels and the potential impact of economic headwinds and geopolitical disruptions were also significant considerations.



## Africa's Aviation Overview

Africa's aviation sector showed strong performance, with airlines experiencing significant passenger traffic and revenue growth. According to IATA, African airlines experienced a 15% growth in passenger traffic in 2024 compared to 2023, with international routes seeing a 49.6% capacity share for African carriers. The load factor also increased to a record high of 74.5%. Intra-Africa connectivity increased, with hubs like Nairobi, Addis Ababa, Abidjan, and Lome experiencing a surge in connections.

## Kenya Airways Financial Performance

Despite the mix of challenges and opportunities, our Airline emerged stronger. We delivered a historic



turnaround with a net profit of **KSh 5.4 billion**, starkly contrasting to the prior year's loss of KSh 22.7 billion. This resilience should reassure our stakeholders of our ability to weather industry storms.

The results are especially noteworthy because they signify the highest number of passengers (over 5.2 million), turnover, and profit the Airline has ever achieved. Cargo volumes soared 25% to 70,776 tonnes, cementing our role as a critical trade link for Africa.

These achievements reaffirm that our turnaround strategy, Project Kifarua, which focuses on cost reduction, operational efficiency, and customer satisfaction, is moving in the right direction. It also reflects our renewed appeal, and the trust placed in us by our customers. Furthermore, the impressive performance highlights the operational viability of our business. It underscores the strength and resilience of the Kenya Airways team—from the Board and Management to our most valuable asset: our employees and the unwavering support of our principal shareholder, the Government of Kenya and other partners.

## Navigating Industry Challenges

The African aviation sector remains fraught with structural hurdles—high operating costs, inadequate infrastructure, and restrictive taxation. Despite these challenges, we remained committed to leveraging our hub-and-spoke model to optimise our network, launched new routes (Mogadishu, Maputo, Eldoret), and enhanced fleet availability and reliability. This commitment should instil hope in our stakeholders for the industry's future.



## Chairman's Statement (Continued)

### Looking ahead

We will continue building on the successes of the Airline's turnaround plan, Project Kifaru. We will focus on completing our capital restructuring plan in the short term. The main goals are to lower the Group's debt and increase cash flow to help the company operate normally. The board and management are working hard to ensure our Airline has enough funding for future success. We plan to grow our fleet, upgrade the cabin of current aircraft, and expand various business areas and units.



On behalf of the Board of Directors, I express our deepest gratitude to our employees for their unwavering commitment and hard work. Your dedication has been instrumental in our success. We also want to thank our customers, the management team, the Government of Kenya, shareholders, financiers, suppliers, lessors, and all stakeholders for their constant support. Your contributions are deeply appreciated.

We look forward to building on this momentum in the coming years. I am optimistic about what lies ahead for Kenya Airways.



**Michael Joseph**  
Chairman, Kenya Airways PLC





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## *Innovation in Our DNA*

From our first flight to future frontiers,  
we continue to evolve boldly reshaping  
the travel experience with vision, purpose,  
and agility.



# Hotuba ya Mwenyekiti



*Imekuwa fursa na shime kwangu mimi binafsi kuwa mwenyekiti wa Bodi ya Wakurugenzi ya Shirika la Ndege la Kenya Airways kwa kipindi cha miaka 9 iliyopita. Nilipochukua wadhifa wa mwenyekiti, lengo kuu lilikuwa kurejesha utajiri wa shirika la ndege na kusaidia kuandaa mkakati endelevu wa siku zijazo. Kumekuwa na hatua nyingi zilizopigwa katika safari hii, nzuri na mbaya. Kwa hivyo mbali na kutoa shukrani za dhati, ninaweza kusema kwa kujivunia kuwa matunda ya juhudi ambazo tumekuwa tukiweka yameanza kuonekana.*

## Muhtasari kuhusu Usafiri wa Angani Duniani

**K**atika mwaka wa 2024, sekta ya usafiri wa angani duniani ilipata mahitaji makubwa na kuonyesha uwezo mkubwa, na kushinda idadi ya kabla ya janga la korona katika masoko mengi. Kulingana na IATA, msongamano wa Abiria katika mwaka wa 2024 ulikuwa wa juu kuliko katika mwaka wa 2019, na hivyo kuongeza kwa kiasi kikubwa cha kilomita za Mapato Kutoka kwa Abiria (RPKs). Biashara ya kimataifa mtandaoni na udhibiti wa kiwango cha mizigo inayoweza kusafirishwa pia vilisaidia sekta ya usafirishaji wa mizigo. Kwa jumla, trafiki ya usafiri wa angani katika mwaka wa 2024 ilionyesha ongezeko la asilimia 10.4 ikilinganishwa na mwaka wa 2023 na ilikuwa asilimia 3.8 zaidi ya viwango vya kabla ya janga, ingawa afueni haikuwa kwa kiwango sawa.

Ijapokuwa mahitaji ya abiria yaliongezeka, na kusababisha viwango vya juu kuwahi kushuhudiwa, tasnia hii pia ilikabiliana na vizingiti vya kiutendakazi kama vile uhaba wa wafanyikazi wa kuajiri na kuhifadhi wafanyikazi waliohitimu kutunza ndege, kudhibiti trafiki angani, na kufanya shughuli nyanjani. Upungufu huu ulisababisha kuongezeka kwa gharama za uendeshaji wa shughuli na uwezekano wa ucheleweshaji wa huduma.

Changamoto ziliendelea kuwepo kuhusiana na mfumo wa ugavi ambazo zilijumuisha ucheleweshaji wa usafirishaji wa ndege na uhaba wa vifaa viliathiri mapato, gharama na utendakazi wa kimazingira. Baadhi ya masoko ya usafiri wa angani yalijitahidi kuendelea kufikia kikamilifu viwango vya uwezo wa kabla ya janga, na kuathiri biashara ya kimataifa na idadi ya safari za ndege. Mabadiliko ya kupelekea nishati endelevu za usafiri wa angani na

uwezekano wa kutokea kwa athari za kiuchumi na mizozo katika maeneo ya kijiografia na kisiasa pia yalikuwa mambo muhimu yaliozingatiwa.

## Muhtasari kuhusu Usafiri wa Angani Barani Afrika

Sekta ya usafiri wa angani barani Afrika ilionyesha utendakazi mzuri, huku mashirika ya ndege yakishuhudia msongamano mkubwa wa abiria na ukuaji wa mapato. Kulingana na IATA, mashirika ya ndege ya Afrika yalishuhudia ukuaji wa asilimia 15 wa trafiki ya abiria katika mwaka wa 2024 ikilinganishwa na mwaka wa 2023, na njia za kimataifa zikiwa na kiwango cha uwezo wa asilimia 49.6 kwa ndege za Afrika. Kiwango cha mizigo pia kiliongezeka hadi kiwango cha juu cha asilimia 74.5. Idadi ya safari ndani ya Afrika iliongezeka, huku vituo kama vile Nairobi, Addis Ababa, Abidjan, na Lome vikishuhudia ongezeko la idadi ya safari.



## Utendakazi Kifedha wa Shirika la Ndege la Kenya Airways:

Licha ya mchanganyiko wa changamoto na fursa, Shirika letu la Ndege liliimarika zaidi. Tulileta mabadiliko ya kihistoria kwa faida ya jumla ya **shilingi za Kenya bilioni 5.4 bilioni**, tofauti kabisa na hasara ya mwaka uliopita ya shilingi za Kenya bilioni 22.7. Ustahimilivu huu unapaswa kuwahakikishia washikadau wetu kuhusu uwezo wetu wa kukabiliana na dhoruba za kitasnia.



## Hotuba ya Mwenyekiti (Inaendelea)

Matokeo hayo yanastahiki hasa kwa sababu yanaashiria idadi kubwa zaidi ya abiria (zaidi ya milioni 5.2), mauzo na faida ambayo Shirika hili la Ndege limewahi kupata. Kiasi cha mizigo kilipanda kwa asilimia 25 hadi tani 70,776, na hivyo kuimarisha wajibu wetu kama kiungo muhimu cha biashara barani Afrika.

Mafanikio haya yanathibitisha tena kwamba mkakati wetu wa mabadiliko, Mradi wa Kifaruu, unaazingatia kupunguza gharama, ufanisi wa uendeshaji wa shughuli, na kuridhisha wateja, unaendelea vizuri. Inaonyesha pia kujitolea kwetu upya, na kuaminiwa kwetu na wateja wetu. Zaidi ya hayo, utendakazi huu wa kuvutia unaonyesha uwezo wa mfumo wetu wa kuendesha biashara. Unasisitiza uimara na uthabiti wa kikosi cha Shirika la Ndege la Kenya Airways—kuanzia kwa Bodi na Usimamizi hadi kwa mali yetu ya thamani zaidi: wafanyakazi wetu na usaidizi usioyumba wa mwenye hisa wetu mkuu, Serikali ya Kenya na washirika wengine.



### Kushughulikia Changamoto za Kitasnia

Sekta ya usafiri wa angani barani Afrika bado inakabiliwa na vizingiti vya kinfumo-gharama kubwa za uendeshaji, uhaba wa miundo msingi na ushuru unaodhibitiwa. Licha ya changamoto hizi, tuliendelea kujitolea kutumia mtindo wetu wa kituo-na-mazungumzo ili kuboresha mtandao wetu, tukazindua njia mpya (Mogadishu, Maputo, Eldoret), na kuimarisha upatikanaji wa ndege unaoweza kutegemewa. Kujitolea huku kunapaswa kutia matumaini washikadau wetu kuhusu mustakabali wa tasnia hii.



### Kusonga mbele

Tutaendelea kuendeleza mafanikio ya mpango wa shirika la ndege, Mradi wa Kifaruu. Tutazingatia kukamilisha mpango wetu wa kufanyia mabadiliko mtaji kwa muda mfupi. Malengo makuu ni kupunguza deni la Kampuni na kuongeza mtiririko wa pesa ili kusaidia kampuni kufanya kazi kama kawaida.

Bodi na wasimamizi wanafanya kazi kwa bidii ili kuhakikisha Shirika letu la Ndege lina ufadhili wa kutosha ili kuwa na mafanikio katika siku zijazo. Tunapanga kuongeza idadi ya ndege zetu, kuboresha vyumba vya ndege zilizopo, na kupanua maeneo na vitengo mbalimbali vya biashara.

Kwa niaba ya Bodi ya Wakurugenzi, ninatoa shukrani zetu za dhiti kwa wafanyakazi wetu kwa kujitolea kwao bila kusita na kwa uchapakazi wao. Kujitolea kwenu kumekuwa kichocheo cha mafanikio yetu. Pia tunataka kuwashukuru wateja wetu, kikosi cha wasimamizi, Serikali ya Kenya, wamiliki wa hisa, wafadhili, wasambazaji wa bidhaa, wapangishaji, na washikadau wote kwa usaidizi wao wa mara kwa mara. Michango yenu inathaminiwa sana.

Tunatazamia kuendeleza vivyo hivyo katika miaka ijayo. Nina matumaini ya mambo yatakayojiri katika siku zijazo katika Shirika la Ndege la Kenya Airways.

**Michael Joseph**

*Mwenyekiti wa Kampuni ya Kenya Airways PLC*





## ***Beyond Borders Beyond Limits***

From vital goods to global trade, KQ Cargo powers connections that move economies and possibilities.

***Proudly***







## *A Standard We Never Compromise*

Our legacy is built on trust earned  
through an unwavering commitment to  
the highest standards of safety.

*Proudly*

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A man in a dark blue suit and striped tie stands with his hands clasped in front of him. He is positioned in front of the fuselage of a large commercial airplane, with the word "The" visible in a script font on the upper part of the aircraft. The background is slightly blurred, showing the airport tarmac and other aircraft.

## *Group Managing Director and CEO's Statement*

***Allan Kilavuka***

Group Managing Director and CEO

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*“No matter how long the dry season lasts, the rains will eventually come.”*

**(The Akan People - West Africa)**



# Group Managing Director and CEO's Statement

**T**he Akan People of West Africa have a saying; ***"No matter how long the dry season lasts, the rains will eventually come."*** Kenya Airways has navigated turbulent skies and challenging times to transform the setbacks into a soaring success. This grit and resilience demonstrates our ability in overcoming obstacles to make us a sustainable and impactful aviation group.

In 2024, we reached a significant financial milestone reporting a record after-tax profit of KShs 5.4 billion for the financial year ended December 31, 2024. This strong performance, underscored by a first-half profit of KShs 513 million, is testament to the success of our turnaround strategy Project Kifaru and the operational viability of our business. Our success in 2024 instills confidence in our stakeholders about our viability and the untapped potential ahead.

According to IATA, 2024 was a record year for aviation in Africa with African airlines experiencing a 15% increase in annual traffic compared to the previous year. This significant growth, which saw Africa's full-year capacity up by 9.5% with the load factor climbing to 74.5%, underscores our pivotal role in the region's aviation industry. This is despite Africa's figures being lower than all other regions.



## Business Performance

A strong and stable currency created an economic environment that enabled our airline to perform well in 2024. We focused on operational discipline, financial restructuring and customer-centric innovation. Our revenue grew by 6% to KSh 188.5 billion driven by demand in passenger and cargo segments. Our operating profit surged 58% to KSh 16.6 billion with margins improving to 8.8% (from 5.9% in 2023). EBITDAR reached 20% reflecting stronger cash flow generation and cost containment. Our revenue Passenger Kilometers (RPK) grew by 5%, exceeding pre-pandemic levels, while our average cabin load factor established for the year was 75.2%.

During the year, the Group expanded the network with four additional routes including Mogadishu Eldoret and Maputo for Kenya Airways and a new direct flight route from Zanzibar to Mombasa launched by our subsidiary

Jambojet. These strategic investments in the aviation sector are part of our commitment to bolster socio-economic growth particularly in tourism, trade and culture, aligning with the East Africa Vision 2050.

We also increased frequencies to other key destinations improving connectivity and enabling seamless travel for our customers. In addition, we offered charter services for groups travelling within already-served destinations and those going to destinations not currently served by the scheduled network.



## Our Subsidiaries and business units

Jambojet Limited, which has a 52% market share on its domestic routes, saw a 4% growth in passenger numbers to 1.26 million compared to 1.21 million in the previous year. The improved business operating environment and the recovery in demand for air travel complimented this strong performance in sales resulting in a 16% growth in total revenues. Jambojet operates to 9 destinations, seven domestic in Kenya and two international.

The subsidiary remains a key part of our group providing seamless domestic connections to Kenya Airways and driving growth and different approaches to aviation in Africa. It was voted the Leading Low-Cost carrier in Africa by the World Travel Awards for the third consecutive year. The average On-Time Performance (OTP) for Jambojet was strong at 80%. We expect Jambojet to continue with its growth trajectory and contribution to the company's good performance.



## Group Managing Director and CEO's Statement (Continued)

On the cargo side, we welcomed two freighters boosting our cargo capacity by 25%. This resulted in a 19% increase in cargo revenue. The freighters have helped in the establishment of a Middle East hub from where we have direct cargo operations with 10 weekly freighters to Sharjah. Our cargo operations focus on keeping Africa's economies moving by linking products to markets. The opportunities presented by the African Continental Free Trade Area (AfCFTA) were also catalysts for intra-African trade.

Fahari Aviation is our subsidiary that explores the new trends in aviation, particularly unmanned aircraft. Fahari which was established in 2021, is growing rapidly and currently has over 38 drones shaping the future of aviation in Kenya and beyond. Agriculture, infrastructure inspection and community development have been a core focus leveraging precision technology for sustainability and economic impact. Fahari is also exploring the use of Advanced Air Mobility (AMA) technology, which it plans to roll out by 2027. The future for Fahari is now!

### Operations & Maintenance

Our operations in 2024 maintained exceptional fleet reliability (97.57%) and availability (98.81%) through predictive and proactive maintenance activities. We also secured five new MRO partnerships, generating additional revenue and expanding our third-party service capabilities. This is despite operational hurdles that include recruiting and retaining skilled personnel and persistent supply chain constraints that include delays in aircraft deliveries and component shortages.



The highlight for our maintenance and overhaul business in 2024 was regaining the prestigious European Union Aviation Safety Agency (EASA) Part 145 certification. This certification qualifies Kenya Airways to perform maintenance-related activities on European-registered aircraft in adherence to stringent EU aviation safety regulations. We also advanced our in-house expertise completing 16 Heavy Maintenance C-checks and developing 16 new MRO capabilities. These, and high safety standards within engineering, significantly contributed to the EASA Part-145 recertification.

### Customer Experience



As part of elevating our customer experience across our digital touch points, we boosted the booking flow on our website. This was by streamlining the reservation process and improving the overall booking experience. Complementary to this was the introduction of a self-reaccommodation tool. This allows our customers to easily rebook their flights at no extra cost thus minimising the impact on their travel plans.

Our Asante loyalty members now have enhanced rewards. These include points redemption and an award calculator amongst many other benefits which seek to deepen our engagement with our loyalty program members. We also expanded our KQ Holidays product by offering tailored travel packages that combine flights, hotels and unique experiences further cementing our holistic travel solutions provider position.

### Our People

Upskilling our employees remains a critical component of becoming a sustainable business. Our Pride Centre training facility has been elevated to premier status. We partnered with organisations such as LinkedIn Learning to offer our employees continuous skills development. Our people are known for their expertise in aviation and we are complementing this with focus on leadership training and personal development. This includes Executive Leadership, Manager 101, and other relevant topics.





## Group Managing Director and CEO's Statement (Continued)

Other programs, such as “EmpowerHer,” which aims to elevate and promote women to leadership positions, “The Manager Excellence Program,” and “In My Shoes,” have lifted employee satisfaction scores to over 80% in 2024. We will continue to provide our employees with growth opportunities through internal promotions and leadership pipelines.

### Partnership

In 2024, we partnered with the International Organization for Migration (IOM) to combat human trafficking. Through this partnership, we committed to promotion of regular pathways and protection of people in vulnerable situations while advocating for policies that promote safe migration. In addition, we committed to providing our employees with the necessary training and resources to assist migrants, particularly those in vulnerable situations, while underscoring our collective efforts towards achieving the Sustainable Development Goals, particularly Goal 10, which aims to reduce inequality within and among countries by facilitating safe and responsible migration and mobility.



### Sustainability

We are committed to flying safely and sustainably. Our dedication to sustainability reassures our stakeholders of our responsible business practices and our contribution to a greener future.

During the year, we unveiled three initiatives that marked a significant step in our strategic recovery plan. These initiatives included the unveiling of a pyro-diesel Plant, the expansion of our water bottling plant, and the transformation of Msafiri House into a centralised operations hub.

These three bold projects align with Project Kifaru's strategic recovery plan. The plan prioritises financial sustainability, customer focus and environmental responsibility.

The projects also demonstrate our commitment to reducing our ecological footprint, improving operational efficiency and contributing to Africa's prosperity through responsible corporate practices.

Our country and continent have suffered significant deforestation. Kenya's forest cover has decreased from

approximately 12% in the 1990s to just about 8.8% currently. To support the government's efforts to reverse this trend, Kenya Airways has committed to planting and helping grow 1.2 million trees every year with our flagship project being the restoration of the Maragoli Hills Forest.



### The Aviation Challenge 2024

Our participation in the Aviation Challenge, an annual event organised by the SkyTeam Alliance to recognise innovative solutions that address critical challenges in the aviation industry, allowed us to be recognised for our commitment to sustainability and innovation. The 2024 challenge, focused on scaling previously implemented solutions to drive sustainable impact, saw us successfully operate four long-haul flights—Nairobi to New York, Amsterdam, Paris, and London—under sustainability-focused parameters.

As a result, we won two prestigious awards: Best Scaled Catering Solution and Best Approach to Scaling Sustainable Aviation Fuel (SAF). KQ was recognised for its innovative efforts to reduce single-use plastics onboard in the Best Scaled Catering Solution category. By introducing traditional African bread baskets and aluminium food containers in economy class, the airline is set to eliminate 24 tonnes of plastic waste annually. In the Best Approach to Scaling SAF (Sustainable Aviation Fuel) category, KQ was commended for its partnership with a local SAF producer to establish Kenya's first SAF production plant.



## Group Managing Director and CEO's Statement (Continued)

### Awards & Recognitions:

Apart from the awards received for our sustainability initiatives, during the year 2024, Kenya Airways was awarded:

1. **World Travel Awards 2024**
  - **Africa's Leading Airline 2024**
  - **Africa's Leading Airline, Business Class 2024**
  - **Africa's Leading Airline Brand 2024**
  - **Africa's Leading Inflight Magazine 2024: Msafiri**
2. **Best Airline Staff Service in Africa**, by Skytrax World Airline Awards
3. **Brand Ambassador Award** by the Government of Kenya
4. **World Travel Tech Awards**
  - **Best Airline Website 2024**
  - **Africa's Best Airline App 2024**
5. **Airline of the Year Award**, AFRAA
6. **Top African Airline for Customer Service and On-Time-Performance**, by AirHelp



### Acknowledgement

None of these achievements are possible without the dedication of our employees, the loyalty of our customers, the support of our principal shareholder the Government of Kenya and the support of our partners, service providers, industry players and others. To you we say a big asante sana!

As American author Helen Keller said, "Optimism is the faith that leads to achievement. Nothing can be done without hope and confidence." Together, we can look ahead with optimism as we join hands in redefining Africa's aviation and building a legacy of excellence.



**Allan Kilavuka**

Group Managing Director & CEO, Kenya Airways PLC

### 2025 and Beyond

Our strategy for the future is anchored on **growth, excellence and sustainability**. Our immediate focus is to secure a suitable investor to re-capitalise the business, resolve our engine supply constraints to enhance the fleet performance, expand into new markets and continue to enhance our overall customer experience. In addition, to secure growth and improve our performance, we are committed to diversifying revenue streams by venturing into aviation-related services and growing our ancillary lines. We continue focusing on operational excellence to deliver 85%+ on-time performance consistently.



## ***Nurturing Talent Building Futures***

***Proudly***

***48***

At the heart of our excellence is the Pride Centre where aviation professionals are shaped for today and prepared for tomorrow.



# Hotuba ya Afisa Mkuu Mtendaji na Mkurugenzi Mkuu wa Kampuni

**W**aakani, hasa kutoka sehemu fulani za Afrika Magharibi, wana msemu unaosema: **"Hata msimu wa kiangazi ukidumu kwa muda mrefu, hatimaye mvua itanyesha."** Shirika la ndege la Kenya Airways limepitia misukosuko angani na nyakati zilizo na changamoto wakati wa kufanyia mabadiliko vizingiti ili kuwa mafanikio yanayoongezeka. Kujitolea kwa namna hii bila kusita ni kiashiria cha kujitolea kwetu kukabiliana na vizingiti vya kuwa kampuni ya ndege ilio endelevu na yenye athari chanya.

Katika mwaka wa 2024, tulipiga hatua muhimu ya kifedha, kwa kuripoti faida ya kipekee ya shilingi za Kenya (Kshs) bilioni 5.4 kwa mwaka wa fedha unaoishia tarehe 31 Desemba mwaka wa 2024. Matokeo haya ya kuridhisha, yaliwezekana kutokana na faida nusu ya kwanza ya shilingi za Kenya milioni 513, ni uthibitisho wa mafanikio yaliotokana na mabadiliko ya mkakati wetu wa Mradi wa Kifarua, na uendeshaji wa biashara yetu kwa njia inayojitosheleza. Mafanikio yetu katika mwaka wa 2024 yanatia imani kwa washikadau wetu kuhusu kujitosheleza kwetu na uwezo ambao bado haujatumiwa.

Kulingana na IATA, mwaka wa 2024 ulikuwa mwaka muhimu kwa usafiri wa angani barani Afrika, huku mashirika ya ndege ya Afrika yakishuhudia ongezeko la asilimia 15 la trafiki ya kila mwaka ikilinganishwa na mwaka uliotangulia. Ukuaji huu mkubwa, ambao ulipelekea uwezo wa mwaka mzima wa Afrika kuongezeka kwa asilimia 9.5 na uwezo wa kubeba mzigo ukiongezeka hadi asilimia 74.5, inasisitiza jukumu muhimu la mashirika ya ndege ya Kiafrika katika tasnia ya usafiri wa angani katika eneo hili licha ya idadi hiyo kuwa ya chini ikilinganishwa na maeneo mengine yote.



## Biashara Ilivyoenda

Sarafu thabiti na imara iliunda mazingira ya kiuchumi yaliyowezesha shirika letu la ndege kufanya vyema katika mwaka wa 2024. Tulizingatia nidhamu ya utendakazi, mabadiliko ya kifedha na ubunifu unaozingatia wateja. Mapato yetu yalikua kwa asilimia 6 hadi shilingi za Kenya bilioni 188.5, kutokana na mahitaji katika vitengo vya abiria na mizigo. Faida yetu ya uendeshaji wa shirika ilipanda kwa asilimia 58 hadi shilingi za Kenya bilioni 16.6,

huku faida zikiimarika hadi asilimia 8.8 (kutoka asilimia 5.9 katika mwaka wa 2023). EBITDAR ilifikia asilimia 20, ikionyesha uzalishaji thabiti wa mtiririko wa pesa na udhibiti wa gharama. Mapato yetu ya Kilomita za Abiria (RPK) yaliongezeka kwa asilimia 5, na kuzidi viwango vya kabla ya janga la korona, huku wastani wetu wa kiwango cha mizigo uliotokea mwaka huo ukiwa asilimia 75.2.

Katika mwaka huo, Kampuni ilipanua mtandao wake kwa kuongezea njia nne za ziada, ikijumuishia Mogadishu, Eldoret, na Maputo kwa Shirika la Ndege la Kenya Airways, na njia mpya ya ndege za moja kwa moja kutoka Zanzibar hadi Mombasa iliyoinduliwa na kampuni tanzu ya Jambojet. Uwekezaji huu wa kimkakati katika sekta ya usafiri wa angani ni sehemu ya dhamira yetu ya kuimarisha ukuaji wa uchumi na wa jamii, hasa kupitia utalii, biashara na utamaduni, kwa kurandana na Maono ya 2050 ya Afrika Mashariki.

Pia tuliongeza masafa kwa maeneo mengine muhimu, na kuongeza safari za ndege na kuwezesha usafiri usio na mawaa kwa wateja wetu. Zaidi ya hayo, tulitoa huduma za kipekee kwa vikundi vinavyosafiri ndani ya maeneo ambayo tayari huhudumiwa na wale wanaoenda kwenye maeneo ambayo hayatumiki kwa sasa na mfumo ulioratibiwa.



## Kampuni zetu tanzu na vitengo vya biashara

Kampuni ya Jambojet Limited, ambayo ina hisa asilimia 52 sokoni kwenye njia zake za ndani ya nchi, ilishuhudia ukuaji wa asilimia 4 wa idadi ya abiria hadi milioni 1.26, ikilinganishwa na milioni 1.21 katika mwaka uliotangulia. Kuboreshwa kwa mazingira ya kuendesha biashara na kuimarika tena kwa mahitaji ya usafiri wa angani vilichangia utendakazi huu mzuri kupitia mauzo, na kusababisha ukuaji wa asilimia 16 wa jumla ya mapato. Jambojet hufanya kazi katika vituo 9, saba kati ya hivi ni vya ndani nchini Kenya na viwili vikiwa vya kimataifa. Jambojet inasalia kuwa sehemu muhimu ya kampuni yetu, inayotoa safari thabiti za ndani ya nchi kwa shirika la Ndege la Kenya Airways na kuendeleza ubunifu na mbinu mbalimbali za usafiri wa angani. Ilipigiwa kura kama msafirishaji anayeongoza kwa Gharama ya Chini barani Afrika na Tuzo za Usafiri Duniani kwa mwaka wa



## Hotuba ya Afisa Mkuu Mtendaji na Mkurugenzi Mkuu wa Kampuni (Inaendelea)

tatu mfululizo. Wastani wa Utendakazi Kwa Wakati (OTP) wa Jambojet ulikuwa thabiti kwa asilimia 80. Tunatarajia Jambojet itaendelea na mwelekeo wake wa ukuaji na kuendelea kuchangia kwa utendakazi mzuri wa kampuni yetu.

Kwa upande wa mizigo, tulikaribisha ndege mbili za mizigo, hali iliongeza uwezo wetu wa kusafirisha mizigo kwa asilimia 25. Hali hii ilisababisha ongezeko la asilimia 19 la mapato kutoka kwa mizigo. Ndege hizo za mizigo zilitusaidia kuanzisha Kituo cha Mashariki ya Kati, ambapo tuliendesha shughuli za moja kwa moja za mizigo huku ndege 10 za kusafirisha mizigo zikienda Sharjah kwa Kila Wiki. Shughuli zetu za kusafirisha mizigo zililenga kukuza uchumi wa Afrika kwa kufikisha bidhaa kwenye masoko. Fursa zilizotolewa na Eneo Huru la Biashara Barani Afrika (AfCFTA) pia zilichochea biashara ndani ya Afrika.

Fahari Aviation ni kampuni yetu tanzu ambayo inachunguza mitindo mipya ya usafiri wa angani, hasa wa ndege zisizo na rubani. Ilianziwa katika mwaka wa 2021, na inakua kwa kasi na kwa sasa ina zaidi ya ndege zisizo na rubani 38, zinazochagua kwa mustakabali wa usafiri wa angani nchini Kenya na kwingineko. Kilimo, ukaguzi wa miundo msingi, na maendeleo ya jamii vimekuwa vikizingatiwa zaidi na Fahari, kwa kutumia teknolojia bora kwa njia endelevu na kuathiri uchumi. Fahari pia anachunguza matumizi ya teknolojia ya Ngazi ya Juu ya Usafiri (AMA), ambayo inapanga kuzindua kufikia mwaka wa 2027. Mustakabali wa Fahari ni sasa!



### Shughuli za Uendeshaji na Utunzaji wa Ndege

Shughuli zetu katika mwaka wa 2024 zilidumisha uaminifu wa kipekee kwa safari za ndege (asilimia 97.57) na upatikanaji (asilimia 98.81) wake kupitia shughuli za utunzaji za ubashiri na kumakinikia hali. Pia tulipata ushirikiano mpya wa MRO, na kupata mapato ya ziada na kupanua uwezo wetu wa kutoa huduma na watu wengineo. Mafanikio haya yalipatikana licha ya vizingiti vya uendeshaji wa shirika, ikiwa ni pamoja na kuajiri na kuhifadhi wafanyakazi waliohitimu, pamoja na changamoto zinazoendelea kuwepo kama vile ucheleweshaji wa kufikishiwa ndege na upungufu wa vifaa vya ndege.

Mojawapo wa mambo makuu ya utunzaji na mafanikio ya biashara katika mwaka wa 2024 ilikuwa kurudishiwa cheti cha Sehemu ya 145 ya Shirika la Usalama Angani

la Umoja wa Ulaya (EASA). Cheti kinaidhinisha Shirika la Ndege la Kenya Airways kufanya shughuli zinazohusiana na utunzaji wa ndege zilizosajiliwa Ulaya kwa kuzingatia kanuni kali za usalama wa angani za Umoja wa Ulaya. Pia tuliboresha utaalam wetu wa ndani ya shirika, kwa kakamilisha ukaguzi 16 wa Utunzaji wa Mashine kubwa ya kiwango cha C na kukuza uwezo mpya 16 wa MRO. Haya pamoja na viwango vya juu vya usalama ndani ya uhandisi, vilichangia pakubwa katika kurejeshwa cheti cha Sehemu ya 145 ya EASA.



### Tajriba ya Wateja

Kama sehemu ya kuimarisha tunavyohudumia wateja kupitia mifumo yetu ya kidijitali, tuliboresha kuhifadhi kwa nafasi kwenye tovuti yetu kwa kurahisisha mchakato wa kuhifadhi nafasi na kuboresha hali ya jumla ya kuhifadhi nafasi. Sambamba na haya ni kuanzishwa kwa zana ya kutumia mwenyewe ambayo inaruhusu wateja wetu kubadilisha safari zao za ndege kwa urahisi bila gharama ya ziada, hivyo basi kupunguza athari kwa mipango yao ya usafiri.

Wanachama wa mpango wetu wa uaminifu wa Asante sasa wana zawadi zilizoboreshwa, ikiwa ni pamoja na kutumia pointi zao na kikokotoo cha tuzo, miongoni mwa manufaa mengine mengi, hali ambayo inalenga kuimarisha ushirikiano wetu na wanachama wa mpango wa uaminifu. Pia tumepanua bidhaa zetu za KQ za Likizo kwa kutoa vifurushi maalum vya usafiri vinavyojumuisha safari za ndege, hoteli, na matukio ya kipekee, na hivyo kuimarisha zaidi nafasi yetu kama mtoaji kamili wa masuluhisho ya usafiri.



## Hotuba ya Afisa Mkuu Mtendaji na Mkurugenzi Mkuu wa Kampuni (Inaendelea)

### Watu Wetu

Kuboresha ujuzi wa wafanyakazi wetu bado ni sehemu muhimu ya kuwa shirika endelevu la biashara. Kituo chetu cha mafunzo cha Pride Center kimeinuliwa na kupewa hadhi ya juu. Tulishirikiana na mashirika kama vile LinkedIn Learning ili kuwapa wafanyakazi wetu maarifa endelevu kwa mfululizo.

Watu wetu ni maarufu kutokana na utaalamu wao katika Usafiri wa Angani, na tunakamilisha na kuharakisha mafunzo yetu ili kuzingatia uongozi na maendeleo ya kibinafsi, ikijumuisha Uongozi Mkuu, meneja 101, na mada zingine mwafaka.

Mipango mingine, kama vile "EmpowerHer," ambayo inalenga kuinua na kuwapandisha wanawake vyeo vya uongozi, "Programu ya Meneja Bora," na "In My Shoes," imeongeza alama za kuridhika kwa wafanyakazi kwa zaidi ya asilimia 80 katika mwaka wa 2024. Tutaendelea kuwapa wafanyakazi wetu fursa za ukuaji kupitia upandishaji wa vyeo na uongozi bora ndani ya shirika.



### Ushirikiano

Katika mwaka wa 2024, tulishirikiana na Shirika la Kimataifa la Uhamiaji (IOM) ili kukabiliana na uhamishaji haramu wa binadamu. Kupitia ushirikiano huu, tulijitolea kukuza njia za mara kwa mara na kuwalinda watu walio katika mazingira hatarishi huku tukipigania sera zinazohimiza uhamaji salama. Zaidi ya hayo, tulijitolea kuwapa wafanyakazi wetu mafunzo na nyenzo zinazohitajika ili kusaidia wahamiaji, hasa wale walio katika mazingira hatarishi, huku tukitilia mkazo jitihada zetu za pamoja za kufikia Malengo ya Maendeleo Endelevu, hasa Lengo la 10, ambalo linalenga kupunguza ukosefu wa usawa ndani ya nchi na miongoni mwa nchi kwa kuwezesha kuwajibika uhamaji na usafiri salama.

### Uendelevu

Tumejitolea kuruka angani kwa njia salama na endelevu. Kujitolea kwetu kwa uendelevu kunahakikishia washikadau wetu kuhusu mazoea yetu ya kuwajibika kwa biashara na mchango wetu kwa mustakabali usiochafua mazingira.

Katika mwaka huo, tulizindua mipango mitatu ambayo iliashiria hatua muhimu katika mpango wetu wa kuimarisha mikakati. Juhudi hizi zilijumuisha kuzindua Kiwanda cha Pyro-Dizeli, upanuzi wa Kiwanda chetu cha

Maji ya Chupa, na kubadilisha Jumba la Msafiri kuwa kituo kikuu cha shughuli.

Miradi hii mitatu ya kipekee inarandana na mpango mkakati wa kuimarisha Mradi wa Kifaruru, ambao unatoa kipaumbele kwa uendelevu wa kifedha, kumakinikia wateja, na kuwajibika mazingira. Pia zinaonyesha kujitolea kwetu kupunguza athari zetu kwa ekolojia, kuboresha ufanisi wa utendakazi, na kuchangia kwa ustawi wa Afrika kupitia mazoea ya mashirika kuwajibika.

Nchi na bara letu limekumbwa na ukataji mkubwa wa miti. Kwa mfano, misitu ya Kenya imepungua kutoka takriban asilimia 12 katika miaka ya 1990 hadi karibu asilimia 8.8 kwa sasa. Ili kuunga mkono juhudi za serikali za kubadilisha mwelekeo huu, Shirika la Ndege la Kenya Airways limejitolea kupanda na kusaidia kukuza miti milioni 1.2 kila mwaka, huku mradi wetu mkuu ukiwa uboreshaji wa Msitu wa Vilima Vya Maragoli.



### Changamoto za Usafiri wa Angani katika Mwaka wa 2024

Kushiriki kwetu katika Shindano la Usafiri wa Angani, hafla ya kila mwaka inayoandaliwa na Shirika la SkyTeam Alliance ili kutambua masuluhisho ya kibunifu ambayo yanashughulikia changamoto kuu katika sekta ya usafiri wa angani, kulitwezesha kutuzwa kwa kujitolea kwetu kudumisha uendelevu na uvumbuzi. Shindano la mwaka wa 2024, lililolenga kuimarisha masuluhisho yaliyotekelezwa hapo awali ili kuleta athari endelevu, lilitwezesha kuenda safari nne za ndege za masafa marefu-Nairobi hadi New York, Amsterdam, Paris, na London-chini ya vigezo vinavyozingatia uendelevu.





## Hotuba ya Afisa Mkuu Mtendaji na Mkurugenzi Mkuu wa Kampuni (Inaendelea)



Kwa hivyo, tulishinda matuzo mawili ya kifahari: Suluhisho Bora la Kiwango cha Juu cha Upishi na Mbinu Bora ya Kuboresha Mafuta Endelevu ya Usafiri wa Angani (SAF). KQ ilitambuliwa kwa juhudi zake za ubunifu za kupunguza matumizi ya plastiki safarini katika kitengo cha Suluhisho Bora la Kiwango cha Juu cha Upishi. Kwa kuanza kutumia vikapu vya utamaduni wa Kiafrika kuweka mikate na vyombo vya chakula vya aluminiamu katika sehemu ya ndege ya watu wa kawaida, shirika hili la ndege limepanga kuepuka tani 24 za taka za plastiki kila mwaka. Katika kitengo cha Mbinu Bora ya SAF (Kuboresha Mafuta Endelevu ya Usafiri wa Angani), KQ ilipongezwa kwa ushirikiano wake na mzalishaji wa SAF wa ndani ya nchi kwa kuanzisha kiwanda cha kwanza cha uzalishaji wa SAF nchini Kenya.

### Matuzo na Tunu:

Kando na matuzo yaliopokelewa kutokana na mipango yetu endelevu, katika mwaka wa 2024, Shirika la Ndege la Kenya Airways lilitunukiwa:



### 1. Matuzo ya Usafiri Duniani katika Mwaka wa 2024

- Shirika la Ndege Linaloongoza Barani Afrika katika Mwaka wa 2024
- Shirika la Ndege Linaloongoza Barani Afrika katika Mwaka wa 2024, Daraja la Biashara
- Kampuni ya Ndege Inayoongoza Barani Afrika katika Mwaka wa 2024
- Jarida la Ndani ya Ndege Linaloongoza Barani Afrika katika Mwaka wa 2024: Msafiri

### 2. Huduma Bora ya Wafanyakazi wa Ndege Barani Afrika, na Matuzo ya Skytrax kwa Kampuni za Ndege Duniani

### 3. Tuzo la Balozi wa Chapa na Serikali ya Kenya

### 4. Matuzo ya Teknolojia ya Usafiri Duniani katika Mwaka wa 2024

- Tovuti Bora ya Shirika la Ndege katika Mwaka wa 2024

- Programu Bora ya Shirika la Ndege Barani Afrika katika Mwaka wa 2024

### 5. Tuzo la Shirika Bora la Ndege Mwaka Huu, AFRAA

### 6. Shirika la Ndege Linalotoa Huduma za Kiwango cha Juu kwa Wateja na Kufanya Kazi kwa Wakati Unaofaa Barani Afrika, na AirHelp

### Mwaka wa 2025 Kuendelea

Mkakati wetu kwa siku zijazo umejikita katika **ukuaji, ubora na uendelevu**. Lengo letu kwa sasa ni kupata mwekezaji bora ili kuimarisha biashara tena, kushughulikia vizingiti vya usambazaji wa injini zetu ili kuboresha utendakazi wa ndege, kupanuka hadi katika masoko mapya, na kuendelea kuboresha uzoefu wetu kwa jumla na wateja. Zaidi ya hayo, kuweza kukua na kuboresha utendakazi wetu, tumejitolea kubuni njia mbalimbali za mapato kwa kujitosa katika huduma zinazohusiana na usafiri wa angani na kukuza mifumo yetu saidizi. Tunaendelea kuzingatia utendakazi bora ili kuwa na asilimia 85 na zaidi mfululizo ya kutenda kazi kwa wakati unaofaa.

### Shukrani

Mafanikio haya hayangewezekana bila kujitolea kwa wafanyakazi wetu, uaminifu wa wateja wetu, usaidizi wa mbia wetu mkuu, Serikali ya Kenya, na msaada wa washirika wetu, watoa huduma, wahusika katika Sekta hii, na wengineo. Kwenu nyote tunasema Asante sana!

Kama Helen Keller alivyosema, *"Matumaini ni imani inayopelekea mafanikio. Hakuna kitu kinachoweza kufanywa bila matumaini na ujasiri."* Kwa pamoja, tunaweza kuangalia mbele kwa matumaini tunapoungana kubadilisha usafiri wa angani barani Afrika na kukuza urithi wa ubora.

### Allan Kilavuka

Mkurugenzi Mkuu wa Kampuni na Afisa Mkuu Mtendaji wa Shirika la Ndege la Kenya Airways PLC





## *Engineering Trust Enabling Flight*

With every check, repair, and innovation,  
our technical teams keep us safe,  
efficient, and ready for the skies ahead.

*Proudly*

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*Proudly*

*48*

## *Care That Travels*

With precision and compassion, we transport life-saving medical cargo that makes a world of difference..

# Statement of Corporate Governance

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 2024, the Board was composed of eight (8) Directors as set out below:

Mr. Michael Joseph	-	Non-Executive Director (Chairman)
Mr. Allan Kilavuka	-	Group Managing Director & CEO
Mr. Raphael Otieno	-	Non-Executive Director (Rep. of C.S. the National Treasury)
Mr. Mohamed Daghar	-	Non-Executive Director (P.S., State Department for Transport)
Mr. Festus Kingori	-	Independent Non-Executive Director
Mr. John Wilson	-	Non-Executive Director
Mr. Phillip Wambugu	-	Non-Executive Director
Mr. Christopher Buckley	-	Independent Non-Executive Director
Mr. Alex Mbuvi	-	Alternate to P.S. State Department for Transport
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.

## 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.



## Statement of Corporate Governance (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	2023	2025
2	Mr. Michael Joseph	2016	2022	2025
3	Mr. Festus Kingori	2024	2024	2028
4	Mr. Christopher Buckley	2023	2023	2026
5	PS Transport (Mr. Mohamed Daghar)	2020	2023	2026
6	Mr. John Wilson	2021	2024	2027
7	Mr. Philip Wambugu	2021	2024	2027
8	Mr. Allan Kilavuka	N/A	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. Festus Kingori, Mr. Philip Wambugu and Mr. John Wilson were elected to the Board at the Annual General Meeting of the Company held on 14<sup>th</sup> June 2024. The three directors were vetted by the Corporate Governance and Nominations Committee and in line with Charter pursuant to the skills and competence assessments done, were recommended by the Board to the shareholders, who duly elected them as directors unanimously. At the same Annual General Meeting of the Company, Major Gen. (Rtd) Michael Gichangi retired after having served a term of 7 years on the Board, whereas Mr. David Kabeberi resigned as a director in October 2024.

In the year, the Board through the Human Resources Committee completed resourcing of the gaps in the senior management of the Company in line with the approved organogram from a succession planning perspective and ensured that a robust succession plan for senior management was 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 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.

## Statement of Corporate Governance (Continued)

### 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 for the year 2025. 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.



## Statement of Corporate Governance (Continued)

### 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 is as set out below, indicating that regular attendance at meetings is the norm.

Mr. Michael Joseph	-	5/5
Mr. Allan Kilavuka	-	5/5
Mr. Philip Wambugu	-	5/5
Mr. John Wilson	-	4/5
C.S. National Treasury (Dr. Sirima & Mr. Otieno)	-	4/5
P.S. State Dept. for Transport (Mr. Daghar & Mr. Mbuvi)	-	5/5
Mr. Christopher Buckley	-	4/5
Mr. Festus Kingori	-	2/5*
Mr. David Kabeberi	-	4/5**
Major Gen. (Rtd) Michael Gichangi	-	3/5***

\* Appointed at the June 2024 AGM

\*\* Resigned in October 2024

\*\*\* Retired at the June 2024 AGM

### 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.

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 2024, 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.

## Statement of Corporate Governance (Continued)

### 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 2024 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 14<sup>th</sup> June 2024.

### 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 2024 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



# Statement of Corporate Governance (Continued)

## Stakeholder Management (continued)

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. John Wilson	-	Interim Chair
Mr. Raphael Otieno	-	Member
Mr. Mohamed Daghar / Alex Mbuvi (P.S. Transport)	-	Member
Mr. Festus King'ori	-	Member

During the year under review, the Committee held five (5) meetings and the attendance by the members was as follows:

Dr. Haron Sirima & Mr. Raphael Otieno	3/5
Mr. Mohamed Daghar / Alex Mbuvi (P.S. Transport)	5/5
Mr. John Wilson	5/5
Mr. David Kabeberi	4/5*
Major Gen (Rtd) Michael Gichangi	2/5**
Mr. Festus King'ori	3/5***

\*Resigned from the Board in October 2024

\*\* Retired from the Board at the June 2024 AGM

\*\*\* Appointed at the June 2024 AGM

#### 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 International Financial Reporting Standards (IFRS).

#### • 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.

#### • 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

## Statement of Corporate Governance (Continued)

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

#### • Ethics and Compliance (Continued)

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 2024

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 ended 31 December 2024. 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. The Committee noted that the whistleblow reports were reviewed every month by the management Ethics & Integrity Committee.

##### 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.

#### How we keep up to date (continued)

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. John Wilson**

Interim Chair - Audit and Risk Committee



## Statement of Corporate Governance (Continued)

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

#### Current Membership

Mr. Michael Joseph	- Chair
Mr. Allan Kilavuka	- Group Managing Director/CEO
Mr. Festus Kingori	- Member
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 2024

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

Mr. Michael Joseph	- 3/3
Mr. Allan Kilavuka	- 3/3
Mr. Philip Wambugu	- 3/3
Dr. Haron Sirima & Mr. Raphael Otieno	- 3/3
Mr. Festus Kingori	- 1/3**
Major General (Rtd.) Michael Gichangi	- 2/3*

\* Retired as a Director at the June 2024 AGM

\*\* Appointed at the June 2024 AGM

#### 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 2024 and continued to track closure of matters arising from the previous exercise periodically.
- Revised and refreshed the composition of Board Committees based on director's skills and competencies to infuse new thinking as well as create enhanced balance and participation.

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.

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

- Assessed and recommended to the Board and shareholders the election of three directors at the Annual General Meeting, thus facilitating the appointment of Mr. Festus Kingori to the Board.
- 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.
- 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 2025.
- Extensively engaged and collaborated with shareholders and GoK towards filling of vacancies on the Board to be undertaken in the year 2025, taking into account the requisite skills and competence gaps.

#### 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.



**Mr. Michael Joseph**

*Chair – Corporate Governance and Nominations Committee*

## Statement of Corporate Governance (Continued)

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

#### Current Membership:

- |   |                               |
|---|-------------------------------|
| 1. Mr. Philip Wambugu                               | - Chairman                    |
| 2. Mr. Allan Kilavuka                               | - Group Managing Director/CEO |
| 3. Mr. Mohamed Daghar / Alex Mbuvi (P.S. Transport) | - 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 six (6) meetings with attendance by the members thereof as shown below:

#### Attendance of meetings for FY 2024

Mr. Philip Wambugu	6/6
Mr. Allan Kilavuka	6/6
Dr. Haron Sirima & Mr. Raphael Otieno	3/6
Mr. Christopher Buckley	6/6
Maj. Gen. (Rtd) Michael Gichangi	3/6*
Mr. Festus King'ori	3/6**
Mr. Mohamed Daghar / Alex Mbuvi (P.S. Transport)	6/6***

\*Retired from the Board at the June 2024 AGM

\*\*Appointed to the Board at the June 2024 AGM

\*\*\*Incorporates meetings attended by Alex Mbuvi the Alternate to the P.S. State Dept. for Transport

#### Mandate

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

- Advise the Board on the main strategic priorities of the Company;
- Review the execution of the commercial and operational strategy;

- Review the company's strategic plan and its funding and recommend the same for approval by the Board;
- Review and give opinions on major investments, divestments, and external growth; acquisition and disposal of assets; and
- Carry out any other business directed by the Board and relevant to the mandate of the Committee.

#### Achievements during the Year under Review:

- Collaborated in the selection and delivery of the Technical Advisory by IATA consulting on the Airline in readiness for the Financial Advisory to restructure the Company's balance sheet and secure new capital for expansion.
- Provided oversight and guidance in delivery of key strategic Company initiatives especially aligned with the innovation and diversification theme. These include the completion and occupation of the KQ Msafiri House and related transfer of the Integrated Operation Control Centre (IOCC) from JKIA to Msafiri House. Completion and launch of the KQ water bottling and other key projects.
- Facilitated review of the Company's 5-year fleet plan, with an objective of renewing the fleet and also attain fleet simplicity, ensuring alignment with strategic objectives. This was done amidst a challenging environment owing to the rapidly evolving aircraft demand and supply constraints globally.
- Enhanced the strategic planning process through guidance and evaluation of objectives, performance indicators, and initiatives aimed at optimizing operational results, including revenue enhancement and cost reduction measures.
- Provided guidance on the Company's Cargo Strategy culminating in the acquisition of two B737-800F freighters delivered in early 2024.
- Supported the Group as a liaison between the Management and the Government of Kenya and other agencies, advocating for financing and policies to ensure the Company's long-term sustainability, combat unfair competition, and shape favourable industry strategies and policies.
- Guided the implementation of Project Kifarua 2.0 especially the cost reduction initiative which realised USD116mn in savings by the end of FY2024.

#### Looking Forward

The Committee remains dedicated to ensuring the airline's unwavering commitment to delivering its 2025 strategy and operational plans.

In the upcoming fiscal year, our focus will be providing strategic guidance to ensure the business delivers excellence, commits to sustainability and drives growth as its strategic pillars for the next 5 years.



# Statement of Corporate Governance (Continued)

## Looking Forward (continued)

Additionally, a priority will be given to realising a recapitalisation of the business to fund the growth but also to reverse the negative equity position. The Committee will also focus on sustaining a culture of accountability and ownership while offering strategic guidance in the implementation of the FY2025 - 29 (Five-Year Plan).



**Mr. Philip Wambu**  
*Chair - Strategy and Business  
Development Committee*

## Report of the Human Resources Committee

### Current Membership

Mr. John Wilson	-	Chairperson
Mr. Allan Kilavuka	-	Member
Mr. Christopher Buckley	-	Member
Mr. Mohamed Daghar / Alex Mbuvi (P.S. Transport)	-	Member
Mr. Festus King'ori	-	Member

### Attendance of meetings for FY 2024

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

Mr. John Wilson	4/4
Mr. Allan Kilavuka	4/4
Mr. Christopher Buckley	3/4
Mr. David Kabeberi	3/4*
Mr. Festus King'ori	2/4**
Mr. Mohamed Daghar / Alex Mbuvi (P.S. Transport)	3/4***

\*Resigned from the Board in October 2024

\*\*Appointed at the June 2024 AGM

\*\*\*Incorporates meetings attended by Mr. Alex Mbuvi the alternate to the P.S. Transport.

### Mandate and role of the Human Resources Committee

The Human Resources Committee is the committee of the Board mandated to enable and oversee the management of the human capital and talent agenda for the Company. The overarching responsibility is to ensure that the Company provides an enabling environment for both the employees and the Company to thrive through a positive employee experience; transparent and enabling

processes and policies; inspiring leadership; and a high-performance, meritocratic culture so as to deliver on the Group's strategic aspirations.

The Committee is entrusted with the responsibility to:

- Recruit all senior executives reporting to the Group Managing Director, and oversee their performance and output;
- Review and propose an optimal organization structure, including staffing levels for Board approval.
- Review, monitor and oversee the overall implementation of the Human Resources policy framework, programs and procedures of the Company.
- Recommend policies and principles for performance reviews of members of senior management, and review and monitor the practices used to evaluate members of senior management.
- The Human Resources Committee will review, monitor, and report to the Board of Directors on the succession plans for the Managing Director/CEO and Senior Management on the adequacy, progress, and development of the succession candidates to foster timely and effective executive continuity.
- Review any external reports and/or evaluations of the company's human resources strategy and policies, and report to the Board of Directors its findings and recommendations on such issues.

### Key Achievements in 2024

In 2024, Kenya Airways (KQ) reinforced its commitment to people, performance, and transformation as the core drivers of organizational success. Through a strategic, people-centric approach, we strengthened our position as an employer of choice, fostering a high-performance culture aligned with the airline's mission, vision, and values. The committee's efforts focused on employee experience, talent development, organizational agility, and workforce well-being, ensuring KQ remains competitive, resilient, and future-ready.

This report outlines key initiatives aimed at enhancing employee satisfaction, driving performance, and ultimately, contributing to the company's financial success: -

### 1. People & Talent Strategy

#### Employee Experience & Performance

The committee prioritized employee engagement and performance excellence to build a motivated, high-performing workforce:

- Employee Satisfaction Index improved from 75% to 80%, and eNPS increased from 21 to 40, reflecting stronger workplace engagement and loyalty.
- Successfully cascaded KQ's new Mission, Vision, and Values through sensitization campaigns, embedding a unified corporate culture.

# Statement of Corporate Governance (Continued)

## Key Achievements in 2024 (Continued)

### People & Talent Strategy - Employee Experience & Performance (continued)

#### Talent Development & Succession Planning

- Implemented a structured succession planning framework, achieving 75% bench strength for critical roles.
- Launched In-My-Shoe, Job Rotation, and Career Pathing Programs, enhancing employee mobility and skills development.
- Strengthened its talent pipeline by onboarding: 14 Management and Mid-Career Trainees (2-year rotational program); 15 Graduate Engineering Trainees & 30 Technical Apprentices for maintenance operations; 10 Cadet Trainees under Fahari Aviation, supporting drone operations.

Through strategic talent investments, the Committee is building a dynamic, future-ready workforce while reinforcing our position as a leading employer in aviation.

#### 2. Organizational Transformation

To enhance agility and efficiency, the Committee executed critical organizational redesign and digital transformation initiatives:

- Business Re-engineering: Realigned core functions (Finance, Commercial, Strategy) to improve operational effectiveness.
- Diversity & Inclusion: Strengthened workplace inclusivity by onboarding 6 Persons with Disabilities (PWDs).
- Employee Value Proposition (EVP): Developed and launched a comprehensive EVP framework, laying the foundation for employee attraction and retention strategies in 2025.
- Top Employer 2025: Kenya Airways received global recognition as a Top Employer Kenya - 2025 by the Top Employer Institute, reinforcing our reputation as an employer of choice.

#### 3. Leadership Growth & Digital Learning

Kenya Airways Academy continued to drive leadership excellence and workforce capability development:

- Structured Coaching & Mentoring: 120+ Coaches trained, impacting on 450 employees.
- 6.7% of staff promoted internally (316 employees), reinforcing career growth.
- Leadership & Management Programs: 250+ mid-level managers trained through structured development programs; 75 Women Leaders graduated under our Elevate Women Leadership Program.
- Digital Learning Expansion: 60% of employees onboarded on LinkedIn Learning, enhancing self-paced learning.

These initiatives position Kenya Airways as a talent-driven organization, fostering continuous learning and leadership growth.

#### 4. Employee Relations & Engagement

A highly engaged workforce is critical to achieving operational success. Key milestones include:

- Strengthened labor relations, successfully negotiating and implementing CBAs in Kenya (pilots & general staff), Ghana, Nigeria, and Uganda.
- Transparent engagement culture through regular town halls and union discussions.
- Employee Recognition Program revitalized, culminating in the CEO Recognition Awards to honor high performers.
- Reignite Wellness & Sports Programs encouraged employee well-being through 65+ employees scaling Mt. Kilimanjaro; Cycling expedition from Nairobi to Arusha and back; Football, running, and swimming clubs engaging employees across the organization.
- KQ Choir representing KQ at major corporate and aviation events.
- Successfully converted over 800 contract staff to permanent positions, reinforcing workforce stability.

#### Report of the Human Resources Committee (continued)

#### 5. Employee Well-being & KQ Health

The Committee reinforced its holistic well-being strategy, ensuring physical, mental, and emotional wellness for all employees:

- Mental Health & Peer Support: 150 Mental Health Ambassadors commissioned.
- Wellness Wednesdays & Chronic Disease Management Program launched.
- Regulatory & Healthcare Infrastructure Enhancements: JKIA Clinic renovations & KMPDC licensing secured.
- 2,000+ employees reached through wellness initiatives.
- Workplace Safety & Ergonomics: Focused on ensuring safe, productive, and efficient work environments.

Through these initiatives, KQ continues to champion employee health, resilience, and workplace well-being.

#### 6. Strategic Outlook for 2025

Building on the momentum of 2024, the Committee's HR strategy for 2025 will focus on:

- Talent Acquisition & Development - Strengthening future-ready skills and leadership pipelines.
- Employee Engagement & Experience - Enhancing motivation, recognition, and workplace culture.
- Digital Transformation & Efficiency - Driving agility and productivity through HR technology.
- Diversity, Inclusion & Well-being - Creating an inclusive, thriving, and resilient workforce.

By investing in our people, Kenya Airways will strengthen its culture, enhance operational excellence, and position itself as a leading employer in Africa and the global aviation industry.



**Mr. John Wilson**

Chair-Human Resources Committee





## ***Sustaining Flight Responsibly***

Our Water Bottling Plant reflects our commitment to self-sufficiency, cost efficiency, and responsible resource use.

***Proudly***

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# Performance Highlights

## Group results

Turnover (KShs Million)

FY 2024

188,495

178,496

FY 2023

Operating Profit (KShs Million)

FY 2024

16,621

10,530

FY 2023

Profit/(Loss) before Tax (KShs Million)

FY 2024

5,527

(22,864)

FY 2023

Net Profit/(Loss) (KShs Million)

FY 2024

5,432

(22,697)

FY 2023

Capital & Reserves (KShs Million)

FY 2024

(118,251)

(138,063)

FY 2023

Profit/(Loss) per Share (KShs Million)

FY 2024

0.95

(3.90)

FY 2023

## Key Financial Statistics

Debt to Equity

FY 2024

(1.2)

(1.0)

FY 2023

Operating Margin (%)

FY 2024

8.8

5.9

FY 2023

Interest Cover

FY 2024

1.4

(0.6)

FY 2023

EBITDAR Margin (%)

FY 2024

20

17

FY 2023

## Operating Statistics

Passengers Carried

FY 2024

5,225,281

5,037,078

FY 2023

Available Seats KM (millions)

FY 2024

16,227

14,804

FY 2023

Revenue Passengers KM (millions)

FY 2024

12,204

11,605

FY 2023

Cabin Factor (%)

FY 2024

75.2

78.4

FY 2023

Cargo Uplifted (Tonnes)

FY 2024

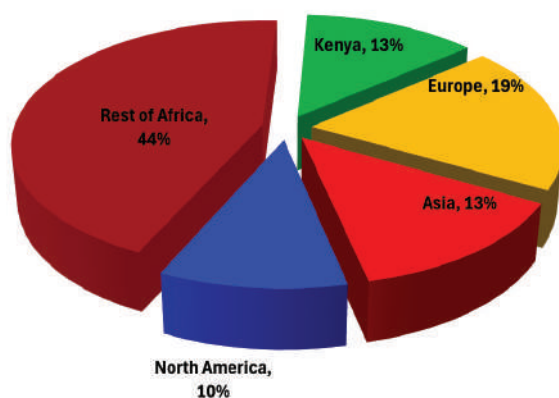
70,776

56,576

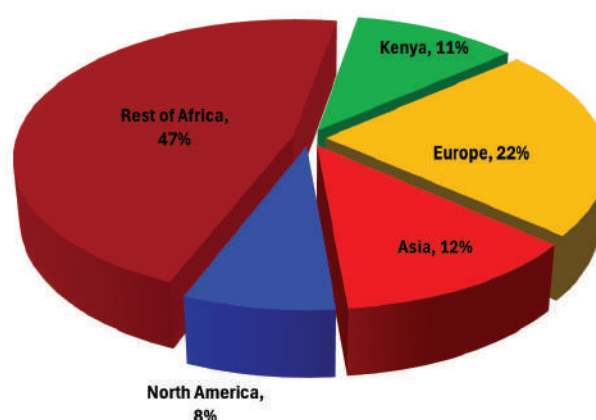
FY 2023

## Turnover by Region

2024



2023





# Three Year Summary of Financial Highlights

## Financial Highlights

The Group	FY 2024		FY 2023		FY 2022	
	KShs. Million	US\$ Million	KShs. Million	US\$ Million	KShs. Million	US\$ Million
<b>Turnover</b>						
Passenger	156,054	1,145.9	150,779	1,088.7	88,851	755.8
Freight & Mail	16,229	119.2	13,604	98.2	13,897	118.2
Handling	2,528	18.6	2,227	16.1	1,991	16.9
Other	13,683	100.5	11,886	85.8	12,047	102.5
<b>Total</b>	<b>188,495</b>	<b>1,384.1</b>	<b>178,496</b>	<b>1,288.9</b>	<b>116,787</b>	<b>993.5</b>
Direct Expenditure	(127,567)	(936.7)	(118,027)	(852.2)	(79,763)	(678.5)
Fleet Ownership Costs	(20,426)	(150.0)	(19,466)	(140.6)	(17,645)	(150.1)
Overheads	(23,881)	(175.4)	(30,473)	(220.0)	(24,995)	(212.6)
<b>Operating Profit/(Loss)</b>	<b>16,621</b>	<b>122.1</b>	<b>10,530</b>	<b>76.0</b>	<b>(5,616)</b>	<b>(47.7)</b>
<b>Operating Margin%</b>	<b>8.8%</b>	<b>8.8%</b>	<b>5.9%</b>	<b>5.9%</b>	<b>(4.8%)</b>	
Net Finance Costs	(11,035)	(81.0)	(32,752)	(236.5)	(32,460)	(276.1)
Other Costs	(60)	(0.4)	(642)	(4.6)	(239)	(2.0)
<b>Profit/(Loss) before tax</b>	<b>5,527</b>	<b>40.6</b>	<b>(22,864)</b>	<b>(165.1)</b>	<b>(38,315)</b>	<b>(325.8)</b>
Income tax (expense)/credit	(95)	(0.7)	167	1.2	51	0.4
<b>Profit/(Loss) for the year</b>	<b>5,432</b>	<b>39.9</b>	<b>(22,697)</b>	<b>(163.9)</b>	<b>(38,264)</b>	<b>(325.4)</b>
<b>Profit/(Loss) after Tax margin%</b>	<b>2.9%</b>		<b>(12.7%)</b>		<b>(32.8%)</b>	

## Operating Statistics

	FY 2024	FY 2023	FY 2022
Passengers	5,225,281	5,037,078	3,731,956
RPK's (Millions)	12,204	11,605	7,672
ASK's (Millions)	16,227	14,804	10,302
Passenger Load Factor (%)	75.2	78.4	74.5
Cargo Tonnes	70,776	56,576	65,955
Exchange Rate	136.19	138.49	117.56
<b>Employees</b>			
Airline	4,264	4,342	3,825
Group	5,242	4,828	4,230
<b>Aircraft in Service at Year End</b>			
Boeing 787-8	9	9	9
Boeing 737-8	8	8	8
Embraer 190	13	13	13
B737-300 Freighter	2	2	2
B737-800 Freighter	2	-	-
Airbus A330	1	-	-
Bombardier Dash 8-400	8	8	7
<b>Total</b>	<b>43</b>	<b>40</b>	<b>39</b>
Boeing 737-300	-	1	1
<b>Leased/Sub-leased</b>			
Boeing 777-300	1	1	3
<b>Total</b>	<b>44</b>	<b>42</b>	<b>43</b>

# Report of the Directors

## 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 43 destinations in Africa, Middle East, Asia, Europe and North America.

As at 31 December 2024, the Group operated 43 aircrafts, either owned or on lease. These comprised nine Boeing 787 wide body jets, eight Boeing 737 narrow body jets, thirteen Embraer regional jets, one Airbus, four Boeing 737 freighters and eight Bombardier Dash 8-400.

## RESULTS

The Group's profit for the year ended 31 December 2024 is KShs 5,432 million (2023: loss of KShs 22,697 million) and a profit of KShs 2,091 million (loss of KShs 20,086 million) for the Company respectively. The Group's and Company's results for the year ended 31 December 2024 are set out in the respective statements of profit or loss and other comprehensive income.

## DIVIDENDS

The Directors do not recommend payment of dividends in respect of the current financial year (2023: 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.

## 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 2024 financial results which show the following:

- An operating profit margin of 9.0% for the financial year ended 2024 compared to 6% in the previous year ended 2023.
- A profit before tax margin of 2.9% from a loss margin of 12.8% in prior year.

## Capacity and traffic

The year saw a marked increase in capacity deployed in the market. The Group's capacity measured in Available Seat Kilometres (ASKs) increased by 9.6% closing at 16,227 million compared to 14,804 million reported in the previous year.

The uptake of this capacity measured in Revenue Passenger Kilometres (RPKs) closed at 12,204 million compared to 11,605 million representing an increase of 5.2%.

## Turnover

The Group's and Company's turnover closed at KShs 188,495 million and KShs 173,148 million respectively for the year ended 31 December 2024 against KShs 178,496 million for the Group and KShs 165,556 million for the Company for the year ended 31 December 2023. The revenue increase was driven mainly by growth in capacity as well as increase in passenger numbers.

## Cargo Operations

Combined cargo tonnage (both passenger belly and freighter aircraft) increased by 25.1 % from 56,576 tonnes reported in 2023 to 70,776 tonnes uplifted in 2024. This growth was driven by the addition of two 738 aircraft. Management remains focused in increasing freighter capacity in a bid to boost the cargo product across the network.

## Operating Costs

The total direct operating costs amounted to KShs 127,567 million for year ended 31 December 2024 at Group level and KShs 120,442 million at Company level as compared to KShs 118,027 million at Group level and KShs 111,743 million at Company level for the year ended 31 December 2023. The increase is in-line with the increase in operations.

Fuel cost remained steady at KShs 60,483 million for year ended 31 December 2024, compared to KShs 60,269 for year ended 31 December 2023 at group level driven by increase in operations offset by decline in fuel prices.



## Report of the Directors (Continued)

Fleet ownership costs at Group level amounted to KShs 20,426 million and KShs 18,248 million for the Company for the year ended 31 December 2024 compared to KShs 19,466 million at Group level and KShs 17,152 million at Company level for the year ended 31 December 2023. In 2024, there was an acquisition of two 73 cargo aircraft, leading to the rise in fleet costs.

### Overheads

The Group's and Company's overheads amounted to KShs 24,187 million and KShs 20,315 million respectively for the year ended 31 December 2024 as compared to KShs 30,689 million at Group level and KShs 25,520 million at Company level for the year ended 31 December 2023. This drop in overheads is attributed to forex gains due to appreciation of KES against the USD (an average of 136.19 KSHS/USD in 2024 vs 138.49 KSHS/USD in 2023).

### 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

	2024	2023
Permanent	3,480	3,141
Contracted	784	1,201
<b>Total</b>	<b>4,264</b>	<b>4,342</b>

#### ii) Categorisation by gender

	2024		2023	
	Male	Female	Male	Female
Senior leadership	83%	17%	91%	9%
Head of Departments	73%	27%	67%	33%
Senior managers	73%	27%	81%	19%
Others	49%	51%	58%	42%
Overall	56%	44%	58%	42%

#### (iii) Categorisation by department

	Group		Company	
	2024	2023	2024	2023
Flight operations	1,608	1,397	1,459	1,231
Gound services	1,345	1,280	878	1,141
Management and administration	1,575	1,438	1,317	1,340
Technical	714	713	610	630
<b>Total</b>	<b>5,242</b>	<b>4,828</b>	<b>4,264</b>	<b>4,342</b>

## Report of the Directors (Continued)

### Opportunity and Risk Management

The aviation industry is highly capital-intensive and cyclical with significant exposure to geopolitics, extreme volatility in oil prices and currencies as well as supply chain and labour challenges. Airlines in particular operate across different jurisdictions that requires compliance to difference and increasing laws and regulations.

The dynamic nature of the industry creates an ever-changing landscape with both opportunities and risks. Opportunity management is key in the business planning process and those opportunities that pass through the evaluation process are incorporated in business and operational plans. Kenya Airways staff across all levels of the business seek for and identify opportunities as they interact with and monitor the operating environment and in the course of their day-to-day operations.

The enterprise risk management process at Kenya Airways designates the identification, assessment, monitoring and management of risks as a basic function of all staff and managers in particular. Material risks are identified and those that are identified as Principal risks are presented in the table below.

### Principal Risks

	Risk	Description	Change vs 2023	Explanation of the change	Mitigating Actions
1	Financial	Inability to service financial obligations as and when they fall due as a result of poor liquidity	▲	<ul style="list-style-type: none"> <li>Legacy obligation continued to exert pressure on the Company's liquidity.</li> </ul>	<ul style="list-style-type: none"> <li>Continued engagement with the Government of Kenya on stabilization.</li> <li>Continued engagement with creditors on terms.</li> <li>Implementation of the Transformation program to optimize the business operating model.</li> </ul>
2	Airline Safety	Occurrence of incidents and accidents or violations to safety guidelines and protocols	◀▶	<ul style="list-style-type: none"> <li>The possibility of an accident / incident resulting in injury or property damage remains due to the nature of the operations. These accidents / incidents could be as a result of human factors such as fatigue, technical reasons such as engine failure, organizational reasons such as contradicting instructions of environmental such as bird strike or bad weather.</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to Standard Operating Procedures and consequence management for any non-compliance.</li> <li>A compliance monitoring framework for safety regulations is in place. Internal policies and procedures are developed based on ICAO and KCAA requirements.</li> <li>Proper and timely safety incident management processes in place.</li> <li>Regular Safety Management System training and awareness to keep employees up to date on safety policies and procedures.</li> </ul>
3	Cyber security & IT	Risk to which Computer and information networks, ground, flight infrastructure and IT enabled processes / applications are exposed as a result of criminal acts or sabotage.	▲	<ul style="list-style-type: none"> <li>The aviation industry and the markets in which Kenya Airways operates in have witnessed an increase in the number of attempted cyberattacks fuelled by advances in technology as well as geopolitics.</li> </ul>	<ul style="list-style-type: none"> <li>Full time monitoring of IT systems including threat surveillance, vulnerability assessments and resolution of any identified gaps.</li> <li>Regular evaluation of IT processes based on changing and emerging risk scenarios.</li> <li>Implementing tools, services and security rules to prevent and respond to cyberattacks considering the changing IT infrastructure landscape.</li> <li>Access controls as well as control over the data exchanged outside the company are in line with best practice.</li> <li>Regular user training on cyber security</li> </ul>
4	Security	Occurrence of any incident that threatens the security of our customers and staff or results in harm to our customers, staff or in property damage.	◀▶	<ul style="list-style-type: none"> <li>The industry continues to have latent security risks which if they were to crystallize, would have the potential to result in injury or property damage.</li> </ul>	<ul style="list-style-type: none"> <li>Mandatory ongoing continuous security risk assessment and prompt resolution of any gaps identified.</li> <li>Strict adherence to security policies and procedures.</li> <li>Close collaboration with relevant security agencies.</li> <li>Mandatory and regular aviation security (AVSEC) training and certification for all staff,</li> </ul>
5	Operational - Volatility in Fuel Prices	Adverse fluctuations in the fuel price	◀▶	<ul style="list-style-type: none"> <li>Fuel prices were relatively stable in the period and the market is projected to operate with reduced volatility in the coming 12 months. However, this could change due to geopolitical, and world economic development and the airline remains exposed to extreme volatility in fuel prices as fuel is one of the largest single expenditure items for Kenya Airways.</li> </ul>	<ul style="list-style-type: none"> <li>Competitive sourcing of fuel suppliers.</li> <li>Rule based fuel hedging.</li> <li>Identifying and implementing fuel surcharge initiatives where possible.</li> </ul>
6	Competition	Negative impact on company performance due to anti-competitive practices.	◀▶	<ul style="list-style-type: none"> <li>The selective application of open skies agreements across different countries may result in anti-competitive behaviour that impact the Airline's ability to operate in certain markets</li> </ul>	<ul style="list-style-type: none"> <li>Pursuing strategic partnerships with suitable airlines that would add value to our customers and the business.</li> <li>Focus on improving customer experience at all touch points.</li> </ul>



# Report of the Directors (Continued)

	Risk	Description	Change vs 2023	Explanation of the change	Mitigating Actions
7	Geopolitical	Negative impact on company performance due to wars, political unrest or natural disasters. This includes but is not limited to additional costs due to closure of airspaces, inability to fly to specific destinations and fall in passenger numbers.	◀▶	<ul style="list-style-type: none"> <li>The risk remains elevated but stable. The middle east conflicts and other geopolitics actions across the globe could negatively impact global trade, commodity prices, exchange rates and consequently air travel.</li> </ul>	<ul style="list-style-type: none"> <li>Strategic engagements with the Kenyan Administration as well as other Governments</li> <li>Ongoing active monitoring and surveillance of the global and regional socio-political and security developments.</li> <li>Continuous identification of cost saving initiatives to mitigate against cost escalations</li> </ul>
8	Fraud	Misappropriation or misuse of Group assets by third parties and / or staff	◀▶	<ul style="list-style-type: none"> <li>The international spread of the business, its interdependency with technology and multiplicity of stakeholders and cultures creates an inherent fraud risk within the business.</li> </ul>	<ul style="list-style-type: none"> <li>Increased monitoring of controls in areas prone to fraud.</li> <li>Enhancement of the Company's Ethics program including development of a new integrity code and ongoing implementation of the "Act right. Speak Up" campaign to empower staff to prevent, detect and report fraud.</li> <li>Increased awareness of the whistle blowing mechanisms in place for staff and third parties</li> </ul>
9	Legal & Compliance	Exposure to legal penalties, financial forfeiture and material loss as a result of failure to act in accordance with statutory laws, regulations on internal policies	◀▶	<ul style="list-style-type: none"> <li>In the course of undertaking its activities, Kenya Airways is exposed to disputes or monitoring / investigations by authorities which may results in legal or regulatory proceedings / actions now or in the future across various jurisdictions.</li> </ul>	<ul style="list-style-type: none"> <li>A governance structure is in place on compliance matters including Audit and Risk Committee review of compliance and a Privacy Office.</li> <li>Regular training on compliance matters</li> <li>Codes and manuals for teams involved in compliance matters.</li> <li>Regular compliance audits</li> </ul>
10	People	Inability to retain critical talent and the possibility of labour disputes	◀▶	<ul style="list-style-type: none"> <li>As global air traffic improves post the pandemic, there is an anticipated increase in flights which shall create demand for additional trained staff within Kenya Airways and across the industry.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing implementation of the reignite culture change program.</li> <li>Succession planning and development of the talent pipeline</li> <li>Stratification of the employee value proposition to suit employee profile.</li> </ul>
11	Inadequate fleet supply globally	Constraints in the supply of airplanes and engines and consequent increase in fleet ownership costs constrain Company's growth plans and increase operational costs	▲	<ul style="list-style-type: none"> <li>The undersupply of airplanes by OEMs in the market has resulted in delays in planned retirements, lease extensions and therefore reduced airplanes available for fleet expansion and increased ownership costs</li> </ul>	<ul style="list-style-type: none"> <li>Close collaboration with aircraft and engine OEM's</li> <li>Flexibility in adjusting the network to reduce flight disruptions</li> <li>Short term capacity increase via ACMI</li> </ul>

Key: ▲ Increasing risk

◀▶ no change in risk

▼ Decreasing risk

The Group continues to witness growth in the aviation industry and current projections are that this trend will continue in the coming period. Although liquidity risk continues, the Group is continuously optimizing its operations and reviewing its cost profile to mitigate against this risk.

Considering all current and projected circumstances and related scenarios or mitigation measures used in preparing the Group's forecasts, there are no risks individually or in their combined form which put the continued existence of Kenya Airways at risk.

## STATEMENT AS TO DISCLOSURE TO THE GROUP'S AUDITOR

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

- there is so far as the Director is aware, no relevant audit information which the Group's auditor is unaware; and
- 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

25th March 2025

# Directors' Remuneration Report

## 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' Contracts 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	2025
Mr. Raphael Otieno	2013	2023	2025
PS Transport (Mr. Mohamed Daghar)	2020	2023	2026
Mr. Allan Kilavuka	N/A	N/A	N/A
Mr. Philip Wambugu	2021	2024	2027
Mr. John Wilson	2021	2024	2027
Mr. Christopher Buckley	2023	2023	2026
Mr. Festus Kingori	2024	2024	2028



## Directors' Remuneration Report (Continued)

### 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	26	132,075	0.003%
For	219	5,519,820,884	99.991%
Abstain	49	338,312	0.006%
	294	5,520,291,271	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 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
<b>Total</b>	<b>58,400</b>	<b>15,675</b>	<b>30,406</b>	<b>104,481</b>

# Directors' Remuneration Report (Continued)

INFORMATION NOT SUBJECT TO AUDIT (Continued)

31 December 2023

	Basic salary KShs 000	Pensions and other benefits KShs 000	Fees KShs 000	Value of non-cash benefits KShs 000	Total KShs 000
<b>BOD members</b>					
Mr. Michael Joseph	-	-	18,000	-	18,000
Mr. Allan Kilavuka	48,000	11,201	-	428	59,629
Ms. Caroline Armstrong	-	-	1,050	-	1,050
Principal Secretary-National Treasury	-	-	527	-	527
Principal Secretary-Transport	-	-	1,053	-	1,053
Mrs Esther Koimett	-	-	708	-	708
John Wilson Hakan	-	-	1,356	-	1,356
Mr. Nicholas Bodo	-	-	393	-	393
Mr. John Ngumi	-	-	787	-	787
Philip Wambugu	-	-	1,356	-	1,356
Dr. Haron Sirima	-	-	349	-	349
Major Gen (Rtd) Michael Gichangi	-	-	1,837	-	1,837
Mr. Daghar Mohammed	-	-	44	-	44
Mr. Michael Muchiri	-	-	262	-	262
Mr. David Kabeberi	-	-	876	-	876
<b>Total</b>	48,000	11,201	28,598	428	88,227



**Habil A. Waswani**  
Company Secretary

Nairobi

25th March 2025

# Statement of Directors' Responsibilities

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 25th March 2025 and signed on its behalf by:



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**Michael Joseph**  
Chairman



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**Allan Kilavuka**  
Managing Director





# ***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 64 to 152 which comprise the consolidated statement of financial position at 31 December 2024 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 2024, 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 at 31 December 2024 and of their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

### ***Basis for opinion***

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

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

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

### ***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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# Independent Auditor's Report to the Shareholders of Kenya Airways Plc

## (Continued)

### 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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
<p><b>Revenue recognition</b></p> <p>As explained in Note 3 (c) of the financial statements, the Group's streams of revenue are subject to different recognition considerations depending on the nature of the underlying contractual arrangements.</p> <p>Passenger tickets sales, net of discounts and taxes are initially recorded as current liabilities in the "Sales in Advance of Carriage" account and recognized as revenue when the ticket is flown or expires.</p> <p>The timing of revenue recognition for expired unused tickets/documents requires judgement due to the timeframe over which revenue documents can be utilized. Management determines the value of unused tickets revenue using a combination of the terms and conditions of the underlying documents and the historical expiry trends.</p> <p>Furthermore, the determination of the amount of revenue to be recognized for each flight requires complex information technology (IT) systems and involves the exchange of information with third party industry systems and other airlines for a high volume of transactions. The accounting for passenger and cargo revenue is, therefore, susceptible to management override of controls through the processing of inappropriate journals in the accounting records, the override of information technology (IT) systems to accelerate revenue recognition, or manipulation of inputs used to calculate revenue recorded in respect of unused revenue documents.</p>	<p>We performed detailed end-to-end walkthroughs of the finance and operational processes surrounding the revenue systems to assess the design effectiveness of the related key internal controls. We tested the operating effectiveness of these key controls to confirm that they operated throughout the year as intended.</p> <p>We also tested the key IT systems, including interfaces that impact the recognition of revenue from passengers along with the IT change control procedures and related application controls.</p> <p>We tested the matching of the flown tickets in the lift files to the passenger flight manifests and re-performed a reconciliation of the total tickets sold, the total revenue recognised (i.e. the total uplifts in the year) including uplifts done by other carriers, the expired tickets recognised in revenue and the sales in advance of carriage (i.e. the unutilised tickets).</p> <p>We tested the age profile of the deferred revenue on ticket sales to confirm compliance with the revenue recognition policy and related judgements.</p> <p>We inspected the manual journals posted to the revenue account for validity and appropriateness.</p> <p>We assessed the adequacy and consistency of the related disclosures in the financial statements in accordance with the requirements of IFRS Accounting Standards.</p>



# Independent Auditor's Report to the Shareholders of Kenya Airways Plc (Continued)

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

### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Assessment of impairment of aircrafts and right-of-use assets</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>This is an area of focus because changes in management estimates and judgements could result in material variations in the outcomes of the assessment.</p>	<p>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.</p> <p>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.</p> <p>We tested mathematical accuracy and performed sensitivity analyses of the models.</p> <p>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.</p> <p>We assessed the adequacy and appropriateness of the related disclosures in Notes 14 and 16 of the financial statements.</p>





# **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, report of the Directors, 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 2024 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 2024 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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.



# ***Independent Auditor's Report to the Shareholders of Kenya Airways Plc*** ***(Continued)***

- 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, related safeguards.

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 51 to 54 is consistent with the financial statements.

### ***Directors' remuneration report***

In our opinion the auditable part of the directors' remuneration report on pages 55 to 57 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

**25th March 2025**

# Consolidated Statement of Profit or Loss and other Comprehensive Income for the Year Ended 31 December 2024

	Notes	2024 KShs millions	2023 KShs millions
Revenue	7	188,495	178,496
		<hr/> 188,495	<hr/> 178,496
Direct costs	8	(127,567)	(118,027)
Fleet ownership costs	8	(20,426)	(19,466)
Other operating costs	8	(23,881)	(30,473)
		<hr/>	<hr/>
<b>Operating profit</b>		16,621	10,530
Finance costs	9	(11,163)	(33,559)
Interest income	9	69	165
		<hr/>	<hr/>
<b>Profit/(loss) before tax</b>	10	5,527	(22,864)
Income tax (expense)/credit	11	(95)	167
		<hr/>	<hr/>
<b>Profit/(loss) for the year</b>		5,432	(22,697)
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Foreign currency exchange gains/(losses) on cash flow hedges	23	10,554	(15,038)
Reclassification of foreign currency exchange gains to profit or loss	23	3,826	9,718
		<hr/>	<hr/>
Other comprehensive income/(loss) for the year, net of tax		14,380	(5,320)
		<hr/>	<hr/>
<b>Total comprehensive income/(loss) for the year</b>		19,812	(28,017)
		<hr/> <hr/>	<hr/> <hr/>



## Consolidated Statement of Profit or Loss and other Comprehensive Income for the Year Ended 31 December 2024 (Continued)

		2024	2023
	Notes	KShs millions	KShs millions
<b>Profit/(loss) for the year is attributable to:</b>			
Owners of the Company		5,511	(22,717)
Non-controlling interest	24	(79)	20
		<hr/>	<hr/>
Profit/(loss) for the year		5,432	(22,697)
		<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive profit/(loss) for the year is attributable to:</b>			
Owners of the Company		19,891	(28,037)
Non-controlling interest	24	(79)	20
		<hr/>	<hr/>
Total comprehensive income/(loss) for the year		19,812	(28,017)
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share:</b>			
Basic profit/(loss) per share (KShs)	12	0.95	(3.90)
		<hr/> <hr/>	<hr/> <hr/>
Diluted profit/(loss) per share (KShs)	12	0.74	(3.06)
		<hr/> <hr/>	<hr/> <hr/>

# Company Statement of Profit or Loss and other Comprehensive Income for the Year Ended 31 December 2024

	Notes	2024 KShs millions	2023 KShs millions
Revenue	7	173,148	165,556
		<hr/> 173,148	<hr/> 165,556
Direct costs	8	(120,442)	(111,743)
Fleet ownership costs	8	(18,248)	(17,152)
Other operating costs	8	(20,575)	(27,005)
<b>Operating profit</b>		<hr/> 13,883	<hr/> 9,656
Finance costs	9	(11,937)	(29,997)
Interest income	9	174	285
		<hr/>	<hr/>
<b>Profit/(loss) before tax</b>	10	2,120	(20,056)
Income tax expense	11	(29)	(30)
		<hr/>	<hr/>
<b>Profit/(loss) for the year</b>		2,091	(20,086)
<b>Other comprehensive income</b>			
<i><b>Items that may be subsequently reclassified to profit or loss</b></i>			
Foreign currency exchange gains/(losses) on cashflow hedges	23	10,554	(15,038)
Reclassification of foreign currency exchange gains to profit or loss	23	3,826	9,718
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		14,380	(5,320)
		<hr/>	<hr/>
<b>Total comprehensive income/(loss) for the year</b>		<hr/> 16,471	<hr/> (25,406)

# Consolidated Statement of Financial Position as at 31 December 2024

		2024	2023	1 January 2023
			Restated	Restated
ASSETS	Notes	KShs millions	KShs millions	KShs millions
<b>Non-current assets</b>				
Property, aircraft and equipment	14	73,411	77,368	78,011
Intangible assets	15	2,887	2,944	2,935
Right-of-use-assets	16	36,966	33,038	37,834
Return condition asset	16	9,593	9,213	9,003
Aircraft deposits	18	5,166	5,942	3,703
Deferred income tax	27	1,052	1,111	903
Prepaid maintenance asset	21	8,422	16,588	9,385
		137,497	146,204	141,774
<b>Current assets</b>				
Inventories	19	3,026	2,803	2,273
Trade and other receivables	20	20,361	18,818	14,524
Prepaid maintenance asset	21	11,080	2,894	2,594
Current income tax	11	1,359	1,322	1,307
Cash and bank balances	31	5,781	7,765	9,633
		41,607	33,602	30,331
<b>TOTAL ASSETS</b>		179,104	179,806	172,105
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	22	5,824	5,824	5,824
Share premium	22	49,223	49,223	49,223
Mandatory convertible note	22	9,630	9,630	9,630
Treasury shares	22	(142)	(142)	(142)
Other reserves	23	6,970	(7,410)	(2,090)
Accumulated losses		(189,747)	(195,258)	(172,541)
Deficit attributable to owners of the Company		(118,242)	(138,133)	(110,096)
Non-controlling interests	24	(9)	70	50
<b>Total shareholders' deficit</b>		(118,251)	(138,063)	(110,046)



# Consolidated Statement of Financial Position as at 31 December 2024 (Continued)

		2024	2023	1 January 2023
			Restated	Restated
	Notes	KShs millions	KShs millions	KShs millions
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	25	126,300	123,455	100,159
Lease liabilities	26	37,757	53,089	48,843
Deferred income tax	27	3,456	3,456	3,456
Provisions for liabilities	28	10,401	13,418	12,418
		177,914	193,418	164,876
<b>Current liabilities</b>				
Borrowings	25	21,785	24,775	39,089
Lease liabilities	26	10,569	10,589	13,130
Sales-in-advance of carriage	29	25,225	28,219	18,951
Trade and other payables	30	52,185	54,089	42,907
Provisions for liabilities	28	9,677	6,779	3,080
Derivative financial Instruments		-	-	118
		119,441	124,451	117,275
<b>TOTAL EQUITY AND LIABILITIES</b>		179,104	179,806	172,105

The financial statements on pages 64 to 152 were approved and authorised for issue by the Board of Directors on 25th March 2025 and signed on its behalf by:



Michael Joseph  
Chairman



Allan Kilavuka  
Managing Director & CEO

# Company statement of financial position as at 31 December 2024

		2024	2023	1 January 2023
	Notes	KShs millions	Restated KShs millions	Restated KShs millions
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, aircraft and equipment	14	72,223	76,298	77,126
Intangible assets	15	2,848	2,899	2,917
Right-of-use-assets	16	31,502	26,620	31,525
Return condition asset	16	7,095	6,632	6,882
Investment in subsidiaries	17	435	435	435
Aircraft deposits	18	4,545	5,088	3,703
Prepaid maintenance asset	21	7,314	15,536	8,895
		125,962	133,508	131,483
<b>Current assets</b>				
Inventories	19	2,879	2,687	2,273
Trade and other receivables	20	47,579	45,528	38,789
Prepaid maintenance asset	21	8,232	218	887
Current income tax	11	1,317	1,285	1,275
Cash and bank balances	31	3,962	7,477	9,503
		63,969	57,195	52,727
<b>TOTAL ASSETS</b>		189,931	190,703	184,210
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	22	5,824	5,824	5,824
Share premium	22	49,223	49,223	49,223
Mandatory convertible note	22	9,630	9,630	9,630
Treasury shares	22	(142)	(142)	(142)
Other reserves	23	6,642	(7,738)	(2,418)
Accumulated losses		(187,236)	(189,327)	(169,242)
<b>Total shareholders' deficit</b>		(116,059)	(132,530)	(107,125)
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	25	124,642	123,455	100,159
Lease liabilities	26	32,379	44,441	41,858
Deferred income tax	27	3,456	3,456	3,456
Provisions for liabilities	28	6,840	9,918	9,235
		167,317	181,270	154,708

## Company statement of financial position as at 31 December 2024 (Continued)

		2024	2023	1 January 2023
			Restated	Restated
	Notes	KShs millions	KShs millions	KShs millions
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowings	25	21,723	24,775	39,089
Lease liabilities	26	8,663	8,663	11,487
Sales-in-advance of carriage	29	24,248	27,468	18,517
Trade and other payables	30	75,200	75,811	65,394
Provisions for liabilities	28	8,839	5,246	2,022
Derivative financial Instruments		-	-	118
		138,673	141,963	136,627
<b>TOTAL EQUITY AND LIABILITIES</b>				
		189,931	190,703	184,210

The financial statements on pages 64 to 152 were approved and authorised for issue by the Board of Directors on 25th March 2025 and signed on its behalf by:



Michael Joseph  
Chairman



Allan Kilavuka  
Managing Director & CEO



## Consolidated Statement of changes in Equity for the year ended 31 December 2024

	Share capital KShs millions	Share premium KShs millions	Mandatory convertible note 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
<b>Year ended 31 December 2023</b>									
At start of year	5,824	49,223	9,630	(142)	(2,090)	(170,586)	(108,141)	50	(108,091)
- as previously reported	-	-	-	-	-	(1,955)	(1,955)	-	(1,955)
- prior year adjustment (Note 36)	5,824	49,223	9,630	(142)	(2,090)	(172,541)	(110,096)	50	(110,046)
- as restated	-	-	-	-	-	(22,717)	(22,717)	20	(22,697)
Loss for the year	-	-	-	-	(15,038)	-	(15,038)	-	(15,038)
Other comprehensive income (Note 23)	-	-	-	-	9,718	-	9,718	-	9,718
Reclassified to profit or loss (Note 23)	-	-	-	-	-	-	-	-	-
At end of year	5,824	49,223	9,630	(142)	(7,410)	(195,258)	(138,133)	70	(138,063)
<b>Year ended 31 December 2024</b>									
At start of year	5,824	49,223	9,630	(142)	(7,410)	(193,303)	(136,178)	70	(136,108)
- as previously reported	-	-	-	-	-	(1,955)	(1,955)	-	(1,955)
- prior year adjustment (Note 36)	5,824	49,223	9,630	(142)	(7,410)	(195,258)	(138,133)	70	(138,063)
- as restated	-	-	-	-	-	5,511	5,511	(79)	5,432
Profit for the year	-	-	-	-	10,554	-	10,554	-	10,554
Other comprehensive income (Note 23)	-	-	-	-	3,826	-	3,826	-	3,826
Reclassified to profit or loss (Note 23)	-	-	-	-	-	-	-	-	-
At end of year	5,824	49,223	9,630	(142)	6,970	(189,747)	(118,242)	(9)	(118,251)

## Company Statement of changes in Equity for the year ended 31 December 2024

Year ended 31 December 2023							
At start of year							
- as previously reported	5,824	49,223	9,630	(142)	(2,418)	(167,286)	(105,169)
- prior year adjustment (Note 36)	-	-	-	-	-	(1,955)	(1,955)
- as restated	5,824	49,223	9,630	(142)	(2,418)	(169,241)	(107,124)
Loss for the year	-	-	-	-	-	(20,086)	(20,086)
Other comprehensive income (Note 23)	-	-	-	-	(15,038)	-	(15,038)
Reclassified to profit or loss (Note 23)	-	-	-	-	9,718	-	9,718
At end of year	5,824	49,223	9,630	(142)	(7,738)	(189,327)	(132,530)
Year ended 31 December 2024							
At end of year							
- as previously reported	5,824	49,223	9,630	(142)	(7,738)	(187,372)	(130,575)
- prior year adjustment (Note 36)	-	-	-	-	-	(1,955)	(1,955)
- as restated	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)

# Consolidated statement of cash flows for the year ended 31 December 2024

	Notes	2024 KShs millions	2023 KShs millions
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	31	20,853	28,038
Interest received		69	165
Interest paid		(3,106)	(3,690)
Income tax paid	11	(76)	(56)
Net cash flows from operating activities		17,740	24,457
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, aircrafts, and equipment	14	(7,128)	(7,044)
Proceeds from disposal of property, aircraft and equipment		9	13
Maturity of derivative assets		-	(118)
Purchase of intangible assets	15	(19)	(53)
Payment of deposits for aircraft leases	18	(663)	(1,091)
Proceeds from refunds of aircraft deposits	18	333	434
Net cash flows from investing activities		(7,468)	(7,859)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	25	7,504	1,402
Repayments of borrowings	25	(5,017)	(5,203)
Payment of deferred borrowing costs	25	(7)	(53)
Repayment of principal portion of lease liabilities	26	(14,517)	(14,352)
Net cash flows used in financing activities		(12,037)	(18,206)
<b>Decrease increase in cash and cash equivalents</b>		(1,765)	(1,608)
Effects of exchange rate changes on cash and cash equivalents		(219)	(260)
Cash and cash equivalents at start of year		7,765	9,633
<b>Cash and cash equivalents at end of year</b>		5,781	7,765
<b>REPRESENTED BY</b>			
Cash and bank balances	31	5,781	7,765



# Company statement of cash flows for the year ended 31 December 2024

	Notes	2024 KShs millions	2023 KShs millions
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	31	18,487	24,320
Interest received		174	285
Interest paid		(3,106)	(3,690)
Income tax paid	11	(61)	(40)
		<hr/>	<hr/>
Net cash flows from operating activities		15,494	20,875
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, aircrafts, and equipment	14	(6,911)	(6,784)
Proceeds from disposal of property, aircraft and equipment		6	6
Maturity of derivative assets		-	(118)
Purchase of intangible assets	15	(19)	(44)
Payments of deposits for aircraft leases	18	(634)	(395)
Proceeds from refunds of aircraft deposits	18	274	434
		<hr/>	<hr/>
Net cash flows from investing activities		(7,284)	(6,901)
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	25	5,725	1,402
Repayments of borrowings	25	(4,958)	(5,203)
Payment of deferred borrowing costs	25	(7)	(53)
Repayment of principal portion of lease liabilities	26	(12,214)	(11,892)
		<hr/>	<hr/>
Net cash flows from financing activities		(11,454)	(15,746)
		<hr/>	<hr/>
<b>Decrease in cash and cash equivalents</b>		(3,244)	(1,772)
Effects of exchange rate changes on cash and cash equivalents		(271)	(254)
Cash and cash equivalents at start of year		7,477	9,503
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>		3,962	7,477
		<hr/>	<hr/>
<b>REPRESENTED BY</b>			
Cash and bank balances	31	3,962	7,477
		<hr/>	<hr/>



### World Travel awards:

- Africa's Leading Airline 2024:
- Africa's Leading Airline - Business Class 2024
- Africa's Leading Airline Brand 2024
- Africa's Leading Inflight Magazine 2024: Msafiri



### World Travel Tech Awards:

- Best Airline Website 2024
- Africa's Best Airline App 2024



### Skytrax World Airline Awards:

Best Airline Staff Service in Africa



### AFRAA:

Airline of the Year  
Award 2024



### Government of Kenya:

Brand Ambassadors Award



### The Aviation Challenge 2024:

- Best Scaled Catering Solution
- Best Approach to Scaling SAF (Sustainable Aviation Fuel)



### Air Help:

Top African Airlines for  
Customer Service and On-Time  
Performance 2024

*Awards received  
in 2024*

*Proudly*



# 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.

### (e) Going concern

The Group and Company reported a profit of KShs 5,432 million (2023: loss of KShs 22,697 million) and KShs 2,091 million (2023: loss of KShs (20,086) million) respectively for the year ended 31 December 2024 and, as of that date, the Group's and Company's current liabilities exceeded current assets by KShs 77,834 million (2023: KShs 90,849 million) and KShs 74,704 million (2023: KShs 84,768 million) respectively. In addition, as at 31 December 2024, the Group's and Company's total liabilities exceeded total assets by KShs 118,251 million (2023: KShs 138,063 million) and KShs 116,059 million (2023: KShs 132,530 million) respectively.

In 2024, the aviation sector saw several positive developments supporting its recovery. The removal of COVID-19 travel restrictions by China significantly boosted passenger revenue demand. Cargo revenues remained strong, exceeding pre-pandemic levels despite lower volumes. On the expense side, while jet fuel prices stayed high, they began to ease towards the end of the year.

Despite these gains, the industry faced several macroeconomic challenges. These included ongoing global supply chain disruptions, tight labour markets, elevated inflation, and high interest rates. Additionally, the foreign exchange market faced increased demand, liquidity shortages in the interbank market which were offset by the appreciation of the Kenyan shilling, cumulatively resulting in foreign exchange gains. These factors adversely impacted net earnings and added pressure on financial performance.



## Notes (Continued)

### 2. BASIS OF PREPARATION (Continued)

#### (e) Going concern (Continued)

Despite the challenges, both the Group and Company's performance showed substantial improvement in revenue for the year, with enhanced operating results. This resulted in an operating profit of KShs 16,621 million for the Group and KShs 13,883 million for the Company, compared to an operating profit of KShs 10,530 million and KShs 9,656 million in 2023, reflecting a 58% and 44% improvement and decline for the Group and Company, respectively. However, this progress was partially offset by high finance costs, leading to a net profit of KShs 5,432 million (2023: loss of KShs 22,697) for the Group and a net profit of KShs 2,091 million (2023: loss of KShs 20,086) for the Company.

The above conditions highlight a material uncertainty that could raise significant doubt regarding the Group's and Company's ability to continue as a going concern. As a result, there is a risk that they may be unable to realize their assets or discharge their liabilities in the ordinary course of business.

The reopening of global borders has facilitated a rapid recovery in several key markets. The Group and Company remain actively engaged in supporting the travel recovery observed in 2024. Additionally, they have continued to prioritize the financial restructuring efforts that commenced at the end of 2021. Through this restructure we aim at achieving the following;

Structurally reducing the costs of operation;

- Getting an equity investment partner to inject more capital to clean up balance sheet and invest in growth.
- Fleet rationalisation to support growth and optimize on maintenance costs.
- Network optimisation through new routes and increased partnerships;
- Digital transformation to improve efficiency and operational costs;
- Improving our customers experiences with a view to grow market share;
- De-risking the business through diversification with increased focus on cargo business, maintenance and repair operations, drone services among others and
- 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 2024.

### 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

## Notes (Continued)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### b. Foreign currency translation (Continued)

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.

#### 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.

## Notes (Continued)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### c. Revenue from contracts with customers (Continued)

##### • Training services (Continued)

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.

#### 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.

##### (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>	%
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>	%
Ground service equipment	25.00
Motor vehicles	25.00
Communication assets	12.50
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.



## Notes (Continued)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### g. Property, aircraft and equipment (Continued)

##### (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.

#### 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.

##### *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.

## Notes (Continued)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### 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.

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)).



## Notes (Continued)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### **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.

#### **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 (2023: 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.

#### **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.

## Notes (Continued)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### r. Inventories (Continued)

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.

#### (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.

## Notes (Continued)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### v. Financial instruments (Continued)

##### (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.

##### (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 mandatory convertible 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)

#### v. Financial instruments (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.

#### 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.

## Notes (Continued)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### 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.

#### 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 2024 (unless otherwise stated). The 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 2024.

##### Amendments to IAS 1, 'Presentation of Financial Statements' - Non-current liabilities with covenants

This amendment was published in January 2020 and November 2022 and is effective for annual periods beginning on or after 1 January 2024.

The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

##### Amendment to IFRS 16 - Leases on sale and leaseback

This amendment was published in September 2022 and is effective for annual periods beginning on or after 1 January 2024.

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

## Notes (Continued)

### 3. MATERIAL ACCOUNTING POLICIES (Continued)

#### z. Provision for liabilities (Continued)

##### **Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)**

This amendment was published in May 2023 and is effective for annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are 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.

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

This amendment was published in August 2023 and is effective for annual periods beginning on or after 1 January 2025.

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

##### **Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments**

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).

##### **IFRS 19, 'Subsidiaries without Public Accountability'**

This amendment was published in May 2024 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 ended 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.



## Notes (Continued)

### 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.

#### (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.

## Notes (Continued)

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### a. Key sources of estimation uncertainty (Continued)

##### (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 2,963 million for Group and Company (2023 : KShs 214 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.

##### (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 1,052 million (2023: KShs 1,111 million) relating to 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. The subsidiary is expected to generate taxable income from 2025 onwards. The losses can be carried forward for 10 years.

As at 31 December 2024, the Group and Company had unrecognised deferred tax assets of KShs 51,629 million and KShs 50,505 million against KShs 69,278 million and KShs 66,404 million in 2023 respectively relating to tax losses they do not reasonably expect to utilise. (refer to Note 27)

##### (iii) Unused ticket revenue

Unused tickets are recognised as revenue using estimates regarding the timing of recognition based on terms and conditions of the ticket and historical trends. Historically, the Group estimated the timing of recognition of unused tickets as 13 months. The group recognized KShs 25,225 million (2023: KShs 28,219 million) as sales in advance of carriage (refer Note 29).

#### 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.

## Notes (Continued)

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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

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.

#### **(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 borrowings and 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:

- Market risk
- Credit risk
- Liquidity risk
- 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.

#### **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.



## Notes (Continued)

### 5. FINANCIAL RISK MANAGEMENT (Continued)

#### The Group's and Company's risk management framework (Continued)

##### (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			
	2024		2023	
	Effective interest rate	KShs millions	Effective interest rate	KShs millions
<b>Fixed rate instruments</b>				
Local currency facility	3.00%	108,342	3.00%	105,689
Mandatory convertible note - liability component	12.03%	5,434	12.03%	6,857
		113,776		112,546
<b>Variable rate instruments</b>				
Local bank revolving facility	10.70%	19,706	10.59%	17,092
Samburu facility	11.54%	7,982	11.21%	13,509
Tsavo facility	11.37%	5,040	11.15%	5,864
		32,728		36,465
<b>Total exposure</b>		146,504		149,011

##### 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	
	2024 KShs million	2023 KShs million
<b>Variable rate instruments</b>		
1% increase	(327)	(365)
1% decrease	327	365

## Notes (Continued)

### 5. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Market risk (Continued)

##### **(ii) Jet fuel price risk**

The Group and Company are exposed to jet fuel price risk to the extent that there are significant changes in the prices of jet fuel. To minimize exposure to fluctuations in prices, the Group and Company consider the use of fuel hedge instruments periodically to manage exposure to fuel risk. The Group's and Company's risk management objective is to hedge the jet fuel price risk by effectively fixing the price of the expected future purchases which are highly probable. The Group and Company uses Options as its derivative financial instruments, while the entire risk of jet fuel purchase is designated as the hedged item.

At the inception of the hedge and in subsequent periods, the hedges are expected to be highly effective in achieving off-setting changes in the fair value attributable to the fuel purchases during the period for which the hedges are designated.

The Group and Company measures and assesses the hedge effectiveness monthly. The Group's and Company's policy is to hedge a maximum of 40% of the current year's projected fuel requirements. The Group and Company did not enter into any fuel hedge contracts in the current year.

##### **(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.

## Notes (Continued)

### 5. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Market risk (Continued)

#### (ii) Foreign currency risk (Continued)

The various currencies to which the Group and Company were exposed at 31 December 2024 and 31 December 2023 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:

#### Group

#### 31 December 2024

	GBP KShs millions	USD KShs Millions	Euro KShs millions	Total KShs Millions
<b>Financial assets and lease receivables</b>				
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
	792	32,447	798	34,037
<b>Financial liabilities and provisions</b>				
Trade and other payables	(385)	(25,535)	(661)	(26,581)
Mandatory convertible note	-	(5,434)	-	(5,434)
Lease liabilities	-	(10,569)	-	(10,569)
Return condition provision	-	(19,116)	-	(19,116)
<b>Net exposure</b>	407	(28,207)	137	(27,663)
<b>Financial liabilities</b>				
Loans and borrowings	-	(32,728)	-	(32,728)
Lease liabilities	-	(37,772)	-	(37,772)
<b>Net exposure</b>	-	(70,500)	-	(70,500)

#### 31 December 2023

#### Financial assets and lease receivables

Prepaid maintenance asset	-	21,942	-	21,942
Aircraft deposits	-	5,088	-	5,088
Trade and other receivables	1,919	3,630	1,082	6,631
Cash and cash equivalents	209	2,091	527	2,827
	2,128	32,751	1,609	36,488
<b>Financial liabilities and provisions</b>				
Trade and other payables	(1,070)	(36,454)	(2,006)	(39,530)
Mandatory convertible note	-	(6,857)	-	(6,857)
Lease liabilities	-	(10,073)	-	(10,073)
Return condition provision	-	(14,039)	-	(14,039)
<b>Net exposure</b>	1,058	(34,672)	(397)	(34,011)
<b>Financial liabilities</b>				
Loans and borrowings	-	(36,465)	-	(36,465)
Lease liabilities	-	(45,954)	-	(45,954)
<b>Net exposure</b>	-	(82,419)	-	(82,419)



## Notes (Continued)

### 5. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Market risk (Continued)

#### (ii) Foreign currency risk (Continued)

#### Company:

	GBP	USD	Euro	Total
	KShs millions	KShs Millions	KShs Millions	KShs Millions
<b>31 December 2024</b>				
<b>Financial assets and lease receivables</b>				
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
<b>Financial liabilities and provisions</b>				
Return condition provision	-	(14,707)	-	(14,707)
Trade and other payables	(385)	(23,531)	(661)	(24,577)
Mandatory convertible note	-	(5,434)	-	(5,434)
Lease liabilities	-	(7,427)	-	(7,427)
<b>Net exposure</b>	410	(21,146)	143	(20,593)
<b>Financial liabilities</b>				
Loans and borrowings	-	(32,728)	-	(32,728)
Lease liabilities	-	(32,961)	-	(32,961)
<b>Net exposure</b>	-	(65,689)	-	(65,689)
<b>31 December 2023</b>				
<b>Financial assets and lease receivables</b>				
Prepaid maintenance asset	-	11,736	-	11,736
Aircraft deposits	-	5,088	-	5,088
Trade and other receivables	950	6,055	904	7,909
Cash and cash equivalents	27	2,023	256	2,306
	977	24,902	1,160	27,039
<b>Financial liabilities and provisions</b>				
Return condition provision	-	(13,954)	-	(13,954)
Trade and other payables	(852)	(23,258)	(1,027)	(25,137)
Mandatory convertible note	-	(6,857)	-	(6,857)
Lease liabilities	-	(8,664)	-	(8,664)
<b>Net exposure</b>	125	(27,831)	133	(27,573)
<b>Financial liabilities</b>				
Loans and borrowings	-	(36,465)	-	(36,465)
Lease liabilities	-	(38,201)	-	(38,201)
<b>Net exposure</b>	-	(74,666)	-	(74,666)

## Notes (Continued)

### 5. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Market risk (Continued)

#### (ii) 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.

Profit or loss	Group		Company	
	2024 KShs millions	2023 KShs Millions	2024 KShs millions	2023 KShs Millions
GBP	41	106	41	13
USD	(2,821)	(3,467)	(2,114)	(2,783)
EURO	14	(40)	14	13
	(2,766)	(3,401)	(2,059)	(2,757)
USD	(7,049)	(8,242)	(6,569)	(7,467)

The exchange rates applied during the year are as follows:

	Average rates		Closing rates	
	2024	2023	2024	2023
GBP	174.56	173.88	162.88	199.67
USD	136.41	139.72	129.20	156.69
EURO	148.07	151.40	135.02	173.57

#### (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.

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.

## Notes (Continued)

### 5. FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Credit risk (Continued)

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	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	Millions
Trade receivables (Note 20)	12,391	13,472	9,691	11,646
Due from related parties (Note 30)	-	-	26,686	25,652
Aircraft deposits (Note 18)	5,166	5,942	4,545	5,088
Bank balances (Note 31)	5,781	7,765	3,962	7,477
Prepaid maintenance asset (Note 21)	19,502	19,482	15,546	15,754
<b>Total</b>	<b>42,840</b>	<b>46,661</b>	<b>60,430</b>	<b>65,617</b>

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.

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.



## 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.

#### Group

	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
31 December 2024				KShs millions	KShs millions	KShs millions
Trade receivables	N/A	Doubtful	Lifetime ECL	15,520	(3,129)	12,391
Bank balances	A, BBB, B+, B-	Performing	12-month ECL	5,781	-	5,781
Aircraft deposits	N/A	Performing	12-month ECL	5,166	-	5,166
Due from related companies	N/A	Doubtful	Lifetime ECL	3	(3)	-
Prepaid maintenance asset	N/A	Performing	12-month ECL	19,502	-	19,502
				45,972	(3,132)	42,840

#### 31 December 2023

Trade receivables	N/A	Doubtful	Lifetime ECL	17,355	(3,883)	13,472
Bank balances	A, BBB, B+, B-	Performing	12-month ECL	7,765	-	7,765
Aircraft deposits	N/A	Performing	12-month ECL	5,942	-	5,942
Due from related companies	N/A	Doubtful	Lifetime ECL	40	(40)	-
Prepaid maintenance asset	N/A	Performing	12-month ECL	19,482	-	19,482
				50,584	(3,923)	46,661

## 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 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	N/A	Doubtful	Lifetime ECL	14,994	(3,081)	11,913
Bank balances	A, BBB, B+, B-	Performing	12-month ECL	3,962	-	3,962
Aircraft deposits	N/A	Performing	12-month ECL	4,545	-	4,545
Due from related companies	N/A	Doubtful	Lifetime ECL	28,908	-	28,908
Prepaid maintenance asset	N/A	Performing	12-month ECL	15,546	-	15,546
				67,955	(3,081)	64,874

##### 31 December 2023

	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	N/A	Doubtful	Lifetime ECL	17,129	(5,483)	11,646
Bank balances	A, BBB, B+, B-	Performing	12-month ECL	7,477	-	7,477
Aircraft deposits	N/A	Performing	12-month ECL	5,088	-	5,088
Due from related companies	N/A	Doubtful	Lifetime ECL	27,330	-	27,330
Prepaid maintenance asset	N/A	Performing	12-month ECL	15,754	-	15,754
				72,778	(5,483)	67,295

## 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 2024	<30 days	31-60 days	61-90 days	91-180 days	181-360 days	Over 361 days	Total
<b>Trade- Airlines</b>							
ECL rate	1.5%	12.6%	32.7%	20.4%	22.9%	66.5%	41.6%
Expected gross carrying amount	695	-	20	11	1	1,134	1,861
Lifetime ECL	8	-	5	2	0	561	576
<b>Trade- Agents</b>							
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
<b>Trade- Others</b>							
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
<b>Trade- Government</b>							
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
<b>Other receivables, prepayments and related party balances</b>							
ECL rate	1.2%	2.2%	2.4%	3.0%	3.8%	6.5%	4.3%
Expected gross carrying amount	1,745	809	2,094	318	526	5,005	10,497
Lifetime ECL	20	16	48	9	19	309	421

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

##### 31 December 2023

<b>Trade- Airlines</b>							
ECL rate	1.3%	11.4%	0.0%	31.9%	19.3%	48.3%	39.3%
Expected gross carrying amount	327	0	8	0	0	1,415	1,750
Lifetime ECL	4	0	1	0	0	1,020	1,025
<b>Trade- Agents</b>							
ECL rate	0.1%	2.8%	7.8%	33.6%	31.5%	100.0%	12.0%
Expected gross carrying amount	8,842	328	138	682	556	945	11,491
Lifetime ECL	13	9	11	229	175	944	1,381
<b>Trade- Others</b>							
ECL rate	5.3%	17.2%	18.4%	18.1%	23.9%	56.1%	33.8%
Expected gross carrying amount	440	149	140	308	633	1,275	2,945
Lifetime ECL	23	26	26	56	151	716	998
<b>Trade- Government</b>							
ECL rate	2.8%	11.7%	15.4%	30.5%	37.4%	96.7%	37.6%
Expected gross carrying amount	354	156	39	223	78	319	1,169
Lifetime ECL	10	18	6	68	29	308	439
Total trade receivables	9,963	633	325	1,213	1,267	3,954	17,355
Lifetime ECL	(50)	(53)	(44)	(353)	(355)	(2,988)	(3,843)
Net carrying amount	9,913	580	281	860	912	966	13,512
<b>Other receivables and related party balances</b>							
ECL rate	0.3%	3.3%	2.5%	2.7%	3.5%	7.8%	4.7%
Expected gross carrying amount	1,844	186	87	1,796	318	3,872	8,103
Lifetime ECL	6	6	2	48	11	304	377

## Notes (Continued)

### 5. FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Credit risk (Continued)

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

##### Company

	<30 days	31-60 days	61-90 days	91-180 days	181-360 days	Over 361 days	Total
<b>31 December 2024</b>							
<b>Trade - Airlines</b>							
ECL rate	1.8%	14.6%	38.0%	23.7%	26.7%	77.4%	48.4%
Expected gross carrying amount	445	0	13	7	0	725	1,190
Lifetime ECL	8	0	5	2	0	561	576
<b>Trade - Agents</b>							
ECL rate	0.4%	5.0%	10.8%	15.2%	16.8%	110.3%	16.8%
Expected gross carrying amount	6,452	189	78	135	204	1,163	8,221
Lifetime ECL	25	9	9	21	34	1,283	1,381
<b>Trade - Others</b>							
ECL rate	2.0%	6.7%	8.6%	9.1%	14.3%	25.5%	17.5%
Expected gross carrying amount	689	173	141	429	551	2,874	4,857
Lifetime ECL	14	12	12	39	79	610	766
<b>Trade - Government</b>							
ECL rate	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Expected gross carrying amount	177	42	64	102	15	326	726
Lifetime ECL	8	4	8	24	6	308	358
<b>Other receivables and related party balances</b>							
ECL rate	2.0%	3.6%	3.9%	4.8%	6.1%	10.6%	6.9%
Expected gross carrying amount	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
<b>31 December 2023</b>							
<b>Trade - Airlines</b>							
ECL rate	1.3%	11.7%	0.0%	32.6%	19.7%	49.4%	40.2%
Expected gross carrying amount	319	-	8	-	-	1,382	1,709
Lifetime ECL	4	-	1	-	-	683	688
<b>Trade - Agents</b>							
ECL rate	0.1%	2.8%	7.8%	32.7%	31.9%	100.0%	12.0%
Expected gross carrying amount	8,620	320	134	665	542	921	11,202
Lifetime ECL	12	9	11	217	173	921	1,343
<b>Trade - Others</b>							
ECL rate	5.4%	17.4%	18.6%	18.2%	24.1%	56.6%	34.2%
Expected gross carrying amount	436	148	139	305	627	1,264	2,919
Lifetime ECL	23	26	26	56	151	716	998
<b>Trade - Government</b>							
ECL rate	2.8%	11.7%	15.4%	30.5%	37.4%	96.7%	37.6%
Expected gross carrying amount	354	156	39	223	78	319	1,169
Lifetime ECL	10	18	6	68	29	308	439
<b>Other receivables and related party balances</b>							
ECL rate	0.4%	4.2%	3.2%	3.4%	4.4%	10.0%	5.9%
Expected gross carrying amount	7,730	778	367	7,527	1,334	16,229	33,965
Lifetime ECL	30	33	12	258	59	1,623	2,015



## 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
<b>31 December 2024</b>			
At 1 January 2024	(3,843)	(40)	(3,883)
Unused amounts reversed	269	37	306
At 31 December 2024	(3,574)	(3)	(3,577)
<b>31 December 2023</b>			
At 1 January 2023	(4,030)	(69)	(4,099)
Decrease in expected credit losses	187	29	216
At 31 December 2023	(3,843)	(40)	(3,883)
<b>Company</b>			
<b>31 December 2024</b>			
At 1 January 2024	(5,353)	(130)	(5,483)
Increase in expected credit losses	-	(2,092)	(2,092)
Decrease in expected credit losses	1,832	-	1,832
At 31 December 2024	(3,521)	(2,222)	(5,743)
<b>31 December 2023</b>			
At 1 January 2023	(3,868)	(130)	(3,998)
Increase in expected credit losses	(1,485)	-	(1,485)
At 31 December 2023	(5,353)	(130)	(5,483)

## 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 2024 include the following range of indicators

Macro-Economic Variable	Base	Upside	Downside
<b>Weighting</b>	<b>90.00%</b>	<b>5.00%</b>	<b>5.00%</b>
Inflation Rate	5.54%	6.77%	4.31%
Saving	3.94%	5.44%	2.44%
Lending	15.85%	17.58%	14.12%
Crude oil prices % change	-1.10%	-1.10%	-10.73%
Housing price index	-0.02%	3.02%	-3.06%
Public debt to GDP	65.48%	70.62%	60.35%
Global CPI % Change	4.90%	6.49%	3.31%
Real Global GDP % Change	3.00%	5.44%	0.56%

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	
	2024 KShs millions	2023 KShs Millions
5% increase	(254)	(234)
5% decrease	254	234

## 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	2 - 5 years	Over 5 years	Total
	KShs millions	KShs millions	KShs millions	KShs millions
<b>31 December 2024</b>				
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

#### 31 December 2023

Borrowings	30,594	75,607	69,335	175,536
Trade and other payables	54,089	-	-	54,089
Lease liabilities	17,943	33,719	35,538	87,200
Return condition provisions	5,039	9,888	3,954	18,881
	107,665	119,214	108,827	335,706

## 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
<b>31 December 2024</b>				
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
	119,480	72,715	113,441	305,636
<b>31 December 2023</b>				
Borrowings	30,594	75,706	69,335	175,635
Trade and other payables	75,811	-	-	75,811
Lease liabilities	10,803	33,291	31,777	75,871
Return condition provisions	4,048	7,934	1,984	13,966
	121,256	116,931	103,096	341,283

#### (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	2024 KShs Millions	2023 KShs Millions
Total equity*	(118,242)	(136,063)
Borrowings (Note 25)	148,085	148,230
Less: Cash and bank balances (Note 31)	(5,781)	(7,765)
Net borrowings	142,304	140,465
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	2024 KShs millions	2023 KShs Millions
Total equity*	(116,059)	(132,532)
Borrowings (Note 25)	146,365	148,230
Less: Cash and bank balances (Note 31)	(3,962)	(7,477)
Net borrowings	142,403	140,753
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.

## Notes (Continued)

### 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 8.8% of total income.

#### 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
<b>31 December 2024</b>					
Kenya	20,825	39	2,528	781	24,173
Rest of the world	135,229	16,190	-	12,903	164,322
	<u>156,054</u>	<u>16,229</u>	<u>2,528</u>	<u>13,684</u>	<u>188,495</u>
<b>31 December 2023</b>					
Kenya	18,108	40	2,227	732	21,107
Rest of the world	132,671	13,564	-	11,154	157,389
	<u>150,779</u>	<u>13,604</u>	<u>2,227</u>	<u>11,886</u>	<u>178,496</u>

#### Analysis of costs according to business segments:

##### 31 December 2024

	Passenger	Freight and mail	Handling	Others	Total
	KShs million	KShs million	KShs million	KShs million	KShs million
<b>31 December 2024</b>					
Operating costs	142,326	14,801	2,306	12,440	171,873

##### 31 December 2023

Operating costs	141,885	12,802	2,095	11,185	167,967
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## Notes (Continued)

### 6. OPERATING SEGMENTS (Continued)

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

	Group		Company	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	million	million	million	million
Passengers	13,728	8,895	11,534	8,182
Freight, Mail & Others	1,428	803	1,297	791
Handling	222	131	-	-
Others	1,243	701	1,052	683
	<u>16,621</u>	<u>10,530</u>	<u>13,883</u>	<u>9,656</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

	2024	2023
	KShs	KShs
	million	million
Africa	107,530	103,185
Europe	36,258	39,933
Middle East	10,763	9,287
China	8,274	5,738
India	6,244	6,940
North America	19,426	13,413
	<u>188,495</u>	<u>178,496</u>

## Notes (Continued)

### 7. REVENUE

Revenue from contracts with customers:

	Group		Company	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	Millions	millions
Recognised at a point in time:				
Passengers	156,054	150,779	143,815	140,279
Freight and mail	16,229	13,604	16,183	13,573
Handling	2,528	2,227	-	-
	<u>174,811</u>	<u>166,610</u>	<u>159,998</u>	<u>153,852</u>
Recognised over time:				
Engineering services	957	654	942	654
Training services	170	130	170	130
	<u>1,127</u>	<u>784</u>	<u>1,112</u>	<u>784</u>
(ii) Other revenue				
Lease rental income	820	1,011	820	1,011
Sub-lease income	-	759	-	759
Sundry income	11,737	9,332	11,218	9,150
	<u>12,557</u>	<u>11,102</u>	<u>12,038</u>	<u>10,920</u>
<b>Total</b>	<b>188,495</b>	<b>178,496</b>	<b>173,148</b>	<b>165,556</b>
(iii) Interest Income on bank deposits and intercompany balances	69	165	174	285

### 8. EXPENSES BY NATURE

#### (a) Direct costs

	Group		Company	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	Millions	Millions
Aircraft fuel and oil	60,483	60,269	57,206	56,865
Aircraft landing, handling and navigation	21,965	19,210	21,007	18,450
Aircraft maintenance	16,052	12,854	14,969	12,049
Passenger services	7,562	6,589	7,512	6,538
Commissions on sales	4,272	4,087	4,189	4,033
Aircraft, passenger and cargo insurance	1,847	1,501	1,558	1,257
Crew route expenses	5,115	3,624	5,096	3,609
Central reservation system and frequent flyer programme	8,773	8,558	7,965	8,085
Other direct costs	1,498	1,335	940	857
	<u>127,567</u>	<u>118,027</u>	<u>120,442</u>	<u>111,743</u>



## Notes (Continued)

### 8. EXPENSES BY NATURE (Continued)

#### (b) Fleet ownership costs

	Group		Company	
	2024	2023	2024	2023
	KShs millions	KShs millions	KShs Millions	KShs millions
Short-term lease expense	1,045	1,243	871	751
Depreciation on aircraft and related equipment (Note 14)	7,075	6,352	7,052	6,339
Amortisation of Right of Use (ROU) asset- aircraft and related equipment (Note 16)	6,916	5,706	5,594	4,493
Impairment of aircraft and related equipment writeback (Note 16)	(4,889)	-	(4,889)	-
Impairment of aircraft and related equipment (Note 14)	2,963	214	2,963	214
Amortisation of return condition asset (Note 16)	3,894	2,269	3,235	1,673
Impairment of prepaid maintenance asset (Note 21)	3,422	2,949	3,422	2,949
Lease termination costs	-	733	-	733
	20,426	19,466	18,248	17,152

#### (c) Other operating costs

##### (i) Administration expenses

Employee costs (Note 8(d))	22,139	17,555	19,011	15,049
Legal and professional fees	695	863	640	792
Directors' remuneration	45	42	36	33
Auditor's remuneration	24	23	13	14
General expenses	3,357	3,158	2,783	2,767
	26,260	21,641	22,483	18,655

##### (ii) Establishment

General maintenance and supplies	663	655	565	565
Depreciation on property and equipment (Note 14)	1,038	970	965	908
Amortisation of intangible assets - computer software (Note 15)	156	149	150	142
Amortisation of leased buildings (Note 16)	306	230	228	41
Short term lease rent	24	37	5	13
	2,187	2,041	1,913	1,669

## Notes (Continued)

### 8. EXPENSES BY NATURE (Continued)

#### (c) Other operating costs (Continued)

##### (iii) Selling

	Group		Company	
	2024	2023	2024	2023
	KShs millions	KShs millions	KShs millions	
Advertising and publicity	328	332	244	261
Provision for expected credit losses on trade and other receivables (Note 20)	(306)	(216)	260	1,485
	22	116	504	1,746
Bank charges	162	140	155	137
Foreign currency (gains)/losses	(4,750)	6,535	(4,480)	4,798
	(4,588)	6,675	(4,325)	4,935
<b>Total other operating costs</b>	<b>23,881</b>	<b>30,473</b>	<b>20,575</b>	<b>27,005</b>

##### (d) Employee costs

Wages and salaries	17,488	14,093	14,966	12,130
Retirement benefits costs	954	609	839	520
National Social Security Fund (NSSF)	571	374	513	345
Increase in leave pay accrual	698	157	684	134
Other staff costs	2,428	2,322	2,009	1,920
	22,139	17,555	19,011	15,049

##### Number of employees

	Group		Company	
	2024	2023	2024	2023
Flight operations	1,608	1,397	1,459	1,231
Ground services	1,345	1,280	878	1,141
Management and administration	1,575	1,438	1,317	1,340
Technical	714	713	610	630
	5,242	4,828	4,264	4,342

## Notes (Continued)

### 9. NET FINANCE COSTS

	Group		Company	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
<b>Interest expense</b>	8,376	8,517	8,229	8,517
- Borrowings				
- Lease liabilities	3,852	4,419	3,285	3,706
- Return condition provisions (Note 28)	127	1,581	99	1,494
	12,355	14,517	11,613	13,717
Currency translation losses on borrowings	-	7	-	7
Currency translation losses on hedged items reclassified from OCI	1,621	4,109	1,621	4,109
Currency translation non-hedged items	(4,441)	3,431	(4,469)	3,411
Currency translation losses on leases	1,628	11,495	3,172	8,753
	11,163	33,559	11,937	29,997
Interest income:				
Interest income on bank deposits and intercompany balances	(69)	(165)	(174)	(285)
<b>Net finance costs</b>	11,094	33,394	11,763	29,712

### 10. PROFIT/(LOSS) BEFORE TAX

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

Lease rental income (Note 7(a)(ii))	(820)	(1,011)	(820)	(1,011)
Employee costs (Note 8(d))	22,139	17,555	19,011	14,994
Net foreign exchange losses	5,984	23,428	4,169	20,921
Depreciation of property, aircraft and equipment (Note 14)	8,113	7,322	8,017	7,247
Impairment of property, aircraft and equipment (Note 14)	2,963	214	2,963	214
Amortisation of computer software (Note 15(b))	156	149	150	142
Amortisation of right-of-use asset (Note 16)	7,222	5,936	5,822	4,534
Amortisation of return conditions asset (Note 16)	3,894	2,269	3,235	1,673
Reversal of previously recognised impairments (Note 16)	(4,889)	-	(4,889)	-
Impairment of prepaid maintenance asset (Note 21)	3,422	2,949	3,422	2,949
Provision for expected credit losses on trade receivables (Note 20)	(306)	(216)	260	1,485
Auditor's remuneration	24	23	13	14
Directors' remuneration (Note 32(c))	104	88	104	88
Provision for obsolete inventories (Note 19)	(96)	251	(96)	251

## Notes (Continued)

### 11. INCOME TAX

#### (a) Group

##### (i) Income tax (credit)/charge

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

	2024 KShs Millions	2023 KShs Millions
Current income tax at 30% (2023:30%)	38	42
Prior year current tax under-provision	-	-
Deferred income tax (Note 27)	57	(199)
Prior year deferred tax credit under provision (Note 27)	-	(10)
	<u>95</u>	<u>(167)</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:

	2024 KShs Million	2023 KShs Million
Profit/(loss) before taxation	5,527	(22,864)
Current tax at 30% (2023 30%)	1,658	(6,859)
Tax effect of expenses not subject for tax purposes	16,145	22,678
Unrecognised deferred tax asset (Note 27)	(17,708)	(15,976)
Prior year tax charge/credit under provision	-	(10)
Taxation expense /(credit)	<u>95</u>	<u>(167)</u>

#### (b) Company

##### (i) Income tax expense

Income tax charge recognised in profit or loss

Current tax at 30% (2023:30%)	29	30
Income tax expense	<u>29</u>	<u>30</u>

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

Profit/(loss) before tax	2,120	(20,056)
Current tax at 30% (2023:30%)	636	(6,017)
Tax effect of expenses not subject for tax purposes	9,309	(1,913)
Unrecognised deferred income tax asset (Note 27)	(9,916)	7,960
Tax charge	<u>29</u>	<u>30</u>



## Notes (Continued)

### 11. INCOME TAX (Continued)

#### (c) Current tax recoverable

	Group		Company	
	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions
At start of year	1,322	1,307	1,285	1,275
Charge for the year	(39)	(41)	(29)	(30)
Paid during the year	76	56	61	40
At end of year	1,359	1,322	1,317	1,285

### 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.

	2024 KShs Millions	2023 KShs millions
Profit/(Loss) attributable to owners of the Company	5,511	(22,717)
<b>Basic loss per share</b>		
Weighted average number of ordinary shares (million)	5,824	5,824
Basic profit/(loss) per share (KShs)	0.95	(3.90)
<b>Instruments with dilutive impact in the year:</b>		
Weighted average number of ordinary shares deemed to be issued in respect of mandatory convertible note (million)	1,659	1,659
Adjusted profit/(loss) after tax	5,511	(22,869)
Diluted loss per share (KShs)	0.74	(3.06)

### 13. DIVIDENDS - GROUP AND COMPANY

The Directors do not recommend payment of dividend for the year ended 31 December 2024 (2023: 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:

	2024 KShs millions	2023 KShs millions
At start and end of year (Note 30)	70	71

## 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
<b>As at 1 January 2023</b>					
Cost or valuation	11,783	131,737	12,170	1,486	157,176
Accumulated depreciation	-	(67,853)	(11,312)	-	(79,165)
<b>At 1 January 2023</b>	11,783	63,884	858	1,486	78,011
<b>Year ended 31 December 2023</b>					
Opening net book amount	11,783	63,884	858	1,486	78,011
Additions	-	2,889	585	3,570	7,044
Transfer from incomplete projects	-	2,141	-	(2,221)	(80)
Disposals	-	(1,889)	(125)	-	(2,014)
Depreciation charge	(689)	(6,352)	(281)	-	(7,322)
Impairment charge	-	(214)	-	-	(214)
Depreciation eliminated on disposal	-	1,820	123	-	1,943
<b>At 31 December 2023</b>	11,094	62,279	1,160	2,835	77,368
<b>As at 31 December 2023</b>					
Cost or valuation	11,783	134,664	12,630	2,835	161,912
Accumulated depreciation	(689)	(72,385)	(11,470)	-	(84,544)
<b>At 31 December 2023</b>	11,094	62,279	1,160	2,835	77,368
<b>Year ended 31 December 2024</b>					
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
<b>At 31 December 2024</b>	10,405	58,438	1,651	2,917	73,411
<b>As at 31 December 2024</b>					
Cost or valuation	11,783	140,819	13,160	2,917	168,679
Accumulated depreciation	(1,378)	(82,381)	(11,509)	-	(95,268)
<b>At 31 December 2024</b>	10,405	58,438	1,651	2,917	73,411

## 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
<b>At 1 January 2023</b>					
Cost or valuation	11,206	131,573	11,657	1,448	155,884
Accumulated depreciation	-	(67,831)	(10,927)	-	(78,758)
<b>At 31 January 2023</b>	11,206	63,742	730	1,448	77,126
<b>Year ended 31 December 2023</b>					
Opening net book amount	11,206	63,742	730	1,448	77,126
Additions	-	2,658	550	3,576	6,784
Transfer from incomplete projects	-	2,141	-	(2,221)	(80)
Disposals	-	(1,889)	(101)	-	(1,990)
Depreciation charge	(659)	(6,339)	(249)	-	(7,247)
Impairment charge	-	(214)	-	-	(214)
Depreciation eliminated on disposal	-	1,820	99	-	1,919
<b>At 31 December 2023</b>	10,547	61,919	1,029	2,803	76,298
<b>At 31 December 2023</b>					
Cost or valuation	11,206	134,269	12,106	2,803	160,384
Accumulated depreciation	(659)	(72,350)	(11,077)	-	(84,086)
<b>At 31 December 2023</b>	10,547	61,919	1,029	2,803	76,298
<b>Year ended 31 December 2024</b>					
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
<b>At 31 December 2024</b>	9,888	58,102	1,323	2,910	72,223
<b>At 31 December 2024</b>					
Cost or valuation	11,206	140,424	12,395	2,910	166,935
Accumulated depreciation	(1,318)	(82,322)	(11,072)	-	(94,712)
<b>At 31 December 2024</b>	9,888	58,102	1,323	2,910	72,223

## 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	KShs millions	KShs millions	KShs Millions
	2024	2023	2024	2023
Cost	4,615	4,615	4,081	4,081
Accumulated depreciation	(3,279)	(2,620)	(2,633)	(1,974)
Net book amount	1,336	1,995	1,448	2,107

Included in property, aircraft and equipment of Group and Company are assets with a cost of KShs 31,325 million (2023: KShs 29,833 million) and KShs 30,528 million (2023: KShs 29,099 million) respectively that are fully depreciated but still in use. The notional annual depreciation of these assets would have been KShs 4,741 million (2023: KShs 4,583 million) and KShs 4,646 million (2023: KShs 4,461 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 (2023: KShs 311 million). The Group and Company are the defendants in several legal suits in which the claimants are claiming ownership of the lands. 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 recoverable amount of the aircrafts was higher than the carrying value except for two aircrafts and two aircraft engines for which an impairment of KShs 2,963 million was charged to the profit or loss account.

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 48,594 million and KShs 46 million (2023: KShs 53,073 million and KShs 4,061 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 2022 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 2024 and 31 December 2023 are as follows:

	Level 1 KShs millions	Level 2 KShs millions	Level 3 KShs millions	Total KShs Millions
<b>31 December 2024</b>				
<b>Group</b>				
Land and buildings	-	-	10,410	10,410
<b>Company</b>				
Land and buildings	-	-	9,889	9,899
<b>31 December 2023</b>				
<b>Group</b>				
Land and buildings	-	-	11,094	11,094
<b>Company</b>				
Land and buildings	-	-	10,547	10,547

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

## Notes (Continued)

### 15. INTANGIBLE ASSETS

Intangible assets consist of:

	Group		Company	
	2024 KShs millions	2023 KShs Millions	2024 KShs millions	2023 KShs Millions
Landing slot	2,561	2,561	2,561	2,561
Computer systems and software	301	358	287	338
Incomplete projects	25	25	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,887	2,944	2,848	2,899
	<hr/>	<hr/>	<hr/>	<hr/>

#### (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	
	2024 KShs millions	2023 KShs Millions	2024 KShs millions	2023 KShs Millions
At start of year	358	374	338	356
Additions	19	53	19	44
Transfer from property, aircraft and equipment (Note 14)	80	80	80	80
Amortisation during the year	(156)	(149)	(150)	(142)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	301	358	287	338
	<hr/>	<hr/>	<hr/>	<hr/>
Cost	5,698	5,599	5,507	5,407
Amortisation	(5,397)	(5,241)	(5,220)	(5,069)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value At 31 December	301	358	287	338
	<hr/>	<hr/>	<hr/>	<hr/>

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
<b>Carrying amount:</b>			
At 1 January 2023			
- as previously reported	31,893	793	32,686
- prior year adjustment (Note 36)	5,148	-	5,148
- as restated	37,041	793	37,834
Additions	1,107	5	1,112
Modifications	1,837	597	2,434
Terminations	(2,406)	-	(2,406)
Amortisation charge	(5,706)	(230)	(5,936)
At 31 December 2023	31,873	1,165	33,038
At 1 January 2024	26,725	1,165	27,890
- as previously reported	5,148	-	5,148
- prior year adjustment (Note 36)	31,873	1,165	33,038
- as restated	6,778	58	6,836
Additions	(643)	68	(575)
Modifications	4,889	-	4,889
Reversal of previously recognised impairment	(6,916)	(306)	(7,222)
Amortisation charge	35,981	985	36,966
At 31 December 2024			
<b>Company</b>			
<b>Carrying amount:</b>			
At 1 January 2023			
- as previously reported	25,959	418	26,377
- prior year adjustment (Note 36)	5,148	-	5,148
- as restated	31,107	418	31,525
Modifications/renewals	1,841	194	2,035
Amortisation charge	(4,493)	(41)	(4,534)
Terminations	(2,406)	-	(2,406)
At 31 December 2023	26,049	571	26,620
At 1 January 2024	20,901	571	21,472
- as previously reported	5,148	-	5,148
- prior year adjustment (Note 36)	26,049	571	26,620
- as restated	3,910	-	3,910
Additions	(5,594)	(228)	(5,822)
Amortisation charge	4,889	-	4,889
Reversal of previously recognised impairment	1,859	58	1,917
Renewal	-	(12)	(12)
Retirement obligation write-back			
At 31 December 2024	31,113	389	31,502

## 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 9.12%.
- Capacity in terms of ASKs achieved 95% of pre-covid in 2024 and is expected to surpass in 2025
- Passenger numbers attained 89% of pre covid numbers in 2024, is predicted to fully recover in 2025 and thereafter grow by an average rate of 15% for the subsequent three years before flattening to a low growth of 3% year on year.
- Due to better yields, the passenger revenues in 2024 surpassed pre-covid revenues by 32% and is set to grow year on year by average rate of 20% for the next five years.
- Continuous growth in cargo revenues as percentage of total revenues from the current 9% to 14% in the medium term.

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 which was an indication that the impairment loss recognized in the year 2020 during the covid 19 pandemic has reversed and as a result an amount of kes 4,889 million has been reversed increasing the carrying values of the Right of Use assets.

Amounts recognised in the profit and loss are as follows:

	Group		Company	
	2024	2023	2024	2023
	KShs millions	KShs millions	KShs millions	KShs million
Amortisation of right-of-use assets	7,222	5,936	5,822	4,534
Interest on lease liabilities	3,830	4,419	3,285	3,695
Expenses relating to short-term leases	1,045	1,243	871	751
Income from sub-leasing of aircrafts	-	(759)	-	(759)
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	
	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions
At start of year	9,213	9,003	6,632	6,882
Additions	4,274	2,449	3,698	1,423
Modifications in the year	-	30	-	-
Amortisation charge	(3,894)	(2,269)	(3,235)	(1,673)
At end of year	9,593	9,213	7,095	6,632

## 17. INVESTMENTS

#### (a) Investment in subsidiaries - Company

Details of investment	Country of incorporation	Activity	2024 % of equity	2023 % of equity	2024 KShs million Carrying Amount	2023 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.

## Notes (Continued)

### 17. INVESTMENTS (Continued)

#### (a) Investment in subsidiaries - Company (continued)

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

	2024 KShs millions	2023 KShs millions
At start of year	626	626
Impairment charge	-	-
	<hr/>	<hr/>
At end of year	626	626
	<hr/>	<hr/>

During the year, the Company did not recognise an impairment charge on any of the subsidiaries (2023: Nil)

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

	Current assets		Non-current assets		Current liabilities		Non-current liabilities	
	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions
Kenya Airfreight Handling Limited	673	680	277	284	837	541	78	358

	Shareholder's equity		Revenues		Profit/(loss) before tax		Total comprehensive income	
	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions
Kenya Airfreight Handling Limited	35	103	385	301	(104)	11	(73)	5

#### (b) Investments in associates - Group and Company

##### (i) African Tours and Hotels Limited:

	2024 KShs Millions	2023 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)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

## Notes (Continued)

### 17. INVESTMENTS (Continued)

#### (b) Investments in associates - Group and Company (continued)

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:

	2024 KShs millions	2023 KShs millions
66,157,350 ordinary shares of KShs 3.48 (TShs 20) each	230	230
Less: Impairment of investment in associate	(230)	(230)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
The summarised financial information of the associate is set out below:		
Current assets	1,338	2,054
Non- current assets	2,878	1,958
Total assets	<hr/> 4,216 <hr/>	<hr/> 4,012 <hr/>
Current liabilities	(16,014)	(17,700)
Non-current liabilities	(13,617)	(17,622)
Total liabilities	<hr/> (29,631) <hr/>	<hr/> (35,322) <hr/>
Total revenue for the year	8,208	9,148
Loss before tax for the year	(733)	(1, 845)
Total comprehensive loss for the year	<hr/> (1,881) <hr/>	<hr/> (1,891) <hr/>

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.

### 18. AIRCRAFT DEPOSITS - Group and Company

	Group		Company	
	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions
Deposits for leased aircrafts	5,164	5,555	4,226	4,701
Deposits for acquisition of aircrafts	6	392	323	392
Other provisions on deposits	(4)	(5)	(4)	(5)
	<hr/> 5,166 <hr/>	<hr/> 5,942 <hr/>	<hr/> 4,545 <hr/>	<hr/> 5,088 <hr/>

## Notes (Continued)

### 18. AIRCRAFT DEPOSITS - Group and Company (Continued)

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	
	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions
At start of year	5,942	3,703	5,088	3,703
Additions	663	1,091	634	395
Refunds in the year	(333)	(434)	(274)	(434)
Amortisation charge to profit or loss	111	(54)	111	(54)
Foreign currency exchange (loss)/gain	(1,218)	1,331	(1,015)	1,173
Provision for purchase option expiry	-	310	-	310
Other provisions on deposits	1	(5)	1	(5)
At end of year	5,166	5,942	4,545	5,088

### 19. INVENTORIES - GROUP AND COMPANY

	Group		Company	
	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions
Aircraft consumables	4,240	3,870	4,093	3,754
Other inventories	275	518	275	518
Provisions for obsolescence	(1,489)	(1,585)	(1,489)	(1,585)
	3,026	2,803	2,879	2,687

The cost of inventories recognised as an expense and included in the Group's and Company's 'Direct costs' amounted to KShs 1,584 million (2023: KShs 1,963 million).

The movement in provision for obsolete inventories is as follows:

	2024 KShs millions	2023 KShs millions
At start of year	1,585	1,334
Increase in provision during the year	(96)	251
At end of year	1,489	1,585



## Notes (Continued)

### 20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Trade receivables	15,968	17,355	14,994	17,129
<b>Less:</b> Provision for expected credit losses	(3,574)	(3,843)	(3,521)	(3,805)
	12,394	13,512	11,473	13,324
Due from related parties (Note 32(i))	3	40	28,908	27,330
<b>Less:</b> Provision for expected credit losses	(3)	(40)	(2,222)	(1,678)
	-	-	26,686	25,652
Prepayments and other receivables	7,967	5,306	9,420	6,552
	20,361	18,818	47,579	45,528

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	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
At start of year	3,883	4,099	5,483	3,998
(Credit)/charge to profit or loss	(306)	(216)	260	1,485
At end of year	3,577	3,883	5,743	5,483

## Notes (Continued)

### 21. PREPAID MAINTENANCE ASSETS

The movement in the prepaid maintenance assets is as follows:

	Group		Company	
	2024	2023	2024	2023
	KShs	Restated	KShs	Restated
	millions	millions	millions	millions
At start of year				
- as previously reported	41,969	31,516	37,902	28,988
- prior year adjustment (Note 36)	(1,955)	(1,955)	(1,955)	(1,955)
- as restated	40,014	29,561	35,947	27,033
Additions	7,793	5,495	6,619	4,624
Refunds	(471)	(125)	(217)	(125)
Foreign currency exchange (gain)/loss	(3,880)	5,083	(3,188)	4,415
At end of year	43,456	40,014	39,161	35,947
Provision for impairment	(23,954)	(20,532)	(23,615)	(20,193)
	19,502	19,482	15,546	15,754
Split as follows:				
Current	11,080	2,894	8,232	218
Non-current	8,422	16,588	7,314	15,536
	19,502	19,482	15,546	15,754

The movement in the provision for impairment is as follows:

At start of year	20,532	17,583	20,193	17,244
Charge for the year	3,422	2,949	3,422	2,949
At end of year	23,954	20,532	23,615	20,193

## Notes (Continued)

### 22. SHARE CAPITAL – GROUP AND COMPANY

#### (a) Share capital and share premium

	2024 KShs millions	2023 KShs Millions
<b>Issued and fully paid:</b>		
5,823,902,621 ordinary shares of KShs 1 each	5,824	5,824

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 millions
At 1 January 2023 and 31 December 2023	5,824	5,824	49,223	55,047
At 1 January 2024 and 31 December 2024	5,824	5,824	49,223	55,047

#### (b) Mandatory convertible 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 mandatory convertible 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 mandatory convertible note will earn 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.

	2024 KShs millions	2023 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.

## Notes (Continued)

### 22. SHARE CAPITAL - GROUP AND COMPANY (Continued)

#### (c) Treasury shares (continued)

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.

### 23. OTHER RESERVES - GROUP AND COMPANY

Other reserves are made up the following reserves:

	Group		Company	
	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions
Cash flow hedge reserve - foreign currency	(1,421)	(15,801)	(1,421)	(15,801)
Revaluation surplus	8,391	8,391	8,063	8,063
	6,970	(7,410)	6,642	(7,738)

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	
		2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions
At start of year		(15,801)	(10,481)	(15,801)	(10,481)
Foreign currency exchange gain/(loss) on hedged borrowings		3,105	(5,014)	3,105	(5,014)
Foreign currency exchange gain/(loss)loss on hedged lease liabilities		7,449	(10,024)	7,449	(10,024)
		10,554	(15,038)	10,554	(15,038)
Reclassification to profit or loss:					
- cessation of hedging relationship		1,621	4,109	1,621	4,109
- repayment of borrowings		-	7	-	7
- repayment of leases		2,205	5,602	2,205	5,602
		3,826	9,718	3,826	9,718
		(1,421)	(15,801)	(1,421)	(15,801)
Revaluation reserves					
At start of year		8,391	8,391	8,063	8,063
		8,391	8,391	8,063	8,063



## 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	2024			2023		
	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
Cash-flow hedges						
Foreign Currency Hedging-Borrowings	-	-	-	(4,726)	-	(4,726)
Foreign Currency Hedging-Lease liabilities	(1,421)	-	(1,421)	(11,075)	-	(11,075)

## Notes (Continued)

### 23. OTHER RESERVES (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 2024)

Cash-flow hedges	Reserve	Opening balance	Net amount recognized in hedge reserves	Reclassified to the P&L	Closing balance before tax
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)

(ii) Gain/(loss) recognised in OCI and recycled (amount of gain/(loss) recognised in hedging reserve and recycled during the year 2023)

Cash-flow hedges	Reserve	Opening Balance	Net amount recognized in hedge reserves	Reclassified to P&L	Closing balance before tax
Non-Derivative financial instruments- Borrowings	Cash flow hedge reserve	(3,828)	(5,014)	4,116	(4,726)
Non-Derivative financial instruments- Lease liabilities	Cash flow hedge reserve	(6,653)	(10,024)	5,602	(11,075)
		(10,481)	(15,038)	9,718	(15,801)

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 2022, the surplus is not distributable.

## 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.

	2024 KShs millions	2023 KShs millions
<b>Stamina Group B.V</b>		
At start of year	70	50
Share of profit/(loss) for the year	(79)	20
	<hr/>	<hr/>
At end of year	(9)	70
	<hr/>	<hr/>
<b>Represented by:</b>		
Holding in Kenya Airfreight Handling Limited	49%	49%
	<hr/>	<hr/>

### 25. BORROWINGS - GROUP AND COMPANY

#### Group

Loans (Note 25(a))	142,790	141,704
Sovereign guarantee from the Government of Kenya (Note 25(b))	(103)	(143)
Mandatory convertible note - liability component (Note 25(c))	5,434	6,857
Deferred borrowing costs (Note 25(d))	(36)	(188)
	<hr/>	<hr/>
	148,085	148,230
	<hr/>	<hr/>
Comprising:		
<b>Current:</b>		
Payable within one year	21,785	24,775
<b>Non-current:</b>		
Payable after one year	<hr/>	<hr/>
	126,300	123,455
	<hr/>	<hr/>
	148,085	148,230
	<hr/>	<hr/>

#### Company

Loans (Note 25(a))	141,070	141,704
Sovereign guarantee from the Government of Kenya (Note 25(b))	(103)	(143)
Mandatory convertible note - liability component (Note 25(c))	5,434	6,857
Deferred borrowing costs (Note 25(d))	(36)	(188)
	<hr/>	<hr/>
	146,365	148,230
	<hr/>	<hr/>
Comprising:		
<b>Current:</b>		
Payable within one year	21,723	24,775
<b>Non-current:</b>		
Payable after one year	<hr/>	<hr/>
	124,642	123,455
	<hr/>	<hr/>
	146,365	148,230
	<hr/>	<hr/>

## Notes (Continued)

### 25. BORROWINGS - GROUP AND COMPANY (Continued)

#### (a) Loans

The make-up of the loans is as follows:

Group	Maturities	2024		2023	
		Average interest rates per annum	KShs millions	Average interest rates per annum	KShs millions
Tsavo Facility - aircraft loans (USD)	2014-2025	11.37%	5,040	11.15%	5,864
Samburu Facility - aircraft loans (USD)	2012-2025	11.54%	7,982	11.21%	13,059
Loan from GoK- KShs (Guaranteed debt)	2022-2037	3.00%	45,761	3.00%	60,865
Loans from GoK (KShs)	2020-2035	3.00%	62,581	3.00%	44,824
Loan from local banks (KShs)	2024-2028	18.5%	1,720	-	-
Local banks revolving loan (USD)	2018-2027	10.70%	19,706	10.59%	17,092
			<u>142,790</u>		<u>141,704</u>

Company	Maturities	2024		2023	
		Average interest rates per annum	KShs millions	Average interest rates per annum	KShs millions
Tsavo Facility - aircraft loans (USD)	2014-2025	11.37%	5,040	11.15%	5,864
Samburu Facility - aircraft loans (USD)	2012-2025	11.54%	7,982	11.21%	13,059
Loan from GoK- KShs (Guaranteed debt)	2022-2037	3.00%	45,761	3.00%	60,865
Loans from GoK (KShs)	2020-2035	3.00%	62,581	3.00%	44,824
Local banks revolving loan (USD)	2018-2027	10.70%	19,706	10.59%	17,092
			<u>141,070</u>		<u>141,704</u>

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 bank facility is a multipurpose revolving loan and letter of credit facility with a total value of USD 175 million which was obtained from the consortium of Kenyan banks after the restructuring in November 2017. They were drawn from Equity Bank Limited, KCB Bank Kenya Limited, NCBA Bank Kenya Limited, I&M Bank Limited, National Bank of Kenya Limited, Cooperative Bank of Kenya, Diamond Trust Bank (Kenya) Limited

and Ecobank Limited for financing of working capital requirements. The facility is guaranteed by the Government of Kenya for up to USD 225 million. As part of the support to the airline, the Government of Kenya has entered into a settlement agreement with the local banks on behalf of the airline for USD 149,989,169 which is expected to be honoured in 2025. The amounts settled will be treated as additional shareholder loans to the airline.

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

During the year, 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 150 million.

##### (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 2024, 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 of 31 December 2024, 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 2025.

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

##### Group

	2024 KShs millions	2023 KShs Millions
The borrowings maturity analysis is as follows:		
Within one year	21,839	24,957
Between two and five years	120,951	116,747
	<hr/>	<hr/>
	142,790	141,704

##### Company

	2024 KShs millions	2023 KShs Millions
The borrowings maturity analysis is as follows:		
Within one year	21,777	24,957
Between two and five years	119,293	116,747
	<hr/>	<hr/>
	141,070	141,704

## Notes (Continued)

### 25. BORROWINGS - GROUP AND COMPANY (Continued)

#### (a) Loans (Continued)

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

#### 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

##### Company

	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

#### 31 December 2023

##### Group and Company

	Aircraft loans KShs millions	GoK loans KShs millions	Local banks loans KShs millions	Total KShs millions
At start of year	75,889	45,898	13,113	134,900
Additions	1,001	-	401	1,402
Repaid in the year	(4,960)	-	(243)	(5,203)
Repaid in the year	(56,120)	56,120	-	-
Accrued interest	253	3,220	262	3,735
Foreign currency exchange losses	3,311	-	3,559	6,870
At end of year	19,374	105,238	17,092	141,704

## Notes (Continued)

### 25. BORROWINGS - GROUP AND COMPANY (Continued)

#### (a) Loans (Continued)

##### (ii) The movement in the loans is as follows (continued)

Accrued interest for the Government of Kenya facility amounts to KShs 8.4 billion. The Group sought and was granted waiver and deferral on the unpaid interest on the shareholder loans from GoK.

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

During the year KShs 5.7 billion was drawn from the revolving facility with Local Banks for purposes of loan repayments and outstanding lease restructuring.

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

##### (iii) Analysis of loans by currency:

#### Group

	2024 KShs millions	2023 KShs millions
Total currency translation differences on borrowings	3,105	(5,014)
Realised on settlement of loans and cessation of hedging relationship	1,621	4,116
Net hedge effect	4,726	(898)
Borrowings in US Dollars	32,728	36,465
Borrowings in KES	110,062	105,239

#### Company

	2024 KShs millions	2023 KShs millions
Total currency translation differences on borrowings	3,105	(5,014)
Realised on settlement of loans and cessation of hedging relationship	1,621	4,116
Net hedge effect	4,726	(898)
Borrowings in US Dollars	32,728	36,465
Borrowings in KES	108,342	105,239

##### (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.

## Notes (Continued)

### 25. BORROWINGS - GROUP AND COMPANY (Continued)

#### (b) Sovereign guarantee from the Government of Kenya (Continued)

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. The movement for the year is presented below:

	Group		Company	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	Millions
Sovereign guarantee from the Government of Kenya - at cost	1,434	1434	1,434	1434
Accumulated amortisation	(1,331)	(1,291)	(1,331)	(1,291)
	103	143	103	143

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

	Group		Company	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	Millions
At start of year	1,291	1,052	1,291	1,052
Charge to profit or loss	40	239	40	239
	1,331	1,291	1,331	1,291

#### (c) Mandatory convertible note - liability component

	Group		Company	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	Millions
At start of year	6,857	5,670	6,857	5,670
Accrued interest	(260)	(326)	(260)	(326)
Paid in the year	-	-	-	-
Currency translation differences	(1,163)	1,513	(1,163)	1,513
At end of year	5,434	6,857	5,434	6,857



## Notes (Continued)

### 25. BORROWINGS - GROUP AND COMPANY (Continued)

#### (d) Deferred borrowing costs

	Group		Company	
	2024	2023	2024	2023
	KShs millions	KShs millions	KShs millions	KShs Millions
At start of year	188	940	188	940
Accrued interest	7	53	7	53
Currency translation differences	(159)	(805)	(159)	(805)
At end of year	36	188	36	188

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

	Group		Company	
	2024	2023	2024	2023
	KShs millions	KShs millions	KShs millions	KShs Millions
Current	22	151	22	151
Non-current	14	37	14	37
	36	188	36	188

Deferred borrowing costs relate to expenses incurred to obtain financing for the purchase of the Boeing 787-8 and B777-300ER aircrafts, as well as fees paid to banks upon successful restructuring in November 2017 of the short-term loans to longer repayment periods. The costs include commitment, arrangement, consultants, underwriters and guarantee fees. These costs are being amortised over the repayment periods of the various loans.

#### (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	
	2024	2023	2024	2023
	KShs millions	KShs millions	KShs millions	KShs Millions
Cash and cash equivalents (Note 31 (b))	5,781	7,765	3,962	7,477
Borrowed funds - repayable within one year	(21,785)	(24,775)	(21,723)	(24,775)
Borrowed funds - repayable after one year	(126,300)	(123,455)	(124,642)	(123,455)
Lease liabilities	(48,326)	(63,678)	(41,042)	(53,104)
Net debt	(190,630)	(204,143)	(183,445)	(193,857)

## Notes (Continued)

### 25. BORROWINGS - GROUP AND COMPANY (Continued)

#### (e) Net debt reconciliation (Continued)

#### Group

	Liquid assets		Borrowed funds		Leases
	Cash and cash equivalents	Due within 1 year	Due after 1 year	Lease liabilities	Total
	KShs millions	KShs millions	KShs millions	KShs millions	KShs millions
<b>Year ended 31 December 2024</b>					
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)
<b>Year ended 31 December 2023</b>					
Net debt	9,633	(39,089)	(100,159)	(61,973)	(191,588)
Cash flows	(1,605)	14,314	(23,296)	(1,705)	(12,292)
Non-cash movements	(263)	-	-	-	(263)
Net debt at end of year	7,765	(24,775)	(123,455)	(63,678)	(204,143)

#### Company

	Liquid assets		Borrowed funds		Leases
	Cash and cash equivalents	Due within 1 year	Due after 1 year	Lease liabilities	Total
	KShs millions	KShs millions	KShs millions	KShs millions	KShs millions
<b>Year ended 31 December 2024</b>					
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)
<b>Year ended 31 December 2023</b>					
Net debt	9,503	(39,089)	(100,159)	(53,345)	(183,090)
Cash flows	(1,773)	14,314	(23,296)	241	(10,514)
Non-cash movements	(253)	-	-	-	(253)
Net debt at end of year	7,477	(24,775)	(123,455)	(53,104)	(193,857)

## Notes (Continued)

### 26. LEASE LIABILITIES

	Group		Company	
	2024	2023 Restated	2024	2023 Restated
	KShs millions	KShs Millions	KShs Millions	KShs millions
At start of year	58,530	56,825	47,956	48,197
- previously reported				
- prior year adjustment (Note 36)	5,148	5,148	5,148	5,148
- as restated	63,678	61,973	53,104	53,345
Modifications	(575)	4,027	-	2,303
Terminations	-	(4,694)	-	(4,694)
Reclassification of lease rental arrears	(1,511)	-	(1,065)	-
Additions	6,778	-	5,820	-
Interest expense on lease liabilities	3,852	4,419	3,285	3,706
Lease payments	(14,517)	(14,352)	(12,214)	(11,892)
Foreign currency exchange (gains)/ losses to profit or loss	(1,930)	2,281	(439)	312
Foreign currency exchange losses charge to OCI	(7,449)	10,024	(7,449)	10,024
At end of year	48,326	63,678	41,042	53,104

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

Group and Company	2024 KShs Millions	2023 KShs millions
Total foreign currency exchange losses on leases (Note 23)	7,449	(10,024)
Realised on settlement of leases (Note 23)	2,205	5,602
	9,654	(4,422)

Maturity analysis of lease liabilities:

	Group		Company	
	2024	2023 Restated	2024	2023 Restated
	KShs millions	KShs millions	KShs millions	KShs Millions
Year 1	10,995	17,943	9,649	10,803
Year 2	13,653	9,915	9,131	9,775
Year 3	7,303	9,592	7,181	9,452
Year 4	6,083	7,643	6,031	7,547
Year 5	4,783	6,569	4,731	6,517
Year 6 and onwards	20,433	35,538	18,724	31,777
Undiscounted lease payments	63,250	87,200	55,447	75,871
Less: unearned interest	(14,924)	(23,522)	(14,405)	(22,767)
	48,326	63,678	41,042	53,104

## Notes (Continued)

### 26. LEASE LIABILITIES (Continued)

Analysed as:

	2024	Group 2023	2022	2024	Company 2023	2022
	KShs	Restated	Restated	KShs	Restated	Restated
	Millions	KShs	KShs	millions	KShs	KShs
		millions	millions		millions	millions
Current	10,569	10,589	13,130	8,663	8,663	11,487
Non-current	37,757	53,089	48,843	32,379	44,441	41,858
	48,326	63,678	61,973	41,042	53,104	53,345

### 27. DEFERRED INCOME TAX

Deferred income tax is calculated using the enacted income tax rate of 30% (2023: 30%). The deferred income tax liability/ (asset) is made up as follows:

	Group		Company	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Other temporary differences	(3,889)	(3,742)	(3,773)	(3,621)
Tax losses carried forward	(49,021)	(49,624)	(45,730)	(47,804)
Unrealised exchange losses	2,279	(3,719)	1,779	(2,972)
Losses on cash flow hedges	(609)	(6,772)	(609)	(6,772)
Property, aircraft and equipment:				
- at cost	1,827	2,643	689	2,710
- on revaluation	3,597	3,597	3,457	3,456
Right-of-use assets and lease liabilities	(3,409)	(9,316)	(2,862)	(7,945)
Net deferred income tax asset	(49,226)	(66,933)	(47,049)	(62,948)
Deferred income tax assets not recognised	51,629	69,278	50,505	66,404
	2,404	2,345	3,456	3,456

Presented in the statement of financial position as follows:

Deferred income tax asset	(1,052)	(1,111)	-	-
Deferred income tax liabilities	3,456	3,456	3,456	3,456
	2,404	2,345	3,456	3,456

The movement on the deferred tax is as follows:

At start of year	2,345	2,553	3,456	3,456
Credit to profit or loss (note 1(a))	59	(199)	-	-
Under- provision in prior years	-	(9)	-	-
At end of year	2,404	2,345	3,456	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 2024, Kenya Airways Plc and JamboJet Limited estimated tax losses amounted to KShs 152,434 million and KShs 3,947 million respectively (2023: KShs 159,345 and KShs 2,929 million respectively). From 1st Jul 2021, Kenyan Income Tax laws allow for carry forward of tax losses indefinitely. The accumulated tax losses will be utilised to offset future taxable profits.

The Group and Company have 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 2024	Return condition provision	Redundancy provision	Asset retirement obligation	Other provisions	Total provisions
	KShs millions	KShs millions	KShs millions	KShs millions	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
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

## Notes (Continued)

### 28. PROVISIONS FOR LIABILITIES (Continued)

#### (a) Group (Continued)

Year ended 31 December 2023	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	14,060	431	15	992	15,498
Increase in the year	2,682	-	-	-	2,682
Charged to profit or loss	-	-	-	256	256
Utilised in the year	(1,581)	(5)	-	(367)	(1,953)
Impact of discounting	531	-	-	-	531
Foreign currency exchange losses	3,183	-	-	-	3,183
At end of year	18,875	426	15	881	20,197
Split as follows:					
Current	5,472	426	-	881	6,779
Non-current	13,403	-	15	-	13,418
At 31 December 2023	18,875	426	15	881	20,197

#### (b) Company

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 losses	(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

## Notes (Continued)

### 28. PROVISIONS FOR LIABILITIES (Continued)

#### (b) Company (Continued)

Year ended 31 December 2023

	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	9,939	340	12	966	11,257
Increase in the year	1,423	-	-	-	1,423
Charged to profit or loss	-	2	-	235	237
Utilised in the year	(1,271)	(4)	-	(340)	(1,615)
Impact of discounting	1,494	-	-	-	1,494
Foreign currency exchange losses	2,368	-	-	-	2,368
At end of year	13,953	338	12	861	15,164
Split as follows:					
Current	4,047	338	-	861	5,246
Non-current	9,906	-	12	-	9,918
At 31 December 2023	13,953	338	12	861	15,164

#### (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 2024 a provision of KShs 421 million (2023: KShs 427 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.

## Notes (Continued)

### 28. PROVISIONS FOR LIABILITIES (Continued)

#### (b) Company (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	
	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions
Passengers	25,162	28,205	24,185	27,454
Freight	63	14	63	14
	<u>25,225</u>	<u>28,219</u>	<u>24,248</u>	<u>27,468</u>

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

	Group		Company	
	2024 KShs millions	2023 KShs millions	2024 KShs millions	2023 KShs millions
At the beginning of year	28,219	18,951	27,468	18,517
Total tickets sold	153,060	157,345	140,595	147,289
Total tickets uplifted	(151,392)	(143,813)	(139,344)	(134,243)
Expired tickets recognised in revenue	(4,662)	(4,264)	(4,471)	(4,095)
	<u>25,225</u>	<u>28,219</u>	<u>24,248</u>	<u>27,468</u>

### 30. TRADE AND OTHER PAYABLES

Trade payables	45,644	43,303	43,292	39,073
Other payables and accrued expenses	3,434	6,742	2,390	6,718
Due to related parties (Note 32)	3,037	3,973	29,448	29,949
Unclaimed dividends (Note 13)	70	71	70	71
	<u>52,185</u>	<u>54,089</u>	<u>75,200</u>	<u>75,811</u>



## Notes (Continued)

### 31. (a) CASH GENERATED FROM OPERATIONS

	Group		Company	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	Millions
Profit/(loss) before tax	5,527	(22,864)	2,120	(20,056)
<b>Adjustments for:</b>				
Depreciation of property and equipment (Note 14)	8,113	7,322	8,017	7,247
Impairment of assets (Note 14)	2,963	214	2,963	214
Amortisation of intangible assets (Note 15)	156	149	150	142
Amortisation of return condition asset (Note 16)	3,894	2,269	3,235	1,673
Amortisation of right-of-use assets (Note 16)	7,222	5,936	5,822	4,534
Reversal of impairment on RoU assets (Note 16)	(4,889)	-	(4,889)	-
Unrealised foreign currency (gain)/loss on return condition provisions (Note 28)	(3,212)	3,183	(2,370)	2,368
Discount unwinding on return condition provisions (Note 28)	127	531	99	1,494
Amortisation of deferred expenditure (Note 25(d))	159	805	159	805
Amortisation of sovereign guarantee (Note 25 (b))	40	239	40	239
Amortisation of aircraft deposits (Note 18)	(111)	54	(111)	54
Unrealised foreign currency exchange loss/ (gain) on aircraft deposits (Note 18)	1,218	(1,331)	1,015	(1,173)
Provision for aircraft deposits (Note 18)	(1)	(305)	(1)	(305)
Unrealised foreign currency exchange (gain)/ loss on lease liabilities (Note 26)	(1,930)	2,281	(439)	312
Unrealised foreign currency exchange (gain) / loss on mandatory convertible debt (Note 25(c))	(1,163)	1,513	(1,163)	1,513
Foreign currency exchange (gain)/ loss on borrowings (Note 9)	(2,862)	7,538	(2,862)	7,538
Realised foreign currency exchange loss on leases (Note 26)	2,205	5,602	2,205	5,602
Interest expense on borrowings (Note 9)	8,376	8,517	8,229	8,517
Interest expense on lease liabilities (Note 9)	3,852	4,419	3,285	3,695
Interest income (Note 9)	(69)	(165)	(174)	(285)
Gain on disposal of assets	-	-	3	-
<b>Changes in working capital items:</b>				
Inventories	(223)	(530)	(192)	(414)
Trade and other receivables	(1,543)	(4,294)	(2,051)	(6,739)
Prepaid maintenance asset	(20)	(7,378)	208	(5,847)
Sales in advance of carriage	(2,994)	9,268	(3,220)	8,951
Trade and other payables	(1,904)	11,179	(611)	10,417
Provision for liabilities	(2,078)	(6,114)	(980)	(6,176)
<b>Cash generated from operations</b>	<b>20,853</b>	<b>28,038</b>	<b>18,487</b>	<b>24,320</b>

## 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;

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
	<b>millions</b>	<b>millions</b>	<b>millions</b>	<b>millions</b>
Cash at bank and in hand	5,272	7,474	3,603	7,186
Short -term bank deposits	509	291	359	291
	<hr/>	<hr/>	<hr/>	<hr/>
	5,781	7,765	3,962	7,477
	<hr/>	<hr/>	<hr/>	<hr/>

### 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 % (2023: 7.8%) equity interest in Kenya Airways Plc.

##### Precision Air Services Limited

Kenya Airways Plc holds 41.23% (2023: 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.

<b>Management fee income</b>	<b>2024</b>	<b>2023</b>
	<b>KShs</b>	<b>KShs</b>
	<b>millions</b>	<b>millions</b>
African Cargo Handling Limited	959	974
	<hr/>	<hr/>
Jambojet Limited	36	81
	<hr/>	<hr/>
Fahari Aviation Limited	12	12
	<hr/>	<hr/>
<b>(ii) Company</b>		
<b>Handling expenses</b>		
African Cargo Handling Limited	153	142
	<hr/>	<hr/>
<b>Direct Costs</b>		
Jambojet Limited	181	149
	<hr/>	<hr/>

## Notes (Continued)

### 32. RELATED PARTY TRANSACTIONS (Continued)

#### (a) 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	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Precision Air Services Limited	3	40	3	40
Kenya Airfreight Handling Limited	-	-	201	195
African Cargo Handling Limited	-	-	24,877	23,774
Jambojet Limited	-	-	3,485	3,120
Kencargo International Airlines Limited	-	-	61	61
Fahari Aviation Limited	-	-	281	140
	3	40	28,908	27,330
Provision for expected credit losses	(3)	(40)	(2,222)	(1,678)
	-	-	26,686	25,652

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

	Group		Company	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
At start of year	40	69	1,678	1,192
Write off during the year	(37)	-	544	486
Reversal during the year		(29)		-
	3	40	2,222	1,678

##### (ii) Due to related companies

KLM, Royal Dutch Airlines	3,037	3,973	3,037	3,973
African Cargo Handling Limited	-	-	26,361	25,838
Kenya Airfreight Handling Limited	-	-	50	50
Jambojet Limited	-	-	-	88
	3,037	3,973	29,448	29,949

## Notes (Continued)

### 32. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Related companies' balances (Continued)

##### (i) Due to related companies (continued)

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 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	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
Short term employment benefits:				
Salaries and other benefits	488	409	419	372
Non-monetary benefits	2	3	2	3
Termination benefits	5	-	5	-
	<hr/>	<hr/>	<hr/>	<hr/>
	495	412	426	375
	<hr/>	<hr/>	<hr/>	<hr/>

The Group's Directors' remuneration included in key management compensation above comprise:

	Group		Company	
	2024	2023	2024	2023
	KShs	KShs	KShs	KShs
	millions	millions	millions	millions
As executives	74	59	74	59
As non-executives	30	29	30	29
	<hr/>	<hr/>	<hr/>	<hr/>
	104	88	104	88
	<hr/>	<hr/>	<hr/>	<hr/>



## Notes (Continued)

### 33. COMMITMENTS

As at 31 December 2024, the Group and Company had purchase commitments for aircraft parts and other equipment incidental to the ordinary course of business as follows:

	<b>2024</b>	<b>2023</b>
	<b>KShs millions</b>	<b>KShs millions</b>
Authorised but not contracted for	31,632	22,298

### 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

	<b>2024</b>	<b>2023</b>
	<b>KShs millions</b>	<b>KShs millions</b>
Year 1	775	940
Year 2	194	940
Year 3	-	235
At end of the year	969	2,115

During the year, the Group and Company recognised aircraft lease income of KShs 820 million (2023: KShs 1,011 million) and property lease income of KShs 159 million (2023: KShs 156 million) and aircraft sub-lease income of nil (2023: KShs 759 million) in profit or loss in respect of operating leases income.

## Notes (Continued)

### 35. CONTINGENT LIABILITIES - GROUP AND COMPANY

#### (a) Contingent liabilities

	2024 KShs millions	2023 KShs millions
Guarantees	3,614	11,086
Litigation	411	793
	<hr/>	<hr/>
	4,025	11,879
	<hr/>	<hr/>

#### (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 a settled case earlier filed by 8 pilots which explains the reduction by KShs 326 million to KShs 537 million.

## Notes (Continued)

### 36. RESTATEMENTS

During the year, the company identified errors in the carrying amounts of prepaid maintenance assets, lease liabilities, and the related right-of-use assets arising from misinterpretation of third-party confirmations in the prior years. The errors have been corrected by restatement of prior year balances as follows:

Group	31 December 2023 (previously reported)	Decrease/ Increase	31 December 2023 (restated)	31 December 2022	Decrease/ Increase	1 January 2023 (restated)
Statement of financial position (extract)	KShs millions	KShs millions	KShs millions	KShs millions	KShs millions	KShs millions
Prepaid maintenance asset (Note 21)	21,437	(1,955)	19,482	13,934	(1,955)	11,979
Accumulated losses	(193,303)	(1,955)	(195,258)	(170,586)	(1,955)	(172,541)
Right of use assets (Note 16)	27,890	5,148	33,038	32,686	5,148	37,834
Lease liabilities (Note 26)	58,530	5,148	63,678	56,825	5,148	61,973

Company	31 December 2023 (previously reported)	Decrease/ Increase	31 December 2023 (restated)	31 December 2022	Decrease/ Increase	1 January 2023 (restated)
Statement of financial position (extract)	KShs millions	KShs millions	KShs millions	KShs millions	KShs millions	KShs millions
Prepaid maintenance asset (Note 21)	17,709	(1,955)	15,754	11,737	(1,955)	9,782
Accumulated losses	(187,374)	(1,955)	(189,329)	(167,288)	(1,955)	(169,243)
Right of use assets (Note 16)	21,472	5,148	26,620	26,377	5,148	31,525
Lease liabilities (Note 21)	47,956	5,148	53,104	48,197	5,148	53,345

## Principal Shareholders and Share Distribution for the year ended 31 December 2024

### Appendix

#### Principal shareholders

The ten largest shareholdings in the Company and the respective number of shares held at 31 December 2024 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	2,218,310,169	38.09
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. Standard Chartered Nominees Ltd Non-Resident A/c KE11752	29,237,300	0.50
6. Kamau Mike Maina	16,099,735	0.27
7. Shah Tanna, Karishma Vijay Shah-Tanna	3,435,900	0.06
8. Galot International Limited	2,652,370	0.05
9. Benard, Peter Wainaina	1,195,800	0.02
10. Muhika, Peter Njenga	1,102,400	0.02
11. Other Shareholders	110,198,108	1.89
<b>Total</b>	<b>5,823,902,621</b>	<b>100.00</b>

#### Distribution of shareholders

	Number of shareholders	Number of shares	% Shareholding
Less than 500 shares	61,838	10,749,067	0.18
501 – 5,000 shares	16,290	21,904,843	0.38
5,001 – 10,000 shares	1,142	8,137,260	0.14
10,001 – 100,000 shares	1,336	35,678,828	0.61
100,001 – 1,000,000 shares	135	31,626,235	0.55
Above 1,000,000 shares	12	5,715,806,388	98.14
<b>Total</b>	<b>80,753</b>	<b>5,823,902,621</b>	<b>100.00</b>

#### Distribution of shareholders by region

	Number of shareholders	Number of shares	% Shareholding
Foreign Institutions	9	481,651,529	8.27
Foreign Individuals	582	5,769,887	0.10
Local Institutions	3,026	5,224,178,161	89.70
Local Individuals	77,136	112,303,044	1.93
<b>Total</b>	<b>80,753</b>	<b>5,823,902,621</b>	<b>100.00</b>



# KENYA AIRWAYS PLC

## NOTICE OF THE 49TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that, in accordance with provisions of Articles 39.3 and 51B of the Company's Articles of Association, and provisions of the Companies Act, 2015 (as amended by The Business Laws (Amendment) (No.2) Act, 2021), the 49<sup>th</sup> Annual General Meeting of the Company will be held virtually on **Friday, 13<sup>th</sup> June 2025 at 9.00 a.m.** to conduct the following business, and, if thought fit, to pass the Resolutions set out below.

Shareholders will be able to register for, access information pertaining to the proposed resolutions, follow the meeting in the manner detailed below and to vote electronically or by proxy. Shareholders will have an opportunity to ask questions during the meeting as detailed below.

### ORDINARY BUSINESS

- 1 To table the proxies and note the presence of a quorum.
- 2 To read the notice convening the meeting.
- 3 To receive, consider and if approved, adopt the Company's audited Financial Statements for the period ended 31<sup>st</sup> December 2024 together with the Directors' and Auditors' Reports thereon.

#### Proposed Resolution:

**"THAT** the audited Financial Statements including the Balance Sheet for the year ended 31<sup>st</sup> December 2024, together with the Directors' and Auditors' Reports thereon be and are hereby approved and adopted".

- 4 To approve the Directors' Remuneration Report for the period ended 31<sup>st</sup> December 2024. (As required by the Companies Act, 2015, the Shareholders will be requested to vote at the meeting or in advance of the meeting as set out below)

#### Proposed Resolution:

**"THAT** the Directors' Remuneration for the year ended 31<sup>st</sup> December 2024 as contained in the Annual Report and Financial Statements be and is hereby approved".

- 5 To elect Directors:
  - a) Mr. Raphael Otieno (Representative of Cabinet Secretary to the National Treasury) retires in accordance with Article 69 of the Company's Articles of Association, and being eligible, offers himself for re-election.
  - b) Mr. Michael Joseph retires in accordance with Article 69 of the Company's Articles of Association and is not eligible for re-election having attained the maximum tenure under the Board Charter.

(Shareholders will be given an opportunity to elect Directors to fill the vacancies. Shareholders will be requested to elect the Board members at the meeting or in advance of the meeting. Names of persons nominated will be available 7 days before the AGM on the Company's website page <https://corporate.kenya-airways.com/en/investors-shareholders/annual-reports/> and/or the Share Registrar's digital services platform at <https://digital.candr.africa/>, following the steps set out hereinafter).

- 6 To elect members of the Audit and Risk Committee. (The current members are Mr. John Wilson, Mr. Festus King'ori, Mr. Mohamed Daghar (Principal Secretary, State Department of Transport), and Mr. Raphael Otieno (Representative of the Cabinet Secretary to the National Treasury) (who will be retiring and has offered himself for re-election).

#### Proposed Resolution:

**THAT** Mr. John Wilson, Mr. Festus Kin'gori, Mr. Mohamed Daghar (Principal Secretary, State Department of Transport), and Mr. Raphael Otieno (Representative of the Cabinet Secretary to the National Treasury), be re-elected as members of the Audit and Risk Committee subject to election of the Board member under Agenda No.5 above.

- 7 To appoint M/s. PricewaterhouseCoopers as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and authorise the Directors to fix their remuneration.

#### Proposed Resolution:

**"THAT** M/s. PricewaterhouseCoopers be appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration".

- 8 To transact any other business of the Annual General Meeting in respect of which due notice has been received.

### BY ORDER OF THE BOARD



Habil A. Waswani  
Company Secretary  
Date: 22<sup>nd</sup> May 2025

#### Notes:

1. Pursuant to provisions of the Companies Act, 2015 (as amended by The Business Laws (Amendment) (No.2) Act, 2021), and provisions of Article 39.3 and 51B of the Company's Articles of Association, the Company shall hold the AGM using electronic means.
2. Any member may by notice duly signed by him or her and delivered to the Company Secretary's Office, Kenya Airways Plc, Headquarters, Airport North Road, Embakasi, P.O. Box 19002-00501, Nairobi, or emailed to [AGM.KQ@kenya-airways.com](mailto:AGM.KQ@kenya-airways.com) not less than 7 and not more than 21 days before the date appointed for the Annual General Meeting, give notice of his intention to propose any other person for election to the Board, such notice is to be accompanied by a notice signed by the person proposed of his or her willingness to be elected. The proposed person need not be a member of the Company.
3. In accordance with Section 298(1) of the Companies Act, 2015, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to attend and vote on their behalf. A proxy must be signed by the shareholder or his attorney duly authorized in writing. If the shareholder is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to [proxy@candr.africa](mailto:proxy@candr.africa) or delivered to Custody and Registrars Services Ltd, the Company's Share Registrars, at IKM Place, Tower B, 1<sup>st</sup> Floor, 5<sup>th</sup> Ngong Avenue, so as to be received not later than **Wednesday, 11<sup>th</sup> June 2025 at 9:00 a.m.** Shareholders will be advised of any issues by Thursday 12<sup>th</sup> June at 12 noon to allow time for the shareholder to correct these issues before the day of the AGM. When nominating a proxy the ID/Passport No. of the shareholder and details for the email and/or mobile number of the proxy must be submitted to facilitate registration.
4. A copy of this notice, proxy form and the entire Annual Report and audited financial statements may be viewed on the Company's website at [www.kenya-airways.com](http://www.kenya-airways.com) or a printed copy may be obtained from the Company's Share Registrars, Custody & Registrar Services Limited upon request.
5. Shareholders will be able to register to follow the Annual General Meeting, vote electronically or by proxy and ask questions in the manner detailed below:
  - (a) All shareholders with valid emails and telephone numbers or who participated in previous AGM's will be pre-registered for the AGM using these bio-data details on the company register and will receive a personalized link through email or sms. Shareholders still need to confirm their attendance for the AGM using one of the following actions:
    - (i) Click the personalized pre-registration link sent through email or sms and follow the attendance confirmation prompts;
    - (ii) Using the USSD code **\*483\*830#** from their mobile telephones for all Kenyan telephone networks and follow the various prompts regarding the registration process;
    - (iii) Internet platform users can access the AGM system and the registration process at <https://digital.candr.africa/>;
    - (iv) Shareholders that are not using the pre-registration link will need to have their Shares Account Number or CDSC Account Number and the ID/Passport Number which were used to purchase their shares in order to complete the registration process.
  - (f) Registration for the AGM opens on **Friday, 30<sup>th</sup> May 2025** and will close on **Thursday, 12<sup>th</sup> June 2025 at 12 noon.**
  - (g) For assistance, shareholders should dial the following helpline numbers: +254 20 8690360 from 8:00 a.m. to 4:30 p.m. during the registration open period. Any shareholder outside Kenya should dial the helpline number to be assisted to register or send an email to [digital@candr.africa](mailto:digital@candr.africa)
  - (h) Shareholders who have confirmed their attendance can access the Virtual AGM using their personalized link or log in credentials via <https://digital.candr.africa/> to view the livestream and vote and submit questions. Shareholders without internet access can access the Virtual AGM and vote and submit questions using their log-in credentials via USSD **\*483\*830#**.
  - (i) Shareholders wishing to raise any questions for the AGM may do so prior to the AGM (during the registration open period) or during the AGM:

#### During the AGM:

1. Via their personalized link to the AGM platform and clicking on the Q&A tab on the display screen.
2. Via Online access through <https://digital.candr.africa/> platform; Select Attend Event; Select Kenya Airways Plc AGM; Select Q&A option tab and submit questions in text box provided; or
3. Via USSD platform through **\*483\*830#**. Use the menu prompts to Select Kenya Airways Plc AGM; Select the menu option for Q&A and submit their questions (within 160 character limit for SMS text)

#### Prior to the AGM:

4. Using any of the methods indicated in 1) to 3) above; or
5. Sending their written questions by email to [digital@candr.africa](mailto:digital@candr.africa); or
6. To the extent possible, physically delivering their written questions with a return physical address or email address to the offices of Custody and Registrars Services Ltd, Company's Share Registrars, at IKM Place, Tower B, 1<sup>st</sup> Floor, 5<sup>th</sup> Ngong Avenue.

Note: Shareholders sending questions by email or delivering to Custody and Registrars Services Ltd, the Company's Share Registrars, must provide their full details (full names, Shares Account Number/CDSC Account Number) when submitting their questions and clarifications. Also attach a copy of your ID/Passport. All questions and clarification must reach the Company's Share Registrars on or before **Wednesday, 11<sup>th</sup> June 2025 at 9.00 a.m.**

- (j) Shareholders wishing to vote during the AGM may do so when prompted by:
  1. Accessing the Virtual AGM through their personalized link;
  2. Accessing the Virtual AGM using their log-in credentials via <https://digital.candr.africa/> platform; Select Attend Event; Select Kenya Airways Plc AGM; Select Voting option tab and vote;
  3. Accessing the Virtual AGM via USSD platform **\*483\*830#**; Use the menu prompts to Select Kenya Airways Plc AGM; Select menu option for Voting and follow the various prompts regarding the voting process
- (k) Shareholders wishing to vote prior to the AGM may do so during the registration open period by following the steps set out in (j)(1) or (j)(2) or (j)(3) above.
- (l) The Virtual AGM will be accessible to shareholders and proxies who have duly confirmed attendance using their pre-registration personalized link or registered and received their log-in credentials. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent two hours ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in two hours' time.

#### SHAREHOLDER RESOLUTIONS INTENDED TO BE PASSED AT THE MEETING

1. **THAT** the audited Financial Statements including the Balance Sheet for the year ended 31<sup>st</sup> December 2024, together with the Directors' and Auditors' Reports thereon be and are hereby approved and adopted.
2. **THAT** the Directors' Remuneration for the year ended 31<sup>st</sup> December 2024 as contained in the Annual Report and Financial Statements be and is hereby approved.
3. **THAT** Mr. John Wilson, Mr. Festus King'ori, Mr. Mohamed Daghar (Principal Secretary, State Department of Transport), and Mr. Raphael Otieno (Representative of the Cabinet Secretary to the National Treasury) be re-elected as members of the Audit and Risk Committee subject to election of the Board member under Agenda No.5 on the Notice.
4. **THAT** M/s. PricewaterhouseCoopers be appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration.

Shareholders are encouraged to continuously monitor the Company's website <https://corporate.kenya-airways.com/en/investors-shareholders/annual-reports/> for updates relating to the AGM to be held virtually.

# Proxy Form

The Company Secretary,  
Kenya Airways Plc,  
P.O. Box 19002-00501,  
Nairobi, Kenya.

I/We ..... of ID/Passport/Company Registration Number .....

being a Member/Members of the above-named Company hereby appoint .....

of Email address: ..... and/or Mobile No: .....

or failing him/her the Chairman of the Meeting in respect of the Shares/CDSC account number .....

as my/our proxy to attend, represent and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held electronically on **Friday, 13th June 2025 at 9.00 a.m.** and at any adjournment thereof.

Signed at ..... this ..... day of .....2025.

Signature(s) .....

## Notes:

1. If a member is unable to attend personally, this Proxy Form should be completed and returned to the Company Secretary, P.O. Box 19002-00501 Nairobi, or physically to the registered office of the Company at Airport North Road, Embakasi, Nairobi, or to the Company's Share Registrars, **M/s. Custody and Registrars Services Limited, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue Nairobi, Kenya** or through their email address **proxy@candr.africa** to arrive not later than **Wednesday, 11th June 2025 at 9.00 a.m.** i.e. 48 hours before the meeting or any adjournment thereof.
2. In case of a member being a corporate body, the Proxy Form must be under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.
3. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint as a proxy any other person, delete the words "the Chairman of the Meeting" and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company.
4. You may at any time before close of registration request in writing to **digital@candr.africa** to cancel your proxy submission and for you to be registered for the AGM. In this case any votes cast by your proxy will also be excluded.
5. To be valid, a proxy form, which is available from the Company's head office or the Share Registrar's offices, must be completed and signed by the shareholder or the duly authorised attorney of the shareholder and must be either emailed to **proxy@candr.africa** or lodged at the offices of the Company's Share Registrars, **Custody and Registrars Services Limited, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue Nairobi, Kenya** so as to arrive not later than **Wednesday, 11th June 2025 at 12 noon**. Shareholders will be advised of any issues by Thursday 12th June at 12 noon to allow time for the shareholder to correct these issues before the day of the AGM. When nominating a proxy the ID/Passport No. of the shareholder and details for the email and/or mobile number of the proxy must be submitted to facilitate registration.



# Fomu Ya Uwakilishi

Katibu wa Kampuni,  
Kampuni ya Kenya Airways Plc ,  
S.L.P 19002-00501,  
Nairobi,  
Kenya.

Mimi/Sisi .....wa namba ya kitambulisha/Namba

ya usajili ya Kampuni ..... Kwa kuwa mwenye/wenye hisa katika

Kampuni iliyotajwa hapo juu, ninamteua/tunamteua .....

wa barua pepe: .....

na/au Simu ya rununu: ..... au asipokuwepo mahali pake, Mwenyekiti wa

Mkutano, kuhusiana na nambari ya akaunti ya hisa: .....kuwa mshirika wangu/ wetu kuhudhuria, kuwakilisha na kupiga kura kwa niaba yangu/yetu katika Mkutano Mkuu wa Kila Mwaka wa Kampuni utakaofanyika kwa njia ya kielektroniki siku ya **Ijumaa, tarehe 13 Juni, 2025** saa tatu asubuhi na kwa uhairisho wowote utakaofuata.

Imetiwa saina hapa .....siku hii ya .....ya ..... 2025.

Saini .....

## VIDOKEZO:

1. Ikiwa mwanachama hawezi kuhudhuria yeye mwenyewe, Fomu hii ya Mshirika inapaswa kukamilishwa na kurejeshwa sio baada ya **Jumatano tarehe 11 Juni 2025 saa tatu asubuhi kwa Katibu wa Kampuni S.L.P 19002-00501, Nairobi au binafsi katika ofisi zilizosajiliwa za Kampuni katika Barabara ya Airport North Road, Embakasi, Nairobi**, au kwa shirika la Rejistra wa Hisa wa Kampuni, **Custody and Registrars Services Limited** katika Jumba la **IKM Place, orofa ya 1, Tower B, Barabara ya 5th Ngong Avenue, Nairobi, Kenya**. Vinginevyo, fomu za mshirika zilizotiwa sahihi ifaavyo pia zinaweza kutumwa kwa **proxy@candr.africa** katika umbizo la PDF.
2. Ikiwa mwanachama ni shirika, fomu ya mshirika lazima ipigwe muhuri ya shirika hilo au kutiwa sahihi na afisa au wakili aliyeidhinishwa halali wa shirika kama hilo.
3. Kama mwenye hisa, una haki ya kuteua shirika moja au zaidi kutekeleza haki zako zote au haki yoyote ile ya kuhudhuria na kuzungumza na kupiga kura kwa niaba yako katika mkutano. Uteuzi wa mwenyekiti wa mkutano kama mshirika umejumuishwa kwa ajili ya kurahisisha mambo. Ili kuteua mtu yeyote kuwa mshirika, futa maneno "Mwenyekiti wa Mkutano au" na uweke jina kamili la mshirika wako katika nafasi iliyoachwa wazi. Si lazima mshirika awe mwenye hisa katika Kampuni.
4. Unaweza wakati wowote kabla ya kufunga ombi la usajili kwa maandishi kwa **digital@candr.africa** ili kughairi uwasilishaji wako wa wakala na wewe kujiandikisha kwa AGM. Katika hali hii kura zozote zitakazopigwa na wakala wako pia zitatengwa.
5. Ili iwe halali, fomu ya mwakilishi, ambayo inapatikana katika ofisi kuu ya Kampuni au katika ofisi za Rejistra wa Hisa, lazima ijazwe na kutiwa saini na mwenye hisa au wakili aliyeidhinishwa na itumwe kupitia barua pepe kwa **proxy@candr.africa** au kuwasilishwa katika ofisi ya Rejistra wa Hisa wa Kampuni, **Custody and Registrars Services Limited, IKM Place, orofa ya 1, Tower B, Barabara ya 5th Ngong Avenue, Nairobi, Kenya**, ili ifike sio baada ya Jumatano, tarehe 11 Juni 2025 saa sita mchana. Wamiliki wa hisa wataarifiwa kuhusu masuala yoyote kufikia Alhamisi tarehe 12 Juni saa sita mchana ili kutoa muda kwa mmiliki wa hisa kurekebisha masuala hayo kabla ya siku ya Mkutano Mkuu wa Mwaka (AGM). Wakati wa kumteua mwakilishi (proxy), nambari ya Kitambulisho/Passport ya mmiliki wa hisa na maelezo ya barua pepe na/au nambari ya simu ya mwakilishi lazima yawasilishwe ili kuwezesha usajili.



Proudly 48

## 48 Years in Flight

Our legacy is rich with milestones that continue to shape our purpose and progress.





# Abridged Sustainability Report

## 2024 Financial Year

### About the Report

Kenya Airways published an abridged Sustainability Report with the FY 2023 and FY 2024 Annual Report. In 2025, Kenya Airways is publishing its first standalone Sustainability Report for the 2024 Financial Year. The report is prepared in line with the Nairobi Securities Exchange (NSE) guidelines on Environmental, Social and Governance (ESG) reporting.

The NSE manual recommends the adoption of the Global Reporting Initiative (GRI) Standards as the common framework for ESG reporting by listed companies in Kenya. Kenya Airways is also a signatory to the Ten Principles of the United Nations Global Compact and a member of the African Business Leaders Coalition (ABLC) an initiative convened by UNGC. KQ is a signatory to the ABLC Gender Statement.

*\*This Sustainability Report covers Kenya Airways PLC a publicly listed company on the Nairobi Stock Exchange, and headquartered in Nairobi, Kenya within its operating boundary which includes African Cargo Handling Company (ACHL) and Fahari Aviation Limited, for the financial year ended 31st December 2024.*



### Message from Chairman

It is with great pride that I present to you the Kenya Airways' Abridged Sustainability Report. As we continue to navigate through the complexities of a dynamic global environment, our focus on sustainable growth, economic resilience, and social responsibility has been unwavering.

Kenya Airways remains dedicated to fostering long-term value creation by integrating sustainability into every aspect of our operations. Through strategic investments in technology, sustainable aviation fuel, and environmental stewardship, we have reinforced our commitment to reducing our carbon footprint and promoting responsible consumption. Our efforts align closely with the Sustainable Development Goals (SDGs), particularly in the areas of reducing inequalities and ensuring decent work and economic growth.



A central part of our sustainability journey has been our employees, the backbone of Kenya Airways. We continue to provide an inclusive workplace that nurtures talent, encourages innovation, and ensures safety and well-being. Our strong focus on promoting gender parity, offering comprehensive health and safety programs, and ensuring job stability reflects our commitment to building a workforce that can thrive both personally and professionally.

We also recognize the importance of partnerships in advancing our sustainability goals. By working alongside local communities, businesses, and international partners, Kenya Airways plays a key role in driving social and economic development across the regions we serve. Our recent partnerships and collaborations have provided us with invaluable insights and opportunities for further improvement, ensuring that we remain at the forefront of the aviation industry.



In closing, I am proud of the progress we have made and optimistic about the future. As we continue to grow and evolve, I remain confident that Kenya Airways will uphold the highest standards of sustainability and contribute positively to the development of our nation and the wider African continent.

"True sustainability is not just a goal but an integral part of our culture." These words guide us as we move forward with a vision to lead not just in the skies but also in sustainable development.

Thank you for your continued trust and support.

**Michael Joseph**  
Chairman



## Message from the Group Managing Director and Chief Executive Officer



I take immense pride in sharing the remarkable strides we have made on our journey to embed sustainability into every aspect of our operations. This year marked a significant inflection point—one defined by tangible progress, deepened impact, and global recognition of our leadership in sustainable aviation.

In 2024, we took bold action to accelerate gender equality. Women now represent 44% of our workforce, and gender parity in training and development reached 85%. Our leadership development programs, inclusive policies, and recruitment reforms continue to expand opportunities for women, including in underrepresented technical and operational roles. We are firmly on track to achieve our 25% women in leadership target by 2025.



We have expanded our electric ground vehicle fleet, with 12% of ground handling equipment now powered by renewable energy—a testament to our commitment to decarbonize ground operations. Meanwhile, our investment in Sustainable Aviation Fuel (SAF) took a major leap forward, as we advanced Kenya's first SAF production facility in partnership with local stakeholders, paving the way for a cleaner aviation future and green jobs in Kwale County.



Our efforts earned us prestigious international recognition. At the 2024 Aviation Challenge in Jeddah, Kenya Airways won two global awards: Best Scaled Catering Solution,

for our plastic-free inflight service innovations, and Best Approach to Scaling SAF, highlighting our leadership in SAF development in Africa. These accolades affirm our bold approach to transforming sustainability ambition into impactful action.

This year's report also reflects our growing role in shaping inclusive development. From launching internship programs for neurodivergent youth to expanding



disability-inclusive hiring and accessibility measures, we are building a workplace and passenger experience where everyone belongs. Our community investments—such as supporting Joy town Special School and our nationwide tree-planting drive—reflect our broader commitment to inclusive growth and ecosystem restoration.

At Kenya Airways, sustainability is not an initiative—it is how we lead. It defines how we innovate, how we collaborate, and how we serve. I am proud of our



people, whose resilience and vision are powering our transformation. Together, we are reimagining the future of African aviation—one that is inclusive, climate-smart, and purpose-driven.

As we chart the path forward, we do so with deep resolve, renewed energy, and the unwavering belief that sustainability is not just our responsibility—it is our opportunity to fly further, together.



**Allan Kilavuka**  
Managing Director & CEO

# 2024 Highlights



- **Employee Growth and Gender Diversity** - By the end of 2024, Kenya Airways employed 4,705 women and men, marking an 8% increase from the previous year. Women now represent 44% of the workforce, a 2% increase from 2023.
- **Employee Satisfaction** - The Employee Net Promoter Score (eNPS) improved to 40 in 2024, a significant increase from 21 in 2023 and an employee workplace rating of 80%
- **Permanent Workforce** - The proportion of permanent employees increased to 82.9%, up from 72.3% in 2023, demonstrating Kenya Airways' focus on job stability and long-term career development.
- **Employee Turnover** - The company maintained a 4.82% employee turnover rate, showcasing a strong sense of belonging and unity across teams.
- **Workforce Age Distribution** - 72% of Kenya Airways' workforce is in the 30-50 age group, offering a balance of experience and innovation within operations.
- **Social Investment** - Kenya Airways continues to invest in community development, promoting social and economic empowerment with a focus on reducing inequalities, particularly for people with disabilities.
- **Single use plastic** - Kenya Airways has banned single-use plastics across all its facilities.
- **Sustainable Aviation Fuel (SAF) Investment** - Kenya Airways is committed to developing Sustainable Aviation Fuel in Kenya as part of its efforts to reduce carbon emissions. The airline is actively exploring SAF projects to contribute to the global aviation industry's carbon reduction targets.
- **Energy Efficiency** - KQ is advancing its efforts toward energy efficiency. In 2024, 12% of our ground services equipment were powered by renewable electricity sources.
- **Waste Management** - Kenya Airways' waste management initiatives include recycling and reducing waste generation. The airline has managed to reduce its waste by 15% compared to 2023, with an emphasis on recycling paper, plastic, and electronic waste.
- **Passenger Traffic** - Kenya Airways provided services to over 5.23 million passengers in 2024, with significant growth in regional and international routes. The airline connects 46 destinations worldwide, with 80% of them in Africa.
- **Cargo Growth** - Kenya Airways saw a 25% increase in cargo tonnage growth in cargo operations, handling over 70,776 metric Tonnes of cargo in 2024. This growth was driven by increased trade opportunities, particularly in flowers, foodstuff and live animals.
- **Supplier and Partner Engagement** - Kenya Airways continues to strengthen partnerships with suppliers and service providers, with 35% of procurement costs sourced from local suppliers in Kenya. The airline works closely with over 10,000 suppliers.
- **Financial Performance** - In 2024, Kenya Airways reported an operating profit of Ksh 5.4 billion, marking the first time in seven years that the airline achieved such a positive financial result. This performance reflects strong recovery post-pandemic and efficient operational strategies.
- **Retirement benefits** - 82.9% of the workforce is eligible for retirement benefits, which includes participation in an independently managed pension fund valued at Ksh. 25,937,200,000.
- **Conflict of Interest Management** - Kenya Airways has implemented strict policies to manage and mitigate conflicts of interest. The Board Charter (2024) outlines mechanisms ensuring 100% compliance with conflict-of-interest disclosures across all levels of governance.
- **Board Diversity & Independence** - The Board Charter mandates that 30% of the Board members are independent, ensuring unbiased decision-making. In 2024, 100% of board members completed assessments to evaluate independence during annual evaluations.
- **Board Training** - In 2024, 100% of Board members and 100% of suppliers also completed the code of conduct training.
- **Whistleblowing and Ethics** - Kenya Airways has a Whistleblowing Policy in place to encourage transparency and accountability. 100% of employees completed ethics and compliance training in 2024.

## 2024 Awards



**BEST SCALED CATERING  
SOLUTION**



**BEST APPROACH TO  
SCALING SAF**



**BEST REGIONAL AIRLINE**



**BEST AIR TICKETING  
PLATFORM GOLD AWARD  
(1ST PLACE)**



**BEST TRAVEL & HOSPITALITY  
E-COMMERCE WEBSITE SILVER  
AWARD (2ND PLACE)**



**BEST CABIN CREW  
IN AFRICA 2024**



**AFRICA'S LEADING AIRLINE  
2024**



**AFRICA'S LEADING AIRLINE  
BRAND 2024**



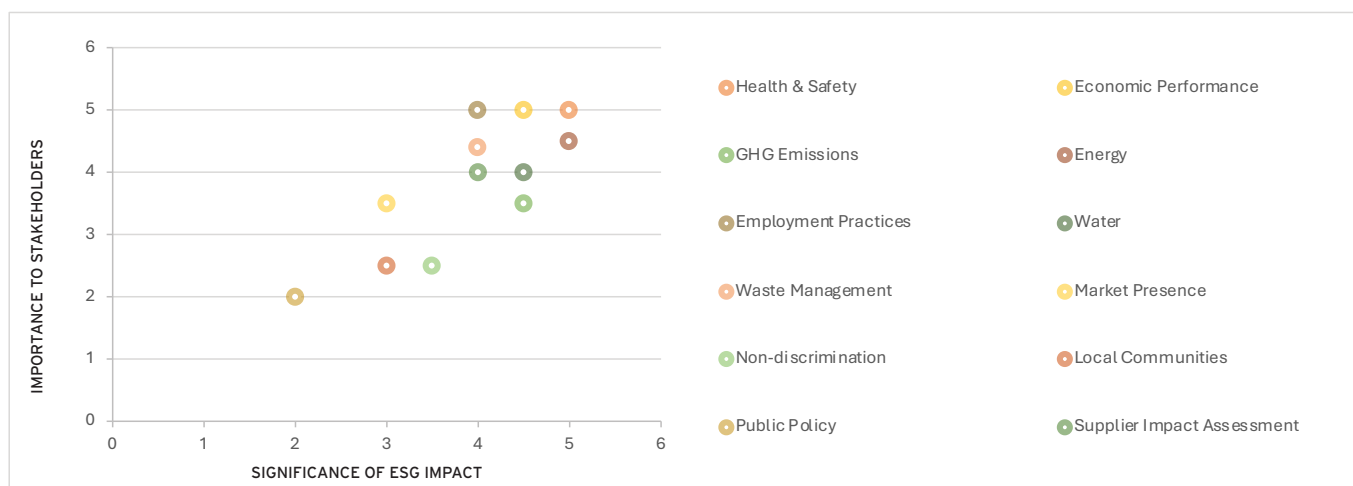
**AFRICA'S LEADING AIRLINE -  
BUSINESS CLASS 2024**



**AFRICA'S LEADING INFLIGHT  
MAGAZINE 2024**

# Materiality

## List of prioritised material topics



### Health and Safety

#### Why is it important?

Safety is our license to operate. Occupational health and safety is critical to ensure safe operations. Prioritizing workplace safety, aircraft maintenance, and emergency preparedness minimizes risks, prevents accidents, and enhances operational reliability,



### Economic performance

#### Why is it important?

A strong financial position enables KQ to expand its route network, fostering global connectivity and sustainable development. Simultaneously, encouraging the growth of local SMEs enriches the local market.





## Materiality (Continued)

### Employment Practices

#### Why is it important?

A productive and engaged workforce is essential for delivering outstanding services. Diversity broadens perspectives, stimulates innovation, and improves decision-making. Equally important, employee satisfaction and retention drive operational excellence.



### Energy Sources

#### Why is it important?

Availability, affordability, and reliability of energy is critical for operations, both now and in the future. By developing alternative energy solutions, we can mitigate climate change and environmental degradation.



### Solid Waste Management

#### Why is it important?

Solid waste management, from generation, to disposal is important to optimize operations. Reducing, recycling, and responsibly disposing of waste supports sustainable growth.



### Greenhouse Gases Emissions (GHG)

#### Why is it important?

GHG emissions exacerbate climate change, which can undermine reliable flight operations and resource availability, particularly in regions facing extreme weather. These disruptions also risk human rights implications, as communities we serve.



### Water Management

#### Why is it important?

Increasing water scarcity emphasizes the need for its responsible management. By optimizing water consumption, careful management of our effluents, we can safeguard water as a shared natural resource.



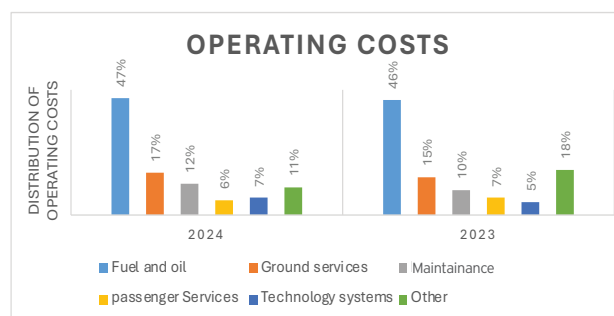
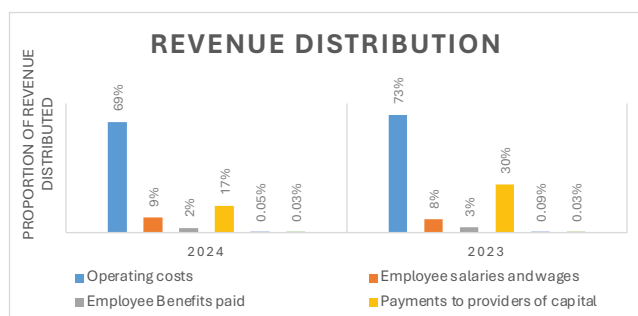
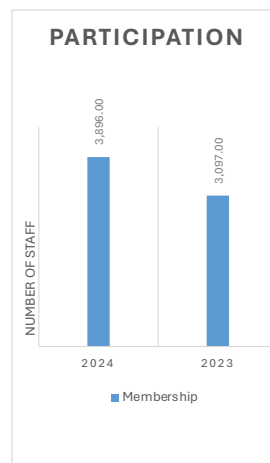
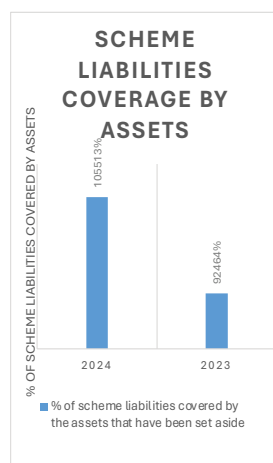
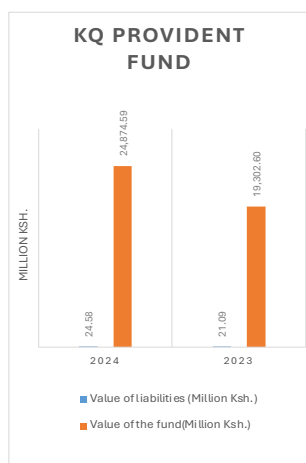
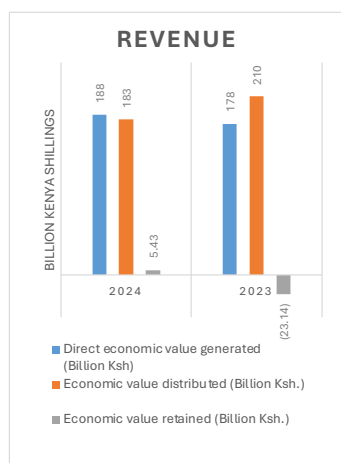
# Economic Performance

In 2024, Kenya Airways increased its direct economic value generated by 6%, rising from KES 178 billion in 2023 to KES 188.5 billion. At the same time, economic value distributed declined by 13%, dropping from KES 210 billion to KES 183.1 billion, highlighting improved financial efficiency and resource optimization.

Operating costs were reduced by KES 4.3 billion, improving from 73% of revenues in 2023 to 69% in 2024. Payments to providers of capital saw a significant drop of KES 24.5 billion, falling from 30% to 17%, signaling better debt and financing management. Employee salaries increased marginally by 1 percentage point (from 8% to 9%), while employee benefits decreased by 1 point (from 3% to 2%). Payments to government declined from 0.09% to 0.05%, and social investments remained steady at 0.03%

of economic value generated. As a result of these shifts, economic value retained improved by KES 27.5 billion, turning from a negative -13% in 2023 to a positive 3% in 2024, underscoring enhanced financial management and recovery. A closer look at operating expenses shows that fuel and oil remained the highest cost at 47%, up slightly from 46%. Ground services increased by 2 percentage points (from 15% to 17%) and maintenance rose by 2 points (from 10% to 12%).

Meanwhile, passenger service costs dropped by 1 point (from 7% to 6%), and technology investments increased by 2 points (from 5% to 7%). Notably, other costs were reduced significantly by 7 points, declining from 18% to 11%, reflecting strong cost control measures.



## Coverage Summary

100% of the Fund's pension liabilities were covered, highlighting the scheme's financial strength and reliability.

	2024	2023
Net Fund Assets (Million Ksh.)	25,937.20	19,496.94
Total Liabilities (Million Ksh.)	24.58	21.09
Liabilities as % of Fund Assets	0.09%	0.11%
Coverage Ratio (%)	105513%	92464%

## Contribution Structure

The retirement plan is a defined contribution scheme. Employer and employee contributions are 10%

## Participation Level

Participation increased by 26% year-on-year

## Key Performance

- Net assets increased by 33% in 2024, from Ksh 19.50 billion to Ksh 25.94 billion, driven by member growth and enhanced contributions.
- The Fund recorded a significant increase in net investment returns, from Ksh 32.1 million in 2023 to Ksh 5.48 billion in 2024, signalling strong portfolio performance and improved market positioning.
- The investment portfolio grew by 29%, reaching Ksh 24.87 billion in 2024, reflecting disciplined asset allocation and long-term investment planning.

# Employees

## Employee Breakdown

The employee breakdown for Kenya Airways, African Cargo Handling Company (ACHL) and Fahari Aviation Limited, for the financial year ended 31st December 2024 is as follows: -

Kenya Airways	4264
African Cargo Handling Company (ACHL)	419
Fahari Aviation Limited	22

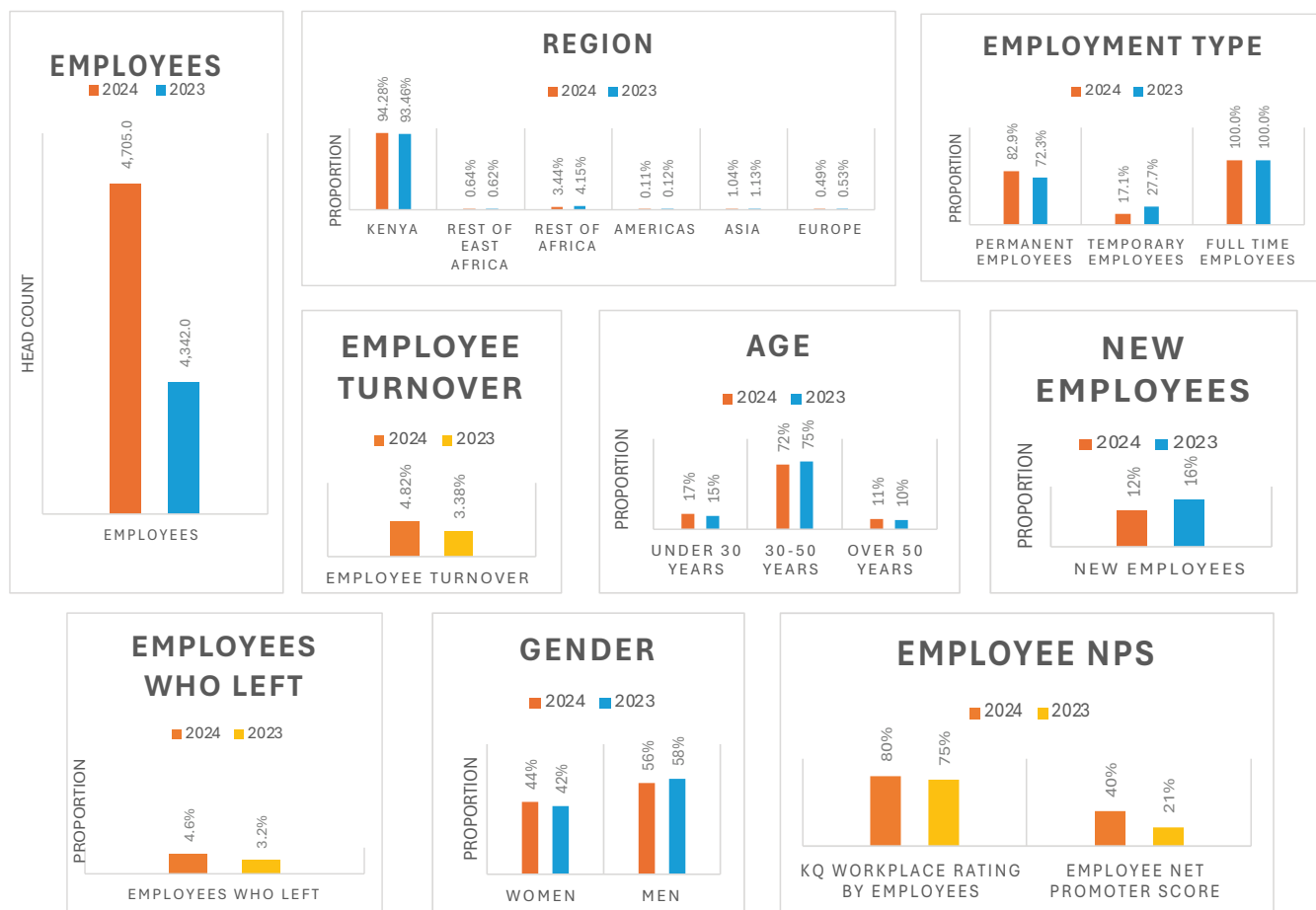
With a manageable employee turnover rate of 4.82%, we have cultivated a strong sense of belonging and unity across our teams. Notably, women now represent 44% of our workforce, up from 42% in 2023, highlighting our dedication to gender inclusivity. Additionally, the proportion of permanent employees increased to 82.9%, compared to 72.3% in 2023, reflecting our focus on providing stability and long-term career opportunities.

Our commitment to employee satisfaction is evident in the improved Employee Net Promoter Score (eNPS), which rose to 40 in 2024 from 21 in 2023. This positive trend reflects the success of initiatives to enhance the workplace experience, ensuring every team member feels valued, supported, and motivated to contribute to our shared success. Kenya Airways continues to make notable progress in gender equality, particularly in increasing representation and opportunities for women.

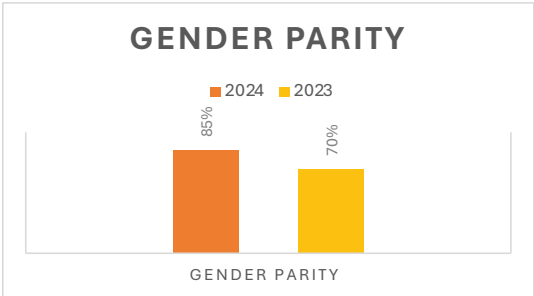
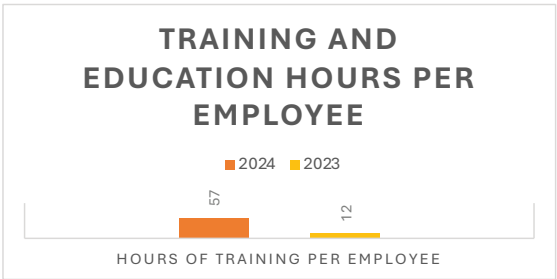
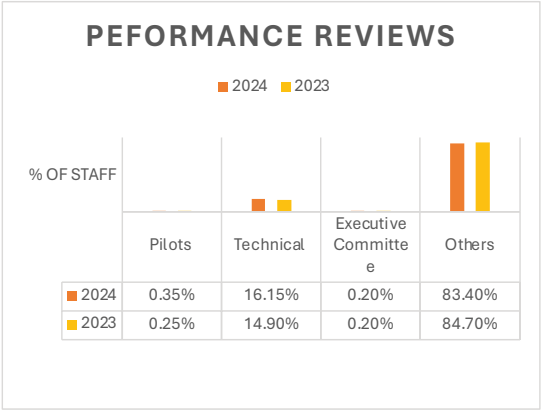
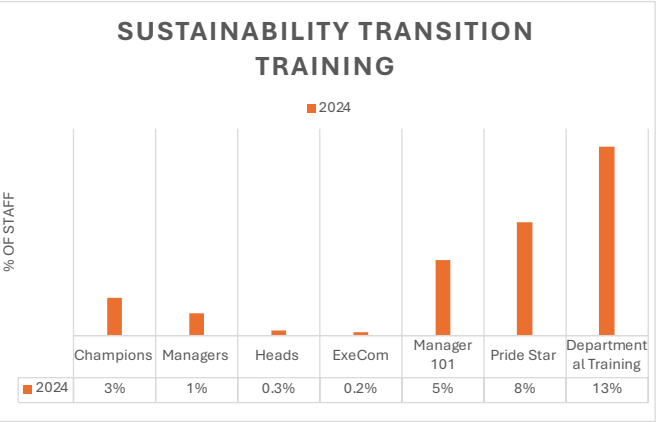
The overall gender parity has improved from 72% in 2023 to 79% in 2024, reflecting ongoing efforts to enhance workplace inclusivity. Furthermore, training and development gender parity has risen significantly from 70% in 2023 to 85% in 2024. Gender parity in training and development has also improved, rising from 70% in 2023 to 85% in 2024, there are more women gaining access to skill-building opportunities, reinforcing KQ's commitment to inclusivity.

Despite positive trends in gender parity, women's salary proportion remains at 30% in 2024, slightly lower than 31% in 2023. The fluctuations in employment types show a 37% increase in permanent employment for women, temporary employment for women has decreased by 29%, due a transition to permanent roles. Kenya Airways has made significant strides in gender parity and training development for women, ensuring greater access to skills and career growth.

However, gaps remain in leadership positions and technical roles, with underrepresentation still evident in key operational areas. Strengthening mentorship programs, recruitment policies, and leadership pathways will be essential to achieving the 25% representation target by 2025 and fostering a more balanced workforce.



# Training, Education and Professional Development



# Health and Safety

In 2024, Kenya Airways significantly improved customer satisfaction, achieving a Net Promoter Score (NPS) of 23, a notable increase from -4 in 2023. Additionally, the

airline maintained its commitment to safety, recording zero incidents of non-compliance related to flight health and safety impacts for both 2023 and 2024.





## Reduce Environmental Footprint

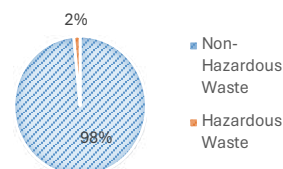
In 2024 Kenya Airways had significant progress in solid waste management. The airline successfully diverted 12.3% of generated waste from landfills through recycling, reuse, and repurposing initiatives. A substantial portion of waste included organic materials (46.1%), plastics (21.1%), and paper/cardboard (14.3%).

Notable waste reduction efforts encompassed the transition to plastic-free items like biodegradable cups and wooden stirrers, alongside targeted recycling programs such as upcycling glass and repurposing wastepaper for packaging. Additionally, comprehensive measures were implemented to enhance recycling effectiveness and minimize environmental impacts across operations.

### Waste Generated

Metric Tonnes	
Total Waste Generated	836.48
Non-Hazardous Waste	823.63
Hazardous Waste	12.85
Organic	254.89
Paper/Cardboard	57.86
Plastics/Polythene	25.89
Aluminium/Scrap Metal	7.98
Wood/Pallets	50.34
Mixed Waste	389.60
White Paper Waste	37.08
Rotten Food stuff	6.34
Used Air Filters	0.05
Apples	1.00
Medical Waste	5.46
<b>Cabin Waste at JKIA Hub</b>	<b>396.96</b>
<b>Owned Facilities Waste</b>	<b>439.52</b>

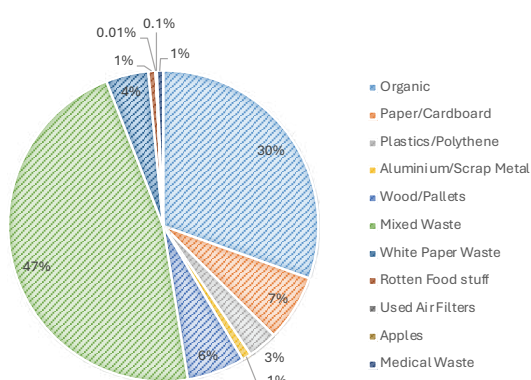
### TYPE OF WASTE



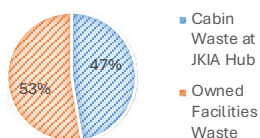
### Waste Diverted from Landfill

Metric Tonnes	
Preparation for Reuse	12.85
Recycling	408.15
Total Diverted (Offsite)	433.85

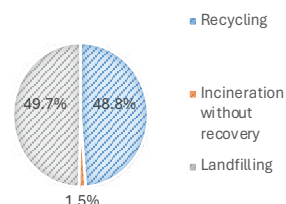
### COMPOSITION OF WASTE GENERATED



### WASTE STREAMS



### LIFE CYCLE



# Water

Kenya Airways' 2024 total water consumption of 1,306.87 mega litres, with 1,120.14 mega litres (86%) sourced from areas experiencing water stress. The majority (89%) of water consumed is supplied through third-party sources, with groundwater accounting for 11%. Facility-wise, the KQ Base Water Filtration Plant leads in consumption at 50%, followed by KQ Base Facilities at 34%, Pride Centre at 10%, and KQuench Water Filtration Plant at 6%. The airline demonstrates awareness of water scarcity by closely monitoring water withdrawal sources and consumption patterns.

## Waste Consumption ( Mega Litres)

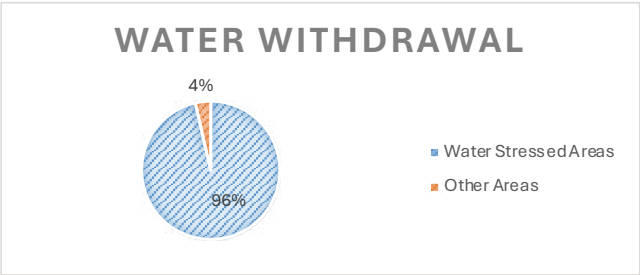
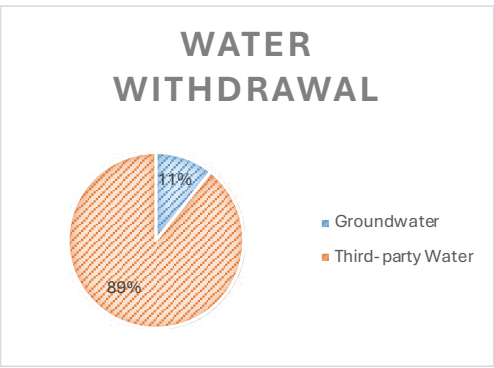
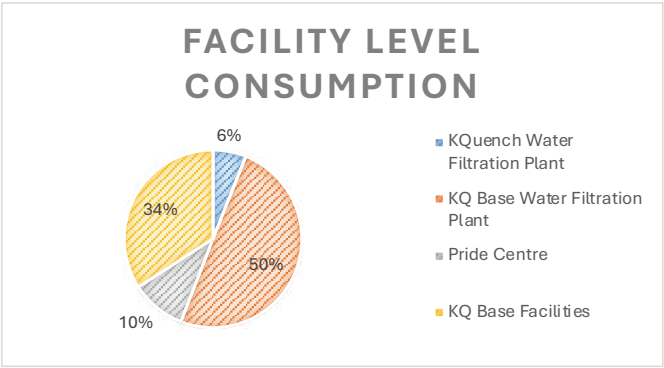
Location Category	Total Water Consumption (ML)
All Areas	1,306.87
Areas with Water Stress	1,120.14

## Waste Withdrawal ( Mega Litres)

Source Type	All Areas (ML)	Freshwater (ML)	Water-Stressed Areas (ML)	Freshwater (ML)
Groundwater	140.22	140.22	0.14	0.14
Third-party Water	1,166.66	1,166.66	1,120.00	1,120.00
Total Withdrawal	1,306.87	1,306.87	1,120.14	1,120.14

## Facility - Level Consumption ( Mega Litres)

Facility Name	Groundwater (ML)	Third-party Water (ML)	Total Consumption (ML)
KQuench Water Filtration Plant		78.96	78.96
KQ Base Water Filtration Plant	50.10	601.52	651.62
Pride Centre	90.12	40.15	130.27
KQ Base Facilities		446.03	446.03
Total	140.22	1,166.66	1,306.87



## Fly Carbon Zero by 2050

The airline consumed over 20 million GJ of energy, with jet fuel constituting approximately 99.6% of total energy usage, reflecting its dominant role in emissions. Total greenhouse gas emissions stood at approximately 1.42 million metric tons of CO<sub>2</sub>e, primarily driven by Scope 1 emissions (99.96%), mostly from jet fuel. The airline reported an energy intensity of 1.66 MJ per Revenue Passenger Kilometer (RPK), and no carbon offsets were recorded. Electricity sourced from Kenya Power was predominantly renewable (90%), contributing marginally to Scope 2 emissions. These metrics underline the critical importance of transitioning to sustainable aviation fuels and enhancing energy efficiency measures to meet the ambitious net-zero target.

ENERGY  
INTENSITY

**1.66**

MJ/RPK

Component	Fuel/Energy Type	Original Unit	Energy Consumed (GJ)	Non-renewable	Renewable	Primary Use	Conversion Factor
Non-renewable fuels	Jet Fuel	kg	20,184,509.16	20,184,509.16		Aircraft propulsion	0.0462 GJ/Kg
	Diesel	litres	75,933.63	75,933.63		GSE, generators, maintenance degreasers, laundry	0.0391 GJ/litre
	Petrol	litres	2,371.69	2,371.69		Light-duty vehicles, mobile GSE	0.0346 GJ/litre
Electricity purchased	KPLC Grid-sourced (90% renewable)	kWh	19,385.24	1,938.52	17,446.72	MRO, IT systems, Facilities	1 kWh = 0.0036 GJ
	TOTAL ENERGY CONSUMPTION		20,282,199.73	20,264,753.01	17,446.72		
				99.91%	0.09%		

## Emissions

### Sources of Emissions

	%	(mtCO <sub>2</sub> e)
Stationary - Diesel	0.36%	5,108
Stationary - Petrol	0.0005%	7
Mobile Sources - Jet fuel	99.58%	1,414,552
Mobile sources - Diesel	0.01%	168
Mobile sources - Petrol	0.01%	152
Indirect electricity	0.04%	522

### Scope 1&2 Emissions

	%	Metric tonnes of carbon dioxide equivalent (mtCO <sub>2</sub> e)
Scope 1 emissions	99.96%	1,419,988
Scope 2 emissions	0.04%	522

### Composition of Emissions

	%	2024
CO <sub>2</sub> Emissions (mt)	99%	1,404,257
CO <sub>2</sub> e Emissions from CH <sub>4</sub> Source (mt)	0.37	5,243
CO <sub>2</sub> e Emissions from NO <sub>2</sub> Source (mt)	0.78	11,011

### Total Emissions

	Gross emissions In Metric tonnes of carbon dioxide equivalent (mtCO <sub>2</sub> e)	Offsets	Net emissions In Metric tonnes of carbon dioxide equivalent (mtCO <sub>2</sub> e)	RPK (KMs)	Intensity per RPK In Grams of carbon dioxide equivalent(gCO <sub>2</sub> e)
2024 (baseline)	1,420,511	Nil	1,420,511	12,204 million	116





*Proudly*

*48*

## *Partners in Progress*

Together, we've built a legacy of impact—  
and together, we're charting new paths  
toward a future full of opportunity



## NOTES



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