



## BRITISH AMERICAN TOBACCO KENYA PLC

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### MINUTES OF THE 73<sup>RD</sup> ANNUAL GENERAL MEETING OF THE COMPANY HELD ELECTRONICALLY STREAMING FROM BAT KENYA OFFICES, LIKONI ROAD, NAIROBI ON WEDNESDAY 25<sup>TH</sup> JUNE 2025 AT 9:00 A.M.

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#### **Present: Physically present**

Ms. Rita Kavashe	-	Chairperson
Mr. Crispin Achola	-	Managing Director
Mr. Philemon Kipkemoi	-	Finance Director
Ms. Waeni Ngea	-	Company Secretary

#### **Present: Attended virtually**

Dr. Martin Oduor-Otieno	-	Non-Executive Director
Dr. Macharia Irungu	-	Non-Executive Director
Mr. Samuel Onyango	-	Non-Executive Director
Ms. Marion Gathoga-Mwangi	-	Non-Executive Director
Ms. Phyllis Wakiaga	-	Non-Executive Director
Mr. Paul Muthaura	-	Non-Executive Director

#### **Shareholders (attending virtually):**

Shareholders present in person	-	526
Shareholders present via proxy	-	15

#### **In Attendance: Physically present**

Mr. Willis Genga	-	Audit Partner, KPMG Kenya
Mr. Tom Mbugua	-	Image Registrars Limited, the Share Registrar

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### 1. CHAIRPERSON'S REMARKS TO THE SHAREHOLDERS

The Chairperson welcomed Shareholders to the 73<sup>rd</sup> Annual General Meeting and proceeded to introduce the Board, key partners, and the Leadership Team. Members were informed that the meeting was convened in line with Article 62(b) of the Company's Articles of Association, which allowed for a virtual meeting.

It was an opportunity for shareholders to interact with the Board and participate in matters relating to the operation of the Company. The BAT Kenya 2024 Combined Annual & Sustainability Report which combines the Strategic Report, Sustainability Report, Governance Report and Audited Financial Statements for the year ended 31 December 2024 was referenced.

The Chairperson highlighted the key sustainability milestones achieved by the Company in 2024 to include:

- 69% representation of women in senior Leadership Teams.
- 54% reduction in Scope 1 and 2 emissions (vs 2020 baseline).
- 98.5% waste recycled.
- 36.6% total water recycled.
- 98.9% of tobacco farmers growing alternative crops.

In summary, the Chairperson indicated that the Company was focused on meeting the evolving needs of its consumers in 2025, in addition to positioning BAT Kenya to deliver for its investors, wider stakeholders, and creating a purpose driven business for its employees.



## 2. KEY HIGHLIGHTS FROM MANAGING DIRECTOR'S PRESENTATION

Mr. Crispin Achola, the Managing Director, took the shareholders through the Company's performance and future expectations under the following headings: BAT's Strategy, 2024 performance highlights and 2025 priorities.

### a) **BAT's Strategy**

Mr. Achola reiterated the Company's strategic navigator and noted that the Company's Purpose remained to build 'A Better Tomorrow' through the Vision of 'Building a smokeless World.' This would be achieved through the Mission of switching BAT's consumers to better products with lower risk. Shareholders were also informed that the Purpose would be delivered through the pillars quality growth, sustainable future and a dynamic business, mainly centred on new category innovation and Tobacco Harm Reduction acceptance.

Mr. Achola explained to shareholders the BAT Group strategic impact areas which include Tobacco Harm Reduction by switching adult smokers from cigarettes to smokeless products, transitioning towards low carbon economy, contributing to a nature positive future, reducing the use of virgin raw materials and supporting livelihoods and resilience of communities.

### b) **Operating context**

Mr. Achola informed shareholders that the business was able to deliver a resilient performance despite the challenging operating environment in the domestic market brought about by political disruptions which impeded the ability to supply the market, economic pressures due to Kenya shilling appreciation and closure of businesses leading to exchange losses and economic slowdown, high illicit trade incidence leading to contraction of legitimate volumes. In the export market, the operating context was impacted by forex scarcity (Rwanda and Somaliland) leading to delayed shipments and collections, adverse weather (Somalia) causing economic disruption and elections (Mauritius and Somaliland) resulting in Geo-political tensions.

### c) **Financial Year 2024 performance highlights**

In the year under review, it was noted that gross revenue increased by 1% to KSh. 25.7bn, operating profit decreased by 8% to KSh. 7.3bn and profit before tax declined by 19% to KSh. 6.5bn. The operating finance costs increased significantly by 95% to KSh. 0.8bn. It was also noted that cash generated from operations increased by 23% to KSh. 10.4bn and the final dividend proposed to be declared was KES. 50 per share.

The MD highlighted the external recognitions the Company received namely Top Employer award in Africa and Kenya, the positive employee Sustainable Engagement Index score of 85% and the Global Battle of Minds awards where the Kenyan team was awarded runners up.

### d) **2025 Priorities**

The MD informed shareholders of the priority areas for 2025 which included: re-entry of Velo into the market, shaping regulation for a sustainable regulatory framework to enable New Categories commercialization, combating illicit trade and regaining volumes lost through illicit trade. All these would be supported by harnessing the Company's talent powerhouse, creating a great place to work enabled by a winning culture and world class talent.

## 3. **ORDINARY BUSINESS OF THE MEETING**

### **Min 1/2025 QUORUM**

It was confirmed that 1,270 shareholders registered to attend the AGM. This represented a total of 78,208,756 of the issued ordinary shares which was 78.21% of the issued share capital of the Company. The meeting was therefore quorate.



Shareholders were advised that the resolutions put to the vote at the meeting would be passed by a poll. Participating shareholders would receive an SMS or email prompt to cast their votes. The results of the voting would be announced before the end of the meeting.

The results would also be published on the Company's website i.e., [www.batkenya.com](http://www.batkenya.com), within 24 hours from the close of the meeting. The outcome would be deemed to be a resolution of the meeting, enforceable immediately in line with the Company's Articles of Association.

## **Min 2/2025 NOTICE OF THE MEETING**

The Notice of the meeting was taken as read on request by the Company Secretary, premised on the fact that shareholders were given ample time to review the same, as it was published on 3<sup>rd</sup> June 2025 (in two newspapers of nationwide circulation) with the requisite 21-day notice and was also available on the Company's website.

Shareholders were informed by the Chairperson that minutes of the previous AGM held on 26<sup>th</sup> June 2024 were approved by the Board, signed for the Company's records, and uploaded for their review on the Company's website.

## **Min 3/2025 REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

The Report of the Chairperson, Directors and Auditors and the Financial Statements for the year ended 31 December 2024 were received and considered by the shareholders. The Chairperson gave a broad overview of the Company's performance per her Statement in the 2024 Combined Annual & Sustainability Report.

### **a) Independent Auditor's Report**

Mr. Willis Genga of KPMG Kenya was invited to read the Independent Auditors' Report to the shareholders. He confirmed that KPMG Kenya audited the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. In KPMG's opinion, the consolidated and separate financial statements gave a true and fair view of the consolidated and separate financial position of the Company as at 31 December 2024, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Kenyan Companies Act, 2015.

### **b) 2024 Directors' Report and audited Financial Statements**

The Chairperson invited questions from shareholders on the audited Financial Statements to which the Managing Director and the Finance Director responded to as follows:

- a) Shareholder **Joseph Muse Gituma** from Meru County thanked the Board and Management for the good performance in 2024. He wanted to know the following:
  - *Whether the age of the Leadership Team can be included in the next Annual Report.*

The Managing Director pointed out that the company continued to retain top talent, and the suggestion would be considered in the future.



- *As per the Property Plant and Equipment in the Annual Report, the BAT property in Mitunguu is deteriorating and not in use and whether the Company is considering its disposal or if the tree nursery can be revived to avoid the property being grabbed.*

The Managing Director responded that the Company had taken a 3-year hiatus from growing leaf in the area. It restarted operations in 2024 on a small scale and was looking to scale up into the tobacco growing season in 2025. The Company also continues to monitor all its properties in the country, including in Meru County.

- b) Shareholder **Ogeto Nelson** from Nairobi enquired *whether the illicit trade was as a result of high pricing of BAT products and whether the company can consider a cheaper segment of products targeting the locals who cannot afford premium brands.*

The Managing Director responded that illicit trade has a significant impact on revenue. Taxes (excise and VAT) made up a third of the cost of a cigarette which is currently over KSh. 100 per pack. All BAT brands are sold legally within the legal price points and different products are available to cater for all market segments.

- *With the political instability in Sudan, has the Company made progress to source for other markets?*

The Sudan war had indeed impacted loss of business in Sudan and the company has continued to harness other opportunities by leveraging on the regional trading blocks. Presently, the Company was active in 10 markets in East and Southern Africa and would continue to explore new viable markets.

- *What is the Company's strategy to maintain the dividend yield to ensure no reduction in future?*

The Managing Director responded that the Company continued to ensure excellent execution and exploring new revenue streams to remain competitive and deliver value consistently to its shareholders. Some of the strategies being employed included improved productivity through green energy using solar in Thika and Nairobi Offices, sourcing robust materials through competitive tendering and local sourcing of products to support the value chain.

- *The revocation of the importation of nicotine pouches and similar products, what action has been taken to combat this situation to forestall the dwindling of this particular market share?*

The Managing Director responded that on 31<sup>st</sup> May 2025, the Ministry of Health issued a directive suspending all existing licenses and import clearances related to the manufacture, importation, distribution, sale, or promotion of nicotine and related products. Subsequently, a court order staying execution of this directive was issued. BAT conducts its business in line with applicable laws and continued to engage transparently with its regulators on pertinent policy matters related to its business. Recent regulatory developments had unlocked opportunities for re-entry into the modern oral nicotine category. The Company was working towards re-launch of its tobacco free modern oral nicotine pouches.

- c) Shareholder **Amos Ngugi Njuguna** from Kiambu wanted to know the following:



- *Is it possible for dividend payments to be occurring a little bit earlier (specifically in May)? I think BAT should match the banking sector in that respect given you all declare the final year results within the same time frame.*

The Finance Director responded that in line with prevailing laws, decisions to declare and pay final dividend were approved by shareholders at the AGM. For Full Year 2024, if approved by shareholders, payment of the final dividend of KSh 45 per share, would be paid immediately. An interim dividend of KSh 5 per share for Full Year 2024 was paid in September 2024.

- d) Shareholder **Stephen Kimani** from Thika wanted to know the following:
- *What does the dividend policy entail on payment to shareholders and how is the payout ratio determined?*

The Finance Director responded that the Company consistently looks to deliver sustainable dividends to its shareholders. The payout ratio in policy was 65% of the Profit after tax on an annual basis as contained in the Dividend Policy published on the Company's website. The Company had consistently over 5 years paid out an average of 80% of its net earnings. The payout ratio in 2024 was over 100% achieved due to high retained earnings paid back to shareholders.

- *Why were the trade payables higher than the trade receivables from the financial statements and what were the contingent liabilities for?*

The Finance Director responded that this was due to the timing of financial reporting, meaning that collections were done promptly by the end of the year. The Company was in a good financial position on its working capital.

On the contingent liabilities, the Finance Director explained that these were matters either in court or ongoing tax disputes which were disclosed in line with the applicable accounting standards. Management continued to work to ensure that these risks did not crystallize.

The Managing Director and the Finance Director also responded to the following questions which were submitted by the shareholders prior to the AGM:

- e) Shareholder **Jumwa Jasper Kililo** from Nairobi asked *now that the Company sold the manufacturing plant for the e-cigarettes in Kenya, how are they planning to increase the future revenue and profitability going forward?*

The Managing Director responded that while prolonged regulatory uncertainty resulted in disposal of the oral nicotine pouch factory in Nairobi, recent regulatory developments had unlocked opportunities for re-entry into the modern oral nicotine pouch market through an importation model. This would enable the business to provide more choice to consumers through smokeless products and support our vision of "Building A Smokeless World".

- f) Shareholder **Kamara, John Muhumuza** from Kampala asked the following questions:
- *Whether the equipment from the discontinued modern oral nicotine factory was sold to another BAT entity within the African continent?*

The Managing Director responded that the equipment was sold to BAT entities outside the African continent.



- *Is there a business case for the manufacture and sale of Cigars by BATK?*

The Managing Director responded that the business was not considering the prospect of manufacture and /or sale of cigars. However, the Company was working towards re-launch of the oral nicotine pouches, which would provide more choice to consumers and support the vision of "Building A Smokeless World".

- g) Shareholder **Njure, Evans Edgar Njagi** asked *how sustainable will the dividend payments be in the coming future?*

The Managing Director responded that the business fundamentals remained solid. BAT was confident that through its talented people, strategic commercial actions, including unlocking new revenue streams, and a diversified geographic footprint and product portfolio. The business was well positioned to navigate the challenging operating environment and deliver sustainable shareholder value.

- h) Shareholder **Wawire, Samson Joab** asked *what are some of the key drivers that will affect revenue outlook for the medium to long-term?*

The Finance Director replied that some of the key drivers expected to impact revenue outlook in the medium to long-term include re-launch of the modern oral nicotine pouches is expected to unlock new revenue streams and support medium-term revenue growth. An appropriate regulatory framework and ability to scale innovation effectively, will be key to the long-term success of the category.

Illicit trade in tax evaded cigarettes significantly impacts industry and government revenues. Successful implementation of enforcement and policy measures to combat illicit trade was expected to positively impact industry and government revenues. Macroeconomic conditions such as inflation, income levels, and regulatory-driven cost pressures impact consumer purchasing power and consequently shift consumption to lower-priced brands /illicit products. Sustainable regulatory policies and economic growth /stability were expected to support medium to long-term revenue growth.

The Managing Director appreciated the shareholders for sending engaging questions during the Q&A and announced that the Company would awarding 2GB of data bundles to all the registered shareholders attending the AGM to defray their internet costs.

The Chairperson thereafter closed the Q&A session and encouraged the shareholders to adopt electronic payment systems to receive their dividends in a timely manner. The Chairperson proceeded to seek Shareholders' proposals to approve and adopt the Financial Statements for the year ended 31<sup>st</sup> December 2024.

**Kokwaro, Dina Margaret**, proposed the following Resolution:

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

**Kioko, Paul Wambua**, seconded the Resolution which was then put to the meeting for voting.

#### **Min 4/2025 DIVIDEND FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2024**

**Muruu, Regina Wangui**, proposed the Resolution:



**THAT that the interim dividend of KSh 5/- per ordinary share paid on 27<sup>th</sup> September 2024 be and is hereby confirmed and that a final dividend of KSh 45/- per ordinary share net of Withholding Tax, to be paid on or about 25<sup>th</sup> June 2025 to Shareholders on the Register at the close of business on 23<sup>rd</sup> May 2025 be and is hereby approved.**

**Kokwaro, Dina Margaret** seconded the Resolution which was put to the meeting for voting.

#### **Min 5/2025 ELECTION OF DIRECTORS**

It was noted that Andre Joubert and his Alternate Sidney Wafula resigned as Directors of the Company effective 31<sup>st</sup> March 2025. The Chairperson thanked both Mr. Joubert and Mr. Wafula for their invaluable contribution to the Board and wished them the very best for the future.

It was also noted that Rita Kavashe, Dr. Macharia Irungu and Marion Gathoga-Mwangi retire by rotation in accordance with Article 102 of the Articles of Association and being eligible, offered themselves for re-election as Directors. The Company Secretary informed the shareholders that:

- a) **Gichana, Reuben Mogaka** had proposed and **Wambua, Albanus Kioko** had seconded the motion to re-elect Ms. Rita Kavashe as a Director of the Company. The motion was put to the meeting for voting.
- b) **Ogore, Roland Jesse** had proposed and **Gitumah, Joseph M. Mute** had seconded the motion to re-elect Dr. Macharia Irungu as a Director of the Company. The motion was put to the meeting for voting.
- c) **Gitumah, Joseph M. Mute** had proposed and **Ogore, Roland Jesse** had seconded the motion to re-elect Marion Gathoga-Mwangi as a Director of the Company. The motion was put to the meeting for voting.

#### **Min 6/2025 ELECTION OF MEMBERS OF THE BOARD AUDIT & RISK COMMITTEE**

The Chairperson informed Shareholders that as per the requirements of Section 769 of the Companies Act, 2015, the members of the Board Audit & Risk Committee were required to be re-elected at each Annual General Meeting.

**Macharia, Isaac Geoffery Munuhe** proposed the resolution and **Kithinji, Margaret Nyawira** seconded the following resolution:

**THAT Dr. Martin Oduor-Otieno, Samuel Onyango, Marion Gathoga-Mwangi and Paul Muthaura be and are hereby elected to continue to serve as members of the Board Audit & Risk Committee.**

The motion was put to the meeting for voting.

#### **Min 7/2025 DIRECTORS REMUNERATION AND DIRECTORS' REMUNERATION REPORT**

On the matter of Directors remuneration and Directors' Remuneration report set out in the 2024 Combined Annual and Sustainability Report, it was reported that **Wandugo, John Wairi** proposed and **Ngonga, Daniel Moi**, seconded the following resolution:



**THAT the remuneration of the Directors and the Directors' Remuneration Report for the year ended 31<sup>st</sup> December 2024 be and are hereby approved.**

The resolution presented in line with Section 681 of the Companies Act 2015 and the Tenth Schedule of the Companies Regulations 2017 was put to the meeting for voting.

**Min 8/2025 RE-APPOINTMENT AND REMUNERATION OF AUDITORS**

Shareholders were informed that KPMG Kenya had expressed willingness to continue in office as external auditors. **Kamau, Joseph Mburu**, proposed and **Bengo, Wycliffe Mmbwanga**, seconded the following resolution:

**THAT in accordance with Section 721(2) of the Companies Act 2015, KPMG Kenya be re-appointed as External Auditor of the Company for the year ending 31 December 2025 and that the Directors be and are hereby authorized to fix their remuneration.**

The resolution was put to the meeting for voting.

**Min 9/2025 ANY OTHER BUSINESS**

On request by the Chairperson, the Company Secretary confirmed that no notice of any other business had been received for consideration at the meeting.

**4. VOTING RESULTS AND MEETING CLOSURE**

The Chairperson requested Shareholders for a 5-minute recess to facilitate the tallying of the votes on each resolution put to the meeting following which the results were tabled and displayed. The Company Secretary confirmed that all the resolutions were passed by majority vote. The results of the Voting will be published on the Company's website within 24 hours of the meeting.

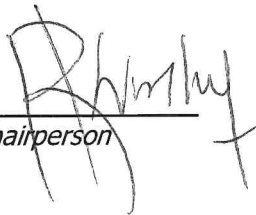
There being no other business, the Chairperson declared the business of the 73<sup>rd</sup> Annual General Meeting as concluded. She thanked all the shareholders who attended the meeting from different parts of the world.

In closing, the Chairperson reiterated her confidence in the strategy and purpose of the Company to consistently deliver sustainable results for all stakeholders. The Chairperson thanked all stakeholders for their continued support and declared the 2024 Combined Annual and Sustainability Report officially launched.

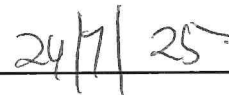
There being no other business, the meeting closed at 10:45 a.m.

Confirmed as a true record and signed below:

**Confirmed:**

  
\_\_\_\_\_  
*Board Chairperson*

**Date:**

  
\_\_\_\_\_  
24/7/25