KenGen

Integrated
Annual Report &
Financial Statements
For the Year ended 30 June

2023

Energy for the nation

Adapt • Agile • Resilience

VISION, VALUES & WHAT DRIVES US

OUR VISION

To be the market leader in the provision of reliable, safe, quality and competitively priced elecric energy in the Eastern Africa region.

MISSION

To efficiently generate competitively priced electric energy using state-of-the-art technology, skilled and motivated human resource to ensure financial success. KenGen shall maintain market leadership by undertaking least cost and environmentally friendly capacity expansion.

OUR VALUES

Core values are our guiding principles and form the foundation of our culture. They are:

- Team Spirit
- Integrity
- Professionalism
- Safety Culture

OUR PROMISE

We promise to generate clean energy for the nation as we create value for our stakeholders. We have laid a firm foundation for a full transition to a renewable energy future. Our transition to 100% clean energy is about making a sustainable investment for our future. We remain committed to realizing our renewable agenda.

CORPORATE THEME

I act now, I do the right things, right, all the time, I am Agile.

TABLE OF CONTENTS

WHO WE ARE

ABOUT THIS REPORT

This integrated report is KenGen's primary communication to shareholders and stakeholders on our performance and prospects.

The report provides a review of the material matters we face; our key operational, financial, economic, social and environmental aspects; our governance; our engagements; as well as our risks and opportunities. ***This is our value creation story.***

Scope and Boundary

Our strategy as well as material matters form the anchor of the report and determine its content. The report covers the period 1 July 2022 to 30 June 2023 and gives commentary, performance measures and prospects for the important operations. The structure and layout of this report draws on the International Integrated Reporting Framework (IIRF). Material events up to the date of approval have been included. Unless otherwise indicated, the information presented is comparable to that of prior years, with no significant restatements.

For a comprehensive overview of our financial performance, the integrated report should be read in conjunction with our annual financial statements.

Assurance and Audit Approach

The Company has put in place a robust governance oversight and risk management framework. Our combined assurance model takes a three-pronged approach

Turkwel Dam

comprising a review by management, supplemented by internal and external auditors. The Audit, Risk & Compliance Committee as delegated by the Board relies on the combined assurance informing their view of the adequacy of our risk management and internal controls. The annual financial statements are audited by the Auditor-General who has issued an unqualified opinion.

Financial and Non-Financial Information

We apply International Financial Reporting Standards (IFRS) and comply with the listing requirements of the Capital Markets Authority (CMA) and Nairobi Securities Exchange (NSE), the Companies Act No.17 of 2015 and the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015.

Board Responsibility and Approval

The Board is accountable for the integrity and completeness of the integrated report and any additional information.

The Audit Risk & Compliance Committee ensures the integrity of the report and has applied its collective mind to its preparation and presentation.

In considering the completeness of the material items dealt with and the reliability of information presented, based on the combined assurance process followed, the Audit Risk & Compliance Committee approved the 2023 Integrated Annual Report and Financial Statements and additional information on 24 October 2023.

WHO WE ARE

Our Heritage

1925 - 1944

Installed Capacity: 4.58MW

- Ndula Power Plant commissioned (2MW)
- Mesco Hydro Power plant commissioned (0.83MW)
- Tana power plant commissioned (2.2MW)

1945 - 1954

Installed Capacity: 26.38MW

- Kenya Power Company (KPC) incorporated in 1954.
- Wanjii Power Station 7.4MW commissioned
- Tana power station upgraded

1955-1964

Installed Capacity: 35.78MW

- Completed the first three geothermal exploration wells in Africa within Olkaria Geothermal Field
- Gogo 2MW hydro power plant commissioned

1965 -1974

Installed Capacity: 185.88MW

- Completed the first post-independence power plant along the Tana River: Kindaruma 40MW hydro plant
- Kamburu power plant commissioned
- Completed the first three Geothermal Wells in Africa within Olkaria Geothermal Field

1975 -1984

Installed Capacity: 417.08MW

- First 15MW Geothermal Unit in Olkaria I installed and a total of 45MW completed in 1985
- 144MW Gitaru Units 2 & 3 installed
- Masinga power plant commissioned

1985 -1994

Installed Capacity: 667.43MW

- First Ngong' Wind Farm 0.35MW commissioned.
- Turkwel 106MW Hydro Power Plant commissioned.
- Kiambere Hydro Power Plant 144MW commissioned

1995 -2004

Installed Capacity: 870.33MW

- Kenya Power Company rebranded as KenGen following a restructuring in the Power Subsector
- KenGen becomes the first Kenyan parastatal to be ISO: 9001 Standard certified.
- Olkaria II units 1 & 2 70MW commissioned
- Gitaru unit 1 80MW commissioned, making Gitaru power plant the largest Hydro Plant in Kenya at 225MW

2005 -2009

Installed Capacity: 970.35MW

- G2G transformation strategy launced
- 60MW Sondu Miriu power plant commissioned
- Kiambere optimization completed raising capacity from 144MW to 168MW
- Listed on the Nairobi Securities Exchange through an Initial Public Offer that attained 336% subscription
- Raised KShs 25 billion through Public Infrastructure Bond

2010 - 2014

Installed Capacity: 1,343 MW

- Earned USD 1.2 Million from Olkaria II CERs
- Established KenGen Foundation in 2012
- Completed construction of 21.1MW Sang'oro Power Plant
- Commissioned 120 MW Kipevu III power plant.
- Upgrade of Tana, Kindaruma and Mesco power plants
- Innovation of the Wellheads 83.5MW
- Olkaria Resettlement Action Plan (RAP)
- First of a kind nature Geothermal Spa in Africa completed in 2014

2015 - 2018

Installed Capacity: 1,631 MW

- Completed the single largest geothermal power project of 280MW
- Completed construction of the 25.5MW Ngong wind power farm
- Largest Rights Issue in East Africa in 2016 of KShs 28 billion
- Relocation of Embakasi 60MW Gas Turbine to Muhoroni

2019 - 2023

Installed Capacity: 1,904 MW

- Commissioned 172MW Olkaria V geothermal power plant
- Commissioned 86MW Olkaria I Additional Unit 6 geothermal power plant
- Completed full Redemption of KenGen Infrastructure Bond
- Takeover of the operation and maintenance of 140MW Kipevu III from Wartsila to KenGen
- Commenced geothermal commercial drilling in Ethiopia and Djibouti
- Operation and Maintenance contract with REREC for the 50MW Garissa Solar Power Plant
- Completed construction of Naivasha Level 5 Outpatient Hospital CSR project
- Rehabilitation of Wanjii Power Station

ABOUT KenGen

Kenya Electricity Generating Company PLC (KenGen) is the leading electric power generating Company in East Africa. The Company was incorporated in 1954 under the laws of Kenya with a mandate of generating electricity through the development, management, and operation of power plants. The Company's corporate vision is to remain the market leader in the provision of reliable, quality, safe and competitively priced electricity for the country's economic development.

Our role in geothermal power generation continues to solidify Kenya's position in the league of the top ten geothermal power producers in the world and the first in Africa owing to our expertise gained over the years. As at 30th June 2023 Kenya's installed Geothermal capacity was 984MW (81% from KenGen) ranking the Country at position 6 among the top geothermal producers in the world.

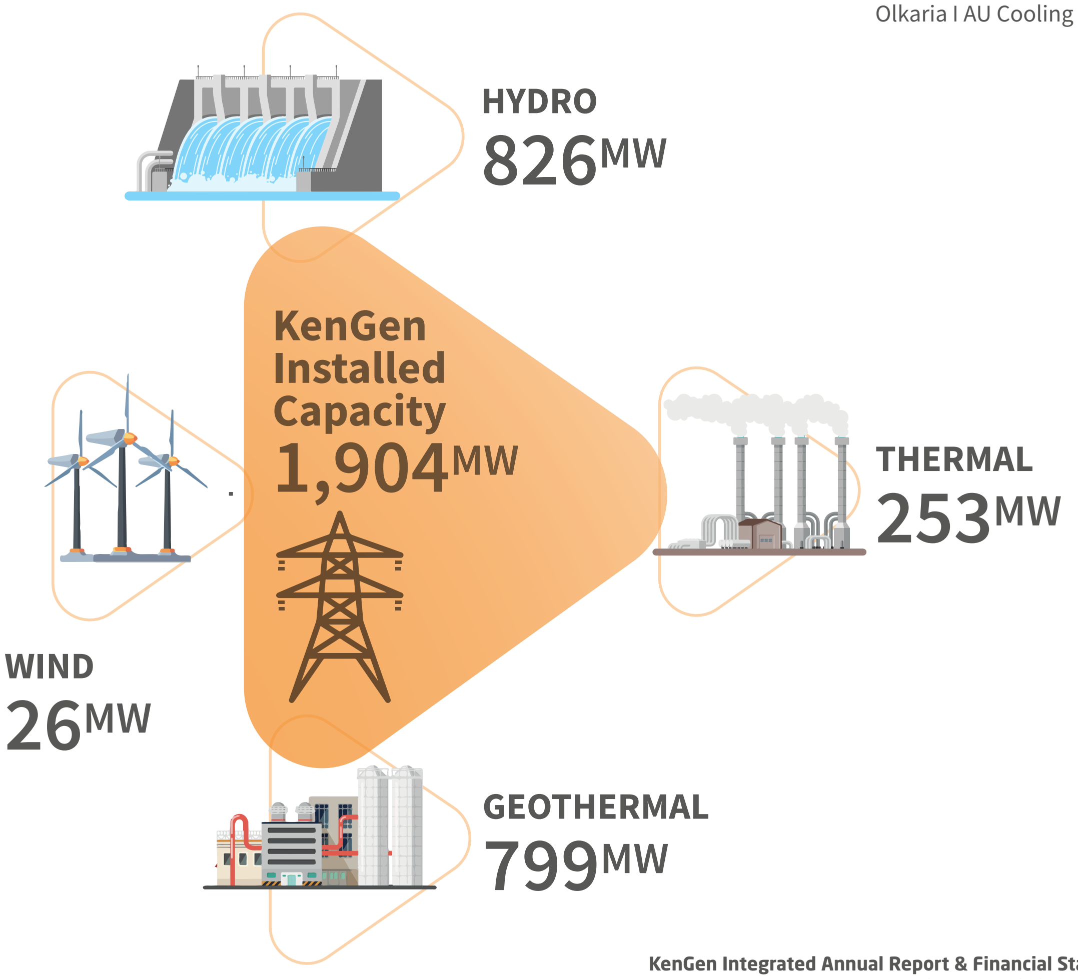
We are listed on the **Nairobi Securities Exchange(NSE)** with the **Government of Kenya** owning **70%** shareholding and t**he public 30%** following a successful Initial Public Offer (IPO) in 2006.

KenGen listing by Nairobi Securities Exchange

To establish a strong footprint in Africa, KenGen is implementing multi-million shillings contracts to drill geothermal energy in Ethiopia and Djibouti.

Our installed capacity stands at 1,904MW representing 60% of Kenya's installed capacity, that comprises of four generation modes namely, Geothermal (799MW), Hydro (826MW), Thermal (253MW) and Wind (26MW).

Olkaria I AU Cooling Towers



Architect of Kenya's Electricity Generation

- First to inject Wind Power to the grid in East Africa Sustainability
- Champion in the development of Geothermal Wellhead Technology
- Executed the first Commercial Geothermal Drilling Contract
- Diversified Revenue Streams through geothermal consultancy works
- Commissioned a natural geothermal spa in Kenya
- ISO QMS 9001:2008 and EMS 14001:2004 certified
- The only company in Kenya to earn carbon asset funds under the
- Clean Development Mechanism (CDM)
- Largest Wind Power Producer in East Africa

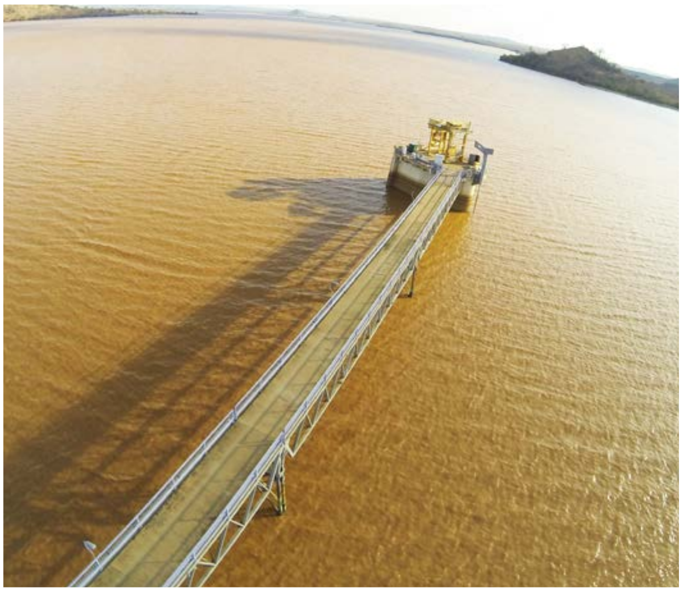
Pioneered Geothermal generation in Kenya and in Africa Olkaria I Power Plant 1982

- Developed the Single Largest Geothermal Project in the World (Olkaria 280MW)
- Operationalized 83MW of Geothermal Wellhead Modular Plants, the largest in the world
- Drilled the largest Geothermal Well in Africa, 30MW
- Constructing the Largest Single Geothermal Power Plant in Africa (Olkaria V 158MW)

Pioneered Wind generation in Kenya in Ngong Wind Farm 1993

Pioneered Wellhead geothermal technology in the world Olkaria I AU

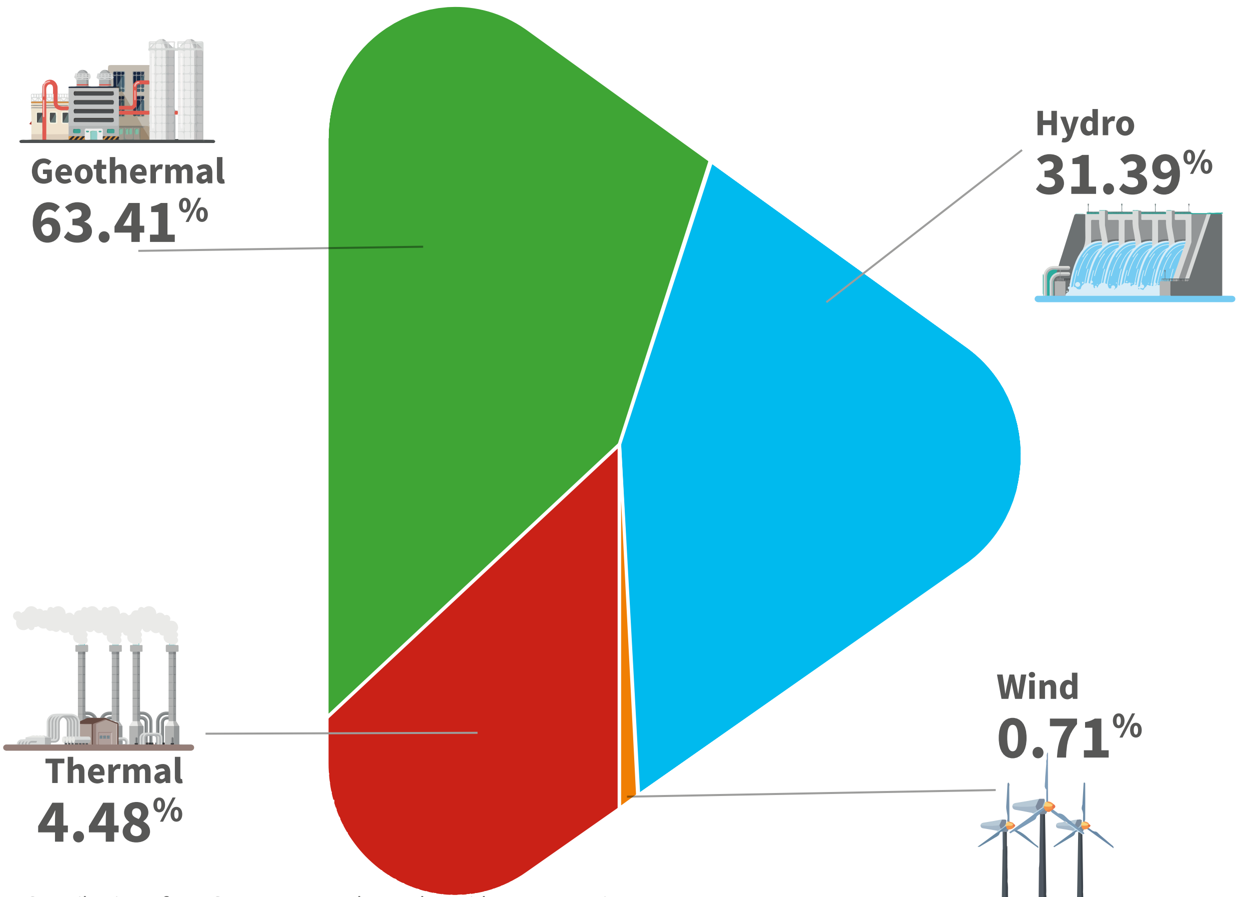
Largest geothermal producer in Africa with 799.13 MW capacity



Largest Hydro-powerplant Kiambere 168MW in 2009

Our Generation Portfolio

KenGen currently has an installed capacity of **1,904 MW** which constitutes 60.35% of the country's installed capacity from four generation sources namely Geothermal, Hydro, Wind and Thermal. KenGen footprint is in six operational areas as listed below:



Contribution of KenGen's energy sales to the grid per generation source

KenGen Footprint

Geothermal Region in the Kenyan Rift Valley has an installed capacity of **799MW** comprising Olkaria I, Olkaria I AU, Olkaria II, Olkaria IV, Olkaria V major power plants and Wellhead units. Olkaria I has been shut down for rehabilitation works.

Eastern Region has an installed capacity of **600.4MW** comprising of five power plants along the Tana River which are Masinga, Kamburu, Gitaru, Kindaruma and Kiambere power stations.

Western Region has an installed capacity of **249.86MW** comprising of Turkwel, Sondu Miriu, Sang'oro, Gogo hydro plants and Muhoroni Gas Turbines.

Thermal Region in Mombasa County has an installed capacity of **193.5MW** comprising of Kipevu I and Kipevu III thermal plants.

Upper Tana Region has Mesco, Wanjii, Sagana and Tana Power Plant with an installed capacity of **35.79MW**.

Central Office Region has an installed capacity of **25.5MW** from Ngong Wind farm on Ngong hills.

KenGen, Kenya's Pride

German Chancellor **Olaf Scholz** launches the 340MW uprating project of Olkaria I AU 4, 5, and Olkaria IV geothermal power plants as Energy CS and other dignitaries look on

European Investment Bank VP **Thomas Ostros** at Olkaria V Power Station control room

KenGen Managing Director and CEO **Eng. Peter Njenga** and World Bank Senior Managing Director **Mr. Axel van Trotsenburg**

Japan International Cooperation Agency (JICA), Senior Vice President, Dr. Yamada Junichi in Olkaria I power plant control room

Energy and Petroleum Cabinet Secretary **Davis Chirchir** and UAE Sheikh **Dr Sultan AlJaber** the COP28 UAE President designate and Special Envoy for Climate Change at the KenGen exhibition during the #AEF23

At KenGen, we appreciate that partnerships are key to serving our stakeholders by leveraging our talent, expertise, technology, and purpose. We believe that collaboration and strategic partnerships are crucial in the delivery of our mandate.

Accolades and Recognition

Awards and Recognition

KenGen's exceptional achievements continue to garner recognition solidifying its status as an industry leader. The Company's remarkable accomplishments during the 2022-2023 period include:

a) Pink Energy Forum received high acclaim by clinching the prestigious **Best Corporate Women Empowerment Initiative Award at the 2022 DIAR Awards**.

b) Demonstrating its commitment to diversity and inclusivity, KenGen was honored with the esteemed title of "**Most Diverse and Inclusive Parastatal of the Year**" at the 2022 DIAR Awards.

c) Masinga Power Plant stood out as the **victor in the energy sector at the 2023 Annual Occupational Safety and Health Awards** organized by the Directorate of Occupational Safety and Health Services (DOSHS). Additionally, Kindaruma Power Plant earned the remarkable distinction of being the **2nd runner-up** in the same awards ceremony.

d) In a triumphant showcase of excellence, KenGen secured three coveted awards at the **2022 Kenya Institute of Supplies Management (KISM) SPURS SCM Excellence Awards**. The accolades encompassed the Supply Chain Diversity and Inclusivity of the Year Award, the Organization Applying Sustainable Supply Chain Management Practices Award, and the Public Procurement Project of the Year Award.

The National Diversity and Inclusion Awards & Recognition (DIAR Awards)

Africa Energy Forum 2023 KenGen Awards and Recognition

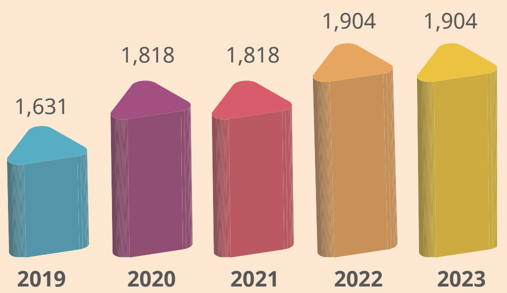

Directorate of Occupational Safety & Health Services (DOSHS) Award.

KISM SPURS SCM Excellence Awards

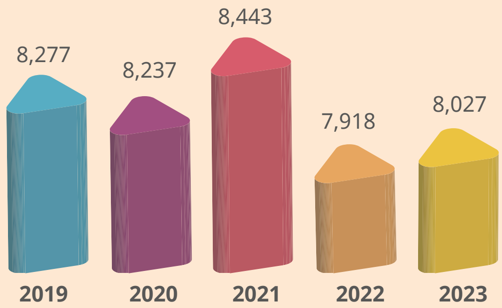
2023 BUSINESS VERTICALS

Key Financial Metrics

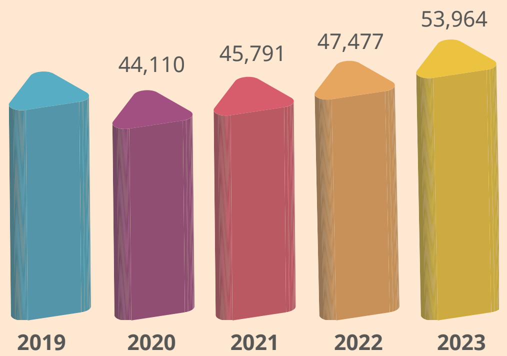
Installed Capacity (MW)



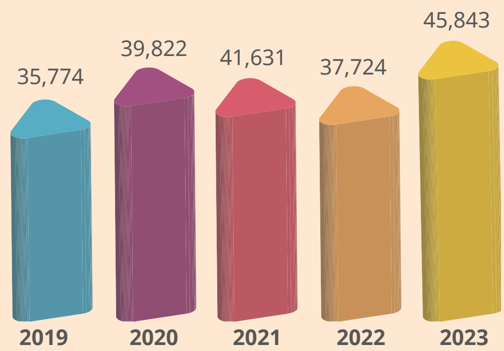
Units Sold Out (GWh)



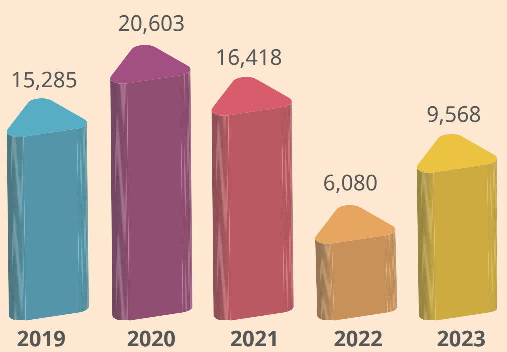
Total Revenue (Shs Millions)



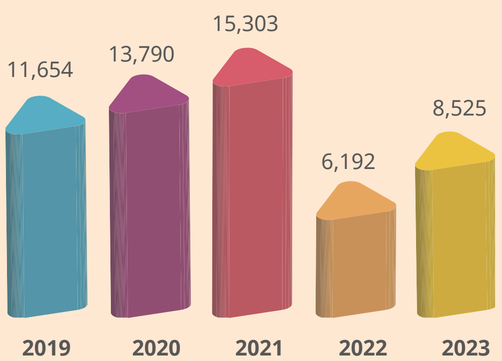
Revenue less reimbursable expenses (Shs Millions)



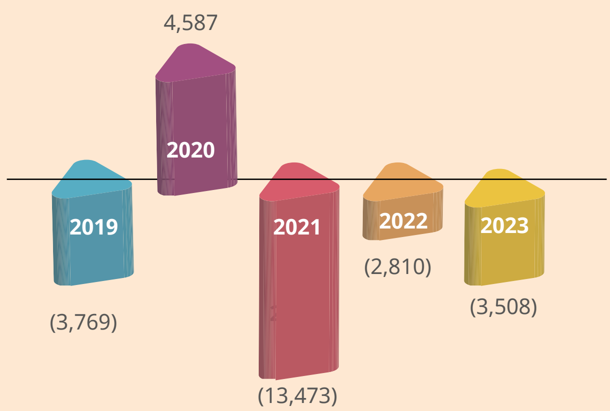
Operating Profit (Shs Millions)



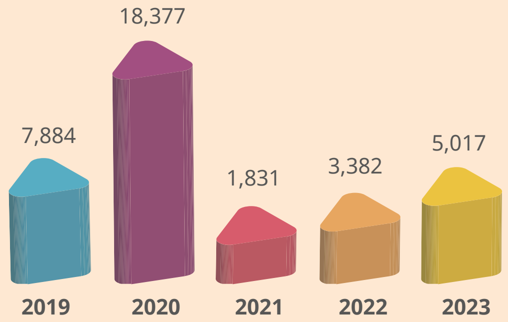
Profit Before Tax (Shs Millions)



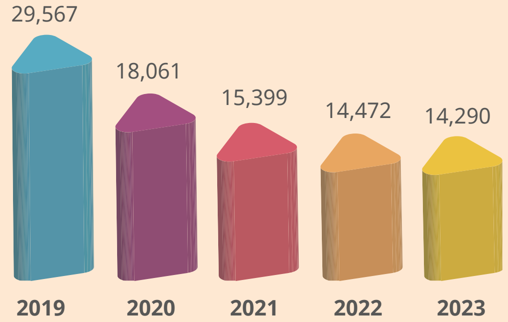
Taxation Expense (Shs Millions)



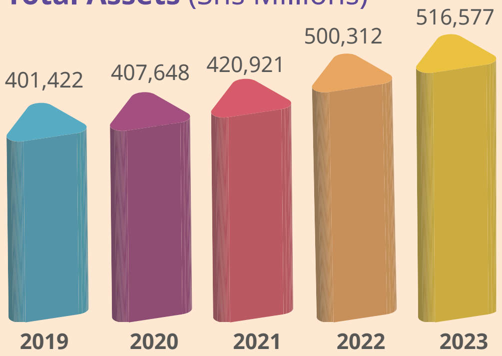
Profit After Tax (Shs Millions)



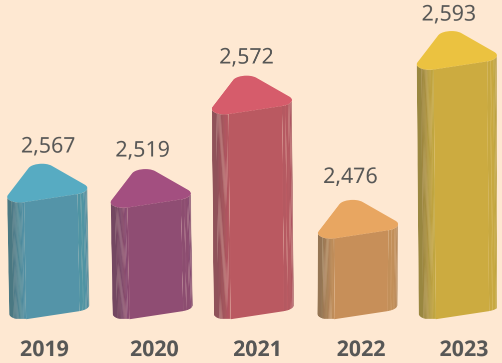
Capital Investments (Shs Millions)



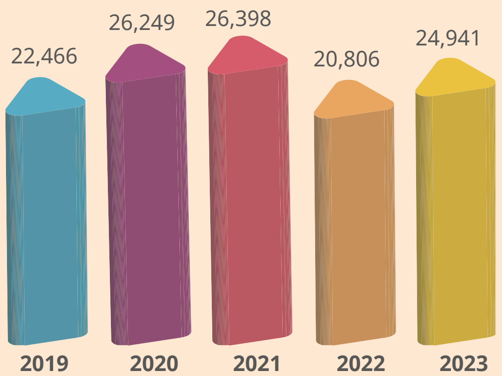
Total Assets (Shs Millions)



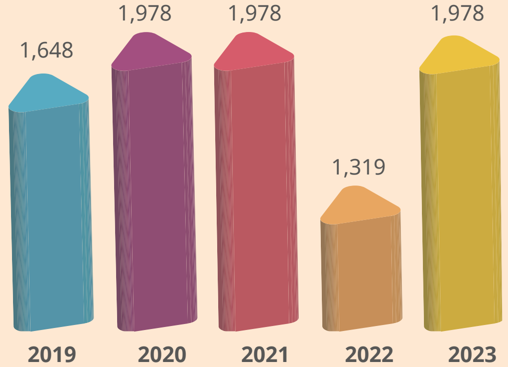
Employee Numbers



EBITDA (Shs Millions)



Dividends (Shs Millions)



KenGen Geothermal Rig

Aerial view of Olkaria IV

Sustainability Highlights

No. of CDM Projects registered

6

Total CERs verified and issued by UNFCCC since 2006

5,057,253 tCOe

CERs available for sale

4,578,048 tCO_2

CERs ready for adaptation

101,145 tCO_2e

CERs sold up to date

377,960 tCO_2e

KenGen PLC is accelerating clean technology innovation and deployment, and has made significant impacts in climate action and the greening of economies nationally and internationally as follows:

I. Decarbonizing Kenya's electric Grid through the provision of more than **86%** of electricity supply from renewable and clean energy pushing Kenya's renewables to 93% on a good day.

II. **Carbon Emission Reductions/ Credits** - KenGen under the United Nations Framework Convention on Climate (UN FCCC) **Clean Development Mechanism (CDM)** program has registered six (6) projects in **geothermal, wind, and hydro**, offsetting approximately 1.5 million tonnes of CO2 equivalent annually and has contributed to reducing **5,057,253 tCO2e** to date.

III. KenGen was the first state agency that benefited from the Clean Development Mechanism based on the Kyoto Protocol utilizing Renewable Energy Projects. KenGen has been able to earn additional revenue cumulatively adding up to **USD. 3.6 million** out of which **10%** was dedicated to local community development through Community Benefit Plans mainly focused on Education, Water, and Sanitation in the areas where KenGen operates. These programs have enabled Kenya to contribute to the global commitments to achieve both the climate resilience and 1.5-degree temperature Paris Agreement goals as well as attainment of the **UN Sustainable Development Goals by 2030**.

IV. KenGen Environmental Conservation Programs – We have rolled out **Corporate Climate Change adaptation greening initiatives** aligned to the national 15.6 billion tree growing initiative through partnership with **MOEPs KEEP program for Hydro Dams Catchment areas (250Ha) and Riparian land (20Km) restoration initiatives, partnership with NETFund for ecosystems rehabilitation programs (400000 seedlings grown annually) and Woodlots establishment on KenGen owned land (50Ha)**. We plan to develop **Carbon Assets** from these Nature Based Solutions programs for trade under the Voluntary Carbon Scheme.

Value Added Statement

Value created statement for the year ending 30 June 2023

	2022 Kshs million		2023 Kshs million	
Electricity Revenue	30,974		38,784	
Steam Revenue	5,119		6,129	
Revenue from branch	1,547		759	
Other income and net gains	339		2,682	
Net Financing costs	112		(1,043)	
Wealth Created	**38,090**		**47,311**	

Distribution of Wealth	KShs million	Distribution	KShs million	Distribution
Employees -Salaries, Wages, and other benefits	8,247	22%	9,206	19%
Government-Taxes	2,810	7%	3,508	7%
Dividends Shareholders'	1,319	3%	1,978	4%

Retention to support future Business Growth:				
Retained Earnings	2,063	5%	3,038.48	6%
Depreciation and Amortization	12,462	33%	15,800	33%
Suppliers and other expenses	10,858	29%	13,607	29%
Corporate Social Responsibility	332	1%	173	0.4%
Wealth Distributed	**38,090**	**100%**	**47,311**	**100%**

Corporate Information

Board of Directors

Julius Ogamba	*Chairman of the Board (appointed on 28th February 2023)*
Samson Mwathethe	*Chairman of the Board (served until 28th February 2023)*
Peter Njenga	*Managing Director & CEO (appointed on 17th August 2023)*
Abraham Serem	*Ag. Managing Director & CEO (served until 17th August 2023)*
Njuguna Ndung'u	*Cabinet Secretary, The National Treasury (appointed 27th October 2022)*
Ukur Yatani	*Cabinet Secretary, The National Treasury (served until 27th October 2022)*
Alex Wachira	*Principal Secretary, State Department for Energy (appointed 1st December 2022)*
Gordon Kihalangwa	*Principal Secretary, State Department for Energy (served until 1st December 2022)*
Maurice Nduranu	*(retired on 26th January 2023)*
Joseph Sitati	*(retired on 26th January 2023)*
Phylis Wakiaga	*(retired at the AGM on 26th January 2023)*
Peris Mwangi	*(retired at the AGM on 26th January 2023)*
James Opindi	
Winnie Pertet	
Samuel Kimani	
Rosemarie Wanyoike	*(elected at the AGM on 26th January 2023)*
Stephen Mutai	*(appointed on 28th February 2023)*
William Rahedi	*(appointed on 28th February 2023)*
Josphine Koisaba	*(appointed on 28th February 2023)*
Bernard Ndung'u	*Alternate Director to CS, The National Treasury*
Stephen Njue	*Alternate Director to Principal Secretary, State Department for Energy*
Chrisologus Makokha	*Representative, Inspectorate of State Corporation*

Corporate Information

Company Secretary	***FCS Austin A. O. Ouko*** *Certified Public Secretary (Kenya)* *KenGen Pension Plaza* *Kolobot Road, P.O. Box 47936-00100* *GPO Nairobi, Kenya*	
Registered Office Head Office	***KenGen Pension Plaza 2*** *Kolobot Road, P.O. Box 47936-00100* *GPO Nairobi, Kenya*	
Registrars	***Image Registrars Limited*** *ABSA Towers, 5th Floor, Loita Street* *P. O Box 9287-00100 GPO, Nairobi, Kenya*	
Principal Auditor	***The Auditor-General*** *Anniversary Towers* *P.O. Box 30084-00100 GPO, Nairobi, Kenya.*	
Delegated Auditor	***Deloitte & Touché*** *Certified Public Accountants (Kenya)* *Delta Towers, Waiyaki Way/Chiromo Road, Westlands* *P. O. Box 40092 - 00100 GPO, Nairobi, Kenya*	
Principal Bankers	***NCBA Bank Kenya Plc*** *Wabera Street* *P.O. Box 30437- 00100* *Nairobi*	***KCB Bank Kenya Limited*** *Moi Avenue Branch* *P.O. Box 24030 - 00100* *Nairobi*
	Co-operative Bank of Kenya Limited *Stima Plaza* *P.O. Box 38764-00600* *Nairobi*	***Standard Chartered Bank Kenya Limited*** *Harambee Avenue* *P.O. Box 30003 - 00100* *Nairobi*
	Citibank NA Kenya *Upper Hill* *P.O. Box 30711 - 00100* *Nairobi*	***Absa Bank Kenya Plc*** *Westend Building, Off Waiyaki Way* *Corporate Banking Center* *P.O. Box 30120 – 00100* *Nairobi*
	Stanbic Bank Kenya Limited *Kenyatta Avenue Branch* *P.O. Box 30552-00100* *Nairobi*	***Bank of Africa Kenya Limited*** *Sameer Business Park, Unit C. 1st Floor* *P.O. Box 69562 - 00400* *Nairobi*
	Equity Bank Kenya Limited *Westlands Supreme Centre,* *P.O. Box 14253 – 00800* *Nairobi*	
Management Team	***Peter Njenga*** *- Managing Director & CEO (appointed on 17th August 2023)* ***Austin Ouko*** *- Company Secretary & General Manager Legal Affairs* ***Mary Maalu*** *- General Manager, Finance & Accounts* ***David Muthike*** *- General Manager, Commercial Services* ***Philip Yego*** *- General Manager, Supply Chain* ***Abraham Serem*** *- General Manager, Corporate Services* ***Elizabeth Njenga*** *- General Manager, Business Development & Strategy* ***Peketsa Mangi*** *- General Manager, Geothermal Development* ***Julius Odumbe*** *- General Manager, Operations*	

Corporate Information

BOARD COMMITTEES	
Audit, Risk & Compliance Committee	***Mr. Samuel Kimani*** *(Chair)* ***Mr. Bernard Ndungu*** *(Alternate Director to the CS The National Treasury)* ***Ms. Winnie Pertet*** ***Hon. Stephen Mutai*** ***Ms. Josephine Koisaba***
Strategy Committee	***Ms. Winnie Pertet*** *(Chair)* ***Mr. Stephen Njue*** *(Alternate Director to PS-State Department for Energy)* ***Mr. James Opindi*** ***Mr. William Rahedi*** ***Mr. Abraham Serem***
Human Resource & Nomination Committee	***Dr. Rosemarie Wanyoike*** *(Chair)* ***Mr. William Rahedi*** ***Mr. Samuel Kimani*** ***Ms. Winnie Pertet*** ***Mr. Abraham Serem***
Governance Advisory Committee	***Hon. Stephen Mutai*** *(Chair)* ***Ms. Josephine Koisaba*** ***Mr. James Opindi*** ***Dr. Rosemarie Wanyoike*** ***Mr. Abraham Serem***
Finance Committee	***Mr. William Rahedi*** *(Chair)* ***Mr. Bernard Ndungu*** ***Mr. Stephen Njue*** *(Alternate Director to PS-State Department for Energy)* ***Mr. James Opindi*** ***Mr. Abraham Serem***

Chairman's Statement

> *"Amidst changes, KenGen is steadfast and focused on business excellence and delivering value to our shareholders."*
>
> **Julius Ogamba**
> *Chairman of the Board*

Dear Shareholders,

It is my pleasure to present to you the Integrated Annual Report for the year ended 30th June 2023. This is my maiden annual general meeting as your chairman, having taken over from my predecessor General (Rtd) Samson Mwathethe, whom we owe gratitude for his stewardship of the Company.

I am delighted to brief you on how your company performed. Our results demonstrate the forward-thinking, innovative, and integrated organization we have become. Despite the tremendous challenges in both the global and domestic economic environment, we have navigated these headwinds and delivered on our mandate.

The past year presented us with a myriad of challenges, the most significant of which was the drought, which impacted our hydro generation. Despite the challenge, our geothermal energy saved the day by providing the country with much-needed electricity with no power rationing. At the same time, we have made further progress towards achieving our strategic priorities, and, in turn, we are pleased to see the good results we achieved.

Economic Overview

According to the Economic Survey 2023, the Real Gross Domestic Product (GDP) expanded by 4.8% in 2022 compared to a revised growth of 7.6% in 2021. The growth was spread across all sectors of the economy but was more pronounced in service-oriented activities. Agriculture, Forestry and Fishing sector contracted by 1.6% in 2022 compared to a contraction of 0.4% in 2021. This was attributed to drought conditions during most part of the year. The drought conditions equally impacted our hydro power generation which dropped by 23.8%, but thanks to our diversified portfolio of generation assets, we stepped up geothermal power generation by 28% thereby ensuring the sector continues to meet the national energy demand.

*The country experienced a steady growth in power demand, rising by **5.8%** from **12,566 GWh** in 2021/22 to **13,290 GWh** in the period under review. Demand also rose by **4.5%** to a new peak of **2,149 MW** on 14th December 2022 from **2,057 MW** on 15th June 2022, showcasing the impetus for development in the country.*

Future Ready

Our focus continues to be provision of reliable and competitively priced electricity, for you shareholders and our fellow Kenyans, to drive our Nation to greater heights. The efficiency of our power plants, run by the some of the best professionals in the market, coupled by prudent management of our renewable resources, is our bloodline.

During the year, the Board reviewed the Refreshed Good-to-Great (G2G) corporate strategy and refocussed it on commercialization of the diversification portfolio and identified key priority initiatives towards. This is towards improving not only on how we do our business but to also trail blaze on innovative, viable solutions for the future.

Sustainability at the Heart of KenGen

It is beyond question that the defining issue of our time is climate change. KenGen is committed to mitigating and adapting to the effects of climate change. Through our continued membership in the UN Global Compact (UNGC) and zealous implementation of its Ten Principles, KenGen promotes transparency in its climate-change disclosures and works to demonstrate to stakeholders how we mitigate on its impact with diligence and determination. These further cements our role in the path towards Kenya's 100% renewable energy transition by 2050.

I am proud of the great strides KenGen has made in growing and maintaining its generation capacity from renewable energy sources. During the year, 96% of the electricity generated by the Company was from renewable sources. Our project pipeline comprises geothermal, solar, wind and hydro which are expected to result in over 98% of our generation capacity coming from renewable sources therefore accelerating Kenya's journey of towards Net zero.

As we harness our natural resources to power our nation, we are deeply committed to ensuring that our actions today do not compromise the well-being of future generations. Our unwavering dedication to environmental protection is embedded in every facet of our operations.

Africa Energy Forum

During the year, KenGen, as a global leader in the development of renewable energy, received global recognition and was honored to be appointed as the country host for the 25th edition of the Africa Energy Forum (AEF) in 2023. This historic AEF forum, held under the theme 'Africa for Africa Building Energy for the Just Transition,' marked the first time the AEF had ever been hosted in Africa. The conference, graced by the presence of the President of the Republic of Kenya, H.E. Dr. William Ruto, provided an open and interactive platform for meaningful dialogue on Africa's energy aspirations and the alignment of international investment with these goals.

This global recognition was a testament to KenGen's prowess as the top geothermal producer in Africa, which has garnered Kenya the 6th global position among geothermal-generating countries.

Attended by a total of 2,391 delegates from across the globe, the four-day conference witnessed the participation of distinguished representatives from governments, utilities, regulators, development finance institutions, commercial banks, power developers, technology providers, Engineering Procurement and Construction (EPCs), and professional services, hailing from 75 countries. The event showcased Kenya's commitment to sustainable energy solutions and fostered invaluable exchanges on the continent's energy future.

During the conference KenGen youth, through the company's youth forum (Y-Gen) participated in Youth Energy Summit (YES), which is a platform launched by the AEF to bring together future energy experts, leaders, and entrepreneurs.

Chairman's Statement

Energy PS Alex Wachira having a feel of the KenGen EV

Change of Guard

In February 2023, I was appointed as the Chairman of the KenGen Board following the retirement of the immediate Chairman, General (Rtd) Samson Mwathethe as a Director of the Company. The Board thanks General (Rtd) Samson Mwathethe for his dedicated stewardship of the Company as the Chairman of the Board over the last two years as he guided the Company through national and global milestones.

Additionally, in February 2023, Ms. Josephine Koisaba, Hon. Stephen Mutai and Mr. William Rahedi were appointed to fill in the vacancies in the Board. The three Board Members have now retired at the Annual General Meeting and offer themselves for election by shareholders as Directors of the Company.

Further, the Board welcomes Eng. Peter Njenga who was appointed in August 2023 as the new substantive Managing Director & CEO of the Company. The Board thanks the former Acting Managing Director & CEO, Mr. Abraham Serem for his contribution towards achieving the strategic mandate of the Company.

This seamless and smooth transition at the Board is a clear testament of the strong corporate governance framework of KenGen which has secured the sustainable future of the Company as it executes its mandate of reliable and competitively priced energy for the nation.

Stakeholder Engagement

As part of strategic stakeholder engagement, KenGen fostered strong international partnerships and championed continental dialogue on deployment of renewable energy in Kenya and beyond through various engagements.
During the year, KenGen hosted Sudan Parliament, British High Commission, Nordic ambassadors to Kenya, Ethiopian Electric Power, Italian investors, and Power Africa, among others. The convergence of these prominent stakeholders has not only strengthened KenGen's position as a beacon of sustainable development but has also propelled the region into a hub of transformative energy solutions with far-reaching global impact.

German Chancellor visit to Olkaria

On May 6th, 2023, KenGen hosted the German Chancellor, Olaf Scholz at our Olkaria Geothermal fields, on a historic state visit to Kenya. During the visit,the Chancellor accompanied by delegation of fifty German investors in renewable energy and seventy journalists who showed a lot of interest in KenGen's geothermal story and opportunity to invest in KenGen. Further, the German Chancellor launched the Uprating project of KenGen's Olkaria I Additional Unit IV, V, and Olkaria IV geothermal power plants that is financed by the German development bank (KFW).

Chairman's Statement

14% Revenue Growth

48% Profit After Tax

50% Dividend Increase

Delivering Our Promise

KenGen commitments to aligning to national priorities as well as ensuring optimal delivery to our fellow citizens, is embodied in our annual performance contract with the Government of Kenya. Our performance as committed for the year resulted in a score of "Good". The Company surpassed expectation in many citizen-facing indicators such as Youth Internships and Resource Sustainability, with exemplary performance on Science, Technology and Innovation Mainstreaming, Road Safety Mainstreaming and National Cohesion and Values indicators.

Financial Performance

The Company's financial position remains firm with focus on shareholder value. During the year, the business environment was characterized by a mix of both opportunities and challenges. However, KenGen endured to achieve steady financial performance. Revenue grew by 14% from KShs 47,477 million in 2022 to Kshs 53,964 million while Profit After Tax rose by 48% from Kshs 3,382 million in 2022 to Kshs 5,017 million for the year ending 30th June 2023.

Dividends

The Board is pleased to propose a first and final dividend of Kshs 0.30 per ordinary share for the financial year ended 30th June 2023. This is a 50% increase over last year's dividend payout of Kshs 0.20 per share. If approved at the Annual General Meeting, the dividend will be paid out on or about 15th February 2024.

Appreciation

I would like to thank the Board for their diligence and commitment during the year in providing effective oversight and guidance to management. The Board's mix of skill, wisdom and experience contributed to the achievements in the financial year that ensured protection of shareholders' interests and value.

I also thank the Government of Kenya and all our stakeholders our parent ministry, the Ministry of Energy and Petroleum, The National Treasury and other Government agencies for their unwavering support to the Company.

KenGen has continued to grow from strength to strength due to the commitment and dedication of Management and employees. I would like to acknowledge the contribution of all our employees, without whose commitment, loyalty, and hard work have enabled us to deliver on our strategy and produce our results.

Finally, I also appreciate our development financial partners who have continued to support our strategy with favorable financing which has ensured that KenGen remains on course to deliver on the project pipeline.

Julius Ogamba
Chairman of the Board

Taarifa ya Mwenyekiti

"Amidst changes, KenGen is steadfast and focused on business excellence and delivering value to our shareholders."

Julius Ogamba
Mwenyekiti wa Bodi

Masinga Dam and Power Station

Message from the Managing Director & Chief Executive Officer

"With an accelerated growth in the national electricity demand, we were committed to ensuring steady and reliable supply of competitively priced electricity to support Kenya's economy."

Eng. Peter Njenga
Managing Director & CEO

Dear Shareholders,

I am delighted to present to you my first statement to introduce KenGen's performance for the year ended 30th June 2023. I joined the Company in August 2023 and I take this early opportunity to thank my predecessor, Mr. Abraham Serem for his valuable stewardship of the Company in an acting capacity. The Company's past achievements and continued future success have been and will continue to be fuelled by our strategic priorities for which I am pleased to say that we have made good progress. Individually and collectively, we have been guided by our mandate of providing energy for the nation by focusing on increasing capacity expansion, lowering the cost of electricity tariff while delivering value to our shareholders.

With an accelerated growth in the national electricity demand, we were committed to ensuring steady and reliable supply of competitively priced electricity to support Kenya's economy. This contributed to our overall improved performance.

Our Business Agility

KenGen is founded on a solid strategy that has seen the Company navigate many hurdles. Our corporate Good-to-Great Strategy continues to shepherd us towards our vision to be the market leader in the Eastern Africa region. Committed to powering the nation and availing reliable, cost-effective electricity, we are pulling all the stops to achieve our goal.

Ngong Wind Farm

Our capacity expansion agenda, pegged on the national power development plan, internal capacity, and available green resources, focuses on availing electricity to power demands for future generations' while ensuring your investment in the Company is secure. This will be achieved by rehabilitating our existing fleet - Olkaria I Rehabilitation, Uprating of Olkaria IV & Olkaria I Unit IV & V, and Upgrading of Gogo hydro plant and new generation – in Solar and geothermal.

The adverse hydrology conditions that hit the country impacted our generation due to low inflows at our dams. However, despite the challenges faced, we remained committed to providing safe and quality power, by increased deployment of geothermal generation to the national grid. Prudent utilisation of natural resources continues to be a daily practice, with water and steam management at the core of our operations. Some of the exciting projects the Company is exploring include our Green Energy Park, Tier IV Data Centre, and production of green hydrogen.

Business Realignment

During the year, as part of rationalising and improvement of our processes in a sustainable manner and to align with the government directives, the Company implemented new Human Resource Instruments which led to the reorganization of the Human Capital. This encompassed: Organization Structure, Grading Structure, Staff Establishment, Career Guidelines and Human Resource Policy and Procedures.

People and Culture

We take pride in the agility of our employees. Recognizing that our human capital is the most critical resource for the successful delivery of our strategy, the company took deliberate steps to equip them with the requisite skills and tools for optimum performance and productivity while focusing on engagement programs to enhance motivation and personal wellbeing.

During the year, we launched an internal employee agility campaign dubbed ***"I am agile, I act now*. *I do the right thing, all the time***" as our corporate theme to help galvanize the company's success. The theme rallied human capital to embrace the ability to evolve or adapt to work dynamics quickly with resilience. Through the campaign, we realized an improved turnaround time, increased employee engagement, productivity, and brand love.

KenGen recognizes the unique needs of the youth and launched the Y-Gen platform as an initiative to assimilate the Company's youth workforce for professional and personal development. We continue to provide a conducive environment to support Y-Gen platform leveraging on the youth who are the future of KenGen's sustainable tomorrow.

Message from the Managing Director & Chief Executive Officer

Sustainable Investments

At KenGen, we are steadfast in our mission to be a driving force behind Kenya's sustainable development. KenGen is pursuing its business strategy that incorporates economic, Environmental, Social, and Governance (ESG) principles into our policies, practices, and processes to create long-term benefits for shared prosperity through the alignment of our strategy. Our business plays a crucial role in providing clean, reliable, and affordable energy to power economic growth, enhance livelihoods, and elevate the quality of life of Kenyans.

Our sustainability agenda focuses on addressing current demands without jeopardizing future generations' ability to meet their needs. Kenya is endowed with hydro, geothermal, wind, and solar resources, harnessing of which drives our sustainable investment. KenGen will remain the regional leader in renewable energy, bolstered by planned investment in key projects and the availability of global financing to support climate change mitigation. The Company has in place a project pipeline that seeks to inject an additional 3,000 MW of renewable energy to the national grid within the next ten years.

Responsible Business

KenGen's business model is aimed at creating long-term value for all stakeholders through a strong presence along the entire electricity generation value chain. Underlying this is our G2G Strategy embodied in our distinctive approach, which permeates all of our activities. We are committed to fulfilling the essential pillars of the energy system trilemma of pursuing environmental sustainability, affordable, and reliable electric power. These goals leverage the geographical presence across Kenya hinged on a diversified mix of generation sources, which has created a renewable energy mix to support the country's energy security, while progressing in the value creation and breakthrough opportunities for Kenya's development.

Economic Contribution

Partnering with the government communities, schools, and financial development institutions through our Community Social Investment (CSI) work, we jointly identify opportunities for long term social and economic development which we then collectively deliver.

Through the KenGen Foundation, we are committed to working with other businesses and organisations that support local economies.

Building Relationship with Stakeholders

During the year as part of stakeholder engagement, we hosted high profile local and international delegations who visited the company to familiarize themselves with our business and witness our ingenuity in geothermal development in Olkaria. KenGen hosted: World Bank MD and CFO, Anshula Kant, in Olkaria, Cabinet Secretaries, European Investment Bank (EIB) Vice President, Thomas Ostros, Japan International Cooperation Agency (JICA), Senior Vice President, Dr. Yamada Junichi, Senate and National Assembly Committees on Energy, Governors, officials from Japan's Ministry of Economy, Trade and Industry led by Director-General, Minister's Secretariat, Arai Masayoshi among others.

Through community engagement we partnered with Kenya Wildlife Service (KWS), Kenya National Museum, Nature Kenya, and various non-governmental organizations on bird fowl counts across ecological jewels of Lake Naivasha, Elementaita, Oloiden, and Lake Nakuru. We established Eburru Stakeholders Coordination Committee to facilitate dialogue among local communities, governmental entities, and environmental organizations.

Our KenGen Foundation gives us great pride and effectiveness. The benefits we were able to provide to communities living near our installations through our Corporate Social Investments (CSI) projects, as well as their ongoing role in providing inclusivity, assistance, and support in education, environment, water, and sanitation, continue to be a powerful reinforcement of our brand and reputation.

Ethics and Integrity

KenGen is committed to ensuring compliance to laws and regulations governing transparency, accountability, and good governance. As we continue to grow, innovate, and revamp our strategy, we are cognisant of the detrimental effects that corruption, unethical practices, and wastage can have on our brand and financial stability. To this end, we have adopted a framework under the Public Service

14% Revenue Growth

31% EBITDA

48% Profit After Tax

Integrity Program to ensure that ethics and integrity is mainstreamed, and corruption risks are identified and mitigated. We continue to enforce our Employee Code of Conduct and Ethics and Anti-Corruption Policies that provide clear guidelines to employees and our stakeholders.

Financial Performance

In the financial year ended 30th June 2023, revenue increased by 14% to KShs 53,964 million compared to KShs 47,477 million reported in the prior year largely supported by enhanced operational efficiency across our geothermal fleet and additional generation capacity following commissioning of Olkaria I Unit 6 in the beginning of the year under review.

Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) amounted to KShs 24,941 million, 31% increase supported by increased revenue, operational efficiency, financial discipline, and cost control. Consequently, profit after tax grew by 48% from KShs 3,382 million reported for the preceding year to KShs 5,017 million for the year ending 30th June 2023.

Future Outlook

Dear shareholders, I am confident of a bright future as the nation's demand for progressive power continues to rise. The lifting of the moratorium on PPAs, provides an opportunity for us to aggressively deploy our project pipeline unabatedly. The agility and resilience displayed by the KenGen team, coupled with the progressive support of our vigilant Board and parent Ministry, fuels our drive to generate electric energy better, safer and cheaper, to propel Kenya forward.

I am proud to walk this walk with you all and assure you that we shall live up to our motto ***Energy to the Nation***.

Appreciation

I sincerely thank the Board of Directors for their wise guidance in the implementation of our strategy. Their stewardship of the organization has been invaluable and essential to our success.

I also thank the former Acting Managing Director & CEO Mr. Abraham Serem for providing KenGen leadership before my appointment.

My gratitude also goes to the entire KenGen family for their resilience and dedication to our corporate theme of ***"Jenga KenGen, Inua Mapato"*** as we continued to deliver on our strategic aspirations.

Eng. Peter Njenga
Managing Director & CEO

Taarifa ya Mkurugenzi Mkuu

"With an accelerated growth in the national electricity demand, we were committed to ensuring steady and reliable supply of competitively priced electricity to support Kenya's economy."

Eng. Peter Njenga
Mkurugenzi mkuu

Sondu Penstock

CORPORATE GOVERNANCE

Who Governs Us

Mr. Julius Ogamba
Chairman of The Board Independent and Non-Executive Director

Mr Julius Ogamba is a seasoned, visionary and accomplished advocate with about 30 years of experience in legal practice. He is a driven, detail-oriented Senior Advocate, with a proven track record of leading teams, forging long-lasting client relationships and influencing organizational productivity by ensuring compliance with legal and regulatory requirements.

Leveraging analytical, problem-solving and negotiation skills, he has built a reputation for providing quality, accurate and relevant legal advice, having developed a large portfolio of corporate clients across banking and financial industries, manufacturing, oil, gas, natural energy and real estate sectors as well as Government Agencies.

Mr Ogamba is a transformative leader with the capacity to build cultures of excellence and foster efficiency by supporting cross-functional team initiatives and motivating them to promote high-performance levels. He holds a Bachelor of Laws (LLB) from the University of Nairobi, a Diploma in Law from the Institute of Advanced Legal Studies, University of London and a Post Graduate Diploma in Law from Kenya School of Law.

He is a Commissioner for Oaths and Notary Public, a member of the Law Society of Kenya and a Certified Public Secretary.

Eng. Peter Njenga
Managing Director & CEO

Eng. Peter Njenga is the Managing Director and CEO of Kenya Electricity Generating Company PLC (KenGen), East Africa's foremost electricity generation company, distinguished by its impressive 86% reliance on renewable and clean energy sources.

With a tenure that formally commenced on August 17, 2023, Eng. Njenga boasts an illustrious 32-year career in the energy sector, marked by exceptional leadership. He holds a Bachelor's Degree in Electrical Engineering, complemented by an MBA in Strategic Management from the prestigious University of Nairobi.

His status as a registered professional engineer adds to his credentials, standing as a paragon of expertise, augmented by a collection of certificates in senior leadership management, notably from Strathmore University and Harvard Business School, among other esteemed institutions.

Throughout his journey, Eng. Njenga has consistently showcased unwavering dedication to professionalism, excellence in service delivery, strategic acumen, and ethical stewardship, leaving an indelible imprint on industry growth and innovation. His remarkable ascent from Trainee Electrical Engineer to the esteemed position of General Manager of Infrastructure Development at Kenya Power & Lighting Company PLC (KPLC), to CEO of KenGen is a testament to his character, resilience, and visionary prowess.

Notably, his influential role as Chair in pivotal committees within the energy sector in Kenya underscores his resolute commitment to catalyzing transformative change, extending to the spheres of sustainability and climate action. Eng. Njenga seamlessly integrates his technical proficiencies with a results-oriented mindset, further reinforcing KenGen's ongoing triumph in delivering sustainable and dependable energy solutions, while also championing initiatives like tree planting to combat climate change.

Beyond his professional pursuits, Eng. Njenga is a passionate advocate for youth development and family values, reflecting his devotion to both his Christian faith and family life. In his leisure time, he finds enjoyment in cycling and swimming, showcasing a well-rounded persona both in and out of the boardroom.

Who Governs Us

Prof. Njuguna Ndung'u
Cabinet Secretary,
The National Treasury
(Non-Executive Director)

Prof. Njuguna Ndung'u born in 1960, is the Cabinet Secretary, National Treasury & Economic Planning. He was appointed to the Cabinet in September 27, 2022. Prior to his appointment, Prof. Ndung'u was serving as the Executive Director of the African Economic Research Consortium (AERC). Prof. Ndung'u is an associate professor of economics at the University of Nairobi, and the immediate former Governor, Central Bank of Kenya.

He has been a member of the Global Advisory Council of the World Economic Forum, Visiting Fellow of Practice at Blavatnik School of Government, Oxford University, Director of Training at AERC, Programme specialist at IDRC and Team Leader in Macro-modelling at the Kenya Institute for Public Policy Research and Analysis.

He holds a PhD in economics from University of Gothenburg, Sweden. He is a Member of Brookings Africa Growth Initiative, Member of the Advisory Committee of the Alliance for Financial Inclusion and a senior advisor for the UNCDF-based Better Than Cash Alliance.

Mr. Alex Wachira
Principal Secretary,
State Department For Energy
(Non - Executive Director)

Mr. Alex Wachira born in 1982, was appointed the Principal Secretary, State Department for Energy in 2nd December 2022. He holds a Bachelor of Science degree in Nursing from the University of Nairobi and is currently pursuing a Master of Arts degree in Leadership at Pan African Christian University.

He has a wealth of experience from the private sector where he worked as an investment banker. He previously worked with Faida Investment Bank where he traded and structured treasury bonds and corporate bonds at the Nairobi Securities Exchange.

He has also worked with Dyer & Blair Investment Bank and Genghis Capital limited.
Mr. Wachira was a founding member of the Bonds Market Association as well as a member of the Steering Committee of the Kenya Association of Stock Brokers and Investment Bankers.

He has spearheaded community initiatives such as youth mentorship programme and sports tournaments among other similar projects.

Ms. Winnie Pertet
(Independent & Non-Executive Director)

Ms. Winnie Pertet is a seasoned HR leader with over twenty-five years work experience. She have over eight years Board experience both in private and public sectors. She currently serves on the Britam General Insurance Board and is also a Trustee at the Management University of Africa (MUA).

She is a holder of an MBA in Human Resource Management, and a degree in Education, both from Kenyatta University. She also has a Higher National Diploma in Human Resource Management and an Executive Coaching certification from the Academy of Executive Coaches. She is a member of the global Organization Design Community and a fellow of the Institute of Human Resource Management.

Mr. James Opindi
(Independent & Non-Executive Director)

Mr. James Opindi has had an illustrious career in the Energy Sector with specialization in Oil and Gas. He has held positions at Board, Executive, and Senior Management levels at ExxonMobil Affiliate Companies, Navgas Ltd. in Nigeria, African Gas and Oil Ltd and Weld-Con Ltd.

During his long experience, James has supervised Energy related projects in several African Countries; and supervised SH&E (Safety, Health and Environmental Protection) operations while in charge of Africa and Middle East for ExxonMobil based in Brussels, Belgium. He has a strong and proven track record in Engineering Project Management, Oil and Gas Operations, and SH&E.

Mr. Opindi has vast knowledge and broad business experience in matrix and multifunctional organizations and is a widely acknowledged Expert and Consultant. Born in 1951, he holds a Bachelor of Science Degree in Mechanical Engineering from the University of Nairobi.

Who Governs Us

Mr. Samuel Kimani
(Independent & Non-Executive Director)

Mr. Samuel Njuguna Kimani holds a Bachelor of Science Degree in Civil Engineering and an MBA in Strategic Management both from the University of Nairobi. He is an alumnus of the Harvard Business School's Advanced Management Program. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

Mr. Kimani is a seasoned financial expert with an illustrious career in banking spanning over 25 years. He is the immediate former Chief Executive Officer of Jamii Bora Bank Limited (now Kingdom Bank Limited). Prior to that, he served in various capacities at the KCB Bank Group Plc including Finance Director, Financial Controller and rose through the ranks to the position of the Deputy Chief Executive Officer of the bank and group.

He has also served at the Central Bank of Kenya in various capacities including Deputy Chief Banking Manager, Deputy Director Financial Markets, Principal Financial Accountant, and the Chief Internal Auditor. He has also headed the Surveillance Division of the Deposit Protection Fund. He has also served as a Senior Auditor at PricewaterhouseCoopers (PwC). He has sat on various boards including the Nairobi Securities Exchange which he chaired for four years.

Dr. Rosemarie Wanyoike
(Independent & Non-Executive Director)

Dr. Rosemarie Wairimu Wanyoike is a Human Capital Specialist with vast knowledge and experience in Human Resource and Business Management.

Top of her achievements includes the initial setup, recruitment and nurturing of Human Resource Management in the School of Business at Kenyatta University. She successfully formulated and implemented HR policies, procedures and practices for the Department, and has published journals on Organizational Transformation, Performance, Work Force Diversity and Employee Performance.

She is currently the Chairperson and Lecturer of Human Resource Management Department at Kenyatta University and a Committee member of Manpower Development. Dr Wanyoike is also serving as the President-elect for Ruiru Rotary Club.
She is a member of the Institute of Human Resource Management and Institute of University Training Committee, Academic Advisor, Student Mentor and BOM Member, at Naivasha Girls Secondary School.

Dr Wanyoike holds a PhD in Human Resource Management from Kenyatta University (KU), a Master of Science in Human Resource Management from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor of Science in International Business Administration with a concentration in Management from USIU.

Ms. Josephine Koisaba
(Independent & Non-Executive Director)

Ms Josephine Koisaba is a leadership and management expert with over 20 years of experience in Government policies, Gender, Human rights and Community Development.
She has worked in several non-Governmental organizations and taken lead in Social Work, developing and managing Performance Contracts, Resource Mobilization, Food & Nutrition and Child Development Rights, among others.

Ms Koisaba holds a degree in Leadership and Management from St. Paul's University, a Diploma of Education from Universiteit van Amsterdam (Quality Improvement in Education) and a Diploma in Community Development from Kenya Institute of Social Work and Community Development.

Mr. William Rahedi
(Independent & Non-Executive Director)

Mr. William Rahedi is a seasoned Independent Business and Finance Consultant with many years of multi-disciplinary experiences and strengths in Business Investment Advisory, Banking, Finance, Treasury Management, Loan Negotiations and Agreements, Financial and Business Restructuring.

It has been his privilege to serve with multinational and regional corporations over the years with TDB Bank (Eastern and Southern African Trade and Development Bank), African Reinsurance Corporation and World Vision International.

He is currently the Chairman of Spire Bank Kenya Limited and Director of NairobiHospice. Mr Rahedi holds a Bachelor of Science in Business Administration (Accounting) from the United States International University (USIU) and a Master of Business Administration (Finance) from the University of Nairobi. He is a Certified Public Accountant and a Member of Institute of Certified Public Accountants of Kenya (ICPAK).

Who Governs Us

Hon. Stephen Mutai
(Independent & Non-Executive Director)

Mr Stephen Mutai is a transformational leader with unmatched experience in Health Care Management, Policy Formation, Implementation and Reporting, Community Mobilization and Budgeting.

Mr Stephen Mutai holds a Bachelors Degree in Commerce, an MBA in Health Administration and has attended trainings on governance. He is member of the Institute of Internal Auditors. He has previously served as a Director and Board member at Agricultural Finance Corporation (AFC) where he spearheaded the development of new financial systems. Mr Mutai also headed the Finance and Procurement Committee of the Board at the National Hospital Insurance Fund (NHIF)

FCPA Bernard Ndungu
Alternate to Cabinet Secretary The National Treasury - (Non-Executive Director)

FCPA Bernard Ndungu, holds a masters degree in Public Finance Management from the University of London and a Bachelor of Commerce degree (Finance Option) from the University of Nairobi. He is also a Fellowship member of the Institute of Certified Public Accountants of Kenya (ICPAK). Prior to being appointed as Director General at the National Treasury in December 2014, he worked as a Director in Price water house Cooopers (PwC), and previously worked for Ernst & Young.

FCPA Bernard is a Public Financial Management Specialist with experience in accountancy, audit, value-for-money review, procurement, tax, business risk analysis, systems review and re-engineering, development of process manuals, policies and procedures, training and institutional capacity building covering various sectors.

FCPA Bernard is the Director General Accounting Services and Quality Assurance at the National Treasury, Government of Kenya, a position that puts him in charge of Accounting function of Government, National Sub County Treasuries, the Integrated Financial Management Information System (IFMIS), Government Digital Payments Unit and the Internal Audit Function of the National Government. He represents the Cabinet Secretary/National Treasury in various boards

Mr. Stephen Njue
Alternate Director to Principal Secretary, State Department for Energy (Non-Executive Director)

Mr. Stephen Njue born in 1970, holds a Bachelor of Arts in Economics and Master of Business Administration in Finance from Kenyatta University. He is also a Certified Public Accountant.

He is a member of the Institute of Directors (Kenya) and Institute of Human Resource Management.
He is the Alternate Director to the Principal Secretary, Ministry of Energy (MoE). Mr. Stephen Njue is currently the Senior Deputy Director, Budget at the MoE.

Mr. Chrisologus Makokha
(Inspectorate of State Corporations)

Mr Makokha is experienced and professional in advising Boards and Management of State Corporations on Corporate Governance and Compliance issues, Monitoring the Performance of State Corporations, Management Audits and undertaking surcharges for restitution of misappropriated Public Funds.

He has over 26 years of work experience in various Ministries and Government Institutions and extensive exposure and experience in Strategic Planning and Strategy Execution. He is an expert in the field of Statistics, encompassing Data Collection, Analysis and Dissemination, as well as Monitoring and Evaluation.

He is currently a Senior Deputy Inspector General of State Corporations in the Inspectorate of State Corporations, Office of the President. He represents the Secretary, Inspectorate of State Corporations in the KEFRI Board.

Mr Chrisologus Makokha holds a Master of Business Administration from Jomo Kenyatta University of Agriculture and Technology. He is currently a student at the same University, undertaking a PhD in Business Management

Who Leads Us

Eng. Peter Njenga
Managing Director & CEO

Eng. Peter Njenga is the Managing Director and CEO of Kenya Electricity Generating Company PLC (KenGen), East Africa's foremost electricity generation company, distinguished by its impressive 86% reliance on renewable and clean energy sources.

With a tenure that formally commenced on August 17, 2023, Eng. Njenga boasts an illustrious 32-year career in the energy sector, marked by exceptional leadership. He holds a Bachelor's Degree in Electrical Engineering, complemented by an MBA in Strategic Management from the prestigious University of Nairobi.

His status as a registered professional engineer adds to his credentials, standing as a paragon of expertise, augmented by a collection of certificates in senior leadership management, notably from Strathmore University and Harvard Business School, among other esteemed institutions.

Throughout his journey, Eng. Njenga has consistently showcased unwavering dedication to professionalism, excellence in service delivery, strategic acumen, and ethical stewardship, leaving an indelible imprint on industry growth and innovation. His remarkable ascent from Trainee Electrical Engineer to the esteemed position of General Manager of Infrastructure Development at Kenya Power & Lighting Company PLC (KPLC), to CEO of KenGen is a testament to his character, resilience, and visionary prowess.

Notably, his influential role as Chair in pivotal committees within the energy sector in Kenya underscores his resolute commitment to catalyzing transformative change, extending to the spheres of sustainability and climate action. Eng. Njenga seamlessly integrates his technical proficiencies with a results-oriented mindset, further reinforcing KenGen's ongoing triumph in delivering sustainable and dependable energy solutions, while also championing initiatives like tree planting to combat climate change.

Beyond his professional pursuits, Eng. Njenga is a passionate advocate for youth development and family values, reflecting his devotion to both his Christian faith and family life. In his leisure time, he finds enjoyment in cycling and swimming, showcasing a well-rounded persona both in and out of the boardroom.

Divisions: Internal Audit, Security & Investigations, KenGen Foundation and Protocol

FCS Austin Ouko

Company Secretary & General Manager, Legal Affairs

JSM, LL.M, LL.B, FCIArb, FCS

Austin A. O. Ouko is the Company Secretary & General Manager – Legal Affairs at Kenya Electricity Generating Company PLC (KenGen). He has seventeen years' experience in both public and private sectors.

He is an Advocate of the High Court of Kenya, Commissioner for Oaths, Notary Public, registered Certified Public Secretary, Fellow of the Institute of Certified Secretaries Kenya, Fellow of the Chartered Institute of Arbitrators (UK & Kenya Branch), an Accredited Governance Auditor, member of the Law Society of Kenya, the International Bar Association, the Commonwealth Lawyers Association and the Kenya Institute of Management.

He holds a Master of the Science of Laws (JSM) from Stanford University Law School, California, USA, Master of Laws(LLM) in Public Finance & Financial Services Law and Bachelor of Laws(LLB) from the University of Nairobi. Mr. Ouko holds a Diploma in Law from the Kenya School of Law, Practice Diploma in International Commercial Law from the College of Law of England & Wales, Postgraduate Diploma in Domestic Arbitration from the Chartered Institute of Arbitrators, Advanced Diploma in Business Administration and a Diploma in Management of Information Systems.

FCS Ouko joined KenGen from the National Social Security Fund where he was the Ag. General Manager-Corporate Affairs/Corporation Secretary since December 2013. He was previously, the Legal Manager at National Social Security Fund and Senior Legal Officer at the Standard Group Limited.

Divisions: Legal, Shares & Board Services, Insurance & Ethics and Integrity

CPA Mary Maalu

General Manager, Finance & Accounts and ICT

CPA Mary Maalu is a Finance Expert with extensive experience in Audit, Financial Management and Corporate Finance. She holds Master of Business Administration (MBA) and Bachelor of Commerce (BCom) Degrees from the University of Nairobi. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

She also holds a Certificate in Senior Leadership Management Programme (SLMP) from Strathmore University and a Certificate in Utility Regulation and Strategy from University of Florida. Previously, she has held senior positions at Ernst & Young as the Assistant Manager Audit, and at Kenya Airways where she held several managerial positions as Manager Credit Control, Manager Outstations Finance and Manager Treasury.

Mary joined KenGen in January 2011 as the Corporate Finance Manager responsible for capital raising, revenue, cash, and tax management as well as building relationships with bankers, financiers, and investors. In August 2020, she was appointed as the Genaral Manager - Regulatory & Corporate Services (now Commercial Services) where she was responsible for Regulatory Management, Stakeholder Management, Development and Negotiation of Power Purchase Agreements (PPAs), Quality & Safety Management programmes, Communication, Community Engagement, Environment & Sustainable Development and Business Process Improvement. On 20th February 2023 she was appointed as the General Manager Finance and Accounts where she is responsible for management of the Company's finances, financial reporting, budgeting process management, as well managing relationships with key stakeholders within the financial markets. She is also overseeing the Company's Information and Communication Technology Department where she is responsible for the development and maintenance of the Company's cutting-edge ICT infrastructure and systems.

Divisions: Financial Accounting & Reporting, Management Accounting, and Revenue & Treasury Management, and ICT

Who Leads Us

Mr. Philip Yego
General Manager,
Supply Chain Management

Mr. Philip Yego is a Supply Chain Management expert with a wealth of experience in the Supply Chain industry.
He holds a Bachelor of Arts degree in Economics, Master of Business Administration in Finance, Professional Diploma in Procurement and Supply from the Chartered Institute of Procurement and Supply (CIPS-UK) and a diploma in Purchasing and Supplies Management from Kenya Institute of Management. He is a member of the Kenya Institute of Supplies Management (KISM), Kenya Institute of Management (KIM) and the Chartered Institute of Purchasing and Supplies (MCIPS).

He joined KenGen in October 2014 and is responsible for providing oversight in the efficient and effective operations of the Supply Chain Division, which is a key enabler and driver of the KenGen business spectrum.
He oversees the overall management of Tenders, Contracts administration, management and monitoring, Logistics and Inventory operations within the Company, key stakeholder Relationship management, Supply Chain compliance to the relevant Laws and policies.

Prior to joining KenGen, he worked in senior management positions in various institutions which include the Kenya Agricultural Research Institute (KARI), University of Nairobi Enterprises and Services (UNES), Uchumi, Postbank and Kenya Commercial Bank (KCB). Beyond the practitioner world, Mr. Yego has added the unique technical skills in the academic sector. He also worked at Kenyatta University as a Lecturer.

Divisions: Procurement, Logistics & Inventory, Compliance & Reporting

Mr. Abraham Serem
General Manager,
Corporate Services

Mr. Abraham Serem is a seasoned human resource practitioner with vast experience both in Kenya and East Africa. He holds a Bachelor of Arts degree from the University of Nairobi. His professional qualifications include: a Higher National Diploma in Human Resource Management and a Diploma in Intermediate Executive Coaching from the Academy of Executive Coaching.

He is a member of the Institute of Human Resource Management, Kenya Prior work experience includes Heineken East Africa Ltd where he held the position of Director, East Africa Breweries Ltd, Nampak East Africa and Reckitt Benckiser East Africa, where he held various senior managerial positions.

Mr. Serem joined KenGen management team on 1st March, 2016 as the Human Resource and Administration Director.

He is responsible for execution of Human Resource strategy to optimize human capital contribution and provide work environment that continuously adds value to stakeholders in provision of electric energy and business sustainability.

Divisions: Human Resource Management, Administration, Property Management and Community Relations

Mr. David Muthike
General Manager, Commercial Services

David Muthike is an accomplished executive who leads and spearheads the development and negotiation of Power Purchase Agreements across a diverse spectrum of power generation modalities, including geothermal, wind, solar, hydro, and thermal. In his current capacity, he assumes a pivotal role in overseeing the Company's Investment and Alternative Business Divisions. Furthermore, David provides astute leadership for the Marketing and Corporate Communication function, while also championing the Company's sustainability agenda through the development and sale of Carbon Credits.

Prior to his current role, David served as the steward of the strategy and innovation function for a remarkable eight-year tenure. During this period, he engineered and executed KenGen's transformative Good-to-Great Strategy, ushering in a culture of innovation and commercial mindset that permeated every facet of the organization. Under his guidance, the Company embarked on a diversification strategy, venturing into commercial geothermal drilling both locally and abroad in the broader African region. David is a distinguished professional with a background in Electrical and Electronic Engineering, boasting a master's in business administration from the prestigious University of Nairobi. He further enhanced his credentials with a postgraduate distinction diploma in Projects Appraisal and Management from the Maastricht School of Management in the Netherlands. His academic journey also encompasses membership in the alumni networks of Strathmore University (Nairobi) and IESE Business School (Spain).

Beyond his corporate responsibilities, David presently serves as the Chairman of the Energy Society of Kenya, representing the Kenyan Chapter of the esteemed World Energy Council. His personal interests extend to the development of renewable energy projects and collaboration with visionary entrepreneurs to craft climate-smart solutions. In his personal life, David is a devoted family man and an enthusiastic golfer, actively participating in the Muthaiga Golf Club alongside climate-sensitive recreational activities like tree growing and organic farming.

Divisions: Power Purchase, Sustainable Development, Marketing & Corporate Communications, Alternative Business, and Investments

Ms. Elizabeth Njenga
General Manager,
Business Development & Strategy

Elizabeth is building on over 20 years in strategic and project planning in the Energy Sector while working with KenGen in various positions. Elizabeth is a well skilled Energy strategy and power projects planning, appraisal and financing expert with a keen interest in Public Policy.

She holds a Master's degree in Business Administration from the University of Nairobi; a Bachelor of Arts (Accounting & Economics) from Moi University and a Post graduate Diploma in Financial Management. She is also a Certified Public Accountant of Kenya CPA (K) and currently pursuing a Master's degree in Public Policy in Strathmore University.

Currently serving as the General Manager, Business Development & Strategy and previously Capital Planning and Strategy Manager between 2009 and 2014.

Her current responsibilities include implementing KenGen's power generation capacity expansion strategy from ideation of suitable power projects and appraisal of the same through feasibility studies, procurement of power plant consultants and contractors, managing construction of power projects as well as leading the efforts in the development of the entire Corporate Strategy, monitoring and evaluating of the implementation of the same.

She is also responsible for Business Process Improvement and continous innovation.

Divisions: Design & Construction, Capital & Energy Planning, Strategy, Business Process Improvement & Innovation, and Monitoring & Evaluation

Who Leads Us

Mr. Peketsa Mangi
General Manager,
Geothermal Development

Mr. Mangi is an astute Geothermal energy expert with vast experience spanning over 20 years both locally and regionally. He holds a Master of Science (Information Science) from Moi University and is currently pursuing PhD. in Information Science from the same University. He is a Certified Project Manager (IPMA Level C). Further, he holds various certifications including: Earth Sciences, Reservoir Management, Drilling technology, Master negotiation skills, Public procurement, Geothermal projects management and financing, among others. He is currently the Vice Chairman of the Geothermal Association of Kenya (GAK), a member of the Geological Society of Kenya (GSK) and International Geothermal Association (IGA).

He has risen through the ranks to the position of Geothermal General Manager, having initially served as the Resource Development and Infrastructure Manager.
Key achievements include: successful negotiation of geothermal drilling contracts in Kenya, Djibouti and Ethiopia; project manager for geoscientific studies for consultancy services, capacity expansion at Olkaria through identification of geothermal potential areas; negotiated MoU between KenGen PLC and ITC, Netherlands; the Olkaria Geothermal Spa and Demonstration Centre, successful negotiation for the grant for upgrading of Geothermal Training Centre facilities.

Key responsibilities comprise: human resource management and administration, power plant availability, steam availability, reservoir management, drilling operations and management, resource exploration, projects planning and management, infrastructure development, budget management, and coordinating environmental and social impacts assessment frameworks.

Divisions: Drilling & Logistics, Geothermal Resource Assessment, Reservoir & Steamfield and Civil Infrastructure

Eng. Julius Odumbe
General Manager,
Operations

Eng. Julius Odumbe is a licensed Consulting Engineer in good standing with both Engineers Board of Kenya (EBK) & IEK. His eminence in engineering field propelled him to the highest Engineering category of a Fellow in the Institute of Engineers of Kenya (IEK).

He holds a Master of Business Administration (MBA) degree from Jomo Kenyatta University of Agriculture and Technology (JKUAT), a Bachelor of Science degree in Mechanical Engineering from the University of Nairobi and a Diploma in Project Management from Galilee College, (Israel).

He also holds a certificate in Gender Equity Executive Leadership Program from Georgetown University McDonough School of Business in partnership with USAID's Engendering Industries Program, Certificate in Corporate Senior Leadership Management Program (SLMP) from Strathmore Business School & Nanyang Technological University - Singapore, Certificate in Self Awareness and Effective Leader from Rice University, Certificate in Balanced score card from Strathmore Business School and Certificate of Proficiency in Insurance from Kenya College of Insurance among many others. This is a testament that he strongly values personal development in all spheres of life.

Eng. Odumbe boasts of an illustrious career in Operation and Maintenance (O&M) of equipment spanning over 30 years. As the General Manager in charge of Operations Department, he provides leadership to over 900 employees.

Divisions: Power Generation - Geothermal, Eastern, Western, Thermal, Wind Farms, Electrical & Automation Engineering, Electricity Dispatch and Quality & Safety

Sondu Miriu Power Station penstock

Corporate Governance Statement

KenGen Corporate Governance principles are entrenched within our processes and structures to provide guidance and oversight to the Company through accountability, transparency and strategic decision making. This acts as an enabler to the Board in discharging its mandate towards achieving a long-term shareholder value and meeting the interests of stakeholders.

Statement of Compliance

KenGen is committed to the highest standards of Corporate Governance and Business Ethics. The KenGen Board ensures compliance with the Company's Act, Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Public (the CMA Code) as well as the equivalent guidelines for listed companies.

KenGen also subscribes to the tenets of governance as well as the provisions of relevant statutes including but not limited to Energy Act, 2019, Public Finance Management Act, 2012, Employment Act 2007 and all other relevant laws.

Board Charter

Our Board Charter defines the Board roles and responsibilities as well as structures that support members in carrying out its strategic oversight function. It mandates the Board to discharge its duties by critically assessing the strategic and operational plans in respect to corporate governance.

Our commitment to the Charter has enabled the Company to achieve its success through sustainable business growth and positive social impact.

Role of the KenGen Board

The Board of Directors are the stewards of the Company that govern for the present times and provide guidance and direction for the future of the business.

Separation of Roles of the Board Chairman and Managing Director & CEO

In line with best practice of Corporate Governance, the positions of Chairman and Managing Director & CEO are held by separate persons, facilitating the balance of power and authority. The Chairman is responsible for the leadership of the Board, setting the tone of the corporate strategic direction, safeguarding shareholder value and oversight on the policies governing the business.

The Managing Director & CEO has overall responsibility for the performance of the business and provides leadership in implementation of the Company's strategy, policies, budget and procurement plan approved by the Board, optimization of financing and human capital as well as safeguarding the assets of the Company.

Independent Director

This is a member of the Board of Director who does not have a material or pecuniary relationship with the company or related person and is compensated through sitting allowances. He/She should not own more than five percent of the shares in the company and should not have been in service on the Board for nine continuous years. A continuing independent director ceases to be one and assumes the position of non-executive director if he/she does not meet the requirements.

Board Composition

The KenGen Board comprises of eleven (11) members; an independent and non-executive chairman, an executive Managing Director & CEO, the Cabinet Secretary – The National Treasury, Principal Secretary – Ministry of Energy, and seven (7) independent and non-executive directors as outlined in the Articles of Association of the Company.

Corporate Governance Statement

The Company Secretary

The Company Secretary is the Secretary to the Board and offers the critical role of supporting the Board on procedural and regulatory matters, enforcing the corporate governance framework while ensuring the business of the Board is conducted in-line with the Board Policies and Procedures.

The Company Secretary must be a member in good standing of the Institute of Certified Secretaries (ICS). The Company Secretary ensures compliance with Board procedures, implements the governance framework, managing the interests of the shareholders and stakeholders and applying the relevant code of corporate governance investor guidelines.

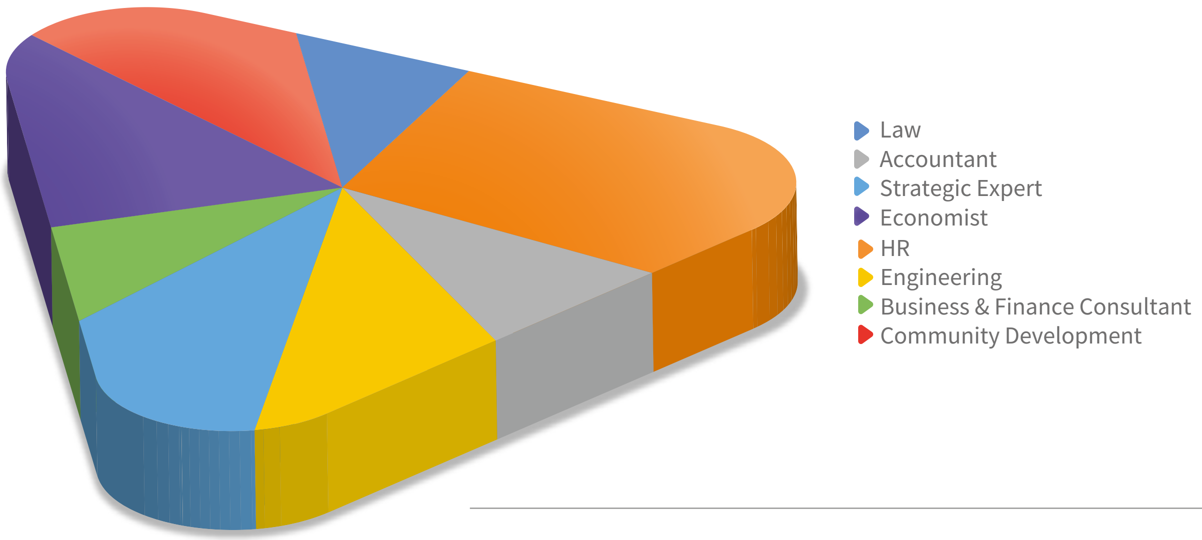
The Office of the Inspectorate of State Corporations

In accordance with Section 18 (2) (c) of the State Corporations Act, the representative of The Inspector General (Corporations) attends meetings of the KenGen Board and its committees.

Board Diversity

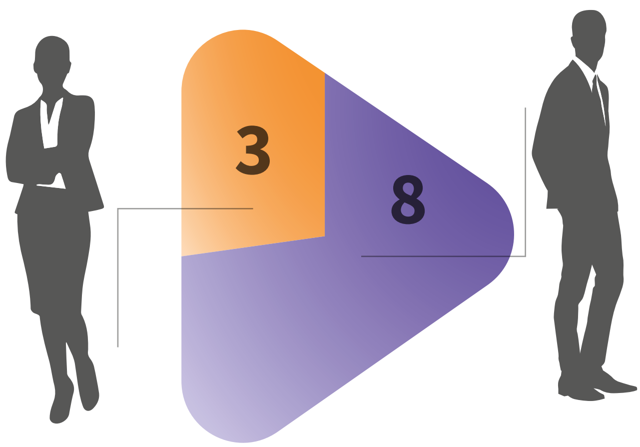
KenGen Board members are equipped with an assorted mix of skills and backgrounds with varied experience and expertise aligned to the needs of the business.

The Board has the following diverse set of skills:



Gender Parity

KenGen Board complies with the one-third (1/3) gender parity requirement in line with the Constitution of Kenya and corporate governance best practices.



Board Effectiveness

The Board annually holds a Strategy retreat to deliberate on the strategic direction of the Company. It holds quarterly meetings to review the Company business performance. The Committees meet regularly to transact critical business activities.

Induction

Upon appointment to the Board, the Directors are provided with a comprehensively tailored induction programme covering the Company's business, operations and regulatory framework. An induction pack that encompasses the Memorandum and Articles of Association, Board Charter, organizational structure, and strategic and other information about the Company. The newly appointed Board members visit all power stations for familiarization tour.

Board Development Programme

The KenGen Board members undergo regular capacity development programme every year to enhance their knowledge in diverse areas of corporate governance, leadership, and specialized relevant courses. The Board and its committees receive regular briefings on legal and regulatory developments with a focus on regulation that impacts the operation of the business. This provides an opportunity for compliance and alignment to the current operating environment. During the year the Board attended various energy forums and training programmes on corporate governance.

Board Evaluation

The Board Evaluation is conducted annually to assess the performance of the Board as a collective and the effectiveness of individual members. It assesses effectiveness on the oversight role of the Board, execution of the fiduciary duties and performance of the individual members as outlined but not limited to the Board Charter. The State Corporations Advisory Committee (SCAC) facilitates an objective performance evaluation of the Board every year. During the year, the Board was evaluated and undertook a 360-degree evaluation of each other. In addition, the Board evaluated the Managing Director & CEO in his capacity as Head of Management and the Company Secretary as the Secretary of the Board. The Evaluation provided feedback on areas of strength and possible improvement and established that the Board has a sufficient balance of skills, expertise, knowledge, good understanding of the business and receive the information they need to make decisions.

Board Remuneration

The KenGen Non-Executive Directors are paid fees and allowances as remuneration for conducting official company business that they may be called upon to undertake. The Directors' remuneration rates are as outlined in the State Corporations Act, the Salaries and Remuneration Commission and periodic government circulars. The fees are paid upon shareholders' approval at the Annual General Meeting. It is proposed that each Director receives a taxable fee of Kenya Shillings six hundred thousand (Kshs.600,000.00) per annum for the financial year ended 30th June 2023.

In compliance with the disclosure requirement under the CMA code and compliance the remuneration report is provided in Pages **xx** to **xx** of the 2023 Integrated Annual Report and Accounts.

Conflict of Interest and Declaration of Interest

The Directors are obligated to fully disclose to the Board any real or potential conflict of interest whether direct or indirect. Declaration of conflict of interest is a standing agenda item in all Board and Committee meetings prior to discussion of a substantive agenda. Directors are required to give advance notice of any conflict issues to the Chairman or Company Secretary and these are considered during the Board meeting. A Director must refrain from discussion or voting on matters of potential conflict of interest. Directors are guided by a Board Conflict of Interest Policy.

Executive Committee (ExCo)

The Executive Committee comprises of all the General Managers and is led by the Managing Director & CEO. This Committee serves as a link between the Board and Management. ExCo has a mandate and responsibility to ensure implementation of the strategic objectives of the company, compliance with the statutory and regulatory framework, guidelines and adherence to company policies and procedures. ExCo Meetings are convened on a weekly basis or as the business may dictate to discuss strategy formulation and implementation, policy matters and business performance.

Corporate Governance Statement

Corporate Governance Audit

A Corporate Governance Audit was undertaken by an accredited external governance auditor in compliance with the applicable rules and regulations set out by the CMA for listed companies.
The audit focused on understanding of KenGen's business and governance issues. It consisted of an assessment of the following elements of corporate governance: -

a) Ethical leadership and strategic management
b) Transparency and disclosure
c) Compliance with laws and regulations
d) Financial reporting
e) Board independence and governance
f) Board policies, systems, practices, and procedures
g) Consistent shareholder and stakeholder value enhancement
h) Corporate social responsibility and investment; and
i) Sustainability

In the Audit, KenGen scored 93.41% and was commended for putting in place a sound governance and regulatory framework in line with the best global governance practices.

Legal and Compliance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 the Company undertakes a Legal and Compliance Audit every two years,to ascertain the level of adherence to applicable laws and establish compliance with statutory, regulatory and policy requirements. KenGen's last legal and compliance audit was carried out in 2022. KenGen was assessed on compliance with laws pertaining to, inter alia, human resources, labour laws, public service, national cohesion and integration, traffic laws, HIV and AIDS prevention and alcoholic drinks control. The Auditors concluded that the Company has substantially complied with the applicable laws.

Responsibilities of the Directors

Each Board member should observe the code of conduct and act within the limitations as defined in the charter. To enable execute their mandate the Directors commit to: -

- Promote the success of the company by acting in its best interest
- Exercise the powers in good faith in the execution of their duties
- Act with care, skill, diligence, and prudence
- Be fully aware that they are individually and collectively responsible for deciding the company's Vision, Mission and values and its strategic objectives
- Act within powers as set out in the Companies Act
- Exercise independent judgement in all decisions
- Avoid conflict of interest; and
- Not accept benefits from third parties that would influence their independent decision-making
  Individual Directors Shareholding

Individual Directors Shareholding

A Board member should not own more than 1% of the Company's shareholding in his or her personal capacity. Below is the breakdown of the Director's personal shareholding in the Company as of 30th June 2023.

No.	Name	No. of shares	% Holding
1.	Mr. Julius Ogamba	0	-
2.	Mr. Abraham Serem	0	-
3.	Ms. Winnie Pertet	9	0.0000001
4.	Mr. James Opindi	0	-
5.	Mr. Samuel Kimani	0	-
6.	Dr. Rosemarie Wanyoike	1,000	0.000005
7.	Ms. Josephine Koisaba	0	-
8.	Hon. Stephen Mutai	3,309	0.00005
9.	Mr. William Rahedi	0	-
10.	Mr. Bernard Ndungu	0	-
11.	Mr. Stephen Njue	0	-

Board Meetings

As per the Annual Work-Plan the Board meets quarterly or additionally when necessary to consider matters relating to the overall control of the business. The Board work-plan and Calendar are prepared at the beginning of the year to ensure that adequate notice, agenda and Board papers are circulated within the stipulated timelines.

The main Board held 13 meetings attended as follows:-

NO.	NAME	ATTENDANCE
1	Mr. Julius Ogamba	7
2	Mr. Abraham Serem	11
3	Ms. Winnie Pertet	12
4	Mr. James Opindi	13
5	Mr. Samuel Kimani	13
6	Dr. Rosemarie Wanyoike	7
7	Ms. Josephine Koisaba	7
8	Mr. William Rahedi	7
9	Hon. Stephen Mutai	7
10	Mr. Bernard Ndungu	4
11	Mr. Stephen Njue	9

- Mr. Julius Ogamba was appointed as the Chairman of the Board on 28rd February 2023
- Former Board Chairman General (Rtd) Samson Mwathethe retired on 28th February 2023
- Mrs. Phylis Wakiaga and Ms. Peris Mwangi retired at the AGM on 26th January 2023
- Mr. Maurice Nduranu and Joseph Sitati retired on 26th January 2023
- Dr. Rosemarie Wanyoike was elected at the AGM on 26th January 2023
- Mr.William Rahedi, Ms. Josephine Koisaba and Hon. Stephen Mutai were appointed on 28th February 2023 to fill casual vacancies on the Board

Corporate Governance Statement

Board Committees

To effectively execute its oversight role, the Board has established five (5) standing committees with specific delegated mandates. The Board Committees are run with clearly articulated terms of reference as approved by the Board of Directors.

Following the retirement of incumbent Directors at the 2022 AGM, the Board Committees were reconstituted in February 2023. The membership is summarized as follows:-

Audit, Risk and Compliance Committee	Strategy Committee	Human Resource & Nomination Committee	Governance Advisory Committee	Finance Committee
Mr. Samuel Kimani *(Chair)*	Ms. Winnie Pertet *(Chair)*	Dr. Rosemarie Wanyoike *(Chair)*	Hon. Stephen Mutai *(Chair)*	Mr. William Rahedi *(Chair)*
Mr. Bernard Ndungu *Alternate Director to CS, The National Treasury*	Mr. Stephen Njue *Alternate Director to PS-State Department for Energy*	Mr. William Rahedi	Ms. Josephine Koisaba	Mr. Bernard Ndungu *Alternate Director to CS, The National Treasury*
Ms. Winnie Pertet	Mr. James Opindi	Mr. Samuel Kimani	Mr. James Opindi	Mr. Stephen Njue *Alternate Director to PS-State Department for Energy*
Hon. Stephen Mutai	Mr. William Rahedi	Ms. Winnie Pertet	Dr. Rosemarie Wanyoike	Mr. James Opindi
Ms. Josephine Koisaba	Mr. Abraham Serem	Mr. Abraham Serem	Mr. Abraham Serem	Mr. Abraham Serem

Audit, Risk and Compliance Committee

Report from the Chairperson of the Audit, Risk & Compliance Committee

Mandate

***Mr. Samuel Kimani** – Chair*

To assist the Board in areas of financial reporting and compliance with the applicable financial reporting standards, oversight of the internal & external audit function and the operating controls. Its functions include: -

- Review of financial reports and compliance with applicable financial reporting standards
- Oversight of the company's internal audit function
- Review of financial and operational controls
- Liaising with the External Auditors' receiving and reviewing their reports and letters
- Monitoring compliance with legal and regulatory requirements
- Reviewing risk management issues within the company

Membership

The committee is led by an independent & non-executive Director, while the membership comprises of three (3) independent & non-executive Directors and one (1) non-executive Director.

Attendance

No.	Name	Attendance
1.	Mr. Samuel Kimani – Chair	8
2.	Mr. Bernard Ndungu (Alternate Director to the CS The National Treasury)	5
3.	Ms. Winnie Pertet	8
4.	Hon. Stephen Mutai	2
5.	Ms. Josephine Koisaba	2

- *Hon Stephen Mutai and Ms. Josephine Koisaba joined the Committee in February 2023.*
- *Mrs. Phyllis Wakiaga and Ms. Peris Mwangi were members of the committee until their retirement at the AGM of 26th January 2023.*

Corporate Governance Statement

Strategy Committee

Report from the Chairperson of the Strategy Committee

Mandate

Ms. Winnie Pertet – Chair

The committee reviews and recommends to the Board matters pertaining to business strategic plan, investment decisions, annual business and financial plans and budgets. The functions include: -

- Develop and review the Company's strategy and investment policies and make appropriate recommendations
- Develop and review the progress of the Company's strategy execution plans
- Evaluate and recommend for approval by the Board, business cases for all categories of investment projects and new ventures including strategic partnerships within its delegated authority.

Membership

The Committee comprises of three (3) Independent & non-executive Directors, one (1) non-executive Director and one (1) executive Director.

Attendance

No.	Name	Attendance
1.	Ms. Winnie Pertet– Chair	4
2.	Mr. Stephen Njue - Alternate Director to PS-State Department of Energy	9
3.	Mr. James Opindi	11
4.	Mr. William Rahedi	5
5.	Mr. Abraham Serem	10

- *Mr. Maurice Nduranu and Ms. Phyllis Wakiaga were members of the Committee until their retirement in January 2023.*
- *Mr. William Rahedi joined the committee after reconstitution of Committees in February 2023.*

Human Resource & Nomination Committee

Report from the Chairperson of the Human Resource & Nomination Committee

Mandate

Dr. Rosemarie Wanyoike – Chair

The Committee is responsible for appointment and reappointment to the Board and its committees, recruitment, and performance review of senior management. It also reviews human resources policies and company staff welfare and reward system. The functions include: -

- Continually examine the Company's structure
- Engagement of senior management staff
- Nomination and remuneration of Directors
- Examine policy and procedures on employment and staff promotion
- Review the Collective Bargaining Agreement proposals and make recommendations
- Propose innovative ideas for transforming the company into a world-class enterprise and employer.

Human Resources Function

The Committee continually reviews the organization structure, core functions and optimum establishment; policies and procedures on staff recruitment and selection, staff training and development policy for operational efficiency, of performance and reward system and capacity enhancement & review the terms and conditions of service in line with the organization's strategy. Further it reviews the Company's Human Resource Policies and recommends any amendments to the Board for approval.

Nominating Function

The cCommittee supports and advice the Board on the appropriate size and composition that will enable it to discharge its responsibilities, transparent procedure for selecting new directors for appointment and re-selection to the Board, evaluation of the performance of the Board, the various committees and individual Directors.

Remuneration Function

The Committee reviews the Company's remuneration, recruitment, retention, incentive and termination policies and procedures for General Managers and Managers; their basic salary & the criteria for payment of bonuses to all staff and monitor its operation, consider any recommendations of the Chairman or Managing Director/CEO of the Company regarding payment of bonuses or performance related remuneration.

Membership

The Committee comprises of four (4) independent & non-executive Directors, and one (1) executive Director.

Attendance

No.	Name	Attendance
1.	Dr. Rosemarie Wanyoike (Chair)	5
2.	Ms. Winnie Pertet	7
3.	Mr. William Rahedi	5
4.	Mr. Samuel Kimani	7
5.	Mr. Abraham Serem	6

- *Dr. Rosemarie Wanyoike joined the Committee after reconstitution of Committees in February 2023.*
- *Mr. Maurice Nduranu and Mr. James Opindi were members of the Committee until January 2023. Dr. Rosemarie Wanyoike and Mr. William Rahedi joined the Committee in February 2023.*

Corporate Governance Statement

Governance Advisory Committee

Report from the Chairperson of the Governance Advisory Committee

Mandate

Hon. Stephen Mutai *– Chair*

The committee deals with the governance matters of the company. The functions include: -

- Develop corporate governance principles in support of elective organizational roles and responsibilities.
- Review the adherence to and amendments of the Articles of Association of the Company
- Review the procurement systems andprocedures, budget alignments and procurement structures to ensure compliance with all laws and regulations
- Approve and oversee the operationalization of a procurement plan and institutionalization of the procurement cycle.

Membership

The Governance Advisory Committee comprises of five (5) members of the board with four (4) Independent & Non-executive Directors and one Executive Director.

Attendance

No.	Name	Attendance
1.	Hon. Stephen Mutai (Chair)	7
2.	Ms. Josephine Koisaba	7
3.	Mr. James Opindi	7
4.	Dr. Rosemarie Wanyoike	7
5.	Mr. Abraham Serem	9

- *Mr. Maurice Nduranu, Peris Mwangi and Joseph Sitati served the Committee until their retirement in January 2023.*
- *Hon. Stephen Mutai, Ms. Josephine Koisaba and Dr. Rosemarie Wanyoike joined the Committee in February 2023.*

Finance Committee

Report from the Chairperson of the Finance Committee

Mandate

Mr. William Rahedi – Chair

The Committee oversees corporate finance and capital market matters, capital raising & planning activities of the company and appraise expenses & investments of the company. The functions include: -

- Oversee the Balance restructuring activities of the company
- Oversee the activities of any financial Arranger and Advisor in particular, adherence to the terms of reference of the contract
- Monitor on a quarterly basis the Company's key financial ratio
- Review Shareholders issues
- Review Strategic Finance matters
- Review PPPs, Joint Ventures and other capital raising strategies for financing of projects
- Review policies to do with finance matters such as treasury policies and forex policies
- Oversee any financial strategies
- Oversee any capital restructuring
- Oversee Recurrent Operational Finance matters
- Monitor the Treasury management strategies of the Company
- Review debt service and cash flow management of the Company
- Review the borrowings of the Company
- Oversee ongoing capital raising matters of the Company
- Monitor taxation & planning strategies of the Company
- Review financial delegations and recommend amendments
- Review all pension reports
- Track material contracts of the Company

Membership

The Finance committee comprises of two (2) independent & non-executive Directors, two (2) non-executive Directors and one (1) executive Director.

Attendance

No.	Name	Attendance
1.	Mr. William Rahedi (Chair)	3
2.	Mr. Bernard Ndungu - ***Alternate Director to CS, The National Treasury***	0
2.	Mr. Stephen Njue - ***Alternate Director to PS-State Department of Energy***	5
3.	Mr. James Opindi	5
4.	Mr. Abraham Serem	5

- *Mr. Joseph Sitati served the Committee until his retirement in January 2023*
- *Mr. William Rahedi joined the committee in February 2023*

Corporate Governance Statement

Going Concern

Going Concern is an accounting term for a company that has the resources needed to continue operating indefinitely until it provides evidence to the contrary. The Board affirms that it is satisfied that the Company even with the global economic turbulence has adequate resources to continue in business for the foreseeable future.

Insider Trading

Insider trading is defined as a malpractice wherein trade of a company's securities is undertaken by people who by virtue of their work have access to the otherwise non-public information which can be crucial for making investment decisions.

The Company has adopted an insider trading policy with an objective of promoting transparency and accountability by Directors and Employees with access to material information and can use the same information for their advantage. The policy prohibits insiders from trading in the securities of the company at any time they are in possession of critical information. The CMA Act has prescribed regulations that expressly prohibit the use of unpublished insider information.

Any information that relates to Company and its security which has not been made public and if it were made public it is likely to have material effect on the price of the security is deemed to be insider information.

The Company issues an internal circular prior to every statutory financial reporting period that prohibits the Board and senior members of staff from trading in the shares of the Company.

Whistle Blowing Policy

KenGen has an existing whistle blowing policy and mechanism that provides employees with a platform for unanimous reporting of any unethical practices. The process is managed independently by an external party.

Engagement with Shareholders

The Board is committed to provision of regular and timely information to the shareholders. All shareholders are entitled to receive the Annual Report and financial statements and any distribution from the Company as may be lawfully declared. Annual results are always published in the local daily newspapers and uploaded on the Company's website at least 21 days before the Annual General Meeting (AGM) to ensure that all the shareholders are well informed at the AGM.

All shareholders are entitled to attend, speak and vote at the general meetings including appointment of proxies. On a poll, shareholders are entitled to vote for each share held.

Shareholder Engagement

KenGen values its shareholders and has put in place a robust mechanism for continual engagement and involvement of shareholders in the business. In building long-term relationship with our shareholders, the company has deployed various avenues to interact with shareholders:

- Every year the Company usually holds an Annual General Meeting (AGM) that presents an opportunity for the Board, Management and shareholders to interact and discuss the performance of the business.

- As an agile company, KenGen has enhanced shareholder interaction through digital platform that has enabled the Company to hold Virtual AGM. This has resulted in high shareholder attendance from all parts of the globe.

- In addition, the Company engages the shareholders through public announcement, digital media releases, publication of financial results via the KenGen website and local newspapers.

- To give the shareholder first-hand experience of operation in the Company, KenGen organizes Shareholder Tours to our installations to understand the business operations.

Shareholding

In line with continuing obligations for listed companies as prescribed by the Capital Markets Authority and Nairobi Securities Exchange, KenGen files monthly Investors' Returns.

Top Ten Shareholders as at June 30 2023

No.	Names	Shares	Percentage
1	Cabinet Secretary – The National Treasury	4,615,424,088	69.99%
2	Stanbic Nominees Limited	495,348,189	7.51%
3	Stanbic Nominees Limited	145,855,600	2.21%
4	Standard Chartered Nominees Ltd A/C KE002339	120,000,000	1.82%
5	Standard Chartered Nominees Resd A/C KE11450	64,702,437	0.98%
6	Stanbic Nominees Limited R6631578	60,148,649	0.91%
7	Standard Chartered Nominees Resd a/CKE11443	40,163,194	0.61%
8	Mavji, Ramila Harji	31,710,100	0.48%
9	Njihia, Waithaka Ng'ang'a	17,000,000	0.26%
10	Standard Chartered Nominees Res A/C KE11436	16,650,190	0.25%
	Others-190,753 Sub-total	987,519,892	14.97%
	Grand Total	**6,594,522,339**	**100.00%**

Distribution of Shareholders

	Range	No. of Shareholders	No. of Shares	% Shareholding
1	1 to 500	82,668	19,704,444	0.30%
2	501 to 1,000	34,330	27,369,150	0.42%
3	1,001 to 5,000	48,894	109,036,060	1.65%
4	5,001 to 10,000	16,359	110,135,648	1.67%
5	10,001 to 50,000	6,923	140,192,500	2.13%
6	50,001 to 100000	776	55,013,377	0.83%
7	10,0001 to 500,000	610	126,157,942	1.91%
8	50,0001 to 1,000,000	94	66,380,719	1.01%
9	1,000,001 to 2,000,000,000	109	5,940,532,499	90.08%
	Total	**190,763**	**6,594,522,339**	**100.00%**

Investor Pools

Investor Pool	Records	Shares	Percentage
Local Institutions	7,932	5,043,387,937	76.48%
Foreign Investors	939	851,347,247	12.91%
Local Individual	181,892	699,787,155	10.61%
Grand Total	**190,763**	**6,594,522,339**	**100.00%**

Kindaruma Dam

BUSINESS OVERVIEW

Strategic Direction

8,027GWh

Electricity supplied to national grid.

Our Good-to-Great (G2G) corporate strategy, the Company's long-term roadmap, is shaped by our passion and zeal to excel across generations. The aspirations of our parent Ministry of Energy and Petroleum of growing energy demand, increasing national electrification access, while cushioning the cost of electricity, weigh heavily on our corporate objectives. Updated in 2022 as the Refreshed G2G Strategy, to adapt to fluid business dynamics and create sustainable power growth in Kenya by 2030.

- Offering competitive tariffs.
- Increasing capacity to meet growing demand, with a passion for sustainability.
- Value addition to our stakeholders by ensuring efficiency in our processes.

The KenGen growth plan revolves around renewable electricity, driven largely by geothermal steam, in tandem with the national Least Cost Power Development Plan (LCPDP). Our average generation cost per unit (exclusive of fuel and VAT) for the year ended 30th June 2023 was KSh. 5.31/kWh, well within a target of KSh. 6/kWh, as we continually aim to enhance affordability of power in Kenya through lower tariffs.

Currently in horizon III of the strategy originally launched in 2008, we are efficiently delivering the aspirations to meet the growing demand for power by creating a balance between optimizing new capacity generation and improving returns through efficient improvement of our current fleet.

The Company is pursuing an ambitious expansion plan to inject 2.5 GW into the grid by 2030, led by a 1.9 GW geothermal mix from our Olkaria and Eburru fields, as well as concessions and partnerships. Following successful operationalization of the 86 MW Olkaria I unit 6, our market share stands at 60.2% of the 3,165 MW of installed capacity in the country. In the short-term, we have earmarked to deliver 212.74 MW (7% of the current national installed capacity) of clean energy, composed of:

- 63 MW Olkaria 1 Rehabilitation Geothermal (initial plant installed in 1985)
- 40 MW Olkaria IV / Olkaria I units 4 & 5 Turbine Uprating Geothermal
- 42.5 MW Seven Forks Solar PV
- 58.64 MW Wellhead Leasing Geothermal
- 8.6 MW Gogo Hydro (commissioned in 1964)
- Raising Masinga Dam Wall (increase capacity to generate an extra 80GWh)

Successful delivery of these projects is hinged on implementation of meticulous capital planning and execution. In addition, a further 430MW of new growth opportunities, improving our already enviable renewable energy footprint, are in the medium-term pipeline as follows:

- 100 MW Marsabit Wind
- 40 MW Floating Solar
- 300 MW Powerplant in Olkaria
- 10 MW Ngong

Our foundation for growth is reliant on navigating a fluid regulatory environment. The lifting of the moratorium on signing of power purchase agreements (PPAs) placed in 2021, allows the Company to negotiate with the off-taker on mutually beneficial tariffs. We are confident of strong collaboration for growth with sector players as well as financial and technology partners, as we shoulder the capital-intensive investments required to give life to our growth agenda.

KenGen operations focus on ensuring our plants are available for timely and reliable dispatch. We supplied 8,027 GWh of the electricity consumed nationally, accounting for 60.4% market share despite the poor hydrology. By maintaining a weighted availability of 85.1% across our generating fleet as well as breathing new life into the aging plants, we showcased trust in the professionalism of our employees and our KenGen spirit of resilience and continuous improvement. Automation of metering infrastructure was implemented in the year to harmonise generated units with the off-taker while our Internet of Things (IoT) project continues to gather momentum, enabling us to utilise big data to improve the life and operation of our machines. The strategy is also boosted by the five year Reset for Digital Transformation ICT strategy aimed at efficient access to information and applications to support business processes and enable innovation.

Our Refreshed G2G Strategy also aims to entrench commercialization of various concepts in our business as we increase our footprint across the region in line with our corporate vision. Commercial operations saw us drill ten Phase I geothermal wells at Aluto in Ethiopia and complete the first of three wells at ODDEG in Djibouti. National growth and development are dependent on availability of reliable and cost-reflective energy. Bottom-up Economic Transformation Agenda (BETA) and Medium-Term Plans (MTP) IV will continue to drive the Country's economic growth, laying the foundation for our continued investment in renewable energy. KenGen will continue to explore expansion opportunities to drive growth beyond Kenya, establish a strong African footprint, and become a regional leader in technology and innovation.

BUSINESS OVERVIEW

Securing Our Revenues

Our sustainability has been secured by the continuous signing of long-term generation sales contracts, technically called Power Purchase Agreements (PPAs).

We participated in sector meetings on the implementation of the Energy Act, 2019. The meetings focused on two major items:

- Development of the Integrated National Energy Planning Framework - the document will guide the National Government, county governments, energy service providers, and other stakeholders in the coherent coordination of the Integrated National Energy Plan.
- Development of the 2022 Energy (Bioenergy) Regulations and the 2022 Energy (EPRA Levy) Regulations.

KenGen participated in the various committees and streams towards the operationalization of the East Africa Power Pool (EAPP):

- Key energy player
- Bilateral Support
- Access to a wider market
- Stabilize energy supply in the Eastern Africa region.

The status of the market at the end of the period under review is:

- Markets and Operations Committee Members as well as traders from member utilities have been undertaking shadow trading of power using a simulation platform developed by the EAPP consultant.
- The EAPP market design and Market Trading Platform (MTP) is still under discussion.
- Draft Bilateral Trading Framework Agreement was adopted by the EAPP Steering Committee and conditionally approved by the Conference of Ministers in February of 2023.

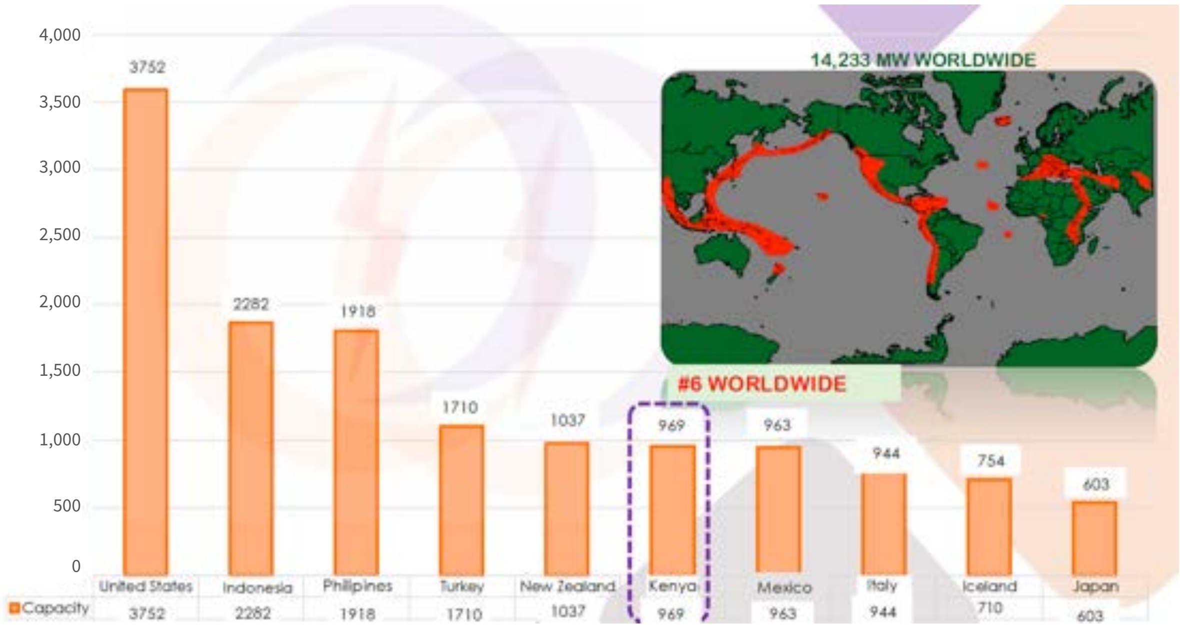
Geothermal, a Green and reliable Future

The juxtaposition of geothermal power generation within a national park not only underscores our dedication to sustainability but also showcases the harmonious cohabitation of human innovation and the natural world.

This unique setting serves as a vivid reminder that progress and environmental stewardship can indeed coexist, providing hope for a planet in need of viable, balanced solutions.

We have relentlessly pursued geothermal projects that not only power our nation but also serve as a model for other countries striving to achieve sustainable development goals. By investing in geothermal infrastructure, we stimulate local economies, attract investments, and create a vibrant ecosystem of suppliers, contractors, and service providers. Our geothermal projects contribute to a more resilient and self-reliant economy, reducing our nation's dependence on costly imported fuels.

Our effort in geothermal development has now positioned Kenya to position six globally.



Geothermal Environment Stewardship

Geothermal energy is inherently eco-friendly, with minimal greenhouse gas emissions.

Our geothermal projects adhere to rigorous environmental standards, minimizing land use, conserving water resources, and mitigating any potential impacts on local ecosystems. As stewards of the environment, we are committed to ensuring that geothermal development harmonizes with the natural world.

We understand that our role as geothermal energy pioneers comes with significant responsibility to be guardians of our environment and stewards of the natural world.

We recognize that geothermal energy is not only a clean and renewable power source but also a catalyst for environmental stewardship. Our steadfast commitment to sustainable practices is intricately woven with our geothermal initiatives, allowing us to champion environmental preservation while energizing our local Olkaria communities. In the past year, our efforts have expanded further, covering a range of projects.

Diversification: Collaborative Partnerships

At KenGen, we have always believed in the power of diversification as an indicator of growth and resilience. As a pioneer in geothermal energy development, we have consistently sought to expand our horizons, not only to strengthen our portfolio but to empower nations across Africa with clean, reliable, and sustainable energy solutions.

KenGen's strength in geothermal development is widely recognized globally. As a leading geothermal power developer in Africa, we have earned a reputation for technical excellence, innovation, and sustainable practices. Our successes, such as the completion of the Aluto Geothermal Project (Phase 1) and our ongoing initiatives, highlight our ability to deliver world-class projects that contribute to the advancement of the geothermal energy sector on a global scale.

Building a Sustainable Future

KenGen's unwavering commitment to meet the energy demand in line with our sustainability agenda. Evident in this pursuit is our resolute dedication to decarbonize the grid, coupled with a strategic drive to optimize power costs and foster efficiency in power generation.

KenGen is committed to advancing a climate-positive agenda through deployment of renewable energy to the national Grid. Our project pipeline is 100 per cent from renewable energy sources towards a just transition in line with the Governments' Least Cost Power Development Plan (LCPDP) and is aligned to SDG 11 on climate change action.

11 SUSTAINABLE CITIES AND COMMUNITIES

KenGen Projects pipeline

	Project Name	Status	Comissioning Year
1	Olkaria 1 Rehabilitation 63MW	Under construction	2026
2	Olkaria IV and Olkaria IAU Turbine Uprating Project 40 MW	Project under Procurement of EPC contractor	2026
3	58.64MW Wellhead Leasing project	Under procurement	2025
4	Gogo Hydro Power Plant 8.6 MW- Small hydro Redevelopment	Approved and undergoing financial due diligence with the financiers	2028
5	Seven Forks Solar PV Plant 42.5 MW	Project under financial due diligence	2025
6	Marsabit Wind 100MW	Under Feasibility study approval	2023
7	Olkaria Project 280MW	Updating FS report	2025
8	Raising of Masinga Dam	Feasibility study under approval	2023
9	90MW Karura Hydro	Feasibility study update in progress	2025
10	Floating Solar 40 MW	Procurement for Feasibility study	2022

Olkaria II

Pioneering Partnerships: Regional Transformation

Our journey of diversification has led us to successfully complete Phase One of the Aluto Geothermal Project in Ethiopia. This landmark achievement is a testament of our technical expertise, innovative approaches, and unwavering dedication.

By successfully drilling 10 geothermal wells, we are not only bringing sustainable power to communities in Africa but also sharing our knowledge and skills to empower regional workforces. Through our collaboration with the Djibouti Office for Geothermal Energy Development (ODDEG), we have embarked on drilling a geothermal well in the Galla Le Koma geothermal field. This represents more than just drilling; it's about fostering partnerships, transferring expertise, and laying the foundation for a greener and more prosperous Africa. Through strategic discussions and collaborations with the Japan International Cooperation Agency (JICA) & ODDEG, we are poised to drill two geothermal wells in the Hanle Garrabayis field in Djibouti. This partnership exemplifies our commitment to international cooperation and demonstrates how geothermal energy can be a catalyst for positive transformation.

Our commitment to diversification is not limited to international collaborations; it also extends to nurturing partnerships within Kenya. We are actively exploring opportunities to collaborate with local geothermal players who hold concessions for various fields for geothermal development. By empowering the local geothermal ecosystem, we are driving job creation, knowledge transfer, and sustainable energy solutions that benefit our Country.

Our Commitment to Shareholder Engagement

At KenGen, we recognize the profound impact of healthy stakeholder relationships. Stakeholders serve as a vital channel through which we convey the implications of our business decisions, activities, and performance. These are of significant interest to our stakeholders. These engagements afford us the opportunity to collaboratively shape effective and enduring solutions to various business and societal challenges. In some instances, we extend our collaborative efforts by working alongside representatives from multi-stakeholder initiatives.

This approach provides a more comprehensive and holistic perspective on the issues that impact our business. We maintain an ongoing dialogue with stakeholders at the global, national, and local levels, fostering enduring and mutually beneficial relationships, and ensuring our responsiveness to society's most pressing challenges. This section highlights our commitment to stakeholder engagement and the positive impact it has on our operations.

Matrix of Stakeholders Engagement

Stakeholder	Why this stakeholder is important to us	How we engage	What Matters to our stakeholders	How we respond to them
Government (MoEP, National Treasury, Counties, Politicians and Others)	We seek to contribute to the national discourse on the regulatory environment in which we operate and collaborate in creating solutions to meeting Kenyans aspirations and energy demand	• Letters • Site Tours • One-on-One meetings • Courtesy Calls	• Regular and accurate reports • Delivery of mandate • Uninterrupted supply of electricity • Cost of power • Public interest • Capacity expansion	• Running of power plants. • Deployment of affordable electricity generating technologies. • Building new power plants
Shareholder/Investors	The support of our shareholders enables us to implement our strategy and achieve business goals	• Investor briefings • shareholder tours • NSE announcements and activities • Investor relations • Results Announcements • Shareholder information on the Website • Annual General Meeting • Annual report	• Dividends • Business Performance • Corporate Governance • Sustainability • Shareholder value. • Astute leadership • Board continuity	• Dividend payout and share performance. • Continual improvement • Regular Dialogue and communication • Robust Corporate Governance. • Implementing ESG • Innovation
Energy Sector Partners	Through the energy sector value, KenGen collaborates with other sector players to ensure we deliver competitively priced electricity to Kenyans from generation to transmission to distribution.	• Round table meetings. • Energy planning meetings. • Site visits.	• Updates and new developments in the energy sector • Collaboration requirements to ensure power availability. • Emerging issues • Contingency Plans for the sector	• Regular information on power production. • Regular information on water levels at the dams regarding hydro power generation. • Cooperation and collaboration • Energy Planning meetings
Development Partners	As we generate electricity, KenGen requires financial partners who provide affordable financing for building power plants. Our development partners offer us affordable financing.	• Courtesy Calls • Meetings • Site visits • Financial reports	• Projects progress • Strategic plans • Ability to repay loans. • Sound financial status • Donor Specific requirements	• Project Appraisal report. • Project pipeline updates and outlook. • Good financial performance. • Complying with financing requirements

Matrix of Stakeholders Engagement

Stakeholder	Why this stakeholder is important to us	How we engage	What Matters to our stakeholders	How we respond to them
Employees	The quality of our employees is the reason why we continue to perform well. We are committed to attracting and retaining best talent while providing a fulfilling reward and responsible work environment.	• Memos • Internal Newsletter (KenGen Weekly) • Intranet • Notice Boards • Emails • Virtual forums and townhalls • Training events • Individual performance review • Employee surveys • SMS	• Reward • Career Growth • Diversity and Inclusion • Health and safety • Training • Strategic targets information	• Regular employee engagement and communication. • Launch of diversity and inclusion programs for women, youth, persons with disabilities: Pink Energy, Y-Gen and Blue- Gen • OHS Safety strategy and awareness. • Training and development programs • Individual performance review and appraisals • Internal communication campaigns and themes
General Public, Civil Society, Media, Consumer Organisations	KenGen is committed to providing uninterrupted and affordable power production to Kenyans. As we deliver energy for the nation, we are committed to the timely updates about the company to the public	• Mass media • Social media • Website • Site visits and tours • Flyers and brochures • Advertisements • Corporate Magazine • Road shows • Fairs and Exhibitions	• Assurance about uninterrupted and affordable power production • Timely updates about the company • KenGen financial performance	• Continuous generation of reliable and affordable electricity • Public notices • Media updates and advertisements • Documentaries • Informercials • Social media
Communities	We are committed to sustainable relationships with communities we operate in.	• Stakeholder Coordination Committee meetings • Barazas/Town Halls • Local Media • Flyers and Posters • Road shows • Invitation to key company events • Surveys • Letters • Telephone calls	• CSR support • Involvements and consultations • Economic opportunities • Climate change and environmental impacts • Timely information regarding impending natural disturbances, e.g. floods partnerships	• Community investments • Implementing the community engagement strategy • Job opportunities • Environment conservation programs • Stakeholder coordination committee meetings

Muhoroni Gas Turbine

Performance Overview

Grid Peak Demand

Kenya recorded a new peak demand of 2,149 MW on 14 December 2022 and highest energy gross demand of 39,182.00 MWh on 29 November 2022.

Electricity Units Sold

Overall electricity units generated of 8,027 GWhs were 1% ahead of 2022, reflecting the impact of the new Olkaria 1 Unit 6 geothermal power plant that was commissioned in July 2022, boosting geothermal generation by 23.8%. Improved geothermal performance was key in mitigating reduced hydro power generation owing to the drought conditions experienced during the year. Below chart shows the performance across KenGen's four electricity generation modes.

	2023	2022	Change
Source			
Hydro	2,520	3,307	-24%
Geothermal	5,090	3,977	28%
Thermal	360	580	-38%
Wind	57	54	6%
Total	**8,027**	**7,918**	**1%**

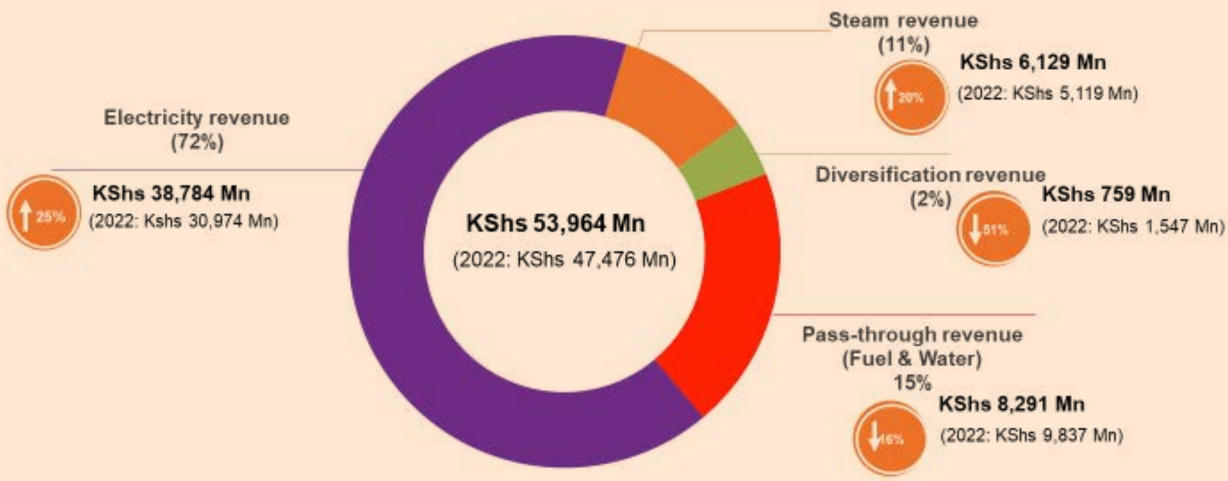
Olkaria I AU

Financial Review

REVENUE

Revenue increased by KShs 6,487 million, from KShs 47,477 million in 2022 to KShs 53,964 million for the year ended 30th June 2023. Increase is primarily attributable to the enhanced operational efficiency in our geothermal fleet and the additional installed capacity of Olkaria 1 Unit 6 geothermal power plant that was commissioned in July 2022, all of which contributed to a 25% increase in electricity revenue. Our revenue comprised of the following sources:

Diversified Revenue



Net revenue for the year increased by KShs 8,119 million from KShs 37,724 million in 2022 to KShs 45,843 million for the year ended 30th June 2023, primarily due to the higher electricity revenue.

Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) increased by 31% year-on-year to KShs 24,941 million (2022: KShs 19,658 million), primarily due to a growth in revenue and focussed cost containment.

Other Income and Gains/(Losses)

Other income increased by 170.8% from KShs 769 million in 2022 to KShs 2,084 million, attributable to income from insurance compensation for loss of Olkaria V revenue that had been occasioned by grid system disturbance in the first half of the year, and other compensation for fire and equipment damage. Other gains relate to foreign exchange valuations and fair value measurements of financial assets. The amount increased from a loss of KShs 515 million to a gain of KShs 428 million during the period mainly attributable to the depreciation of the Kenyan Shilling against the USD and the Euro.

Operating Expenses

Reimbursable expenses decreased by **16.7% from KShs 9,753 million to KShs 8,121 million**, attributable to decreased dispatch from the diesel thermal power plants. Depreciation expense increased by 26.8% from KShs 12,462 million to KShs 15,801 million partly due to revaluation of assets, and completion of Olkaria I Unit 6 in June 2022.

Employee expenses increased by 11.6% from KShs 8,247 million to KShs 9,206 million mainly attributable to Collective Bargaining agreement (CBA), Cost of living adjustment and implementation of new Human Resources Instruments approved by State Corporation Advisory Committee (SCAC) to align with other Government institutions.

The **Plant Operation and Maintenance** (O&M) expenses decreased from KShs 3,151 million to KShs 2,980 million, a decline of 5.4% owing to lower breakdowns. **Steam costs** are incurred in respect of steam used in generation of power from third party owned wells. The costs increased from KShs 3,093 million to KShs 3,731 million due improved dispatch from wells that are vested to GDC, and from which steam was utilised to run Olkaria I AU, Olkaria IV and Wellhead power plants.

Other expenses increased from KShs 4,343 million to KShs 7,068 million, mainly attributed to increased insurance costs and impairment costs for Kipevu I and Muhoroni GT power plants following expiry of their Power Purchase Agreements.

Operations, maintenance and administrative ("OM&A") and pass-through costs reported for the years ended 30th June 2023 and 2022 are summarized in the following table:

	2023	2022	% Change
Reimbursable expenses	8,121	9,753	-16.7
Depreciation	15,800	12,462	+26.8
Employee expenses	9,206	8,247	+11.6
Plant operation and maintenance costs	2,980	3,151	-5.4
Steam costs	3,731	3,093	+20.6
Other expenses	7,068	4,343	+62.7
Total	**46,906**	**41,049**	

EBITDA

Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) increased by 31% year-on-year to KShs 24,941 million (2022: KShs 19,056 million), primarily due to a growth in revenue and focussed cost containment.

Net Finance Expense

Net finance expense increased by KShs 1,155 million to KShs 1,043 million, compared to a gain of KShs 112 million in 2022, primarily due to the depreciation of the Kenyan Shillings against other major currencies which closed at KShs 140.52 for the Dollar up from KShs 117.87, KShs 152.98 for the Euro up from KShs 123.06 and KShs 0.9700 for the Japanese Yen up from KShs 0.8642 in the previous year.

Income Taxes

The effective tax rate reduced to 41% in the current year (2022:45%). This was predominantly due to deferred tax liability arising from the KShs 88 billion revaluation surplus amounting to KShs 22 billion in prior year, and as netted off by the increase in the deferred tax asset on carry forward of tax losses amounting to KShs 17 billion occasioned by commissioning of the Olkaria I Unit 6 capital allowance.

Profit After Tax

Profit after tax increased by 48.3% to KShs 5,017 million from KShs 3,382 million in 2022 owing to enhanced operational efficiency across our geothermal fleet and the positive impact of Olkaria I Unit 6 geothermal power plant that was commissionerd in July 2022 as highlighted above.

Financial Review

ASSETS

Non-Current Assets
Non-current assets increased by KShs 8,174 million, from KShs 462,530 million KShs 470,704 million, primarily due to an increase in fair value measurements of financial assets through profit as compared to 2022.

Trade Receivables
Despite the increase in electricity revenue, trade receivables remained almost at the same level as in prior year, increasing marginally by KShs 855 million from KShs 20,594 million in 2022 to KShs 21,449 million.

Cash and Cash Equivalents
Cash and cash equivalents increased by KShs 2,819 million, from KShs 12,655 million in 2022 to KShs 15,474 million in 2023. This increase is primarily attributable to positive net proceeds from borrowings and lower cash used for investing activities compared to prior year.

Borrowings
Borrowings increased by KShs 15,719 million, from KShs 134,133 million to KShs 149,852 million, mainly due to the financing for Olkaria I Rehab drawdown as well as loss on revaluation of foreign currency denominated loans owing to the depreciation of the Kenya Shilling.

Trade Payables
Trade payables decreased by KShs 301 million from KShs 8,595 million to KShs 8,294 million and relates to payments due to contractors as well as project retention monies held in respect of defects liability period.

Effective Financial Structure
Maintaining a well-balanced capital structure plays a significant role in our ability to raise financing on reasonable terms for our continued investment in renewable energy. The Company continuously monitors financial ratios in line with lender thresholds. The financial covenant thresholds of the long-term debt portfolio vary for each lender but converge around keeping the total leverage ratio, debt service coverage ratio, current ratio, and self-financing ratio within the below thresholds.

Financial Covenant	Threshold	Current	Compliance
Leverage ratio	<2.3 (70%)	32.78%	Yes
Current ratio	>1.2	1.79	Yes
DSCR	>1.3	2.44	Yes
Self-Financing Ratio (minimum contribution by KenGen to project costs)	>25%	115.03%	Yes

Liquidity and Capital Resources

The leverage ratio in the year ended 30th June 2023 was 36.9% compared to 30.7% in 2022. The ratio increased mainly because of the increased book value of debt largely owing to the depreciation of the Kenya Shilling. Based upon financial covenants with the various lenders for our capital structure, the Company has access to sufficient capital as required to support its future operating and project pipeline.

Capitalization table	30 June 2023	30 June 2022
Equity attributable to shareholders	274,193	274,597
Current debt	12,810	11,917
Non-current debt	137,042	122,216
Total debt	149,852	134,133
Total capitalization	**424,045**	**408,730**

Sustaining the Business – Operational Excellence

Performance Management

Under the organizational health initiative of the G2G Corporate Strategy, driving performance management is a crucial enabler to inculcate a performance driven culture. The Company is developing Productivity Management Framework to ensure efficiency and efficacy levels of our Human Capital.

Phase I: Productivity Measurement	**Phase II: Productivity Analysis**	**Phase III: Productivity Planning**	**Phase IV: Productivity Improvement**
Measures the productivity levels or growth rate to determine the productivity position	Defines the strengths and weaknesses for improvement	Reviews the results of the two phases above, sets goals to achieve, select alternatives and organize for improvement	Execution and implementation of the improvement plan

Empowering Minds: Geothermal Training Centre

We recognize that true progress lies not only in harnessing the potential of geothermal resources but also in nurturing the expertise and knowledge needed to drive this transformative journey. Through a steadfast dedication to training and empowerment, we have taken on the role of educators, shaping the next generation of geothermal leaders and professionals. KenGen has established comprehensive training programs that cater to a diverse range of participants, including our own staff, Kenyan public, regional partners, and international learners. We provide a cost-effective avenue to acquire specialized education and skills. In a field where international training can often carry a hefty price tag, our Geothermal Training Center resonates with the theme of universal access to education for all. As a Technical and Vocational Education and Training (TVET) institution, that is formally recognised by the World Bank as a Geothermal Center of Excellence, we are fostering a community of experts who are equipped to drive sustainable energy solutions.

At the Center, the Company has proudly hosted numerous international training programs that have welcomed participants from across the region and beyond. One such remarkable endeavor is our partnership with the United Nations Industrial Development Organization (UNIDO) to facilitate geothermal training. This collaborative effort has not only contributed to the professional growth of individuals but has also ignited a ripple effect of positive change in the global geothermal landscape.

Optimizing the Geothermal Reservoir in Olkaria

We believe that responsible stewardship of our natural geothermal resources is essential for a sustainable future. Our commitment to sustainable resource management is deeply ingrained in our geothermal operational ethos, guiding us to harness the Earth's energy while ensuring its preservation for generations to come. We recognize that geothermal resources we utilize today are finite, and it is our duty to manage them wisely, efficiently, and responsibly.

Recently drilled geothermal discharging well

The Olkaria geothermal field stands as a testament to our dedication to sustainable resource management. As pioneers in geothermal energy development in Africa, we understand the importance of effectively managing this precious resource. One of our key strategies is the implementation of reinjection strategies, both hot and cold, which ensures that the geothermal reservoir is replenished, maintaining its long-term sustainability. By reinjecting fluids back into the reservoir, we enhance its pressure and heat transfer efficiency, ensuring that we extract maximum energy while minimizing environmental impact.

This year saw the drilling of a geothermal reinjection wells at Olkaria, (OW-801 R1). This is part of an elaborate plan to replenish the Olkaria reservoirs to ensure that we harness the energy for many years.

KenGen Geothermal Rig

Efficiency through Cutting-Edge Technology: NDS Tracers

In our pursuit of optimal resource management, we have embraced cutting-edge technologies that empower us to measure and improve our efficiency. One such innovation is the use of NDS (Naphthalene Disulfonate) tracers. These tracers allow us to track the movement of geothermal fluids within the reservoir, providing invaluable insights into its behavior and efficiency. By understanding the dynamics of fluid movement, we can fine-tune our reinjection strategies, ensuring that our operations are as efficient and sustainable as possible.

Modeling the Future: Sustainable Reservoir Modeling

The path to sustainable resource management is paved with scientific knowledge and foresight. We employ sophisticated reservoir modeling techniques to simulate and predict the behavior of the geothermal reservoir over time. By creating detailed digital models of the reservoir, we can analyze various scenarios, assess the impact of different strategies, and make informed decisions that prioritize long-term sustainability. Our commitment to sustainable resource management is bolstered by our ability to anticipate challenges and develop proactive mitigating solutions.

At Olkaria, we have utilized cutting-edge technology to forge a pathway towards informed and strategic geothermal resource management. Our Integrated Resource Management System (IRMS) serves as the platform that seamlessly assimilates and manages diverse sets of geoscientific data to present a comprehensive overview of the geothermal resource. With this GIS-based system, our scientists and experts are empowered to delve into the different layers of data, unveiling patterns, correlations, and insights that steer our management strategies. By fostering a dynamic interplay between technology and geothermal experience, we go beyond mere data collection, to informed geothermal development. Thisssystem is a testament to our dedication to harnessing the power of innovation for the betterment of our geothermal future.

Availability for Maximum Utilization

Ensuring the availability of our geothermal power plants is another cornerstone of sustainable resource management. By prudent maintenance of the steam field, we optimize steam availability for our plants, minimizing downtime and maximizing their operational efficiency. By investing in regular maintenance, upgrades, and advanced monitoring systems, we guarantee that the energy extracted from the geothermal reservoir is utilized to its fullest potential, minimizing wastage and enhancing the sustainability of our operations.

Responsible Operations and Maintenance

KenGen's business is aimed at operational excellence through continuous commitment in the enhancement of its Operations & Maintenance (O&M) strategies while ensuring health and safety of its assets and people. To ensure availability and reliability of KenGen power plants, the company deploys various global best plant maintenance strategies such as Preventive Maintenance, Condition Based Maintenance (CBM) and Reliability Centered Maintenance (RCM) while leveraging on state-of-the-art technology. This ensures that the entire fleet is in good condition to provide the nation with reliable and affordable electric power.

Sustaining the Business – Operational Excellence

KenGen jointly with other energy sector players undertakes responsible and optimal maintenance scheduling that preserves the integrity, stability, and reliability of the national grid.

To optimize the turnaround times of maintenance works, we strive to ensure availability of required resources including critical and strategic spare parts, tools and maintenance equipment by leveraging on framework contracts with the Original Equipment Manufacturers (OEMs) and other reputable suppliers. This fast-tracks the procurement lead-times thus ensuring sustained efficient operation of the power plants resulting in higher availability and reliability.

KenGen is conscious of its O&M costs hence invests in its human capital development through continuous technical trainings and knowledge transfer by employee active involvement in key refurbishment projects. This has enabled the employees to perfect their skills and internally carry out planned maintenance activities (preventive maintenances, semiannual & annual inspections) and rehabilitation works.

Water reservoirs form a critical component of our hydro generation and hence the company is committed to efficient and responsible water resource conservation and utilization. This is achieved through optimal dispatch planning as well as effective dam level and cascade management, which ensures sustainability of the resources. Responsible operations involve prudent water management by monitoring weather patterns and energy demand balancing to ensure the nation benefits longer from the generation of cheaper hydro power even during dry seasons.

Enhancing Performance through Operational Efficiency

Our Operations workforce continues to exemplify our fervent commitment to ensuring our power generation fleet provides uninterrupted electricity supply to our economy through process improvement initiatives that drive operational efficiency. These include Root Cause Analysis, Technical reviews, reliability modeling, and implementation of 5S, KAIZEN, Single Minute Exchange of Die (SMED) and continuous reviews of the Standard Operating Procedures (SOPs).

During the year KenGen also implemented various plant upgrades and rehabilitation works to extend the useful life of its aging fleet and further improve the efficiency of the plants.

- **Gitaru Power Plant Rehabilitation**

As a testament to our technical skills mastery, the company rehabilitated Gitaru Power Plant Unit 2 using internal capacity. This entailed installation of Electrical Control Panel in the Powerhouse, new protection system in the switch room, Generator Circuit Breaker and Station Transformer in the substation. The E-House: an electrical house in the substation, that shelters the Generator Circuit Breaker, is the first of its kind in KenGen and a product of an innovative process.

The assembly, testing and commissioning of the Electrical Control Panel and its seamless integration into Unit's automation system was delivered using our highly skilled workforce.

Fire Risk Mitigation at Gitaru Station

• Advanced Metering Infrastructure project

KenGen has successfully completed the process of automating its metering processes through the Advanced Metering Infrastructure (AMI) project in Eastern, Upper Tana, Ngong and Geothermal regions.

The aim was to automate bulk energy meter reading to improve accuracy in data recording, validation, computation and storage.

Installed Advanced Metering Infrastructure

• SCADA Upgrades

Real time digital monitoring and trending of various power plant parameters has enabled KenGen to blend time-based maintenance and condition based maintenance. This is achieved by use of the Supervisory Control and Data Acquisition (SCADA) system which aids in gathering and analysis of all plant performance data.

The SCADA system has led to the automation of most of the plant operations within KenGen's installations. Upgrading of various SCADA systems is in progress to ensure the company stays abreast with the latest technology that will improve the operating processes and avoid the risk of obsolescence.

• Merilla Tunnel Inspection

The tunnel inspection was done using KenGen's highly skilled internal capacity and based on global tunnel inspections guidelines and confirmed that the structure is sound.

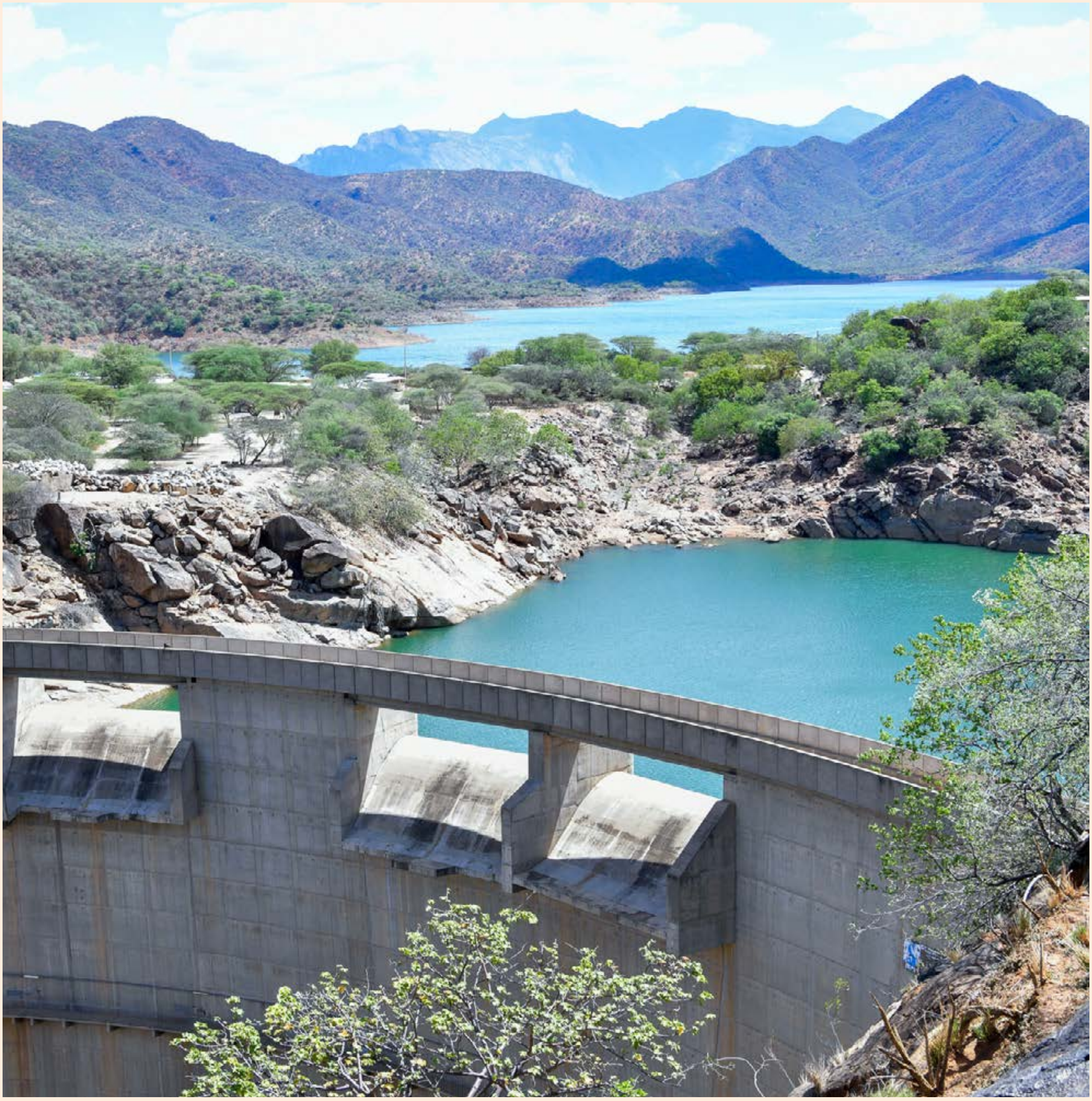
KenGen employees inspecting the Merilla Tunnel in Tana Power Plant

Sustaining the Business – Operational Excellence

• ISO Certification: Sustaining the business through excellence

KenGen is an ISO certified company and is committed to maintenance of its ISO 9001:2015 Quality Management and ISO 14001:2015 Environmental Management Systems. This certification has enabled the company to develop and sustain a culture aimed towards continuous improvement and increased efficiency, thereby ensuring sustainability of the business. KenGen has since greatly benefitted from increased opportunities for partnerships and improved company brand.

The organization is in the process of certifying its Occupational Health and Safety Management System against ISO 45001:2018 Safety and Health Management Standard. This will ensure standardization, improvement and better management of its Occupational Safety and Health (OSH) risks.



Turkwel Hydroelectric Dam

• Occupational Safety

KenGen is committed to safe business operations as guided by our core values: ***Team Spirit, Integrity, Professionalism, and Safety Culture (TIPS)***. The organization strives to maintain the highest standards of safety and health in its business activities to prevent incidents, minimize risks, and ensure the well-being of its workforce and stakeholders. KenGen has established a Disaster Risk Management (DRM) & Business Continuity Plan (BCP) including crisis management to ensure continued generation of reliable electricity in a safe, secure and environmentally responsible way even in a crisis.

The Company ensures compliance of its workplaces to OSH requirements and has identified and addressed key hazards through occupational safety programs.

- Routine dam monitoring statutory inspections
- Sound structural designs
- Continuous Preventive maintenance

- Periodic fire risk assessments
- Upgrade of automatic fire detection and suppression systems
- Investing in fire fighting equipment
- Continuous capacity building of fire marshals

- Regular inspections and earthing tests
- Isolation of energized parts during maintenance works
- Electrical safety trainings and awareness
- Specialized PPE

- Road safety committee established
- Road safety policy developed
- Road safety awareness done frequently

Sustaining the Business – Operational Excellence

- ## Specialized Occupational Safety Trainings and Risk Management

Working- at – Height (WaH): KenGen routine operations require working at height in some of our plants and facilities. WaH is a high-risk activity whose accidents can be fatal. This risk is managed through appropriate risk assessment, training, and provision of appropriate fall protection systems such as guardrails, personal fall arrest systems and positioning systems. The technical staff undertook comprehensive WaH training and Advanced Rescue training by Global Wind Organization (GWO) certified firm which equipped the employees with the necessary safety knowledge and skill to reduce the risk of accidents and injuries during operations.

Work at Height Training (WaH)

Advanced Rescue Training

Diving and Coxswain operations: Drowning is a key risk around our hydro power plants, geothermal power plants, clubs with swimming pools and at the spa. KenGen divers support operations especially in the Hydro Plants where keys installations are under water. They are also on standby as emergency responders for any drowning emergency. To further mitigate this risk, KenGen divers underwent a rigorous international training and certification for underwater operations and rescue.

KenGen Divers and Coxswain Training

- ## Road Safety

Road Traffic Accidents (RTAs) continues to be a critical risk within KenGen operations both with company vehicles and personal vehicles. To address this risk, KenGen has established a road safety committee and developed a Road Safety Policy to address critical road safety aspects. KenGen undertook promotion of road safety awareness amongst the Boda boda community in Eastern Region in conjunction with St John Ambulance in March 2023.

- ## Promotion of safety culture / Awareness

Safety & health weeks are held to create awareness and equip employees with workplace safety issues, with the aim of considerably reducing occurrence of unsafe incidents at the workplace. Focus is given to emerging occupational safety and health trends and causes of work-related injuries and diseases.

All the regions schedule and hold safety awareness campaigns annually. KenGen targets employees, contractors, visitors, and stakeholders around its work environment.

CS Energy visits Safety Booth at the 11th G2G Conference

KenGen First Aiders

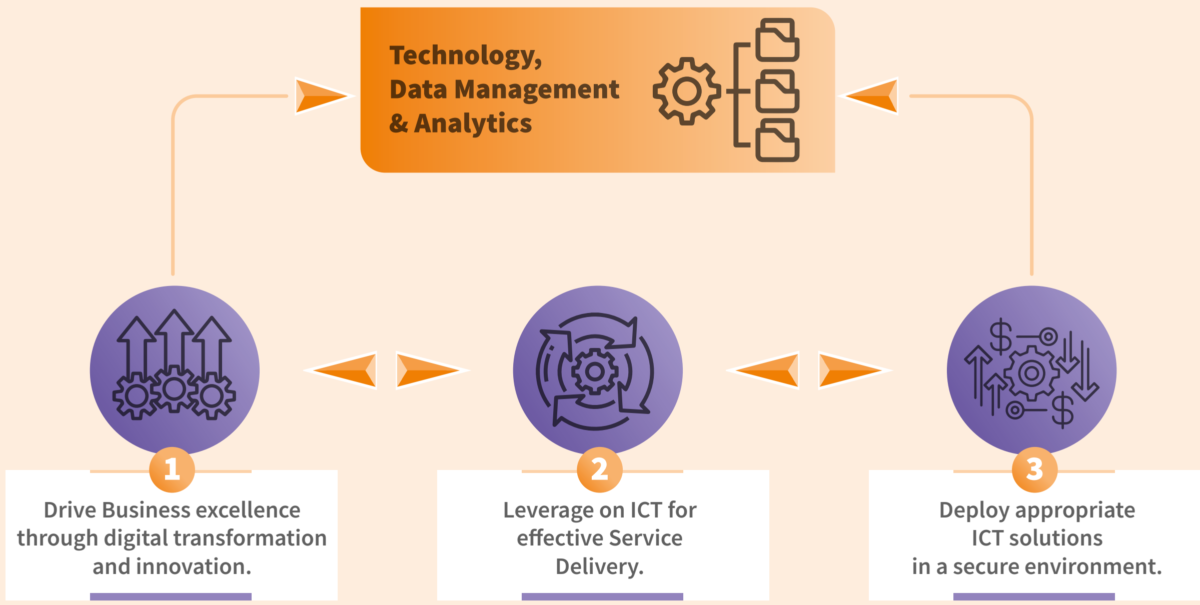
Sustaining the Business – Operational Excellence

Digital Transformation

KenGen leverages digital technology as an enabler in driving strategic objectives. KenGen's ICT digital strategy is aligned with the Good to Great (G2G) Corporate Strategy. During the year we continued to implement five-year ICT Strategy (2021-2025) with a focus on digital transformation through technologies such as Internet of things (IoT), cloud computing, Artificial Intelligence (AI), machine learning, cybersecurity, and IT-OT integration (DCS&SCADA). This enables business to provide reliable, secure, and efficient access to information and applications; supporting business processes; and enabling innovation.

We made significant strides in various ICT domains that enhanced our efficiency, security, green ICT, and sustainability creating a competitive edge in delivering value to our stakeholders.

Our Digital Focus



During the year the company progressed implementation of various ICT projects and initiatives:

a) ICT Infrastructure

Data Center (DC) Management: We upgraded our primary Data Center, implemented a power backup solution and deployed a Data Center Interconnect (DCI) solution to improve business efficiency, reduce energy consumption by 30%, operational costs, physical space, deployment time, and ensure business continuity.

KenGen Data centre.

b) Cybersecurity, Data Privacy, and Controls

The company conducted a comprehensive independent cybersecurity assessment on our ICT systems, including vulnerability and penetration testing to enhance our security posture.

We also implemented:

- Security Incident and Events Management (SIEM) to proactively detect and respond to security threats, providing a centralized view of security events and alerts.
- Privileged Access Management (PAM) to restrict access to critical resources, reducing the risk of unauthorized access and misuse.

c) Innovation, Business Automation, Agility, and Efficiency

Enterprise Automation: The Company implemented Service Level Agreement (SLA) automation to enhance tracking and reporting response time. This resulted in a reduction of paper usage and the company's carbon footprint.

Industrial Automation: To enhance power plant performance and efficiency the company implemented Industrial Automation that included Automatic Metering Infrastructure (AMI) and SCADA system upgrades.

d) e-Waste Management

KenGen is committed to responsible electronic waste management, complying with environmental regulations, and promoting sustainable e-waste recycling while ensuring compliance to the data protection act on equipment disposal.

Enterprise Risk Management

In an ever-evolving business landscape, effective risk management is essential for sustained success. KenGen's commitment to risk management is deeply embedded in our corporate culture and operational practices. KenGen operates a robust risk management framework aligned to ISO 31000: 2018 and Committee of Sponsoring Organizations (COSO) ERM Frameworks that ensure our strategic and operational risks are identified, measured, managed and monitored across the business. To ensure resilience and agility of the business, KenGen's risk management framework is continuously reviewed to remain responsive to our ever-changing risk profile.

ISO 31000 RISK MANAGEMENT PROCESS

Risk management is embedded in the business systems, processes and projects so that our responses to risk remain current and dynamic. KenGen has an array of strategies and initiatives in addressing critical risks that could impact the achievement of our business objectives. These strategies are closely monitored by the Board and Management.

Sustainability lies at the heart of KenGen's operations. We identify, assess and manage ESG risks associated with our actvities. KenGen's commitment extends to stakeholder engagement and collaboration to ensure that our operations contribute positively to the communities and enviroment in which we operate.

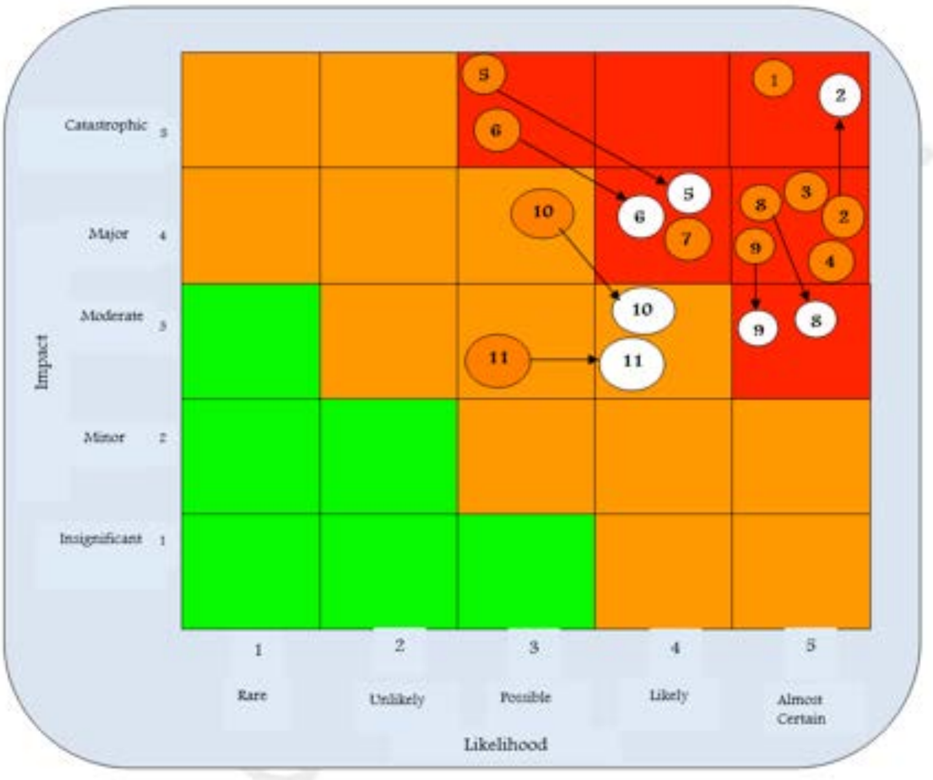
KenGen remains a robust governance structure that oversees risk management processes. The Company continously identifies and assess risk to ensure a proactive approach to risk mitigation. Our internal control framework is designed to safeguard assets, improve operational efficiency, prevent fraud, and ensure accurate financial reporting. Regular monitoring and reporting mechanisms provide real-time insights into the effectiveness of our risk management efforts.

Sustainability lies at the heart of KenGen's operations. We identify, assess and manage ESG risks associated with our actvities. KenGen's commitment extends to stakeholder engagement and collaboration to ensure that our operations contribute positively to the communities and enviroment in which we operate.

KenGen recognize that it is not possible to eliminate all the risks inherent in our operations and that acceptance of some risks is necessary if we are to foster innovation, ensure business sustainability and maximize value for our shareholders.

Top of Form

Key Risks and Mitigation Strategies: Our Heat Map



Enterprise Risk Management

Highlights of the KenGen Strategic Risks

Ranking	Risk		Strategic Pillars
1.	**Globalization Risk**		I. Delivery of current pipeline Projects and Access to New Geothermal Fields II. Optimize future plants CAPEX planning & execution III. Improve PPAs & Tariff regulations to increase profitability of future projects.
2.	**Market Risk**		I. Delivery of current pipeline Projects and Access to New Geothermal Fields II. Optimize future plants CAPEX planning & execution III. Improve PPAs & Tariff regulations
3.	**Counter Party Risk**		Improving PPAs/tariff regulation to increase profitability of future projects.
4.	**Cyber Security Risk**		Improving organizational health factors such as leadership and motivation and building the required skills/capabilities - to address all these initiatives
5.	**Project Execution Risk**		Delivery of current pipeline Projects and Access to New Geothermal Fields
6.	**Project Financing Risk**		Pursue new financing approaches (Partnership and asset monetization)
7.	**Generation Resources & Sustainability Risk**		Improving returns of current plants (OPEX) by optimizing and reducing operations and maintenance expenses.
8.	**Regulatory Risk**		Improving PPAs/tariff regulation to increase profitability of future projects.
9.	**Single Revenue Stream Risk**		Improving PPAs/tariff regulation to increase profitability of future projects.
10.	**Stakeholder Management Risk**		Delivery of current pipeline Projects and Access to New Geothermal Fields
11.	**Leadership & Governance Risk**		Improving organizational health factors such as leadership and motivation and building the required skills/capabilities to address all these initiatives

GoK Performance Contracting

The Kenya Government continues to steer and advocate for implementation of the results-management framework to streamline delivery of services to the citizenry. KenGen aligns these aspirations as well as ensuring optimal delivery to Kenyans, by committing to targets embodied in the annual GoK performance contract. Our performance, as contracted for the 2022-23 period resulted in a "Good" self-evaluated score of 3.1068, pegged on an inverted scale of 1 – 5, with 1 being best performance.

During the year, the Company surpassed many citizen-facing indicators such as Youth Internships and Resource Sustainability, with perfect scores attained for Science, Technology and Innovation Mainstreaming, Road Safety Mainstreaming and National Cohesion and Values indicators. The Company conducted country-wide supplier awareness to promote local content and Access to Government procurement opportunities (AGPO), on the processes and opportunities available to them, resulting in improved uptake and supplier performance.

Financial Stewardship and Discipline	Service Delivery	Core Mandate
• 74.5% absorption (KSh. 40.08 B) of internally mobilized funds. • Externally generated funds of KSh. 1.59 B (12.5%) absorbed. • Appropriations-in-aid of KSh. 47.70 M from disposal of motor vehicles and scrap.	• Process re-engineering and customer service delivery initiatives implemented. • Automation of Service Level Agreements is ongoing. • No major public complaint received. • 100% score for Science, Technology and Innovation Mainstreaming	• Hydro plants below target due to poor hydrology. • Technical Project Feasibility studies for Masinga and Marsabit completed. ESIA for both projects ongoing. • The rehabilitation of Olkaria I commenced. 7-Forks feasibility study completed and approved, financial due diligence ongoing.
Implementation of Presidential Directives	**Access to Government Procurement Opportunities (AGPO) / Promotion of Local Content in Procurement**	**Cross-Cutting**
• Signed O&M contract with REREC for Garissa Solar. • Collaboration & Partnership agreement with GDC on 1st right of refusal for future contracts	• AGPO awards of KSh. 6.27 B, 88% of a KSh. 7.10 B target; Persons with Disability awarded KSh. 0.47 B. • Local content tenders of KSh. 19.12 B, 79% of the KSh. 24.24 B target.	• Engaged 584 attaches (5 as PWD) • Most initiatives touching on citizens were implemented. • 100% score received for implementation of National Values indicator

Going forward, KenGen will implement Phase II of the Productivity Management Framework, increase allocations for youth internship intake as well as procurement set aside for AGPO and local content suppliers.

SUSTAINABILITY REVIEW

For us sustainability means more than just operating responsibly but an opportunity to support our stakeholders while making a difference. Through responsible environmental management, biodiversity protection, climate action, social safeguards, and prudent governance practices, sustainability lies at the heart of our business.

Joint Statement of the Chairman and the Managing Director & CEO on Sustainability

Our Sustainability Agenda focuses on addressing current demands without jeopardizing future generations' ability to meet their needs. We are committed to meeting the Environmental, Social, and Governance (ESG) requirements and expectations of best industry practices. This is also in line with the National values of (Human dignity, equality, inclusiveness equity, good governance, and a sustainable environment) as enshrined in Kenya's constitution.

KenGen is committed to creating long-term value for shared prosperity through the alignment of our strategy to sustainable practices. As we deepen our presence across the region, we seek to address the ESG risks and opportunities, and effects of our operations in a manner consistent with our values, mission, and vision.

At KenGen, sustainability means more than just operating responsibly. It is an opportunity to support our stakeholders while making a difference on the planet. Through responsible environmental management, biodiversity protection, project monitoring, assessment, climate action, social safeguards, and prudent governance practices, sustainability lies at the heart of our business.

We have an Enterprise Risk Management System in place as part of our sustainability policies, which takes a net risk approach and ensures that our leadership is fully and timely informed of serious risks. This influences how we manage risks and capitalize on opportunities.

Our membership in the UN Global Compact (UNGC) and zealous implementation of the UN Global Compact's Ten Principles and the UN Sustainable Development Goals (SDGs) is a testament to KenGen's commitment. We are in the process of making the third disclosure of our sustainability performance to UNGC.

We welcome our shareholders to walk with KenGen as we ensure that our transformational strategy of Generation to Generation is sustained.

Julius Ogamba
Chairman of the Board

Eng. Peter Njenga
Managing Director & CEO

Sondu Miriu Intake.

Our Sustainability Framework

Our Sustainability Agenda focuses on addressing current demands without jeopardizing future generations' ability to meet their needs. We are committed to meeting the Environmental, Social, and Governance (ESG) requirements and expectations of best industry practices including the National values of (Human dignity, equality, inclusiveness equity, good governance, and a sustainable environment) as enshrined in Kenya's constitution.

KenGen is committed to creating long-term value for shared prosperity through the alignment of our strategy to sustainable practices. As we deepen our presence across the region, we seek to address the ESG risks and opportunities, and effects of our operations in a manner consistent with our values, mission, and vision. Our Enterprise Risk Management System continues to take a net risk approach and ensures that our leadership is fully and timely informed of serious risks.

We are members of the UN Global Compact (UNGC), Kenya Chapter and have committed to the implementation of the UN Global Compact's Ten Principles and select eight priority Sustainable Development Goals (SDGs) that directly contribute to our business.

KenGen and Planet

Driving the Green Energy Revolution

At KenGen, we are steadfast in our mission to be a driving force behind Kenya's sustainable development. The Company recognizes that access to natural resources is a fundamental pillar of sustainable development. As stewards of Kenya's energy landscape, we are committed to responsibly harnessing our abundant natural resources to power economic growth, improve livelihoods, and promote a more equitable society. Kenya's energy potential is vast and varied, ranging from expansive geothermal fields to wind corridors and solar-rich regions.

Our focus on clean and renewable resources is the driving force in expanding access to reliable and affordable electricity. Our renewable power projects play a crucial role in providing clean, reliable, and affordable energy to power economic growth, enhance livelihoods, and elevate the quality of life for millions of Kenyans.

Geothermal development lies at the heart of our sustainability journey. This energy mode has the potential to meet a substantial portion of Kenya's energy needs and offers a path towards reducing greenhouse gas emissions and fostering energy security.

Throughout the year, we continued to expand our geothermal capacity, contributing to a greener energy mix and reducing the nation's carbon footprint.

Unlike conventional energy projects that often conflict with natural habitats, our geothermal, hydro and wind operations uniquely coexist with nature, and hold profound significance in KenGen's collective efforts to safeguard the planet. This symbolizes our commitment to balancing both sustainable energy and environmental preservation. Our Olkaria geothermal field located in Hell's Gate National Park is a pioneering testament of harmonious synergy.

KenGen Generation Ecosystem: WRC Safari Rally Circuit

In June 2023, our geothermal region hosted to the captivating World Rally Championship (WRC) Safari Rally, marking the seventh event in the prestigious WRC circuit in the year 2023. This event, renowned for its exhilarating challenges, is intricately linked with the Olkaria Geothermal project.

The rally's path through the Olkaria geothermal landscape offered participants and spectators a unique glimpse into the coexistence of geothermal energy and vibrant flora and fauna.

Desilting and removal of Hippo grass at Sondu intake

Sondu River 500 meters from the intake weir

A demonstration of pumping out the silt in progress

Desilting in progress

The Sondu Miriu River has experienced excessive eutrophication (Hippo Grass growth) and over-siltation because of upstream human activities. This has caused clogging of the cooling systems of the Sondu and Sangoro power plants, as well as a reduction in power generation from the Units due to reduced water holding capacity. The hippo grass posed a great risk to the neighboring community and their livestock, hence community-KenGen conflicts.

An amphibious multipurpose dredger was deployed to carry out desilting, deepening shallow waterways, preventing floods, removing invasive vegetation and trash, maintaining industrial ponds, and in infrastructure projects in the water environment.

KenGen and Planet

Tree-Growing Campaigns by KenGen Staff

KenGen is a responsive corporate citizen and committed to enhancing environmental sustainability, responding to the president's clarion call of growing 15.6 billion trees by launching the Staff Tree Growing Challenge. The tree growing challenge is towards making UN SDG 13-Climate Action alive through environmental conservation and individual action through the issuance of 20 seedlings to every employee to plant at their homes across the country' - December 9, 2022.

Since its inception, the KenGen staff tree-growing challenge has resulted in the distribution of 48,644 tree seedlings to employees in all our business areas. The Company has also established woodlots on its land, with over 15,049 nurtured trees.

48,644
Seedlings distributed to staff

15,049
Natured trees

Environmental Management

Environmental Compliance

KenGen has embraced the environmental responsibility of reducing harmful effects on the environment, pollution, greenhouse gases, single-use plastics, water usage, and waste management.

During the year, the company conducted ESIA studies, received an EIA license, and conducted Statutory self-annual audits for all KenGen facilities and installations in accordance with the Environmental Management and Coordination Act (EMCA) 1999 and Environmental Impact Assessment and Audit) Regulations 2003, and submitted the reports to the National Environment Management Authority (NEMA).

- No. of new EIA license- 5
- No. of ESIA studies initiated- 4
- No. of Self statutory Environmental Audits done 35
- No. of initial Environment audit done- 1
- No. of ongoing Preliminary Environmental and Social Impact Assessment (PESIA) 4

Statutory Environmental Self-Audits

- Conducted self-statutory audits for 35 KenGen facilities and the corresponding reports submitted to NEMA.

Statutory Initial Environmental Audit

- Carried out an initial environmental audit for Olkaria I Additional Unit 6 commissioned in June 2022.

EIA licenses processed during the year for the following projects

- Proposed overhead electricity transmission line from Gogo Power Station to Awendo 132/33 kV Sub-Station in Migori County.
- Proposed Sondu Regulating Pond desilting and hippo grass removal.
- Proposed desilting of Sagana Reservoir.
- 132 kV overhead power transmission line from Olkaria to KenGen Green Energy Park.
- Extension of the EIA license for 10 MW Ngong Phase III.

ESIA studies initiated during the year for the following Projects

- Raising of the Masinga Dam Project
- Olkaria VII Geothermal Power Plant
- Olkaria Geothermal Field to SGR Terminus in Naivasha
- Strategic Environmental and Social Impact Assessment (SESA) Report for the KenGen Energy Park Master Plan.

Air Emission Measurements

- KenGen undertook stack emission measurements for the thermal facilities (Kipevu I and Kipevu III Thermal Power Plants, Muhoroni Gas Turbine Units 1 and 2), and Gitaru and Turkwel Incinerators and submitted the data to the National Environment Management Authority (NEMA) in **Compliance with the Air Quality Regulations, 2014**.

Projects appraisal and monitoring

During the fiscal year under review, the following feasibility and pre-feasibility studies on environmental and social issues were conducted:

Marsabit Wind Project	• Conducted a household survey. Held the second Local Committee Engagement Forum for feasibility studies for the Marsabit Wind Power Project. Held the second Forum on the Rapid Free Prior and Informed Consent (FPIC) assessment.
Raising of Masinga Dam	• The Environmental and Social Impact Assessment (ESIA) investigations and biodiversity studies began during the fiscal year under review. • The Consultants hosted two workshops on the Basic Design for Raising Masinga Dam.
LNG	• Carried out feasibility study and capacity building, including PESIA, market/demand research,risk allocation, financial modellong and project structure to assess the viability of LNG
Gogo Upgrade	• Contracted Kenya Marine and Fisheries Research Institute (KMFRI) to undertake the aquatic and fish baseline research on River Kuja to supplement the previously completed ESIA investigations. • KenGen obtained a NEMA license for the Environmental Impact Assessment (ESIA) research report for the proposed overhead electricity transmission line from Gogo Power Station to Awendo 132/33kV substation in Migori County.
Seven Forks Solar Project	• Arranging for the financing facility progressed during the year. • Livelihood Restoration Plan (LRP), Stakeholder Engagement Plan (SEP), and Biodiversity Compensation Plan (BCP) were completed durig the year. Final Environmental and Social Management Plan (ESMP) was submitted.
Olkaria VII Geothermal Power Plant	• We commenced feasibility study for the Olkaria VII geothermal power project, including stakeholder engagements in June 2023.

People and Communities

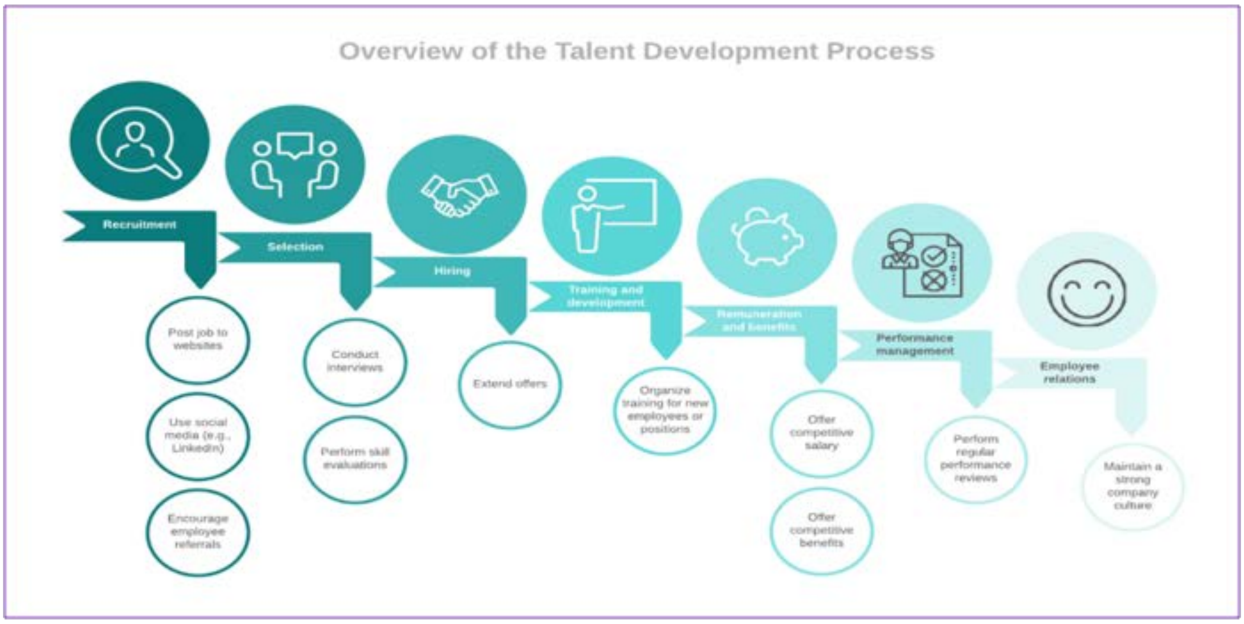
Our Human Capital

Our Human Capital strategy is to create an inclusive work environment for growth and a platform for innovative ideas. The agility, innovation, attitude, and skills of our people has placed the KenGen brand at the top and contributed to increased performance and profitability during the year. We have aligned our strategy towards achievement of our vision, mission and goals and ensure high employee motivation and loyalty.

The KenGen Way

Our culture brings out a distinctive KenGen way of life, that of commitment to excellence, strong team spirit and responsiveness. These are the things that make us stand out from the rest and give us a competitive edge in our business. KenGen culture has impacted positively on our employee morale, productivity, and the quality of our service delivery, our engagement with stakeholders, our business performance, and our bottom line.

Our Robust Talent Framework



Learning and Development

Continuous learning is a treasure that follows us everywhere.
To keep abreast with new technology and sweat our human capital, continuous professional development is our priority. During the year, the Company facilitated several development programs for enhanced performance and productivity. As a result, 63% of all our employees were trained in various programs.

Succession Planning, Our Secure Future

Our corporate succession planning strategy is based on periodic identification of critical and key positions in line with the corporate strategy and business plan. Our plan involves identification of potential successors within the company for each of the key positions, assessment of the potential successors' leadership potential, implementation of a development program and maintenance of a corporate talent pool.

The succession planning strategy provides for periodic engagement of external talent to enrich the corporate talent pool. This is done through graduate trainee programs and external recruitment.
Through the succession planning, we have identified twenty-three employees who are ready to take up executive roles and two hundred and three for all other levels in the Company.

All potential successors are taken through a development plan which is considered based on individual gaps identified:

i. Stretch assignments.
ii. Acting assignments
iii. Job rotations
iv. Mentoring and coaching (including job shadowing)
v. Formal training
vi. Strategies for transferring corporate knowledge.

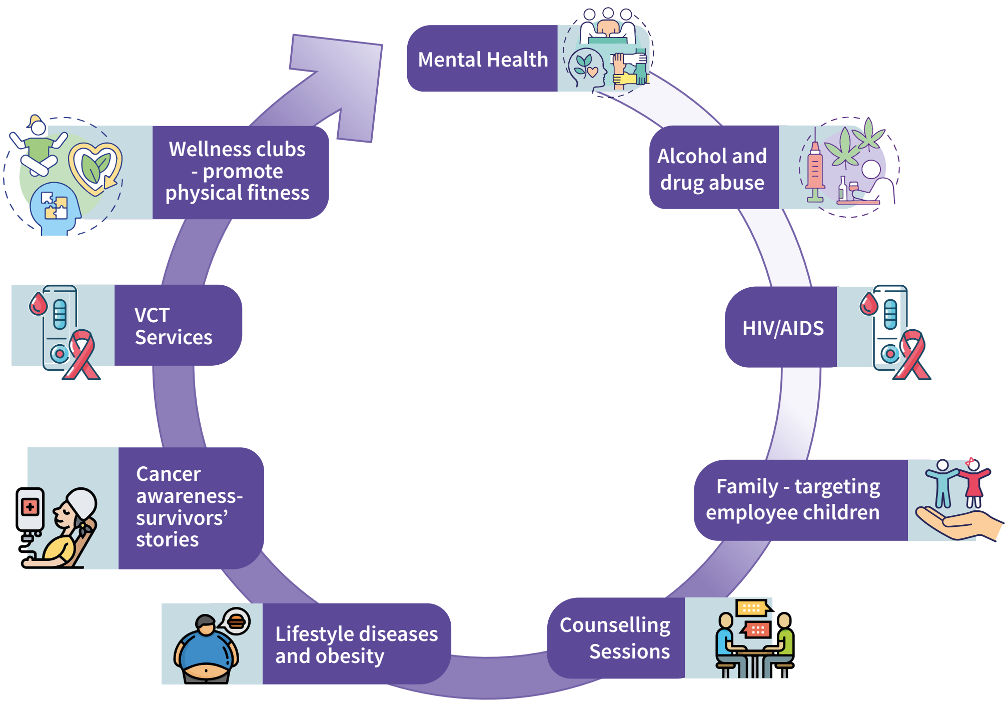
Employee Wellness

The Company encourages our people to participate in sporting activities as a way to enhance fitness and networking. These activities afford us the platform to interact socially, enhance our sports talent and increase the visibility of the KenGen Brand and ultimately healthy life.

The KenGen Sports Policy guides in planning for wellness activities as well as entrenching the wellness culture in the Company.

We believe in a holistic employee who is healthy physically and mentally.

During the year, we conducted several awareness sessions:



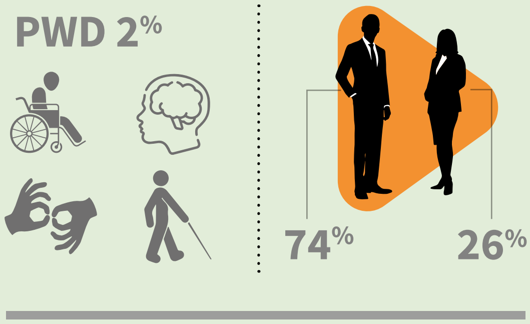
KenGen employees during a teambuilding exercise at Karura Forest

KenGen Y-geners teambuilding exercise - putting their best foot forward in a tug-of-war game.

People and Communities

Diversity and Inclusivity

The principles of affirmative action, gender and persons with disability is encapsulated in our Human Resource Policy. All matters diversity, inclusivity and equal opportunity is guaranteed during recruitment, promotion, and entire spectrum of service delivery. Our facilities are friendly and accessible to all persons regardless of their physical and visual disability.



Currently 2% of all employees are people with disabilities while female and male employees represent 26% and 74% of the total workforce respectively.

Through affirmative action, our target is to raise the percentage of people with disability in the Company to 5% of all employees and a composition of at least 30% of all employees being female or male.

To achieve gender equality and empower all women and girls, the Company developed the Gender Mainstreaming Policy designed to address the gender disparity and inclusivity across the Company. The policy has enhanced harmonious coexistence of male and female employees with equitable sharing of roles, responsibilities, and opportunities.

Interest Groups

To champion and address unique interests and challenges facing various demographics within the company, three focus group forums were established and have spread their wings across the country.

The Pink Energy forum is anchored on personal development and empowerment, creating a conducive work environment and gender awareness. The forum was established in 2016.

Key Achievements during the year:

No.	Achievement
1	Partnering with Safaricom Women in Technology, Institution of Engineers of Kenya Women Engineers chapter, Kenya Association of Manufacturing, Women in Manufacturing, the Brands and Beyond Women in Energy Awards and Women in Engineering South Africa.
2	Girl for Girl mentoring program
3	Launch of e-mentoring program
4	Gender awareness companywide
5	Quarterly talks including Cancer Talks, Inspiration, Financial Empowerment, Legal Clinics, Health, Wellness and Depression management
6	Partnership with the KenGen Foundation in uplifting the livelihood of women in communities around our installations including distribution of Sanitary Towels and purchase of school uniforms amongst others.

KenGen Pink Energy members during a past event

Y-GEN Forum

Y-Gen was formally launched in August 2021 as an initiative targeting the professional and personal development of KenGen's youth workforce. The initiative's motto *"Pillar for the future"* speaks to the importance of empowering young professionals from various fields of expertise in a sector that is globally entrusted to deliver a sustainable future.

The Forum has two guiding objectives: Y-Gen and Strategic Alignment to ensure members are aligned to the corporate and overall sector strategy and Y-Gen and Partnerships extend Y-Gen's impact beyond KenGen and into our communities.

KenGen Y-Gen members during the African Energy Forum

No	Achievement
1	Involvement in KenGen's strategic projects, including the Company's geothermal project in Kenya, Ethiopia and Djibouti.
2	Participation in sector innovation programs, including KenGen's Good to Great, global innovation forum.
3	Environmental sustainability through tree-planting hence contributing to green and sustainable communities.
4	Participation in the United Nations Global Compact's Young SDG Innovators Programme (YSIP)
5	USAID partnership with KenGen in the Girls 4 Girls (G4G) mentorship program
6	Partnering with Bamburi Cement Company to help them create their own Youth Forum.
7	**Y-Gen & the Youth Energy Summit:** attended the inaugural Youth Energy Summit during the African Energy Forum held in Brussels, Belgium
8	**Participated in the Rotary International programmes** where KenGen created its own corporate rotary club (RC Generate) aimed to serve communities through various charitable initiatives. Y-Gen was earmarked as a key driver behind this initiative. The Club's inaugural board largely consists of membership from the Y-Gen forum.
9	**Y-Gen and wellness:** where the initiative takes a distinct focus towards the professional and personal development of its members, working towards a generation that is productive & impactful both at work and in our communities.
10	**Creation of the Watts Up Podcast Platform:** where talks and programs touching on various topical issues such as career growth, mental health and parenting.
11	**Adoption of an International Youth Week**: where the week on which the International Youth Day falls is set aside for companywide activities promoting the youth agenda and celebrating the importance of youth in the bigger picture of business sustainability.

Y-GEN Forum (continued)

In full realization that men's contributions and concerns deserve a day of recognition, KenGen established the Blue Energy forum to address the issues facing men.

Building workforce for the future

We take pride in our young people who are the Company's future human capital.
Through Internship and Attachment programs, KenGen offered the students an opportunity to network and learn in order to sharpen their skills and make them ready for the workforce. During the year, five hundred and five (505) and seventy-nine (79) young men and women were offered attachment and internship opportunities respectively.

Workplace Safety

KenGen as a responsible employer takes priority in the safety of employees. Our focus is to provide a safe working environment for everyone working for and on behalf of KenGen, visitors including communities around our installations.

Our health and safety policy provides for a comprehensive approach to safety. All employees, contractors, suppliers, and visitors are protected against harm through meticulous and regular assessment of the safety measures, including tests and drills to always ascertain the level of preparedness.

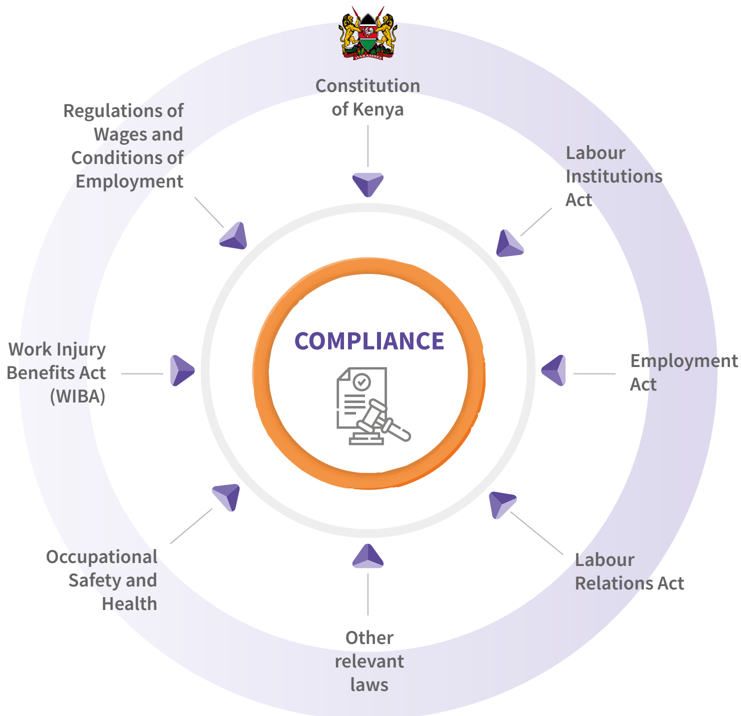
KenGen staff working at Kipevu III Power Station

KenGen staff demonstrating emergency response capability

Human Rights and Effective Recognition of the Right to Collective Bargaining

The Company complies with all relevant laws and regulations governing Human Capital that include Employment Act, Labour Relations Act, Labour Institutions Act, Occupational Safety and Health Act (OSHA), Work Injury Benefits Act (WIBA), and Regulation of Wages and Conditions of Employment Act, and the Constitution of Kenya.

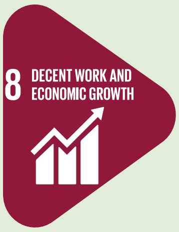
KenGen has a Recognition Agreement with Kenya Electrical and Allied Workers Union (KETAWU) as the sole representative of unionisable employees. During the year, the Company signed a new Collective Bargaining Agreement (CBA) for the period upto 2024.



The CBA has been registered with Employment & Labour Relations Court and is under implementation.

For industrial harmony, KenGen conducts quarterly consultative meetings with unionisable employees and leadership through the Central Joint Council.

Human Rights and Effective Recognition of the Right to Collective Bargaining (continued)



KenGen regularly sensitize its stakeholders on matters relating to human rights, including requiring all contracted service providers to sign contracts declaring they will engage workers as per the applicable labour laws.

To ensure healthy lives and promote well-being for all at all ages, KenGen has put in place a robust Medicare scheme for all employees and their dependants. The scheme is managed in-house and covers all treatment needs without discrimination. This commitment is enshrined in the Company's Human Resource Policy on medical benefits.

To achieve full and productive employment and decent work for all female and male employees, including youth and Persons with Disabilities, the company has implemented a comprehensive salary and grading structure that recognises qualification, experience, and skills without discrimination.

The Human Resource policy on remuneration is based on five guiding principles of equal pay for work of equal value, transparency, competitiveness, attracting and retaining talent, and best human resource practices.

Landscape of Olkaria Geothermal field

KenGen the Resposnsible Employer – Retirement Plan

KenGen has fulfilled its obligation to the Retirement Benefits Scheme (RBS) which has ensured that the scheme is fully funded. Pre-retirement training is conducted each year targeting employees who are due to retire during the year.

To enhance the retirement kitty, the Company made contributions to NSSF and RBS in compliance with the National Social Security Fund (NSSF) Act No. 45 of 2013. Upon retirement, employees will no longer access our medical cover. We are therefore eagerly waiting for the Government to conclude on the policy where both employees and employers will be required to make mandatory contributions towards a post-retirement medical fund in order to provide quality health care services to our retirees.

Social Impact on Communities

As a responsible corporate citizen, KenGen is committed to driving sustainable impact in communities through Corporate Social Investment (CSI) initiatives. Through social initiatives, the company demonstrates a holistic approach to sustainability, incorporating environmental conservation, education, and community empowerment in its quest for positive change.

KenGen Foundation

In responding to the interest of the Company and the society, our KenGen Foundation is committed to driving sustainable impact in communities through Corporate Social Investment (CSI) initiatives. The Foundation's sustainability efforts during the year exemplified our commitment to creating meaningful and long-lasting change through our CSI projects:

- Awarded 72 new scholarships to high school and university students, while continuing to support tuition fees for the existing 198 students.
- Organised a transformative three-day mentorship program for the sponsored students, aimed at enhancing academic performance, character development, and leadership skills.
- Contributed to educational infrastructure development by constructing: a school fence for Thua Primary School (Kitui County), an administration block for Mashamba Primary School (Embu County), renovation of classrooms and installation of a 20,000-litre water tank for Wikithuki Primary School (Machakos County).
- Donated 250 beds to Inkoirienito Primary School (Narok County).
- Installed water supply pipes and a 10,000-litre water tank in Lorogon Primary School in Turkwel
- Partnered in the "Jitunze Ujitunze" program to offer skill development for community engagement to over 1,200 youths from Kajiado County.
- Donated 461 (210 litres) drums to vulnerable communities in Olkaria (Nakuru County), 250 water drums to Sondu, Sangoro, Gogo, and Muhoroni, 250 water drums to Machakos, Embu, and Kitui; and 300 (1,000 litre) tanks to the Western region.

1

2

3

Donation of water tanks to Sondu community and schools

1, 2, 3

Students visiting Ngong Wind Farm for a Stem Educational Tour

Commemorating the International Day of Persons With Disabilities 2022.

Empowering Education through Geothermal

Geothermal power transcends energy – it ignites knowledge and empowerment. In tandem with our geothermal initiatives, we fervently supported the implementation of the Competency-Based Curriculum (CBC) by providing 500 seedlings to Inkorieneto Primary School. This seamless fusion of geothermal development with education also extended to Cypress Primary School and Eburru Secondary School, where we enriched the student's learning journeys with 500 seedlings each. These interventions aim to develop profound connection between the next generation and the geothermal environment.

Waste Management

Sustainable geothermal development entails more than harnessing energy – it's a gateway to responsible social practices. Our geothermal-backed campaign for proper waste management in the Kwa Muhia and Kamere settlement areas underscores this commitment. Collaborating with Elsamere, KWS, and the local Chief, geothermal-infused knowledge empowered communities to preserve the purity of Lake Naivasha a key resource for our geothermal development strategy.

Brand enhancement through value sharing

KenGen has spearheaded numerous impactful CSR initiatives in collaboration with like-minded partners fostering an environment conducive to business sustainability and made a substantial positive impact on the communities within its operational sphere. To illuminate our CSR achievements and raise awareness about our philanthropic undertakings, the Company produced a documentary and infomercials, showcasing the transformative influence of its CSR programs on education, water and sanitation, and environmental conservation.

The company's steadfast support for charitable causes has extended to various spheres, including golf tournaments, charity drives, and philanthropic endeavours. Notable CSR engagements include:

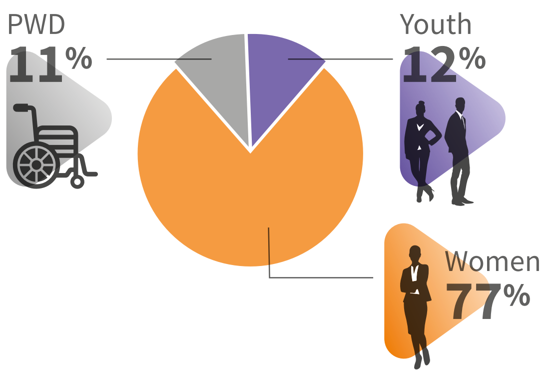
- Sponsoring the Nyeri Hospice Charity Golf Tournament to raise funds for palliative care for terminally ill patients.
- Sponsored an e-Mobility Stakeholders Forum, Kimalel Cultural Fair 2022, Presidential Afforestation Launch Drive, Embu Mega Business Expo 2023, and Kenya Association of Manufacturers - The Energy Management Awards.
- Involvement in impactful conservation initiatives: Mama Doing Good Tree Growing Restoration Campaign in Kakamega forest and the Netfund 7th Edition of the Kaptagat Integrated Conservation Programme.
- Contributed to the construction of a library in Kieni, Nyeri County and a dormitory block at Governor Secondary School in Maai Mahiu.
- Drilled a borehole in Ngong wind farm to provide water to the local communities.
- Donated 25 lockers & chairs each to Inkorienito Mixed & Boarding, Maua primary School and Sulmac community.
- Graded the Olomunyak-Ormara-Nkaampani access road for Nkaampani Community
- Donated 180, 1,000 litres water tanks to Sondu community.

Economic Empowerment

The KenGen actively contributes to economic empowerment by creating opportunities for local businesses to thrive. We engage supplier development activities that foster entrepreneurship and job creation. This approach not only benefits individual businesses but also strengthens the overall economic fabric of our operational areas. Our approach entails:

- Buy Kenya Build Kenya (BKBK) by actively engaging local suppliers and entrepreneurs.
- Complying with the requirements of Access to Government Procurement Opportunities (AGPO) for Special Group of Women Youth and People living with Disability (YWPWD)
- Prioritizing inclusivity in supplier selection to foster relationships with diverse suppliers, including those owned by disadvantaged groups (PWD).
- Promoting equity and fairness is a guiding principle for all our sourcing.
- Impacting the local economy by sourcing from immediate local suppliers within our areas of operation thereby contributing to job creation and economic growth within the regions where we operate.

During the year, the Company awarded procurement opportunities to Women, Youth and People With Disabilities to a tune of KShs 6.3 billion.



To enhance the uptake of the available opportunities we have put in place capacity building initiatives and supplier diversity programs. Hence, we empower local businesses to become integral part of our supply chain value creation and driving economic growth within the communities for shared prosperity.

KenGen Contribution to Net Zero

KenGen is committed to mitigating and adapting to the effects of climate change. Kenya, as a UNFCCC party, presented its Intended Nationally Determined Contribution (NDC) in July 2015 as a pledge to combat climate change. The country has since increased its pledge to cut greenhouse gas (GHG) emissions by 32% compared to the business-as-usual scenario of 143 $MtCO_2eq$, towards Net Zero Emissions. This commitment focuses on the energy sector as one of the major contributors. KenGen is aligned to heed this clarion call through deployment of more renewable energy from geothermal, solar, and wind to ensure emissions are reduced substantially while ensuring energy for all.

Our Sustainability Commitments

01

Caring for Climate

Align our activities to the ambition of reducing global warming to below 1.5°C through renewables.

02

Environmental

Restoration of 1,500 Ha Catchment areas, Targeting to grow 2 billion trees in partnership with National Environment Trust Fund.

03

Social Actions

Developed a Community Engagement Strategy for continous engagement with the communities to support their self-sustaining livelihoods.

04

Young-SDG Innovators Program

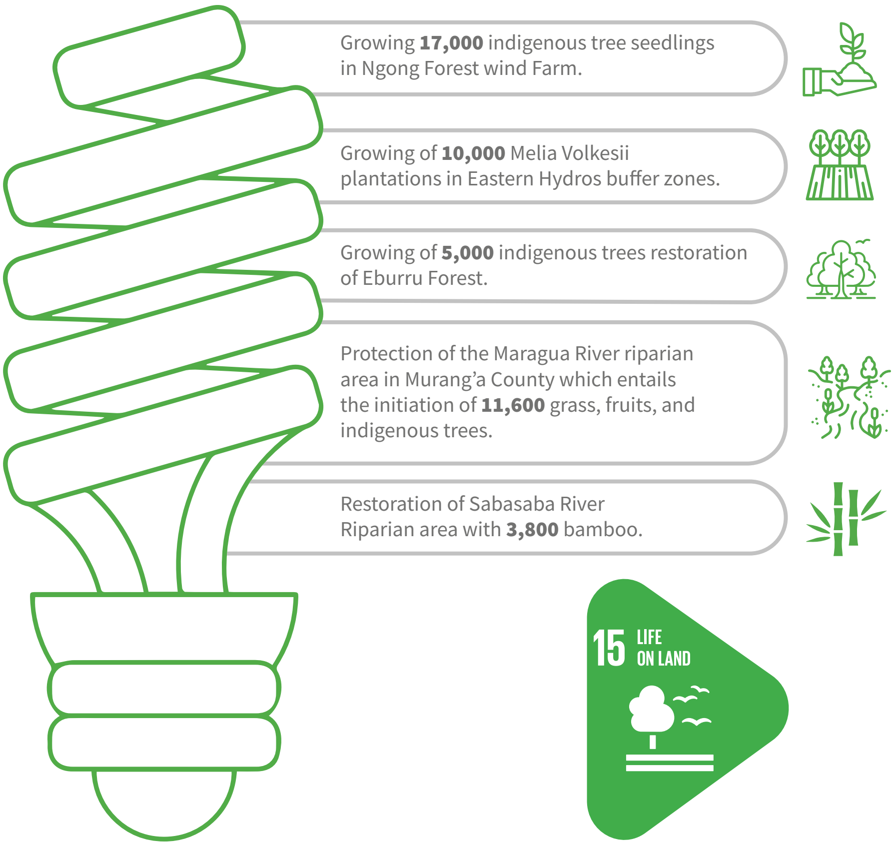
Empowering our young talent to collaborate and accelerate business towards SDGs.

KenGen Commitment to Sustainable Development and Principles of UN Global Compact

As a participant member of the UN Global Compact (UNGC), KenGen has committed to aligning its activities to the ambition of reducing warming to 1.5°C through the implementation of renewable energy project that contribute to emissions reductions.

KenGen is implementing the Ten Principles of the United Nations Global Compact and has submitted the annual Communication of Progress (COP) for the last four years. KenGen is actively participating in the following UNGC programs.

Ecosystem Conservation



The Government of Kenya rolled out a tree planting exercise campaign in line with the Presidential Directive to grow and increase the national tree cover from the current 12.3% to 30% of Kenya's total land mass by planting and nurturing to maturity 15.6 billion trees by 2032.

This is consistent with our sustainability objective of maintaining and restoring the ecosystems from which we derive the resources for power generation.

KenGen issued 477,058 tree seedlings during the fiscal year under review, which were planted through collaborations with various stakeholders, including communities living around our power generation installations, the Kenya Forest Service, community forest associations, county governments, NETFUND, and the Ministry of Energy.

To attain this goal, the Company initiated several conservations initiatives. This brings the KenGen conservation initiative to 2,453,224 seedlings issued out/ Donated/planted in the last nine (9) years cumulatively, equivalent to the restoration of 1231 Ha of degraded lands and 11,682.02 tons of CO2 sequestrated per year.

Our Climate Program

As a member of the Business Ambition for 1.5°C Campaign, KenGen is committed to establishing emission reduction targets that are consistent with the level of decarbonization required to limit warming to 1.5°C or well below 2°C as specified in the 2015 Paris Agreement. This pledge will eventually lead to Net Zero emissions by 2050 and will be maintained across the global supply chain. During the year, KenGen dispatched a total of 8,027 GWh of which 7,676 GWh (96%) was from renewable energy sources.

KenGen's involvement in CDM began in 2006 when the company formed a partnership with the World Bank to develop our first three CDM projects, which included the Olkaria II expansion project, the optimization of Kiambere, and the rehabilitation of Tana. KenGen has since registered six (6) Clean Development Mechanism (CDM) projects with the United Nations Framework Convention on Climate Change (UNFCCC) to date as follows.

No.	CDM Project	Available CERs
1	Olkaria II	292,616
2	Tana	79,982
3	Kiambere	184,482
4	Olkaria IV	1,985,297
5	Olkaria IAU	1,999,705
6	Ngong	35,966
	Total	**4,578,048**

KenGen at COP 27

KenGen as a Global climate action leader participated in the 27th Climate Change Conference of Parties (COP27) at Sharm El Sheikh, Egypt from October 31 to November 18, 2022. The Company's participation at the Conference was motivated by its involvement in the climate change arena through the deployment of renewable energy in Kenya.

KenGen as a Global Green Citizen: Championing Renewable Energy

KenGen as a responsible corporate citizen is leading in the implementation of the 17th national value on Sustainable Development. In addition, SDG 17 calls for a strong commitment to global collaboration and partnership. The 2030 Agenda is a clarion call to develop and developing countries to take action in ensuring that no one is left behind. This has been KenGen's mantra in collaborating with diverse stakeholders to address natural resource management, climate change, biodiversity and ecosystems, and circular economy-related issues.

KenGen as a global green citizen joined other like-minded organizations to mark key international environment commemorations. KenGen being a responsible citizen partnered with other organizations to commemorate important environment days.

World Environment Day 2023

KenGen partnered with the National Environment Management Authority (NEMA) in commemorating World Environment Day on June 5, 2023, at Lake Nakuru National Park, Nakuru County. This year's campaign was commemorated under the slogan "Beat Plastic Pollution," which stressed the necessity of taking decisive action to address the pollution issue. It served as a reminder that individuals' responses to plastic pollution matter.

World Wetlands Day

World Wetlands Day was observed nationally at Enkongu Enkare in Narok County to bring attention to the importance of wetlands for both people and the environment. KenGen and other partners, including the Ministry of the Environment and NEMA, took part in the day's commemoration under the theme "It's time for wetland restoration." To benefit humans, wildlife, and the environment as a whole, the theme focused on how crucial it is to preserve and restore these important ecosystems.

World Desertification Day

KenGen also joined the rest of the world in partnership with NEMA to mark World Drought and Desertification Day (WDDD) at Wasia in Kitui County. Its purpose was to raise awareness of the presence of desertification and drought, highlighting methods of prevention and recovery from drought. The event emphasized strategies for mitigating desertification.

KenGen at Convention on Biodiversity (COP15)

KenGen participated in the Convention on Biological Diversity's (CBD's) 15th Conference of the Parties (COP 15), which brought governments from all over the world to Montreal, Canada, to set new objectives to stop and reverse biodiversity loss over the coming decade and beyond. The framework, which is currently in the third draft stage and will offer direction on biodiversity conservation in the following 10 years, was the primary item on the agenda.

KenGen Green Initiative (GIC) Challenge

In recognition of the critical role of environmental conservation in addressing climate change, KenGen started a Green Initiative Challenge (GIC) that engages over 100 schools from Machakos, Embu, and Kitui counties in a tree-planting competition. The GIC extends its reach to Turkana and West Pokot Counties, involving 28 schools to promote afforestation. Notably, 800 schools have actively been participating since 2013.

Kenya Energy Sector Environment and Social Responsibility Program

KenGen is committed to supporting the Ministry of Energy in implementing the 2019-2029 KEEP's Action Plan. This work is in line with KenGen's goal of restoring catchment areas along the Sondu Miriu and Tana rivers, which serve hydropower production, as well as other ecosystems. The projects are being undertaken in various counties equating to 700ha.

KenGen has continued providing technical assistance in numerous ecosystem restoration projects since 2019, including the restoration of 150 ha in Aberdare Forest, 107 hectares in Londiani Forest, restoration of 100 ha of Maragoli hilltop and 20 kilometers along the South Mathioya Riverine in Murang'a County.

During the fiscal year under review, KenGen collaborated with the Ministry of Energy & Petroleum to adopt 150 ha of Gathiuru Forest in Nyeri County and 100 ha of Ontulili Forest in Meru County.

KenGen Supports NETFUND in Restoring of Kaptagat Forest

KenGen is committed to providing 2 million tree seedlings to the National Environment Trust Fund's (NETFUND) Two Billion Tree Growing Campaign during the next five years, from 2021 to 2025. The Company contributed 20,000 seedlings for the rehabilitation of Kessup Block for Kaptagat Forest in July 2023. To date, the company has donated 846,317 tree seedlings to the NETFUND goal.

Partnering with Golf clubs

KenGen also collaborated with golf clubs in Nyeri, Machakos, Eldoret, Kericho, Naivasha, and Nakuru to plant 7,547 trees in support of the clubs' conservation efforts.

Kereita Forest Challenge

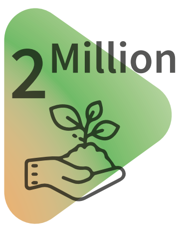
KenGen collaborated with other stakeholders such as Kenya Forest Service (KFS), Base Titanium, The Star, and Kenya Wildlife Service (KWS) to restore 15ha of crucial Aberdare catchment at the "Forest Challenge" in Kereita Forest. The Forest Challenge aims to raise funding to continue the restoration of major water towers by rehabilitating at least 600 hectares (equivalent to planting at least 600,000 indigenous tree seedlings) for 10 years.

Reaforestation of our Eburru Geothermal Vitality

Geothermal energy is not just about power generation – it is about holistic restoration. Our exceptional achievement includes the reafforestation of 5 acres within the Eburru forest ecosystem. We planted 5000 indigenous seedlings, which now stand as a testament to the harmonious coexistence of renewable energy and thriving ecosystems. With an impeccable survival rate of 100 percent, this geothermal-powered endeavour began in November 2021 and remains as part of our steadfast commitment.

The no. of schools that have actively been participating in KenGen Greensince Initiative since 2013

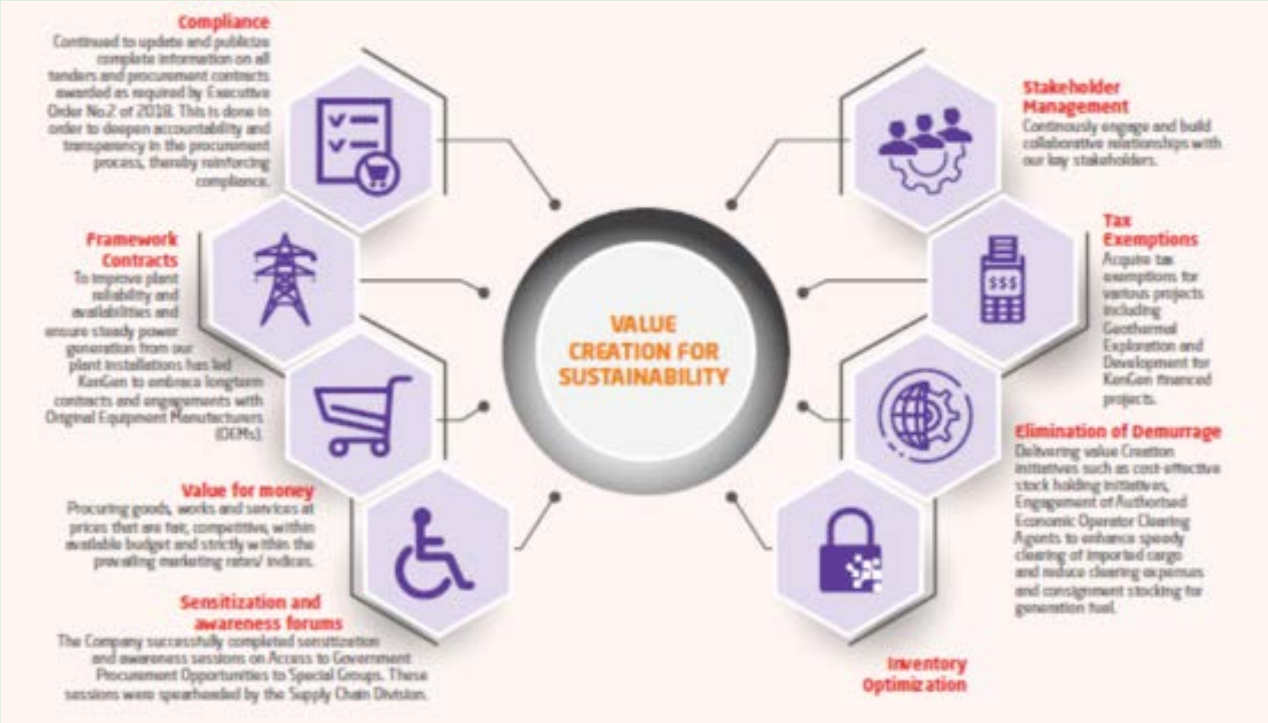
150 ha Restored land in Aberdare Forest, 107 ha in Londiani Forest



Tree seedlings KenGen commited to the NETFUND

Sustainable Supply Chain Value Creation

Sustainability is a core consideration in our supply chain strategy. We evaluate suppliers not only based on price and quality but also on their environmental and social practices. By collaborating with suppliers who share our commitment to sustainability, we integrate responsible practices into our supply chain and contribute to KenGen's broader sustainability objectives.



Supply Chain Strategy

Supply Chain in KenGen is a multifaceted framework that is pivotal to the company's operations, ensuring the efficient flow of goods and services while adhering to ethical and regulatory standards.

Our supply chain strategy is designed to align with best practices and organizational goals. We value long-term partnerships with suppliers to enhance supplier relationships, reduce risks, and ensure a reliable supply of goods and services that supports the company's operational excellence. The Company has embraced framework contracting for supply of strategic spares for sustainability of the running of our power plants. This guarantees a steady and sustained supply of much needed spares to keep the generating equipment available.

The Company has embraced e-procurement thereby leveraging on technology to digitise its business transactions with suppliers. This has enabled the business to better manage and improve the efficiency of its procurement processes leading to reduced paper usage during bidding and tender submission thereby contributing to efficiency on deliver on services and carbon reduction.

The Company is guided by various principles that create value to its stakeholders through various thematic areas.

Value for Money

KenGen is committed to achieving value in sourcing goods, works and service. We ensure that the company maximizes its return on investment while maintaining high quality standards through rigorous sourcing processes, conducting market analysis, and negotiating favorable terms with suppliers. Our collaborative effort with stakeholders results in cost-effective procurement solutions that drives sustainable value for the organization.

Compliance

KenGen as a sustainable commercial state corporation has the responsibility of ensuring that the Supply Chain value addition is based on ethical, transparent and equal opportunity principles. Adherence to regulatory frameworks and internal policies is a cornerstone of our supply chain processes. The main regulatory that drives our sourcing is the Public Procurement and Asset Disposal Act of 2015 and attendant Regulations 2020. Regular audits and reviews ensure that our practices remain compliant, minimizing legal risks and enhancing shareholder trust.

Fair Value for Goods and Services

KenGen understands the importance of fair value for goods and services, both for the business and our suppliers who are our value addition business partners. KenGen has annual Procurement Plan as a strategic planning tool that has been approved by the Board that ensures sourcing is done in an orderly, efficient manner and is within budget. KenGen upholds transparent and competitive bidding processes that give all eligible suppliers an equal opportunity to participate. This fosters healthy competition, enabling us to secure high-quality products and services at competitive prices.

Consumer Protection

KenGen is committed to supplying Kenyans with uninterrupted electricity through efficient management of our supply value chain by sourcing goods, works and services from reputable suppliers who adhere to quality standards and ethical practices. This contributes to the reliability of the electricity generation process and safeguarding the interests of our consumers.

FINANCIAL STATEMENTS

Report of the Directors

The Directors submit their report together with the audited financial statements of Kenya Electricity Generating Company Plc (the "Company" or "KenGen") for the year ended 30 June 2023.

Principal Activities

The principal activity of the Company is to generate and sell electricity to the authorized distributor, The Kenya Power and Lighting Company Plc (Kenya Power).

Results

The results of the entity for the year ended 30 June 2023 are set out on page **xx**-**xx** Below is summary of the profit or loss made during the year.

	2023	2022
	KShs'000	**KShs'000**
Profit before income tax	**8,524,816**	**6,191,985**
Income tax expense	(3,508,339)	(2,810,237)
Profit for the year	**5,016,477**	**3,381,748**
Other comprehensive loss/income for the year, net of tax	(4,101,756)	66,211,409
Total comprehensive income for the year	**914,721**	**69,593,157**

Recommended dividend

Subject to the approval of the shareholders, the Directors propose payment of a first and final dividend of Shs 1,978 million (2022: Shs 1,319 million) for the year representing Shs 0.30 (2022: Shs 0.20) per issued ordinary share.

Directors

The Directors who held office during the year and to the date of this report are disclosed on page **xxx**

Disclosures to the auditor

The Directors confirm that with respect to each Director at the time of approval of this report:

(a) There was, as far as each Director is aware, no relevant audit information of which the Company's auditor is unaware; and

(b) Each Director had taken all steps that ought to have been taken as a Director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Terms of appointment of auditors

The Auditor-General is responsible for the statutory audit of the Company's financial statements in accordance with Section 35 of the Public Audit Act, 2015. Section 23(1) of the Act empowers the Auditor-General to appoint other auditors to carry out the audit on his behalf. Accordingly, Deloitte & Touche LLP were appointed to carry out the audit for the year ended 30 June 2023.

The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the Board

Company Secretary

……………………………...2023

Statement of Directors' Responsibilities

The Kenyan Companies Act, 2015, requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and its profit or loss for that year. The Directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and error.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining internal controls as they determine necessary, to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

ii. Selecting suitable accounting policies and then apply them consistently; and

iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

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

Julius Migos Ogamba *Chairman*	**Samuel Kimani** *Director*	**Peter Njenga** *Managing Director & CEO*

Director's Remuneration report

INFORMATION NOT SUBJECT TO AUDIT

The Company's Directors Remuneration Policy and Strategy

The Board establishes and approves formal and transparent remuneration policies to attract and retain both executive and non-executive Board members.

These policies clearly stipulate remuneration elements such as Directors' fees, honorarium and attendance allowances that are competitive and in line with those of other agencies in the industry and with the State Corporations Act.

In accordance with the guidelines provided in the State Corporations Act and issued by the Salaries & Remuneration Commission as well as shareholder approval granted at the Annual General Meeting; The Directors are paid a taxable sitting allowance of Shs 20,000 for every meeting attended. The Chairman is paid a monthly honorarium of Shs 80,000. The Board members are paid an annual Directors fee of Shs 600,000 subject to approval by the shareholders. It is proposed that each non-executive Director receives a fee of Shs 600,000 excluding sitting allowances and honorarium for the financial year ended 30 June 2023 subject to approval by shareholders during the Annual General Meeting.

The total expenses incurred in the course of enabling the directors discharge their mandate are charged to the statement of profit or loss (Note 10(e)).

Kenya Electricity Generating Company Plc does not grant personal loans, guarantees, share options or incentives to its Directors.

Contract of Service

In accordance with the Capital Markets Authority (CMA) regulations on non-executive Directors, a third of the Board is elected at every Annual General Meeting by the shareholders for a term of 3 years on rotation basis.

The Managing Director and CEO has a three (3) year renewable contract of service with Kenya Electricity Generating Company Plc. The Managing Director & CEO was appointed on 17th August 2023.

Changes to Directors Remuneration

During the period, there were no changes in Directors Remuneration which is set as per the guidelines provided in the State Corporations Act and the Salaries & Remuneration Commission.

Statement of Voting on the Directors Remuneration Report at the Previous Annual General Meeting

During the Annual General Meeting held on 26th January 2023, the shareholders approved the payments of Directors fees for the year ended 30 June 2022 through virtual voting.

Approval will be sought at the upcoming Annual General Meeting from shareholders to pay Directors fees for the financial year ended 30 June 2023.

Director's Remuneration report

INFORMATION SUBJECT TO AUDIT

The following tables shows a single figure remuneration for the Managing Director and CEO and Non-Executive Directors in respect of qualifying services for the year ended 30 June 2023 together with the comparative figures for 2022. The aggregate Directors' emoluments are shown in note 37(f).

For the year ended 30 June 2023

Non-Executive Directors

Name	Category & Period of Service	Salary	Directors Fees	Sitting Allowances	Honorarium	Telephone	Total
		Shs'000	Shs'000	Shs'000	Shs '000	Shs '000	Shs '000
Julius Migos Ogamba	Chairman (Appointed on 28th February 2023)	-	200	960	320	28	**1,508**
General (Rtd) Samson Mwathethe	Chairman (Retired on 28th February 2023)	-	400	820	640	56	**1,916**
Prof. Njuguna Ndung'u	Non-Executive	-	600	-	-	-	**600**
Alex Wachira	Non-Executive	-	600	60	-	-	**660**
Joseph Sitati	Non-Executive-(Retired on 28th February 2023)	-	350	660	-	-	**1,010**
Maurice Nduranu	Non-Executive – (Retired on 28th February 2023)	-	350	1,180	-	-	**1,530**
Phyllis Wakiaga	Non-Executive- (Retired on 26th January, 2023)	-	350	380	-	-	**730**
Peris Mwangi	Non-Executive-Retired on 26th January, 2023)	-	350	780	-	-	**1,130**
James Opindi	Non-Executive	-	600	1,740	-	-	**2,340**
Samuel Kimani	Non-Executive	-	600	1,420	-	-	**2,020**
Winnie Pertet	Non-Executive	-	600	1,860	-	-	**2,460**
Josephine Koisaba	Non-Executive-(Appointed on 26th January, 2023)	-	250	940	-	-	**1,190**
Dr. Rosemarie Wairimu Wanyoike	Non-Executive--(Appointed on 26th January, 2023)	-	250	1,000	-	-	**1,250**
William Rahedi	Non-Executive--(Appointed on 28th February 2023)	-	250	940	-	-	**1,190**
Hon. Mutai Stephen Kipkoech	Non-Executive--(Appointed on 28th February 2023)	-	250	900	-	-	**1,150**
Bernard Ndungu	(Alternate to CS National Treasury & Planning)	-	-	360	-	-	**360**
Stephen Njue	(Alternate to PS Ministry of Energy	-	-	980	-	-	**980**
Chris Makokha	(Appointed on 26th January, 2023	-	-	500	-	-	**500**
Peter Nyutu	(Retired on 26th January, 2023)	-	-	894	-	-	**894**
Total		**-**	**6,000**	**16,374**	**960**	**84**	**23,418**

Executive Directors

Abraham Serem	Ag. Managing Director and CEO (Served until on 17th August 2023)	15,045	-	-	-	-	15,045
Rebecca Miano	Managing Director and CEO (Retired on 28th October 2022)	5,188	-	-	-	-	5,188
Total		**20,233**	**-**	**-**	**-**	**-**	**20,233**

INFORMATION SUBJECT TO AUDIT (continued)

For the year ended 30 June 2022

Non-Executive Directors

Name	Category	Salary	Directors Fees	Sitting Allowances	Honorarium	Telephone	Total
		Shs'000	Shs'000	Shs'000	Shs '000	Shs '000	Shs '000
General (Rtd) Samson Mwathethe	Chairman	-	600	1,000	960	84	2,644
Ukur Yattani (CS, The National Treasury and Planning)	Non-Executive	-	600	-	-	-	600
Gordon O. Kihalangwa (PS, Ministry of Energy)	Non-Executive	-	600	-	-	-	600
Joseph Sitati	Non-Executive	-	600	1,080	-	-	1,680
Maurice Nduranu	Non-Executive	-	600	1,740	-	-	2,340
Phyllis Wakiaga	Non-Executive	-	600	1,012	-	-	1,612
Peris Mwangi	Non-Executive	-	600	1,520	-	-	2,120
James Opindi	Non-Executive	-	600	1,560	-	-	2,160
Samuel Kimani	Non-Executive	-	600	1,366	-	-	1,966
Winnie Pertet	Non-Executive	-	600	1,660	-	-	2,260
Bernard Ndungu (Alternate to CS National Treasury & Planning)		-	-	520	-	-	520
Humphrey Muhu (Alternate to CS National Treasury & Planning)	Non-Executive	-	-	20	-	-	20
Stephen Njue (Alternate to PS Ministry of Energy)	Non-Executive	-	-	420	-	-	420
William Mbaka - (Alternate to PS Ministry of Energy)	Non-Executive	-	-	426	-	-	426
Peter Nyutu		-	-	1,620	-	-	1,620
Total		**-**	**6,000**	**13,944**	**960**	**84**	**20,988**
Executive Director							
Rebecca Miano	Managing Director and CEO	19,912	-	-	-	-	19,912
Total		**19,912**	**-**	**-**	**-**	**-**	**19,912**

On behalf of the Board

Secretary

Date: … ……………………….. 2023

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY GENERATING COMPANY PLC FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

The accompanying financial statements of Kenya Electricity Generating Company PLC set out on pages 30 to 127, which comprise of the statement of financial position as at 30 June, 2023, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte & Touché, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Electricity Generating Company PLC as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Electricity Generating Company PLC Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Financial Assets Held at Amortised Cost-Contract Asset

I draw attention to Note 18 (d) to the financial statements which discloses contract asset held at amortised cost amounting to Kshs.5,347,560,000 relating to the Olkaria IV and I AU substation. The construction of the assets was done by the Company and completed in the year 2015. The asset has been utilized by Kenya Electricity Transmission Company Limited (KETRACO) since completion in the year 2015 for evacuation of power from Olkaria to the National grid.

The asset construction and implementation agreement indicated that the Company was to sign a novation agreement with KETRACO that would govern the transfer of assets in fulfilment of obligations thereof. This was in line with the Kenya Electricity Transmission Company Ltd mandate as outlined in Sessional Paper No.4 of 2004, on Energy and Energy Act, 2016 to evacuate all power generated in the country to the national grid. However, by the time of conclusion of the audit, the novation agreement had not been signed even though the operation of the substation had already been transferred to KETRACO. There have been ongoing discussions for the National Treasury as per letter referenced DGIPE/loans/84 dated 21 August, 2023 to take over the loan in respect to this asset and facilitate full transfer of the asset to KETRACO. As at the time of the audit the agreement with the National Treasury was yet to be concluded.

2. Impairment of Property, Plant and Equipment

The statement of profit or loss and other comprehensive income includes a net impairment charge amounting to Kshs.4,980,578,000, as recorded in the other comprehensive loss, and Kshs.899,760,000 recorded in profit or loss as disclosed in Note 10(g). These amounts relate to provisions made for assets that have been deemed as impaired by the Company. Included in these amounts are Kshs.1,899,235,000 and Kshs.200,888,000 respectively, that represent full impairment of Muhoroni power station. The Power Purchase Agreement (PPA) for this plant expired in April, 2023 and is currently under negotiation for extension. Evidence obtained during the audit indicated that the negotiations are ongoing for an extension of the PPA for a period of two years, with a clearance from the Ministry of Energy as per letter referenced MOE/CON/1/69 dated 23 August, 2023. However, the effect of this potential extension has not been factored in determining the level of impairment that has been recorded in the financial statements as Management is of the opinion that the extension is uncertain since the plant has been idle and off grid since April, 2023 to date.

My opinion is not modified in respect of the effects of the above matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on them. For the matter below, a description of how the audit addressed the matter is provided in that context.

Key Audit Matter	How Audit Addressed the Key Audit Matter
Impairment of Property, Plant and Equipment	
The carrying value of the Company's property, plant and equipment amounts to Kshs.432 billion as reported on the statement of financial position and include the following main categories of assets - land, buildings, transmission lines, plant and machinery and work in progress. These assets are disclosed in Note 15 to the financial statements and are significant to the statement of financial position. An impairment assessment was performed on these assets by Management and a net impairment provision of	I performed the following procedures, among others, to address the key audit matter: The audit procedures focused on reviewing the reasonableness of assumptions made and methodologies used to ensure that they are reasonable and appropriate given our understanding of similar situations. I obtained management's assessment of the indicators of impairment and reviewed the key assumptions made with the objective of testing their reasonableness based on evidence available.

Key Audit Matter	How Audit Addressed the Key Audit Matter
Impairment of Property, Plant and Equipment	
Kshs.4,980,578,000 and Kshs.899,760,000 made in the statement of profit or loss and other comprehensive income respectively. These provisions have been disclosed under other comprehensive income and Note 10(g) to the financial statements respectively. In particular, Management identified impairment indicators in the plant and machinery assets related to Olkaria 1, Muhoroni and Kipevu I power stations, whose Power Purchase Agreements (PPA) expired in February 2023, April 2023 and June 2023, respectively. Olkaria 1 is undergoing rehabilitation while the PPA for Muhoroni power station is undergoing negotiation for a possible extension of two years. Management reported that there was no substantive discussion on the PPA related to Kipevu I power station as a decision had not been made. Significant judgments are required by the directors in the impairment assessment of these assets in line with the accounting policies and International Accounting Standard (IAS 36), Impairment of Assets. My audit attention was directed at this area because of the significance of the carrying values of these assets and the risk that inappropriate judgments or assumptions could lead to material misstatements in the financial statements. For the purposes of the audit, I therefore, identified the impairment of property, plant and equipment as representing a key audit matter.	I challenged the significant judgments made and conclusions reached. My audit procedures focused on understanding the basis of the judgments made considering audit evidence which we could obtain during the audit and our understanding of the nature and use of these assets. I obtained the impairment valuation and analysis prepared by Management and tested the approach applied for appropriateness. I also tested the data used in the impairment calculations for accuracy and completeness. With regards to my analysis of the overall impairment assessment, I did not identify any significant issues with the approach used by Management and I concluded that it was consistent with IAS 36 and the company's accounting policies, in all material respects. I also did not identify any material misstatement in the data used in the calculations in respect of its accuracy and completeness. With regards to Muhoroni power station, I noted Management's assessment that the plant is fully impaired despite the ongoing discussions on the extension of its PPA. This matter has been discussed under the emphasis of matter.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risk of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters below, provide the basis for my opinion on the accompanying financial statements.

Other Information

The Directors are responsible for the other information, which comprises Corporate information, the Chairman's Statement, Managing Director's Statement, the Statement of Corporate Governance, Directors Report, Directors Remuneration Report and the Statement of Directors' Responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, I report based on the audit that:

(i) In my opinion, the information given in the report of the directors on pages 24 to 25 is consistent with the financial statements.

(ii) In my opinion, the auditable part of the directors' remuneration report on pages 28 to 29 has been properly prepared in accordance with the Companies Act, 2015 and are in agreement with the accounting records.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit 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 my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution, and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- 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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters which may reasonably be thought to bear on my independence and where applicable, related safeguards.

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

CPA Nancy Gathungu, CBS
<u>AUDITOR-GENERAL</u>

Nairobi

26 October, 2023

Statement of Profit or Loss and Other Comprehensive Income (Cont'd)
For the year ended 30 June 2023

	Notes	2023 Shs'000	2022 Shs'000
Revenues from contracts with customers			**(Restated)***
Electricity revenue	6 (a)	38,783,964	30,973,503
Steam revenue	6 (a)	6,129,269	5,119,412
Fuel charge	6 (a)	8,165,345	9,672,038
Water charge	6 (a)	125,892	164,872
Revenue from foreign operations	6 (a)	759,207	1,546,647
Total revenue		**53,963,677**	**47,476,472**
Reimbursable expenses			
Fuel costs	7	(7,995,258)	(9,587,828)
Water costs	7	(125,892)	(164,872)
Total reimbursable expenses	7	(8,121,150)	(9,752,700)
Revenue less reimbursable expenses		**45,842,527**	**37,723,772**
Other income	8	2,083,709	769,403
Other gains/(losses) – net forex and fair valuation of financial assets	9	428,317	(514,978)
Operating income		**48,354,553**	**37,978,197**
Expenses			
Depreciation and amortization	10 (a)	(15,800,445)	(12,461,630)
Employee expenses	10 (b)	(9,206,178)	(8,246,955)
Steam costs	10 (c)	(3,731,112)	(3,093,308)
Plant operation and maintenance	10 (d)	(2,979,740)	(3,151,087)
Other expenses	10 (e)	(7,067,800)	(4,343,426)
Allowance for expected credit losses	10 (f)	(1,162)	(601,984)
Operating profit		**9,568,116**	**6,079,807**
Finance income	11	1,688,805	2,072,598
Finance costs	12	(2,732,105)	(1,960,420)
Profit before income tax		**8,524,816**	**6,191,985**
Income tax charge	13(a)	(3,508,339)	(2,810,237)
Profit for the year		**5,016,477**	**3,381,748**
Earnings per share:			
Basic and diluted (Shs per share)	14	0.76	0.51

*See note 44 for details regarding restatement

Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

For the year ended 30 June 2023

	Notes	2023 Shs'000	2022 Shs'000 Restated*
Profit for the year		5,016,477	3,381,748
Other comprehensive (loss)/income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of retirement benefit obligations	29a(ii)	(860,574)	(675,499)
Deferred income tax thereon	26	258,172	202,650
Net (impairment)/revaluation gain on revaluation assets	26	(4,980,578)	88,865,929
Deferred income tax thereon	30	1,494,173	(22,166,245)
		(4,088,807)	66,226,835
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Net loss on revaluation on financial instruments measured at FVOCI	26	(18,498)	(22,037)
Deferred income tax thereon	26	5,549	6,611
		(12,949)	(15,426)
Other comprehensive (loss)/income for the year, net of tax		**(4,101,756)**	**66,211,409**
Total comprehensive income for the year		**914,721**	**69,593,157**

*See note 44 for details regarding restatement

Statement of Financial Position

For the year ended 30 June 2023

ASSETS	Notes	2023 Shs'000	2022 Shs'000 Restated*	1 July 2021 Shs'000 Restated*
Non-current assets				
Property, plant and equipment	15(a)	432,483,315	440,181,406	353,249,245
Intangible assets	16	2,256,114	2,259,146	1,523,213
Right of Use assets	17	6,579,750	6,817,943	4,733,193
Financial assets at amortized cost	18	4,358,942	4,443,409	4,642,164
Contract asset	18(d)	5,347,560	4,595,112	4,496,503
Financial assets at fair value through profit or loss	19	17,816,799	2,888,923	8,526,063
Restricted cash balances	24(b)	1,861,357	1,344,220	1,117,241
		470,703,837	**462,530,159**	**378,287,622**
Current assets				
Inventories	20	1,848,446	1,447,124	2,051,828
Trade receivables	21	21,448,878	20,594,295	24,348,846
Corporate tax recoverable	13(c)	441,713	348,627	385,696
Financial assets at amortized cost	18	137,244	136,046	140,653
Financial assets at fair value through profit or loss	19	2,236,554	1,104,809	1,084,721
Other receivables and prepayments	22	4,441,700	1,428,312	1,755,119
Financial asset at fair value through other comprehensive income	23	320,422	338,920	360,957
Cash and bank balances	24(a)	14,998,431	12,383,934	12,505,186
		45,873,388	**37,782,067**	**42,633,006**
TOTAL ASSETS		**516,577,225**	**500,312,226**	**420,920,628**
EQUITY AND LIABILITIES				
Equity attributable to owners				
Share capital	25	16,487,710	16,487,710	16,487,710
Share premium	25	22,151,131	22,151,131	22,151,131
Other reserves	26	122,361,165	129,272,244	65,051,484
Retained earnings	27	113,193,447	106,686,340	103,291,982
		274,193,453	**274,597,425**	**206,982,307**
Non- current liabilities				
Borrowings	28	137,042,085	122,216,146	134,777,599
Deferred income tax	30	81,629,986	80,216,843	55,786,804
Lease liabilities	31	691,876	828,574	656,192
Grants	32	833,351	331,949	200,000
Non-current payables		-	-	1,030,082
		220,197,298	**203,593,512**	**192,450,677**
Current liabilities				
Borrowings	28	12,809,721	11,916,546	10,797,898
Trade and other payables	33	8,293,841	8,594,803	8,115,264
Provision for compensating tax	34	-	-	401,022
Lease liabilities due within one year	31	159,826	225,312	195,103
Dividends payable	35	923,086	1,384,628	1,978,357
		22,186,474	**22,121,289**	**21,487,644**
TOTAL EQUITY AND LIABILITIES		**516,577,225**	**500,312,226**	**420,920,628**

*See note 44 for details regarding restatement

The financial statements on pages **xx** to **xxx** were approved and authorised for issue by the Board of Directors on 26/10/2023 and were signed on its behalf by:

Julius Migos Ogamba	**Samuel Kimani**	**Peter Njenga**
Chairman	Director	Managing Director & CEO

Statement of Changes in Equity
For the year ended 30 June 2023

	Share capital Shs'000	Share premium Shs'000	Other Reserves Shs'000	Retained earnings Shs'000	Total Shs'000
As at 1 July 2022 – As previously stated	16,487,710	22,151,131	128,419,108	108,023,752	275,081,701
Prior year adjustment - profit or loss				(1,337,412)	(1,337,412)
Prior year adjustment - other comprehensive income			853,136		853,136
As at 1 July 2022 -Restated*	16,487,710	22,151,131	129,272,244	106,686,340	274,597,425
Profit for the year	-	-	-	5,016,477	5,016,477
Other comprehensive losses	-	-	(4,101,756)	-	(4,101,756)
Total comprehensive (loss)/income for the year	-	-	(4,101,756)	5,016,477	914,721
Transfer of excess depreciation	-	-	(4,013,319)	4,013,319	-
Deferred tax on excess depreciation	-	-	1,203,996	(1,203,996)	-
Dividends declared to equity holders (Note 35)	-	-	-	(1,318,693)	(1,318,693)
As at 30 June 2023	**16,487,710**	**22,151,131**	**122,361,165**	**113,193,447**	**274,193,453**
Note	25	25	26	27	

*See note 44 for details regarding restatement

	Share capital Shs'000	Share premium Shs'000	Other Reserves Shs'000	Retained earnings Shs'000	Total Shs'000
As at 1 July 2021	16,487,710	22,151,131	65,051,484	103,291,982	206,982,307
Profit for the year (restated)*	-	-	-	3,381,748	3,381,748
Other comprehensive income (restated)*	-	-	66,211,409	-	66,211,409
Total comprehensive income for the year	-	-	66,211,409	3,381,748	69,593,157
Transfer of excess depreciation	-	-	(2,843,784)	2,843,784	-
Deferred tax on excess depreciation	-	-	853,135	(853,135)	-
Dividends declared to equity holders (Note 35)	-	-	-	(1,978,039)	(1,978,039)
As at 30 June 2022 as restated*	**16,487,710**	**22,151,131**	**129,272,244**	**106,686,340**	**274,597,425**
Note	25	25	26	27	

*See note 44 for details regarding restatement

Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 Shs '000	2022 Shs '000 Restated*
Cash Flows From Operating Activities			
Cash generated from operations	36(a)	22,355,242	26,179,415
Income tax paid	13(c)	(430,388)	(300,113)
Finance income received	36(b)	1,301,881	1,176,203
Payment of compensating tax	34	-	(401,022)
Net cash generated from operating activities		23,226,735	26,654,483
Cash Flows From Investing Activities			
Purchase of property, plant and equipment	15	(10,396,683)	(10,498,762)
Staff costs incurred in capital projects	15	(2,815,221)	(2,611,466)
Interest costs incurred in capital projects	15	(396,423)	(903,447)
Purchase of intangible assets	16	(226,949)	(741,376)
Movement in restricted cash	24(b)	(524,495)	(1,350,709)
Grants received	32	501,402	131,949
Net cash used in investing activities		(13,858,369)	(15,973,811)
Cash Flows From Financing Activities			
Proceeds from borrowings	28(d)	12,471,626	1,688,919
Principal loan repayments	28(d)	(14,713,281)	(9,146,656)
Finance costs paid	36(c)	(2,876,753)	(1,876,248)
Dividends paid	35	(1,780,235)	(2,571,768)
Payment of lease liabilities	31	(231,802)	(194,282)
Net cash used in financing activities		(7,130,445)	(12,100,035)
Net increase/(decrease) in cash and cash equivalents		**2,237,921**	**(1,419,361)**
Cash and cash equivalents at the beginning of the year	24	12,655,202	13,859,284
Effects of exchange rate changes on cash and bank balances	36(d)	580,880	215,279
Cash and Cash Equivalents at End of Year	**24**	**15,474,003**	**12,655,202**

Notes to the Financial Statements
For the year ended 30 June 2023

1 General information

Kenya Electricity Generating Company PLC (KenGen) is a company limited by shares incorporated and registered in Kenya under the Kenyan Companies Act, 2015. The Company was incorporated in 1954 as Kenya Power Company Limited (KPC) and was under management of The Kenya Power & Lighting Company Plc (Kenya Power). In 1997, the management was separated from Kenya Power and Lighting Company and the Company was renamed Kenya Electricity Generating Company Plc (KenGen) following the implementation of the reforms in the energy sector. Its core business is to develop, manage and operate power generation plants to supply electric power to the Kenyan market. The equity shares of the Company are listed on the Nairobi Securities Exchange.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in note 6.

These financial statements are presented in Kenya Shillings and are rounded to the thousand (Shs'000). Foreign operations are included in accordance with the policies set out in note 3.

2. Statement of Compliance and Basis of Preparation

(a) Basis of preparation

The financial statements are prepared on a going concern basis and is in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act,2015. They are presented in Kenya Shillings, which is also the functional currency, rounded to the nearest thousand (Shs'000).

The financial statements comprise of the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes to the financial statements. Income and expenses, excluding the components of other comprehensive income, are recognized in profit or loss. Other comprehensive income is recognized in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognized in other comprehensive income in the current or previous periods. Transactions with the owners of the Company in their capacity as owners are recognized in the statement of changes in equity.

For the Kenyan Companies Act reporting purposes, in these financial statements, the balance sheet is equivalent to the statement of financial position and the profit and loss account is presented as the statement of profit or loss and other comprehensive income.

(i) Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair valued at the end of each reporting period, and the liability for defined benefit obligations recognised at the present value of the defined benefit obligation less the fair value of the plan assets, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2 Statement of Compliance and Basis of Preparation (continued)

(a) Basis of preparation measurement (continued)

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are Categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

(ii) Use of Estimates

The preparation of financial statements in conformity with IFRS allows the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

3 Application of New and Revised International Financial Reporting Standards (IFRS)

(i) New and amended IFRS standards in issue but not yet effective in the year ended 30 June 2023

At the date of authorisation of these financial statements, the Group has not applied the following new and revised:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework (Continued)

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2023. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognised the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2023, with early application permitted.

Annual Improvements to IFRS Standards 2018-2021 cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.

The Annual Improvements include amendments to four Standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2023, with early application permitted.
IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2023, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2024, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
The definition of a change in accounting estimates was deleted. However, the Board retained the concept

of changes in accounting estimates in the Standard with the following clarifications:

A change in accounting estimate that results from new information or new developments is not the correction of an error

The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2024 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.

For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
    - Right-of-use assets and lease liabilities
    - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

  The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

4. Summary of Significant Accounting Policies

(a) Subsidiaries

Control is achieved when the Company (i) has the power over the investee (ii) is exposed, or has rights, to variable returns from its involvement with the investee and, (iii) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties Rights arising from other contractual arrangements.
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When the Company loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Kenya Shillings in thousands (Shs '000) which is the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except for differences arising on translation of non-monetary financial assets carried at fair value through other comprehensive income, which are recognized in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'gains/ losses-net.

(c) Revenue Recognition

The Company recognizes revenue from the sale of electricity. The Company recognizes revenue as and when it satisfies performance obligation by transferring control of services to its sole customer, Kenya Power and other customers. The amount of revenue recognized is the amount the Company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties such as Value Added Tax and withholding taxes.

Revenue recognition is in accordance with IFRS 15 which provides a single control-based revenue recognition model and clarifies the principles for recognising revenue from contracts with customers. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it can direct the use of and obtain the benefits from the good or service.

The principal activity of the Company is to generate and sell electricity to the authorised distributor, Kenya Power and Lighting Company. The performance obligation is the supply of electricity, and the terms of the contracts can be regarded as electricity service contracts.

The Company measures its progress towards complete satisfaction of a performance obligation satisfied over time using the output method based on the availability of the power plants and units of electricity delivered to the customer. The output method is suitable for the Company because at the end of the reporting period, Company's performance has not produced work in progress controlled by the customer that is not included in the measurement of the output. Transfer of control of the output (electricity) occurs simultaneously with consumption of the benefits by the customer. The formula for computing the transaction price is agreed in the power purchase agreements and no further allocation is done, as there is a single performance obligation. Detailed company policies for revenue recognition are as below:

(i) Revenue from the sale of goods and services

Electricity revenue

Electricity revenue is recognized based on available capacity and energy sold to the authorised distributor's transmission systems. The Power Purchase Agreements (PPAs) between the Kenya Power and Lighting Company (Kenya Power)) provide for the following categories of revenue:

- **Capacity revenue** - This relates to the amounts earned from Kenya Power in respect of the contracted capacity as provided for in the PPAs. The charge rates comprise of the investment component and a fixed charge. Contracted capacity is expressed in megawatts (MW).
- **Energy revenue -** This relates to the amounts earned from Kenya Power in respect of the Net Electrical Output (NEO) as provided for in the PPAs. NEO refers to the electrical energy delivered to Kenya Power from the plant measured in Kilowatt hours (kWh).

Steam Revenue

Kengen acts as a principal with regards to steam revenue. Steam revenue is recognized based on the geothermal power sold to the authorised distributor's transmission system as provided for in the PPAs. Steam revenue is divided into the following categories;

- **Third party steam revenue** – This relates to steam revenue earned from Kenya Power relating to steam purchased from a third party, Geothermal Development Company ('GDC'). The GDC wells from which this steam is obtained are managed by KenGen. Of the total revenue generated, 69.5% is billed by GDC and is recognized as a cost, under steam costs.
- **KenGen steam revenue -** This relates to steam revenue earned from Kenya Power for the use of steam obtained from KenGen's own wells.

Fuel charge

Fuel charge is recognized based on amounts billed to Kenya Power for fuel used in the generation of electricity. The fuel revenue is billed based on a predetermined formula embedded in the PPAs. The corresponding cost incurred by the Company for the fuel used in the power generation is recognized as a cost, under reimbursable expenses.

Water charge

Water charge is recognized based on amounts billed to Kenya Power for water used in the generation of electricity. The corresponding cost incurred by the Company for the water used in the power generation is recognized as a cost, under reimbursable expenses.

Revenue from foreign operations

Revenue from operations in Ethiopia is recognized when consultancy services or construction work are provided to customers based on fulfilment of performance obligations as per contract. The current customers include TMGO, ETO in Ethiopia for drilling services rendered in Tulu moye and Aluto as well as services rendered in Djibouti.

(ii) Revenue from other sources

Other income

Other income comprises mainly of rental income, club revenues, insurance compensation and consultancy fees. Rental income arises from operating leases and is recognized on a straight-line basis over the period of the lease. Club revenues, insurance compensation and consultancy fees are recognized when earned. Rental income is recognized in the income statement as it accrues using the effective rent or rates in lease agreements.

Finance income

Interest income is recognized on a time proportion basis using the effective interest method. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Grants from National Government are recognized in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income.

Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

(d) Taxation

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognized in the profit and loss account except when it relates to items recognized in other comprehensive income, in which case it is also recognized in other comprehensive income, or to items recognized directly in equity, in which case it is also recognized directly in equity.

(i) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered, or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Deferred tax liabilities are recognized for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognized and unrecognized deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognized amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

(e) Post-employment benefit obligations

Defined contribution

The Company operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance Company. A defined contribution plan is a plan under which the Company pays fixed contributions into a separate fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The Company's contributions are charged to the profit and loss account in the year to which they relate.

The Company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the Company's contributions are charged to the profit and loss account in the year to which they relate.

Defined benefit

The Company also operated a defined benefit scheme until 2011 when the scheme was closed to new entrants. Further details on the scheme are provided in note 29.

The liability/asset recognized in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligations at the balance sheet date less the fair value of the plan assets. The defined obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the functional currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The following components of defined benefit cost are included in profit or loss:

- The service cost of the defined benefit plan (comprising current service costs, past service costs and any gain or loss on settlement)
- The net interest on the net defined benefit liability/asset.

Remeasurements of the net defined benefit liability/asset are recognized in other comprehensive income, with no reclassification to profit or loss in a subsequent period. Remeasurements comprise actuarial gains/losses and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability/asset.

(i) Employee benefits

The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognized as an employment cost accrual. In addition, company employees who retire at retirement age or whose services are terminated for reasons other than gross misconduct are entitled to gratuity payments in accordance with the prevailing unionisable staff Collective Bargaining Agreement. Service gratuity is provided in the financial statements as it accrues to each employee.

(ii) Service gratuity

Employees engaged in contract terms are entitled to service gratuity after the expiry of the contract.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, service gratuity, and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of contract employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(f) Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Land and buildings, transmission lines and plant and equipment and fittings are subsequently carried at a revalued amount, based on valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. Computer software, including the operating system, that is an integral part of the related hardware is capitalized as part of the computer equipment under intangible assets. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the Company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss in the year in which they are incurred.
Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading 'property revaluation reserve'. Decreases that offset previous increases of the same asset are recognized in other comprehensive income. All other decreases are charged to profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

Depreciation is calculated using the straight-line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life.

Asset class	Depreciation rates
Buildings	2.85%
Transmission lines	2.5%
Plant and machinery:	
Intake and tunnels	1%
Hydro plants	2%
Geothermal wells	4%
Geothermal plants	4%
Thermal plants and wind plants	5%
Rigs	6.67%
Motor vehicles	25%
Computers	20%
Furniture, equipment and fittings	12.5%

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial reporting date.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

All productive wells are capitalized in property, plant and equipment when connected and are depreciated over their useful lives. The useful life is currently estimated to be twenty-five years from the date of commencement of commercial operation. The unproductive wells are utilized for reinjection in the steam fields for reservoir sustainability.

Capitalisation of employee costs

The employee costs directly and indirectly attributable to projects associated with development of power generating resources are capitalized. Capitalisation rates are based on estimated time and effort spent on the related project activities.

Capitalisation of depreciation and Amortization

The depreciation and Amortization costs directly attributable to projects associated with development of power generating resources are capitalized. Capitalisation rates are based on estimated depreciation rates and time of use by the project.

(g) Intangible assets

Intangible assets comprise of computer software, Licences and SCADA acquired for business process and operations. Those acquired separately are measured on initial recognition at cost less subsequent amortization and any accumulated impairment losses. The SCADA is part of the operation of the power plants and is assessed for impairment during revaluation of assets. The useful life of the assets depends on the duration of the licences. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the Amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the profit or loss in the expense category consistent with the function of the intangible asset. An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(h) Impairment

At each reporting date the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the

Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.
Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years adjusted for subsequent depreciation. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Right of Use Asset

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. However, leasehold land is initially recognized at cost and is subsequently carried at a revalued amount, based on valuations by external independent valuers, less accumulated depreciation, and accumulated impairment losses.

Whenever the entity 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 recognized 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, unless those costs are incurred to produce inventories. 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 entity 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 statement of financial position.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land 2 to 99 years
- Buildings 2 to 35 years
- Plant and machinery 2 to 20 years
- Motor vehicles and other equipment 2 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalized costs include interest charges on borrowings for projects under construction. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(k) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on a moving average basis and comprises expenditure incurred in the normal course of business, including direct material costs. Net realisable value is the price at which the inventory can be realized in the normal course of business after allowing for the costs of realisation. Obsolete and defective inventories are fully provided for write off.

Engineering spares which are used for more than one period are categorized as plant and equipment. All other spares used on normal operations are categorized as consumables and classified under inventory.

(l) Financial instruments

Effective 1 July 2018, the Company applies IFRS 9 which addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Company does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

a) Classification and measurement

The Company recognizes financial assets when it first becomes a party to the contractual rights and obligations in the contract. The company's financial assets comprise of trade and other receivables, treasury bonds, cash and cash equivalents and financial assets at fair value through profit or loss.

The classification requirements for debt instruments are described below:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the entity considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.
Debt instruments held by the Company are now classified under these categories; Amortized Cost, Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVPL).

Subsequent measurement

Based on the business model and the cash flow characteristics, the Company classifies its debt instruments into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either profit or loss or other comprehensive income (OCI), subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through profit or loss (FVPL)

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A business model where KenGen manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in an FVPL business model.

Impairment

The Company assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI. The Company recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 5.

De-recognition

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either the Company transfers substantially all the risks and rewards of ownership, or neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. The Company has a credit period of 40 days with Kenya Power and 30 days for other customers, after which they are considered as credit impaired. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Full provision is done;

- For Kenya Power (KPLC), when a debt is justifiably disputed as per the provisions of the various PPA's, and the dispute remains unresolved for more than five years full provisions shall be made.
- For staff debts, where the recoverability from the employee is highly unlikely due to various circumstances and where an employee leaves the Company, provisioning shall be made if the outstanding debt is not recovered within ninety (90) days.
- For all other trade receivables other than KPLC, for any debt which is disputed or remains partially or fully settled for over one year.

Bad debts are written off after all efforts at recovery have been exhausted.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss.

De-recognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(m) Accounting for leases

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company 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. For these leases, the Company 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 the 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 Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including the substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the 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 Company re-measures 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 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 the initial discount rate (unless the lease payments change is due to a change in 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 by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

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

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 Company 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 statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of the profit or loss.

(n) Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from retained earnings when approved by the Company's shareholders. Interim dividends are deducted from retained earnings when they are declared and no longer at the discretion of the Company.

(o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event or service for employees leave pay, 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.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and petty cash accounted for at the end of the financial year.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(r) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's key management, which consists of the Managing Director & Chief Executive Officer and General Managers is the Company's key decision maker.

(s) Comparatives

Where necessary, comparative figures and disclosures are adjusted to conform with changes in presentation in the current year.

5. Significant Accounting Estimates and Judgments

The preparation of the Company's financial statements in conformity with IFRS requires management and directors to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results.

The Directors also need to exercise judgment in applying the Company's accounting policies.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

This note provides an overview of the areas that involve a higher degree of judgment or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial years.

Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized 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.

Critical judgements and key sources of estimating uncertainty in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements

(a) Impairment of financial assets

Measurement of the expected credit loss allowance (ECL)

IFRS 9 applies an Expected Credit Loss (ECL) approach that requires entities to use historical, current and forward-looking information to estimate the credit losses on financial instruments. Unlike the Incurred Loss Model where losses were recognized only when an observable loss event occurred, the Company is now required to recognize losses earlier using a probability weighted approach.

The level of provision held for any financial instrument will mostly rely on the instrument's credit quality. IFRS 9 outlines a "three stage" model (general model) for impairment based on changes in credit quality since initial recognition and provides operational simplifications for trade receivables, contract assets and lease receivables. The simplification eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. The loss allowance for trade receivables or contract assets that do not contain a significant financing component is measured at initial recognition and throughout its life at an amount equal to lifetime ECL.

Entities have a policy choice for trade receivables or contract assets that do not contain a significant financing component to either apply the general model or the simplified approach. The Company has elected to use the simplified approach.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument. The measurement of ECLs is based primarily on the product of the financial asset's probability of default (PD), loss given default (LGD), and exposure at default (EAD).

The exposure at default (EAD) is a measure of the total value an entity is exposed to in the event of a default. EAD is set as the amortized cost value of the respective financial asset.

The Loss Given Default (LGD) is a measure of the loss in the event of a default. It is assumed to be 100%

for all the financial assets because they do not have collateral and if a default was to happen, the Company would most likely lose the entire balance.

IFRS 9 outlines a three-stage approach that is based on the change in the credit quality of assets since initial recognition.
Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded.

Assessment of significant increase in credit risk

The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition.

Stage 3 - Financial instruments are classified as stage 3 when there is objective evidence of impairment because of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial asset. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

Financial assets in the scope of the expected credit loss model are allocated to stage 1 on origination date, except if the financial asset is credit impaired at initial recognition or origination. In such instances, the financial assets are allocated to stage 3. When a significant increase in the credit risk of a financial asset since origination has been identified, the financial asset is allocated to stage 2. When the financial asset is in default, the financial asset is moved to stage 3. On transition date, cash and treasury bonds were Stage 1 assets hence 12-month ECL was applied.

Cash held in financial institutions

For cash balances with financial institutions, the following steps were taken in determining the 12-month probability of default:

(a) The counterparty's global rating was used if available and the mapping table below was used to look up the S&P Global equivalent. External credit ratings from reputable global credit rating agencies for the financial institutions were obtained. These agencies include Moody's, Standard and Poors (S&P), Global Credit Rating (GCR), Fitch and the respective bank's websites where applicable.

(b) If no credible external rating existed as at reporting date, then the rating for a bank of a similar tier was used.

Treasury bonds

The modelling approach for Treasury Bonds (from the Government of Kenya) applies the probability of default from Kenya's sovereign rating.

Trade and other receivables

The Company has applied the simplified approach to impairment for trade and other receivables. Management has grouped financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. Trade receivables and other commercial receivables have been Categorized into two segments;

(a) Kenya Power and other government related entities
(b) Other commercial customers outside government/ retail category

KenGen and Kenya Power are majority owned and heavily regulated by the Government of Kenya through the Ministry of Energy and Petroleum and the National Treasury. In assessing Kenya Power's credit quality, management has used the Government of Kenya's sovereign rating probability of default as a proxy to Kenya Power's and other government entities' credit rating. The Standard and Poors (S&P) cumulative average default curves have been used to obtain the probability of default and has been applied to all debts whose counterparty is a government agency.

Such counterparties include Geothermal Development Company (GDC), Energy Regulatory Commission (ERC) and the Ministry of Energy. There are no publicly available credit ratings for external customers and management has elected to use the retail credit rating from S&P to estimate their probability of default.

(b) Impairment of inventories

Critical estimates are made by the directors in determining the recoverable amount of impaired inventory. The carrying amount of impaired inventory is set out in Note 20.

(c) Financial assets at fair value through profit or loss

The Directors have determined the value of the financial asset at fair value using valuation techniques which incorporate assumptions that are directly supported by observable market data. We have included under Note 42(d) further details the valuation techniques applied. Changes in assumptions used in the valuation do not significantly impact the reported fair value of the financial assets.

(d) Lease liabilities

Key sources of estimation uncertainty in the application of IFRS 16 include the following:

- Determination of the appropriate rate to discount the lease payments; and
- Assessment of whether a right-of-use asset is impaired.

(e) Calculation of tax allowances

Management has carried out a detailed assessment and concluded that the company qualifies for the capital allowances which have been claimed. In making this assessment, management makes a number of judgements, the most significant of which are:

- The nature of the arrangements (PPAs) entered into by KenGen and KPLC are purely sale of electricity arrangements and not concession arrangements. Therefore, the investment deduction is claimed on commissioning of a power plant.
- The determination of which investment allowance (e.g. investment deduction, extraction allowance, etc) is applicable to its capital investments.

Calculation of its loss allowances is reasonable and in line with the Income Tax Act.

(f) Capitalisation of staff and other costs

Project related costs including employee costs are capitalized. The key assumption applied in capitalising the employee costs is the time spent by qualifying employees on the capital projects. Significant judgement is required in determining capitalisation rates to be applied on shared service centres.

(i) Capitalization rates

The employee costs directly and indirectly attributable to projects associated with development of power generating resources are capitalised. Significant judgement is required in determining capitalisation rates to be applied on indirect staff costs. The rates applied in capitalising the employee costs are based on estimated time spent on the capital projects ranging from 10% to 100% of the time.

(ii) Departmental Manager's costs

Prudent judgement to be applied on capitalization of the General Managers ' costs except General Manager Geothermal Development and General Manager Business Development & Strategy whose costs are directly attributable specific projects.

(g) Capitalisation of depreciation costs

Project assets comprise those assets purchased solely for the execution of a project. They include drilling materials, motor vehicles, prime movers, earth moving equipment, rigs, cranes, equipment, computers, tools, furniture and fittings and buildings. Project assets shall be capitalised on acquisition, depreciated on straight line basis over the useful life of the asset and their depreciation is charged to the project or asset on prorate basis.

Drilling material shall be classified as work in progress and expensed to the wells when consumed. Upon completion of the project or asset the depreciation shall be charged to the income statement or to a subsequent project or asset.

(h) Capitalisation of Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalised costs include interest charges and foreign currency exchange differences on borrowings for projects under construction to the extent that they are regarded as adjustments to interest rates.

(i) Revaluation of property plant and equipment

Certain categories of property plant and equipment are carried at fair value. Revaluations are performed by professional valuers at sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date. At the reporting date, the Directors assess the carrying amount of revalued property, plant and equipment and apply judgement to determine that these do not differ materially from market revaluation.

(j) Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets
- Changes in the market in relation to the asset

(k) Actuarial valuation of defined benefits plan

The asset or liability due under the defined benefit pension plan is determined using actuarial valuation techniques. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. We have disclosed the assumptions and sensitivity thereof under Note 29.

(l) Impairment of property, plant and equipment and intangible assets

At the reporting date, the Company reviews the condition of its property, plant and machinery, tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.
Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Any impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss, other than that arising from goodwill, is recognised as income immediately.

(m) Impairment of Right of Use Assets

At the reporting date, the Company reviews the carrying amounts of its Right of Use Assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the depreciable amount of the asset is estimated by checking the remaining period of leases or status of the assets in order to determine the extent of the impairment loss.

(l) Consolidation of subsidiary

KenGen Foundation was established by KenGen PLC as a public charitable trust by Declaration of trust deed dated 2009 and is domiciled in Kenya. The Foundation serves as the philanthropic arm of KenGen and is mandated to: Turn short term one-off CSR Projects into CSI-Corporate Social Investments; Upscale CSI activities for greater impact and increase and diversify resources available for CSI projects.

The Foundation is wholly controlled by the Company. However, it has not been consolidated as the Foundation is considered immaterial to these financial statements.

(m) Impairment of Right of Use Assets

At the reporting date, the Company reviews the carrying amounts of its Right of Use Assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the depreciable amount of the asset is estimated by checking the remaining period of leases or status of the assets in order to determine the extent of the impairment loss.

(n) Consolidation of subsidiary

KenGen Foundation was established by KenGen PLC as a public charitable trust by Declaration of trust deed dated 2009 and is domiciled in Kenya. The Foundation serves as the philanthropic arm of KenGen and is mandated to: Turn short term one-off CSR Projects into CSI-Corporate Social Investments; Upscale CSI activities for greater impact and increase and diversify resources available for CSI projects.
The Foundation is wholly controlled by the Company. However, it has not been consolidated as the Foundation is considered immaterial to these financial statements.

6. Revenue

a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services in the following revenue types.

	Geothermal Shs 000	Hydro Shs 000	Thermal Shs 000	Wind Shs 000	Total Shs 000
30 June 2023					
Electricity revenue					
• Capacity	20,459,448	6,003,296	3,029,587	-	29,492,331
• Energy	6,999,351	1,534,172	284,262	473,848	9,291,633
	27,458,799	**7,537,468**	**3,313,849**	**473,848**	**38,783,964**
Steam revenue (note 6(c))	6,129,269	-	-	-	6,129,269
Fuel charge	-	-	8,165,345	-	8,165,345
Water charge	-	125,892	-	-	125,892
Revenue from foreign operations	759,207	-	-	-	759,207
Total revenue	**34,347,275**	**7,663,360**	**11,479,194**	**473,848**	**53,963,677**
30 June 2022					
Electricity revenue					
• Capacity	12,053,874	8,082,173	3,079,630	-	23,215,677
• Energy	5,715,985	1,151,925	451,066	438,850	7,757,826
	17,769,859	**9,234,098**	**3,530,696**	**438,850**	**30,973,503***
Steam revenue (note 6(c))	5,119,412	-	-	-	5,119,412
Fuel charge	-	-	9,672,038	-	9,672,038
Water charge	-	164,872	-	-	164,872
Revenue from foreign operations	1,546,647	-	-	-	1,546,647
Total revenue	**24,435,918**	**9,398,970**	**13,202,734**	**438,850**	**47,476,472**

*See note 44 on restatement

b) Deferred income - Contract assets and liabilities

The Company was contracted on various projects to offer consultancy services in Ethiopia and Djibouti. As part of the contracting terms, the company received advance payments amounting to Nil at end of current year (2022-Shs. 206,411,000) that were accounted for as deferred income, with recognition as revenue to occur after one year. These have been disclosed as part of trade and other payables disclosed under Note 33.

	2023 Shs'000	2022 Shs'000
At start of year	206,411	-
Additions	124,318	206,411
Revenue recognized through profit or loss	(330,729)	-
	-	-
At end of year (Note 33)	-	206,411

(i) Payments received in advance, revenue is recognised when control of the goods or services has transferred to the customer, being at the point the goods or services are delivered to the customer. When the customer initially pays advance payment, the transaction price received at that point by the Company is recognised as contract liability until the goods or services have been delivered to the customer.

(ii) Revenue relating to maintenance services is recognised over time although the customer pays up-front in full for these services. A contract liability is recognised for revenue relating to the maintenance services at the time of the initial transaction and is released over the service period.

(iii) Contract liabilities relating to reimbursement, construction contracts are balances from customers under construction contracts whose performance obligations have not been fulfilled.

(c) Steam revenue

	2023 Shs'000	2022 Shs'000
Third party revenue*	5,357,593	4,356,212
KenGen steam revenue**	771,676	763,200
Total steam revenue (Note 6(a))	6,129,269	5,119,412

Third party revenue*- this relates to steam income from wells vested to GDC.
KenGen steam revenue**- this relates to income from KenGen's own wells.

7. Reimbursable expenses

	2023	2022
	Shs'000	Shs'000
Fuel costs[1]	7,995,258	9,587,828
Water costs[2]	125,892	164,872
	8,121,150	9,752,700

[1] In line with the provisions of the Power Purchase Agreements, the company is reimbursed by The Kenya Power and Lighting Company Plc for fuel costs incurred in the production of thermal electricity based on pre-agreed plant fuel usage.

[2]The Water Resource Management Rules 2007 (Water Regulations) was Gazetted by the Government through legal notice No. 171 of September 2007. The regulation provided for water use charge at the rate of 0.05 Shs/kWh for power plants with capacity of over 1MW. With approval from the Energy Regulatory Commission (Now Energy and Petroleum Regulatory Authority), the company is reimbursed by The Kenya Power and Lighting Company Plc for the cost of water charges.

8. Other income

	2023	2022
	Shs'000	Shs'000
Insurance compensation*	1,745,920	115,960
Club income**	152,181	236,228
Miscellaneous income	16,958	201,916
Rent receivable	49,732	65,362
Geothermal spa	24,018	17,489
Consultancy fees	5,926	13,078
Carbon credits***	4,261	12,657
Contract revenue from financial asset****	84,713	106,713
	2,083,709	769,403

* Insurance compensation in 2023 mainly relates to insurance proceeds received with respect to business interruptions and property damage claims mainly arising from the damage to Olkaria V unit 1 on 7 October 2021. The insurance claim process was finalised in June 2023.

** Club income relates to income earned from the welfare clubs in the various operational areas.

*** Carbon credits, also known as carbon offsets, are permits that allow the owner to emit a certain amount of carbon dioxide or other greenhouse gases. One credit permits the emission of one ton of carbon dioxide or the equivalent in other greenhouse gases. KenGen with a generation portfolio of 86% renewable energy sources is taking deliberate steps to reduce carbon emissions with actions and commitments locally and internationally. The Company's actions in carbon emission reduction towards a net-zero future has earned KenGen global funds and status of climate champion and accorded us a prestigious position of industry leader in climate change action.

**** Contract revenue from financial asset relates to reimbursable income on the Ketraco asset disclosed under Note 18(d).

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2023

9. Other gains/(losses) – net forex and fair valuation of financial assets

	2023 Shs'000	2022 Shs'000 (Restated)*
Realized foreign exchange loss recovered through billing- others transactions (Note 37(a) (i))	593,080	325,886
Realized foreign exchange loss not billed- borrowings (Note 19)	(2,457,623)	(188,612)
Foreign exchange gains from other monetary items	2,019,212	938,833
Bond premium expensed (Note 18(c))	(11,259)	(10,262)
Unrealized revaluation of the financial assets held at fair value through profit or loss (Note 28)	21,909,225	(3,274,468)
Unrealized foreign exchange gain/loss on financial asset not recoverable from KPLC (Note 19)	697,961	(1,580,823)
Unrealized foreign exchange on valuations of borrowings (Note 19)	(21,909,225)	3,274,468
Unrealized foreign exchange loss not recoverable from KPLC due to expiry of Kipevu I PPA(Note 19)	(413,054)	-
Total	**428,317**	**(514,978)**

*See note 44 for details regarding restatement.

10. Expenses

	2023 Shs'000	2022 Shs'000
(a) Depreciation and Amortization		
Depreciation (Note (15(a))	15,885,725	12,661,753
Less: Amount capitalized (Note 15(a))	(454,564)	(491,468)
	15,431,161	12,170,285
- Intangible assets- software (Note 16)	214,034	112,279
Amortization - Prepaid leases on leasehold land (Note 17)	45,398	55,449
: Amount capitalized to property, plant and equipment	-	11,878
: Other Right of Use Assets (Note 17)	109,852	111,739
	155,250	179,066
Total depreciation and amortization charge for the year	**15,800,445**	**12,461,630**

	2023 Shs'000	2022 Shs'000
(b) Employee expenses		
Salaries, wages and other staff costs	10,118,776	9,579,333
Welfare and benefits	896,722	553,173
Training expenses	228,664	127,321
Retirement benefit cost:		
- Defined contribution scheme	728,839	542,342
- Defined benefit scheme (Note 29 (a))	36,707	50,089
- National Social Security Fund	11,692	6,163
	12,021,400	10,858,421
Less: Capitalized costs* (Note 15(a))	(2,815,221)	(2,611,466)
Net expenses	**9,206,178**	**8,246,955**

**The employee expenses incurred and attributable to implementation of capital projects are capitalized in line with the application of the Company's accounting policy as disclosed under Note 4.*

	2023 Numbers	2022 Numbers
Number of employees		
The number of persons employed by the Company at the year-end was;		
- Operational staff	1,061	1,015
- Geothermal resource assessment and other projects staff	1,532	1,461
Total	2,593	2,476
Management staff	1,730	1,665
Union Staff	863	811
Total	2,593	2,476
Permanent employees – management	1,720	1,607
Permanent employees – unionizable	863	811
Contract employees-management and Union	10	58
Total	**2,593**	**2,476**

	2023	2022
c) Steam costs		
Steam expenses (Note 37(b)(ii))	**3,731,112**	**3,093,308**

Steam costs represent amounts payable for steam from Geothermal Development Company wells utilized in generation of power from Olkaria I AU 4 & 5, Olkaria IV and some Wellhead plants. The related income is disclosed under Note 6(c).

	2023 Shs'000	2022 Shs'000
(d) Plant operation and maintenance expenses		
Operation and maintenance costs	1,532,625	1,261,927
Machinery spares and consumables (Note 20*)	1,447,115	1,889,160
	2,979,740	**3,151,087**

(e) Other expenses		
Insurance	2,440,934	1,115,453
Transport and travelling costs	1,315,964	1,240,927
Office	305,854	134,352
Catchment preservation and dam maintenance	107,000	107,000
Consultants' fees	272,785	113,370
Legal and statutory	133,145	139,478
Corporate Social Responsibility	172,598	139,665
Director's fees and other expenses	67,311	44515
Advertising	69,606	53,677
Audit fees	10,906	9,800
Club	163,198	81,135
Provisions and impairment of assets (Note 10(g))	1,695,725	736,008
Loss on disposal of fixed assets	-	2,626
Tax expense for foreign operations	31,906	181,198
Other costs*	280,868	244,222
	7,067,800	**4,343,426**

*Other costs include expenses for drilling in Ethiopia and Djibouti among other general costs.

	2023 Shs'000	2022 Shs'000
(f) Allowance for expected credit losses (IFRS 9)		
Ketraco-Sondu Miriu line (Note 18(a))	21,953	(3,716)
KPLC- Olkaria V transmission lines (Note 18(b))	32,084	(2,955)
Treasury bonds (Note 18 (c))	9,273	10,485
Ketraco- Olkaria I AU & IV transmission lines (Note 18(d))	147,321	(5,897)
Trade receivables - KPLC debt (Note 21)	(371,995)	445,617
Other receivables (Note 22)	(49,137)	117,551
Cash and cash equivalents (Note 24 (a))	204,304	34,410
Restricted cash (Note 24 (b))	7,360	6,489
	1,162	**601,984**

	2023 Shs'000	2022 Shs'000
(g) Impairment and provisions for assets		
Provision for inventory obsolescence	683,624	(231,992)
Impairment of feasibility studies and other cost (Note 15(a))	10,040	968,000
Impairment of intangible cost (Note 16)	15,947	-
Impairment of property, plant and equipment assets*	899,347	-
Impairment of other assets	86,767	-
	1,695,725	**736,008**

*The impairment relates to property, plant and equipment assets attached to Kipevu 1 and Muhoroni power plants whose PPAs expired during the year and were not renewed.

11. Finance income

	2023 Shs'000	2022 Shs'000
Interest income from Kenya Power and Lighting Company Plc (Note 37(a)(i))*	364,696	847,924
Interest income from treasury bonds	282,796	282,795
Interest income from banks and other financial institutions	980,742	881,739
Interest on KPLC Olkaria V financial asset** (Note 18(b))	55,454	57,155
Interest income from staff advances	5,117	2,985
	1,688,805	**2,072,598**

* Interest income from The Kenya Power and Lighting Company Plc relates to interest penalties charged to Kenya Power due to late payments of invoices. Interest on late payments accrues after 40 days after billing and Kenya Power acknowledging invoice or lapse of credit period.

** Interest on Financial asset for Olkaria V transmission line.

12. Finance costs

	2023 Shs'000	2022 Shs'000
Interest on borrowings	3,015,967	2,774,290
Interest on leases as per IFRS 16 (Note 31)	112,561	89,577
Less: capitalized interest* (Note 15(a))	(396,423)	(903,447)
Interest expensed	**2,732,105**	**1,960,420**

	2023 Shs'000	2022 Shs'000 Restated*
13. Income tax charge		
(a) Taxation charge		
Current income tax*	337,301	337,183
Deferred tax charge (Note 30)	3,171,038	2,473,054
Total income tax charge	**3,508,339**	**2,810,237**

*Current income tax relates to revenue and other income lines which are taxed as a separate source of income.

(b) Reconciliation of expected tax based on profit before taxation-to-taxation charge

	2023 Shs'000	2022 Shs'000 Restated*
Profit before taxation	8,524,816	6,191,985
Tax applicable rate of 30%	2,557,445	1,857,595
Tax effect of expenses not deductible for tax purposes	950,894	952,642
Total income tax charge	**3,508,339**	**2,810,237**
(c) Corporate tax recoverable		
Balance brought forward as previously reported	(348,627)	(385,696)
Current income tax payable (Note 13(a))	337,301	337,183
Paid during the year	(430,388)	(300,113)
At end of year	**(441,713)**	**(348,627)**

14. Earnings per share

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive shares as at 30 June 2023 and 30 June 2023.

	2023 Shs'000	2022 Shs'000 Restated*
Profit attributable to ordinary shareholders (in Shs'000)	5,016,477	3,381,748
Number of ordinary shares in issue at end of year(in '000 ') (Note 25)	6,594,522	6,594,522
Basic and diluted earnings per share (Shs)	0.76	0.51

*See note 44 for details regarding restatement

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2023

Property, plant and equipment

	Freehold land	Buildings	Transmission lines	Plant and machinery	Motor vehicles	Furniture, equipment and fittings	Work- in-progress	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 30 June 2023								
Cost or Valuation								
At 1 July 2022	4,953,001	68,288,243	5,371,155	310,860,618	2,573,536	7,299,683	57,071,094	456,417,330
Adjustments**	-	-	-	15,125	-	-	10,396,682	10,411,807
Staff cost capitalized (Note 10(b))	-	-	-	-	-	-	2,815,221	2,815,221
Interest cost capitalized (Note 12)	-	-	-	-	-	-	396,423	396,423
Depreciation capitalized (Note 10 (a))	-	-	-	-	-	-	454,564	454,564
Impairment of CWIP assets*(Note 10(g))	-	-	-	-	-	-	(10,040)	(10,040)
Transfers from WIP	19,512	853,710	4,449	12,316,259	274,860	546,879	(14,015,670)	-
Impairment of assets***	-	(1,116,497)	(221,415)	(6,090,307)				(7,428,218)
At 30 June 2023	**4,972,513**	**68,025,456**	**5,154,190**	**317,101,695**	**2,848,396**	**7,846,562**	**57,108,275**	**463,057,086**
Depreciation								
At 1 July 2022	-	2,245,442	767,735	5,934,322	2,065,354	5,223,072	-	16,235,924
Charge for year	-	1,982,660	402,927	12,735,598	125,255	639,286	-	15,885,725
Reversal on impairment***	-	(217,457)	(18,435)	(1,311,988)	-	-	-	(1,547,880)
At 30 June 2023	**-**	**4,010,644**	**1,152,227**	**17,357,932**	**2,190,609**	**5,862,357**	**-**	**30,573,769**
Net book value at 30 June 2023	**4,972,513**	**64,014,811**	**4,001,962**	**299,743,764**	**657,787**	**1,984,205**	**57,108,275**	**432,483,315**
Net book value at 30 June 2023 (cost basis)	**619,613**	**38,611,739**	**763,505**	**175,802,872**	**657,787**	**1,984,204**	**57,108,275**	**275,547,996**

*An assessment for impairment was carried out in respect to assets under capital work in progress including unconnected wells and feasibility studies. It was determined that some assets could no longer be carried in the books and were impaired.

**corrective entry for assets earlier booked with negative net book values.

*** During the year, assets assigned to two thermal plants whose PPAs had expired and had not been renewed and one geothermal plant that had been temporarily halted for refurbishment were impairment and the related accumulated depreciated was adjusted to derive at the net impairment loss for each asset.

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2023

15(a). Property, plant and equipment (continued)

	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, equipment and fittings Shs'000	Work- in- progress Shs'000	Total Shs'000
Year ended 30 June 2022								
Cost or Valuation								
At 1 July 2021	2,017,133	52,675,132	4,809,804	258,803,433	2,341,771	5,911,261	96,457,632	423,016,166
Additions	-	-	-	-	-	-	10,498,765	10,498,765
Staff cost capitalized (Note 10(b))	-	-	-	-	-	-	2,611,466	2,611,466
Interest cost capitalized (Note 12)	-	-	-	-	-	-	903,447	903,447
Depreciation capitalized (Note 10 (a))	-	-	-	-	-	-	491,468	491,468
Foreign exchange capitalized							(33,011)	(33,011)
Reclassification to intangible assets (Note 16)	-	-	-	-	-	-	(671,458)	(671,458)
Reclassification to contract asset	-	-	-	-	-	-	14,000	14,000
Impairment of assets*(Note 10(g))	-	-	-	-	-	-	(968,000)	(968,000)
Transfers from WIP	-	7,283,070	165,204	43,012,695	251,677	1,520,565	(52,233,211)	-
Revaluation surplus/(deficit)	2,917,067	8,330,041	395,955	9,044,488	-	(132,144)	-	20,555,407
Adjustment**	-	-	192	-	8,034	-	-	8,226
Reclassification from leasehold land	18,800	-	-	-	-	-	-	18,800
Disposal***	-	-	-	-	(27,946)	-	-	(27,946)
At 30 June 2022	**4,953,000**	**68,288,243**	**5,371,155**	**310,860,616**	**2,573,536**	**7,299,682**	**57,071,098**	**456,417,330**
Depreciation								
At 1 July 2021	-	9,165,030	1,224,488	52,588,863	1,985,503	4,803,039	-	69,766,923
Charge for year	-	1,498,476	73,399	10,503,277	105,172	481,429	-	12,661,753
Depreciation writeback****	-	(8,418,064)	(530,152)	(57,157,818)	-	(61,397)	-	(66,167,431)
Eliminated on disposal	-	-	-	-	(25,321)	-	-	(25,321)
At 30 June 2022	**-**	**2,245,442**	**767,735**	**5,934,322**	**2,065,354**	**5,223,071**	**-**	**16,235,924**
Net book value at 30 June 2022	**4,953,000**	**66,042,801**	**4,603,420**	**304,926,294**	**508,182**	**2,076,611**	**57,071,098**	**440,181,406**
Net book value at 30 June 2022 (cost basis)	**600,101**	**39,740,689**	**1,161,982**	**173,518,576**	**567,607**	**2,017,186**	**57,071,098**	**274,677,239**

* An assessment for impairment was carried out in respect to assets under capital work in progress including unconnected wells and feasibility studies. It was determined that some assets could no longer be carried in the books and were impaired.

** Corrective entry for assets earlier booked with negative net book values.

*** Vehicles disposed during the period.

**** During asset revaluation, the accumulated depreciated was adjusted to derive at the net surplus/deficit for each asset.

15(b) Revaluation of property plant and equipment

Plant, machinery and transmission lines were professionally valued on 30 June 2022 by Aon Risk Services Australia Limited registered professional valuers, on a depreciated replacement cost basis which represents the plant and machinery's highest and best use value.

The freehold land and buildings were revalued, and the report adopted on 30 June 2022 based on prevailing market values and depreciated to reflect carrying amounts by Ebony limited, Zenith Limited and Syagga Associates registered professional valuers.

The values were incorporated in the financial statements for the year ended 30 June 2022.

The Company's freehold and leasehold land is located in the following locations:

- Olkaria
- Gitaru
- Kiambere
- Kamburu
- Kindaruma
- Masinga
- Sangoro
- Turkwel
- Sosiani
- Gogo
- Wanjii
- Tana
- Sagana
- Ndula
- Mesco
- Garissa
- Lamu
- Kipevu
- Sondu Miriu

If the freehold land, buildings, plant and machinery and transmission lines were stated on the historical cost basis, the amounts would be as follows:

	Freehold land	Buildings	Transmission lines	Plant and machinery	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 30 June 2023					
At cost	619,613	58,789,153	3,746,436	261,788,704	324,943,906
Accumulated depreciation	-	(20,177,414)	(2,982,931)	(85,985,832)	(109,146,177)
	619,613	**38,611,739**	**763,505**	**175,802,872**	**215,797,729**
At 30 June 2022					
At cost	600,101	57,935,443	3,741,987	249,472,444	311,749,975
Accumulated depreciation	-	(18,194,754)	(2,580,004)	(75,953,868)	(96,728,626)
	600,101	39,740,689	1,161,983	173,518,576	215,021,349

Impairment

At each reporting date, the Directors review the conditions of property, plant and equipment to determine whether there are any indicators of impairment. If any such indication exists, an impairment assessment is performed.

16. Intangible assets

Year ended 30 June 2023	Computer software and licences Shs'000	Plant monitoring software Shs'000	Work-in-progress Shs'000	Total Amount Shs'000
Cost or Valuation				
At 1 July 2022	1,926,838	853,721	127,540	2,908,099
Additions	-	-	226,949	226,949
Transfer	195,237	-	(195,237)	-
Impairment*	-	-	(15,947)	(15,947)
At 30 June 2023	**2,122,075**	**853,721**	**143,305**	**3,119,101**
Amortization				
At 1 July 2022	431,982	216,970	-	648,953
Charge for the year	145,870	68,164	-	214,034
At 30 June 2023	**577,852**	**285,134**	**-**	**862,986**
Net book value				
At 30 June 2023	**1,544,223**	**568,586**	**143,305**	**2,256,114**
Net book value				
At 30 June 2022	**1,494,856**	**636,750**	**127,540**	**2,259,146**

* An assessment for impairment was carried out in respect to assets under capital work in progress. It was determined that some assets could no longer be carried in the books and were impaired.

Work in progress balance relates to SAP additional modules and Integrated Resource Management System that had not been fully operationalised at year end.

Intangible assets comprise of Supervisory Control and Data Acquisition (SCADA), computer software and licences that are acquired for business process and operations and have a useful life of over one year. The are acquired separately and measured on initial recognition at cost less subsequent amortization and any accumulated impairment losses. The SCADA is part of the operation of the power plants and was professionally revalued as at 30 June 2022 on a depreciated replacement cost basis which represents the intangible asset's highest and best use value by Aon Risk Services Australia Limited.

16. Intangible assets (continued)

Year ended 30 June 2022	Computer software and licences Shs'000	Plant monitoring software Shs'000	Work-in-progress Shs'000	Total Amount Shs'000
Cost or Valuation				
At 1 July 2021	973,790	763,877	424,371	2,162,038
Additions	-	-	69,918	69,918
Transfer from PPE (Note 15)	-	-	671,458	671,458
Capitalised	953,048	85,158	(1,038,207)	-
Revaluation Surplus	-	4,685	-	4,685
At 30 June 2022	**1,926,838**	**853,720**	**127,540**	**2,908,099**
Amortization				
At 1 July 2021	356,795	282,029	-	638,825
Charge for the year	75,187	37,092	-	112,279
Depreciation writeback*	-	(102,151)	-	(102,151)
At 30 June 2022	**431,982**	**216,970**	**-**	**648,953**
Net book value				
At 30 June 2022	**1,494,856**	**636,750**	**127,540**	**2,259,146**

If the Intangible Assets were stated on the historical cost basis, the amounts would be as follows:

	Computer software and licences Shs'000	Plant monitoring software Shs'000	Work-in-progress Shs'000	Total Shs'000
At 30 June 2023				
At cost	2,122,075	849,035	143,305	3,114,415
Accumulated depreciation	(577,852)	(375,837)	-	(953,689)
	1,544,223	**473,198**	**143,305**	**2,160,726**
At 30 June 2022				
At cost	1,926,838	849,035	127,540	2,903,413
Accumulated depreciation	(431,982)	(319,121)	-	(751,103)
	1,494,856	**529,914**	**127,540**	**2,152,310**

17. Right of Use assets

Year ended 30 June 2023	Leasehold Land Shs'000	Buildings Shs'000	Total Shs'000
Cost or valuation			
At 1 July 2022	6,213,571	1,027,879	7,241,450
Adjustments* (Note 31)	-	(82,943)	(82,943)
At 30 June 2023	**6,213,571**	**944,936**	**7,158,507**
Depreciation			
At 1 July 2022	42,857	380,650	423,507
Charge for the year (Note 10(a))	45,398	109,852	155,250
At 30 June 2023	**88,255**	**490,502**	**578,757**
Net carrying value			
At 30 June 2023	**6,125,316**	**454,434**	**6,579,750**

* During the year, an adjustment to correct the lease liability with respect to service charge was made to align the lease obligations under IFRS 16.

The Leasehold land was revalued on 30 June 2022 based on prevailing market values and amortised to reflect carrying amounts by Ebony limited, Zenith Limited and Syagga Associates registered professional valuers.

The values were incorporated in the financial statements for the year ended 30 June 2022.

Year ended 30 June 2022	Leasehold Land Shs'000	Buildings Shs'000	Total Shs'000
Cost or valuation			
At 1 July 2021	4,651,384	720,582	5,371,966
Additions under IFRS 16 (Note 31)	-	307,296	307,296
Revaluation Surplus*	1,580,987	-	1,580,987
Reclassification to freehold land**(Note 15)	(18,800)	-	(18,800)
At 30 June 2022	**6,213,571**	**1,027,879**	**7,241,450**
Depreciation			
At 1 July 2021	369,861	268,911	638,772
Charge for the year (Note 10(a))	67,327	111,739	179,066
Depreciation writeback*	(394,331)	-	(394,331)
At 30 June 2022	**42,857**	**380,650**	**423,507**
Net carrying value			
At 30 June 2022	**6,170,714**	**647,229**	**6,817,943**

* During revaluation exercise, the accumulated depreciation is offset against the new values to determine the surplus or deficit on each asset.

** The title of the piece of land previous accounted for under leasehold land was noted to be freehold during the revaluation exercise necessitating the reclassification.

18. Financial assets held at amortized cost

	2023	2022
	Shs'000	Shs'000
Deferred debt due from KPLC (Note 18(a))	841,092	804,474
Financial asset due from KPLC-Olkaria V transmission line (Note 18(b))	1,319,019	1,418,374
Treasury bonds at amortised cost (Note 18 (c))	2,336,075	2,356,607
	4,496,186	**4,579,455**
Presentation analysis:		
Non-current	4,358,942	4,443,409
Current	137,244	136,046
	4,496,186	**4,579,455**

Deferred debt due from Kenya Power

Deferred debt relates to the amounts recoverable from The Kenya Power & Lighting Company Plc in respect of a loan taken out by the Company for the construction of the Sondu Miriu transmission and sub-station project implemented by the Company on behalf of Kenya Power under a management agreement. Japan Bank for International Corporation funded the foreign component of the Sondu Miriu project under the loan agreement between the Japan Bank for International Corporation and the Company. The debt is payable over a period of 30 years commencing 15 August 2014.

The effective interest rate in Japanese Yen on the deferred debt during the year was 0.75% (2022: 0.75%). Through an agreement entered between Kenya Power and Kenya Electricity Transmission Company Limited (KETRACO), KETRACO are servicing the debt.

The deferred debt and corresponding loan from Japan Bank for International Corporation are both denominated in Japanese Yen (JPY). The amount outstanding as at year end was JPY 895,338,775 (2022: JPY 946,009,512).

18. Financial assets held at amortized cost (continued)

(a) Deferred debt due from KPLC

	2023 Shs'000	2022 Shs'000
At start of year	816,485	964,827
Interest charge	7,798	8,849
Repayment during the year	(48,676)	(51,949)
Foreign exchange loss/(gain)	99,448	(105,242)
	875,055	816,485
Less: Allowance for impairment	(33,963)	(12,011)
At end of year	**841,092**	**804,474**
The movement in the allowance for impairment in the year is as follows:		
At start of year	(12,011)	(15,727)
(Charge)/credit to profit or loss	(21,953)	3,716
Allowance for expected credit loss	(33,963)	(12,011)
Maturity analysis of deferred debt is as follows:		
Within one year	41,028	37,417
After one year	800,064	767,057
Net book amount	**841,092**	**804,474**

18. Financial assets held at amortized cost (continued)

(b) Financial asset due from KPLC-Olkaria V transmission line

KenGen implemented Substation and Transmission lines component for Olkaria V Geothermal Power Plant on behalf of Kenya Power and Lighting Company Plc (KPLC). The cost of the Substation and Transmission line will be recovered through the PPA. During implementation of the project the costs were booked in WIP and later transferred to financial asset account as per IFRIC 12 "Service Concession Arrangements". On full recovery of the costs through PPA, the transmission assets will be transferred to KPLC.

	2023 Shs'000	2022 Shs'000
At start of year	1,439,551	1,480,495
Interest amortization (Note 11)	55,454	57,155
Recoveries through billing	(122,725)	(98,099)
	1,372,280	1,439,551
Less: Allowance for impairment	(53,261)	(21,177)
At end of year	**1,319,019**	**1,418,374**
The movement in the allowance for impairment in the year is as follows;		
At start of year	(21,177)	(24,132)
(Charge)/credit to profit or loss	(32,084)	2,955
Allowance for expected credit loss	**(53,261)**	**(21,177)**
Maturity analysis of deferred debt is as follows:		
Within one year	96,216	98,628
After one year	1,222,803	1,319,746
Net book amount	**1,319,019**	**1,418,374**

(c) Treasury Bonds (T. BOND FD1 2010/25)

The company invested in long term treasury bonds which continues to earn interest on a semi-annual basis. They are recognized as financial assets at amortized cost. The coupon rate is 11.25%.

	2023 Shs'000	2022 Shs'000
At start of year	2,371,142	2,381,404
Bond premium amortization (Note 9)	(11,259)	(10,262)
	2,359,883	2,371,142
Less: allowance for expected credit loss	(23,808)	(14,535)
At end of year	**2,336,075**	**2,356,607**
The movement in the provision of expected credit losses in the year is as follows:		
At start of year	(14,535)	(4,050)
Charge to profit or loss	(9,273)	(10,485)
Allowance for credit loss	**(23,808)**	**(14,535)**

Contract asset -KETRACO-Olkaria 280MW transmission line

On or around the year 2010 the Government of the Republic of Kenya received financing for the Kenya Electricity Expansion Project (KEEP) from various financiers. The KEEP projects included the construction of Olkaria IV & I AU power plants, High Voltage Substations and Transmission Lines (the Project).

The Project was financed by European Investment Bank (EIB) and Kreditanstalt Für Wiederaufbank (KFW). On the 8th day of September 2010, KenGen and KETRACO entered into an Implementation Agreement Framework for co-operation in certain services in connection with the transmission of electricity under the KEEP Project.

Upon completion of the Project in 2015 and in accordance with the Implementation Agreement, KenGen was to sign a novation agreement that would govern the transfer of assets and fulfilment of obligations thereof. This is in line with KETRACO's mandate as outlined in the Sessional Paper No.4, 2004, on Energy and Energy Act No. 12, 2006. Negotiations have been ongoing between KenGen, KETRACO, KPLC and the government to facilitate the transfer of Olkaria I AU & IV 280MW and offset against the EIB on-lent loan. Summary of balances are as follows:

d) Contract asset -KETRACO-Olkaria 280MW transmission line

	2023 Shs'000	2022 Shs'000
At start of year	4,663,722	4,571,009
Addition*	899,769	92,713
	5,563,491	4,663,722
Less: Allowance for credit loss	(215,931)	(68,610)
At end of year	**5,347,560**	**4,595,112**
The movement in the allowance for impairment in the year is as follows;		
At start of year	(68,610)	(74,507)
(Charge)/credit to profit or loss	(147,321)	5,897
Allowance for expected credit loss	**(215,931)**	**(68,610)**
Maturity analysis of deferred debt is as follows:		
Within one year	-	-
After one year	5,347,560	4,595,112
Net book amount	**5,347,560**	**4,595,112**

* The addition during the year relates to additional interest Sh. and forex losses on the European Investment Bank (EIB) and Kreditanstalt Für Wiederaufbank (KFW) loan facilities.

19. Financial assets held at fair value through profit or loss

The financial assets at fair value through profit or loss relates to unrealized exchange differences on foreign denominated borrowings recoverable from The Kenya Power & Lighting Company Plc under the respective Power Purchase Agreements ("PPAs") with Kenya Power. The derivative financial instrument is entered into to manage foreign exchange borrowings exposures. The PPA provides that the amounts should be billed to Kenya Power as the related borrowings are repaid. This allows the Company to bill and recover all realized foreign currency fluctuations relative to the base rates allowed by the PPA. The amount in the statement of financial position relates to fair value of this financial asset.

The movement in the financial asset during the year is as follows:

	2023 Shs'000	2022 Shs'000
At start of year	3,993,732	9,610,784
Realized foreign exchange loss recovered through billing	(1,346,186)	(606,160)
Realized foreign exchange loss not billed – borrowings (Note 9)	(2,457,623)	(188,612)
Unrealized (loss)/gain on revaluation of the financial asset at fair value through profit or loss recoverable (Note 9)	21,909,225	(3,274,468)
Unrecoverable foreign exchange gain/(loss) expensed (Note 9)	697,961	(1,580,823)
Unrecoverable foreign exchange (loss)/gain capitalised	(2,330,701)	33,011
Impairment of recoverable forex for Kipevu I due to expiry of PPA (Note 9)	(413,054)	-
At end of year	20,053,353	3,993,732
Less: current portion recoverable within one year	(2,236,554)	(1,104,809)
At end of year (long term portion)	**17,816,799**	**2,888,923**

20. Inventories		
Machinery consumable spares	2,190,526	1,237,000
Fuel and lubricants	202,975	231,022
General stores	532,549	373,082
	2,926,050	1,841,104
Allowance for impairment and provisions	(1,077,604)	(393,980)
Total inventories	**1,848,446**	**1,447,124**

* The cost of inventories recognized as an expense and included in operating costs and reimbursable expenses are machinery consumable spares amounting to Shs 1,447,115,000 (2022: Shs 1,889,160,000) and fuel consumed amounting to Shs 7,995,258,000 (2022: Shs 9,587,829,000) respectively. Impairment allowance for inventory is recognized on items that are slow moving and/or obsolete.

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2023

21. Trade receivables

The following amounts due from The Kenya Power and Lighting Company Plc (KPLC) relate to outstanding balances at year end arising from billings as per the respective PPA's.

	2023 Shs'000	2022 Shs'000 Restated*
Due from KPLC – as previously stated	22,314,971	23,582,383
Adjustment for contribution to tariff reduction *	-	(1,750,000)
Due from KPLC – as restated	22,314,971	21,832,383
Less: Allowance for impairment	(866,093)	(1,238,088)
Balance at end of the year	**21,448,878**	**20,594,295**

The amounts include Shs 5,049,737,000 (2022: Shs 3,877,218,000) which is denominated in foreign currency

The movement in the allowance for expected credit losses in the year are as follows:	2023 Shs'000	2023 Shs'000
At start of year	(1,238,088)	(792,471)
Net credit/(charge) to profit or loss	371,995	(445,617)
Allowance for expected credit loss	**(866,093)**	**(1,238,088)**

*See note 44 for details regarding the restatement

22. Other receivables and prepayments

	2023 Shs'000	2022 Shs'000
Receivables from foreign operations	415,170	654,420
Prepayments*	586,523	467,565
Sundry debtors	206,689	252,437
Staff receivables	133,284	116,084
Other receivables**	3,617,438	504,347
	4,959,104	1,994,853
Less: Allowance for expected credit loss	(517,404)	(566,541)
Total receivables and prepayments	**4,441,700**	**1,428,312**

* Included in prepayments is an amount of Shs 260,041,000 (2022: Shs 131,747,000) relating to advances to Contractors for ongoing projects.

** Included under other receivables is an amount of Shs. 1,259,619,330 relating to insurance refunds recovered after year end and Shs. 1,586,079,358 receivable from the ministry of finance on the EIB on - let loans.

The movement in the allowance for impairment in the year is as follows:

	2023	2022
	Shs'000	**Shs'000**
At start of year	(566,541)	(448,990)
Net credit/(charge) to profit or loss	49,137	(117,551)
Allowance for expected credit loss	**(517,404)**	**(566,541)**

23. Financial asset at fair value through other comprehensive income

	2023	2022
	Shs'000	**Shs'000**
At start of year	338,920	360,957
Fair value loss through other comprehensive income	(18,498)	(22,037)
At end of year	**320,422**	**338,920**

The FVOCI asset relates to the treasury bonds (T. BFXD1 2010/25, coupon rate of 11.25%) held by the Company. This treasury bond is held to collect cash as well as held for sale.

24. (a) Cash and bank balances

	2023	2022
	Shs'000	**Shs'000**
Cash at bank	15,470,703	12,651,852
Less: Allowance for expected credit loss	(475,572)	(271,268)
	14,995,131	12,380,584
Cash at hand	3,300	3,350
	14,998,431	**12,383,934**

For purposes of the statement of cashflows, the cash and cash equivalents are presented as;

	2023 Shs'000	2022 Shs'000
Cash at bank*	15,470,703	12,651,852
Cash at hand	3,300	3,350
	15,474,003	**12,655,202**

* Included in the cash at bank is local currency of Shs 14,826,231,000 (2022: Shs 9,901,747,000) and foreign currency of Shs 647,772,000 (2022: Shs 2,753,455,000).

(b) Restricted cash balances

	2023 Shs'000	2022 Shs'000
Restricted cash	1,875,206	1,350,709
Allowance for expected credit loss	(13,849)	(6,489)
	1,861,357	**1,344,220**

(c) Expected credit loss on cash balances

At start of the year	(6,489)	-
Net charge to profit or loss	(7,360)	(6,489)
Allowance for expected credit loss	(13,849)	(6,489)

(d) Restricted cash movement

At start of year	1,344,220	1,117,241
Un-utilized funds as year end	308,932	233,468
Staff mortgage funding	200,000	-
Interest earned	22,054	-
Amortisation of deferred restricted cash asset	(13,849)	(6,489)
Net deferred restricted cash	**1,861,357**	**1,344,220**

The restricted cash balances relate to funds deposited with institutions enable those institutions to facilitate lending of car and mortgage facilities to company staff at affordable interest rate. The funds earn a nominal interest.

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2023

25. Ordinary share capital and share premium

Ordinary share capital and share premium	Number of shares (Thousands)	Ordinary shares Shs'000	Share premium Shs'000
Authorised			
At 30 June 2022 and 30 June 2023	10,000,000	25,000,000	-
Issued and fully paid			
At 30 June 2022 and 30 June 2023	6,594,522	16,487,710	22,151,131

The total authorised number of ordinary shares is 10,000,000,000 with a par value of Shs 2.50 per share.

All issued shares are fully paid.

26. Other reserves

	Capital reserve Shs'000	Investment's revaluation reserve Shs'000	Property revaluation reserve Shs'000	Actuarial gains/ (losses) Shs'000	Total Shs'000
At 1 July 2022	8,579,722	(81,273)	121,811,273	(1,037,478)	129,272,244
Other comprehensive loss for the year;					
- Net loss on revaluation on investments in financial instruments measured at FVOCI	-	(18,498)	-	-	(18,498)
- Re-measurement of defined benefit-				(860,574)	(860,574)
- Net impairment on assets	-	-	(4,980,578)	-	(4,980,578)
- Deferred income tax thereon		5,549	-	-	5,549
- Deferred tax relating to components of other comprehensive income (Note 30)	-	-	-	258,172	258,172
- Deferred income tax thereon	-	-	1,494,173	-	1,494,173
Total other comprehensive loss for the year	-	(12,949)	(3,486,405)	(602,402)	(4,101,756)
Transfer of excess depreciation	-	-	(4,013,319)	-	(4,013,319)
Deferred tax on excess depreciation	-	-	1,203,996	-	1,203,996
At 30 June 2023	**8,579,722**	**(94,222)**	**115,515,545**	**(1,639,880)**	**122,361,165**

	Capital reserve Shs'000	Investment's revaluation reserve Shs'000	Property revaluation reserve Shs'000	Actuarial gains/ (losses) Shs'000	Total Shs'000
At 1 July 2021	8,579,722	(65,847)	57,102,238	(564,629)	65,051,484
Other comprehensive loss for the year;					
- Net loss on revaluation on investments in financial instruments measured at FVOCI	-	(22,037)	-	-	(22,037)
- Re-measurement of defined benefit	-	-	-	(675,499)	(675,499)
- Net revaluation surplus on assets	-	-	88,865,929	-	88,865,929
- Deferred income tax thereon		6,611	-	-	6,611
- Deferred tax relating to components of other comprehensive income (Note 30)	-	-	-	202,650	202,650
- Deferred income tax thereon	-	-	(22,166,245)	-	(22,166,245)
Total other comprehensive loss for the year	-	(15,426)	66,699,684	(472,849)	66,211,409
Transfer of excess depreciation	-	-	(2,843,784)	-	(2,843,784)
Deferred tax on excess depreciation	-	-	853,135	-	853,135
At 30 June 2022	**8,579,722**	**(81,273)**	**121,811,273**	**(1,037,478)**	**129,272,244**

(a) The capital reserve relates to development surcharge received from Kenya Power for financing the development of certain power projects for the period on or before 1998. The reserve is not distributable to shareholders.

(b) The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of. The reserve is not distributable to shareholders.

(c) The property revaluation reserve arises on the revaluation of property, plant & machinery and intangible assets as well as leasehold land which is part of Right of Use Assets. When revalued property, plant and equipment are disposed, the portion of the plant and machinery revaluation reserve that relates to that asset is transferred directly to retained earnings. The reserve is not distributable to shareholders.

Actuarial reserves represent the accumulated remeasurements arising from the retirement benefit scheme recognized through other comprehensive income as disclosed under Note 29. The reserve is not distributable to shareholders.

27. Retained earnings

The retained earnings represent amounts available for distribution to the company's shareholders. Undistributed retained earnings are retained to finance the company's business activities.

28. Borrowings

The movement in borrowings is as follows:

	2023 Shs'000	2022 Shs'000
At start of year	133,002,263	144,529,241
External borrowings received in the year	2,519,394	1,688,919
Domestic borrowings received in the year	9,952,232	-
External borrowings repayments in the year	(10,343,240)	(7,584,911)
Domestic borrowings repayments in the year	(8,173,850)	(2,356,518)
Exchange loss/(gain) on revaluation of borrowings (Note 19)	21,909,225	(3,274,468)
At end of year	148,866,024	133,002,263
Add: Accrued interest	985,782	1,130,429
At end of year	149,851,806	134,132,692
Less: Amounts due within one year (Current portion)	(12,809,721)	(11,916,546)
Amounts due after one year (Non-current portion)	**137,042,085**	**122,216,146**

(a) Analysis of interest-bearing borrowings:

	Maturity Year	2023 Shs'000	2022 Shs'000
Government of Kenya Guaranteed loans			
2.6% Japan Bank for International Cooperation KE P20-Kipevu 1 (JPY 850,632,000)	2025	825,196	1,101,249
2.3% Japan Bank for International Cooperation KE P21 –Sondu Miriu (JPY 1,352,776,000)	2027	1,312,325	1,459,447
0.75% Japan Bank for International Cooperation KE P23-Sondu Miriu (JPY 7,266,630,000)	2044	7,049,343	6,570,357
0.75% Japan Bank for International Cooperation KE P24-Sangoro (JPY 3,397,728,000)	2047	3,296,129	3,054,710
0.20% Japan International Cooperation Agency KE P26-Olkaria I & IV JPY 19,244,675,547)	2040	18,669,222	17,622,793
2.09% Kreditanstalt Fur Wiederaufbau (KfW)-Kindaruma (Euro 3,910,000)	2024	598,158	969,839
2.2% Kreditanstalt Fur Wiederaufbau (KfW)-Olkaria I & IV (Euro 15,654,000)	2026	2,394,772	2,588,552
0.98% DSSI I (JICA KP20, KP21, KP23, KP24 & KP26) (JPY 1,171,120,000)	2027	1,136,101	1,263,481
0.68% DSSI II (JICA KP20, KP21, KP23, KP24 & KP26) (JPY 1,311,615,000)	2027	1,272,395	1,257,825
		36,553,641	35,888,253

28. Borrowings (Continued)

(a) Analysis of interest-bearing borrowings: (continued)

	Maturity Year	2023 Shs'000	2022 Shs'000
Government of Kenya on lent loans			
3.5% International Development Association IDA 4743 KE-Olkaria I & IV (USD 22,296,678)	2035	3,133,207	2,846,210
2.003% Agence Francaise de Development (AFD) - Olkaria I & IV (EURO 49,284,890)	2031	7,539,676	6,831,424
2.645% European Investment Bank-Olkaria I & IV (Euro 3,922,158)	2037	600,018	522,459
2.50% Export-Import Bank of China (EXIM) – 89 wells (USD 279,519,231)	2033	39,279,021	36,403,413
1.50% Spanish loan-Ngong Phase II - 13.6MW (Euro 12,496,011)	2030	1,911,659	1,756,394
0.50% National Bank of Belgium (NBB) Ngong 1 Phase 11 - 6.8 MW (Euro 6,078,000)	2043	929,822	753,795
3.5% International Development Association IDA 5844-KE Olkaria I& IV (USD 52,703,852)	2041	7,406,130	6,210,221
0.20% Japan International Cooperation Agency Loan (KE-P31) Olkaria V (JPY 29,858,758,936)	2046	28,965,922	25,719,132
3.5% EIB Olkaria 1 Unit 6 (Euro 69,127,564)	2042	10,575,238	7,093,167
		100,340,693	**88,136,215**
Direct borrowings			
2.68% Agence Francaise de Developpement (AFD)- Olkaria II Unit 3 (Euro 1,666,667)	2024	254,969	413,401
5.1% HSBC Bank Loan-Rigs (USD 3,379,087)	2024	474,841	796,332
CBA Term loan - Wellheads 75MW	2023	-	7,768,062
Absa Bank Loan (USD 80,000,000)	2035	11,241,880	-
		11,971,690	8,977,795
		148,866,024	133,002,263
Accrued interest		985,782	1,130,429
		149,851,806	**134,132,692**

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2023

28. Borrowings (Continued)

	2023 Shs'000	2022 Shs'000
(b) Borrowings maturity analysis:		
Due within 1 year	12,809,721	11,916,546
Due between 1 and 2 years	10,495,971	11,342,373
Due between 2 and 5 years	34,805,113	32,501,382
Due after 5 years	91,741,001	78,372,391
	149,851,806	**134,132,692**
(c) Analysis of loans by currency:		
Borrowings in US$	61,535,079	54,024,239
Borrowings in JPY	62,526,633	58,048,994
Borrowings in EUR	24,804,312	20,929,030
Borrowings in foreign currencies	148,866,024	133,002,263
Borrowings in Shs	985,782	1,130,429
Total	**149,851,806**	**134,132,692**

On-lent loan facilities are entered into by the Government of Kenya with Development Finance Institutions (DFIs) and subsequently cascaded down to the Company through subsidiary loan agreements.

Securities:

The Government of Kenya has issued guarantees to the lenders in relation to the guaranteed borrowings.

The securities held for the Agence Francaise de Development borrowings are a fixed charge over all rights, title and interest of the Company in and to (a) all the land, (b) all the real property including power plant buildings and structure at the Olkaria II geothermal power plant, a fixed charge over the plant, machinery and other infrastructure at the Olkaria II geothermal power plant and an assignment of the benefits of proceeds of insurance in connection with the project.

28. Borrowings (Continued)

(d) The movement in borrowings is as follows:

	2023 Shs'000	2022 Shs'000
At start of year	133,002,263	144,529,241
Received in the year	12,471,626	1,688,919
Repayments in the year	(14,713,281)	(9,146,656)
Realized exchange loss on repayment of borrowings billed to KPLC	(1,346,186)	(606,160)
Realized exchange loss on repayment of borrowings not billed to KPLC	(2,457,623)	(188,612)
Unrealized exchange (gain)/loss on revaluation of borrowings	21,909,225	(3,274,468)
At end of year	148,866,024	133,002,263
Add: Accrued interest	985,782	1,130,428
At end of year	149,851,806	134,132,692
Less: Amounts due within one year (Current portion)	(12,809,721)	(11,916,546)
Amounts due after one year (non-current portion)	**137,042,085**	**122,216,146**

29. Retirement benefits asset

The Company operated a joint defined benefit scheme with Kenya Power, which was funded by contributions from both the Company and employees up to 31 December 1999.

The Company registered its own defined benefits scheme in 2000 and commenced making contributions to the scheme, alongside employees' contributions, with effect from 1 January 2000. The scheme is administered by Zamara Actuaries, Administrators & Consultants Limited while British-American Asset Managers and Coop trust Investment Services act as investment managers for the scheme. NIC bank Kenya plc are the custodians of the Scheme.

Under the plan, the employees are entitled to retirement benefits of 3% of final pensionable emoluments for pensionable service up to 1 January 2000 and 2% of final pensionable emoluments for pensionable service after 1 January 2000 on attainment of a retirement age of 60 years. No other post-retirement benefits are provided to these employees.

The KenGen Staff Retirement Benefits Scheme (DB Scheme) is established under trust and was closed to new entrants and to future accrual of benefits with effect from 31 December 2011 in respect of members aged below 45 years. A new Defined Contribution Scheme, the KenGen Defined Contribution (DC Scheme) 2012 was established effective 1 January 2012, for all new eligible employees. All active in-service members aged 45 years and over as at 31 December 2011 had an option to either remain in the DB scheme for future benefit accrual or join the new DC scheme. Some members opted to join the new DC scheme for future benefit accrual while others opted to remain in the DB scheme. The DC scheme is administered by Zamara Actuaries, Administrators & Consultants Limited while African Alliance Investment Bank Kenya Limited and Old Mutual Investment Group Limited act as Investment Managers for the Scheme. The Company therefore only makes contributions to the DB scheme in respect of those members who opted to remain in the DB scheme. DB scheme member contributions are a fixed percentage of their basic pay with the Company responsible for the balance of the contributions.

An actuarial valuation to fulfill the financial reporting and disclosure requirements of IAS19 was carried out as at 30 June 2022 by Zamara Actuaries, Administrators and Consultants Limited. On this basis, the present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2023	2022
Discount rate(s) [1]	14.6%	13.90%
Future salary increases	8%	8%
Future pension increases	0%	0%
Mortality (pre-retirement)	A(55) males/Female Ultimate	A(55) males/Female Ultimate
Mortality (post-retirement)	N/A	N/A
Withdrawals	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Ill health	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Retirement age	60 years	60 years

1IAS19 requires the discount rate to be determined by reference to market yields on the balance sheet date on high quality corporate bonds, or in countries where there is no deep market in such bonds, the market yields on Government bonds. The currency and term of the corporate or Government bonds should be consistent with the currency and estimated term of the postemployment benefit obligation. In the absence of a deep corporate bond market in Kenya, we have determined our discount rate assumption with reference to Government of Kenya long bond yields as published by the Central Bank of Kenya.

29. Retirement benefits asset (Continued)

Recognition

The amount recognized in the statement of profit or loss and other comprehensive income and statement of financial position in respect of these defined benefit plan are as shown below:

(a) Amounts recognized in the statement of profit or loss and other comprehensive Income

The amount recognized in the statement of profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

	2023 Shs'000	2022 Shs'000
(i) Statement of profit or loss		
Service cost:		
Current service cost (employer)	(91,506)	(86,797)
	(91,506)	(86,797)
Interest income/(cost):		
Interest cost on defined benefit obligation	(968,644)	(951,456)
Interest income on plan assets	1,106,927	1,069,063
Interest income on the effect of the asset ceiling	(83,484)	(80,899)
	54,799	36,708
Net expense included in profit or loss in respect of scheme (Note 10(b))	(36,707)	(50,089)

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2023

29. Retirement benefits asset (Continued)

Recognition (Continued)

(a) Amounts recognized in the statement of profit or loss and other comprehensive Income (Continued)

	2023 Shs'000	2022 Shs'000
(ii) Other comprehensive income (OCI)		
Actuarial loss due to change in financial assumptions	267,925	285,835
Return on plan assets	(736,489)	(1,049,887)
Change in effect of asset ceiling (excluding amount in interest cost)	(392,010)	88,553
Amount recognized in OCI	(860,574)	(675,499)
(iii) Movement in retirement benefit asset		
Net asset at start of the year	-	-
Net expense recognized in the income statement	(36,707)	(50,089)
Employer contributions	897,281	725,588
Amount recognized in OCI	(860,574)	(675,499)
Net asset at end of the year	-	-

(b) Amounts recognized in the statement of financial position

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	2023 Shs'000	2022 Shs'000
Present value of funded defined benefit obligation	(6,877,771)	(7,353,265)
Fair value of plan assets	7,953,871	7,953,871
	1,076,100	600,606
Effect of asset ceiling	(1,076,100)	(600,606)
	-	-

29. Retirement benefits asset (Continued)

Recognition (Continued)

(b) Amounts recognized in the statement of financial position (Continued)

Reconciliation of the effect of asset ceiling is as follows:

	2023	2022
	Shs'000	Shs'000
Effect of asset ceiling	(600,606)	(608,260)
Interest effect of the asset ceiling	(83,484)	(80,899)
Change in the effect of the asset ceiling excluding interest	(392,010)	88,553
Effect of asset ceiling at end of the period	(1,076,100)	(600,606)

The reconciliation of the amount included in the statement of financial position is as follows:

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2023	2022
	Shs'000	Shs'000
Opening benefit obligation	(7,353,265)	(7,533,173)
Current service cost	(91,506)	(86,797)
Interest cost	(968,644)	(951,456)
Employee contributions	(11,241)	(12,994)
Actuarial loss due to change in financial assumptions	267,925	265,851
Actuarial loss on experience	-	19,984
Benefits paid	889,253	945,320
Closing defined benefit obligation	(7,267,478)	(7,353,265)

Movements in the present value of the plan assets in the current year were as follows:

	2023	2022
	Shs'000	Shs'000
Opening market value of assets	7,953,871	8,141,433
Interest income on plan assets	1,106,927	1,069,063
Employer contributions	897,281	725,588
Employee contributions	11,241	12,994
Return on plan assets	(736,489)	(1,049,887)
Benefits paid	(889,253)	(945,320)
Closing fair value of plan assets	8,343,578	7,953,871

29. Retirement benefits asset (Continued)

Recognition (Continued)

(b) Amounts recognized in the statement of financial position (Continued)

The fair values of the plan assets at the end of the reporting period for each category are as follows:

	2023 Shs'000	2023 Shs'000
Property investments	4,319,980	4,713,889
Quoted equity instruments	553,284	664,354
Offshore investments	115,177	84,483
Government securities	2,707,334	2,354,108
Commercial paper and corporate bonds	34,343	34,371
Cash & short-term deposits	748,739	218,580
Net current assets/(liabilities)	(135,279)	(115,914)
Total scheme assets	8,343,578	7,953,871

(c) Sensitivity analysis

When there is an unfavorable change in the principal assumptions, they negatively affect the Company's deficit obligation. The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Sensitivity	2023	Change in assumption	Impact on defined benefit obligation
Discount rate	13.60%	14.60%	Decrease 1%	Increase in the present value of obligation by Shs 442,700,000
Salary	7%	8%	Decrease 1%	Decrease in the present value of obligation by Shs 90,900,000
Retirement age	55	60	Decrease by 5yrs	Increase in the present value of obligation by Shs758,300,000

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit asset recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2023

30. Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using the applicable rate, currently at 30%. The makeup of the deferred tax liabilities in the year and the movement on the deferred tax account during the year are presented below:

	2023 Shs'000	2022 Shs'000
Movement on the deferred tax account is as follows:		(Restated)*
At start of year	80,216,843	55,786,804
Deferred tax charge (Note 13(a))	3,171,038	2,473,054
Credit to other comprehensive income (Note 26)	(1,757,895)	21,956,985
Restated at the end of the year	81,629,986	80,216,843

The increase in deferred tax liability arises from revaluation of assets and profit of the year.
***See note 44 on restatement**

	At start of year Shs'000 *Restated	Charged / (Credited) to P/L Shs'000	Charged / (Credited) to OCI Shs'000	At end of year Shs'000
Year ended 30 June 2023				
Deferred tax assets:				
Tax losses	(9,873,325)	1,875,999	-	(7,997,326)
Provisions and other temporary differences	(1,290,170)	(92,707)	(263,722)	(1,646,599)
	(11,163,495)	1,783,292	(263,722)	(9,643,925)
Deferred tax liabilities:				
Unrealized exchange gains	147,718	413,016	-	560,734
Revaluation surplus - Capital gains	170,398	340,796	-	511,194
Revaluation surplus	46,680,761	(1,203,997)	(1,494,173)	43,982,591
Accelerated capital allowances	44,381,461	1,837,931	-	46,219,392
	91,380,338	1,387,746	(1,494,173)	91,273,911
Net deferred tax liability	**80,216,843**	**3,171,038**	**(1,757,895)**	**81,629,986**

30. Deferred income tax (continued)

	As previously reported – 30 June 2021 Shs'000	Prior year adjust-ment*	Charged / (Credited) to P/L Shs'000 *Restated	Charged / (Credited) to OCI Shs'000 *Restated	At end of year Shs'000 *Restated
Year ended 30 June 2022					
Deferred tax assets:					
Tax losses	(7,269,618)	(34,843)	(2,568,864)	-	(9,873,325)
Provisions and other temporary differences	(637,938)	(270,205)	(172,765)	(209,261)	(1,290,169)
	(7,907,556)	**(305,048)**	**(2,741,629)**	**(209,261)**	**(11,163,494)**
Deferred tax liabilities:					
Unrealized exchange gains	(100,554)	-	248,271	-	147,717
Unrealized revaluation gains	1,757,965	(1,198,122)	(559,843)	-	-
Revaluation surplus - Capital gains	-	170,398	-	170,398	170,398
Revaluation surplus	24,514,515	-	-	21,995,848	46,680,761
Accelerated capital allowances	37,522,434	-	6,859,027	-	44,381,461
Net deferred tax liability	63,694,360	(1,027,724)	6,547,455	22,166,246	91,380,337
Net deferred tax liability	**55,786,804**	**(1,332,772)**	**3,805,826**	**21,956,985**	**80,216,843**

*See note 44 on restatement

31. Lease Liabilities

	2023 Shs'000	2022 Shs'000
At start of year	1,053,886	851,295
Additional leases (Note 17)	-	307,296
Adjustments	(82,943)	-
Interest on lease liability (Note 12)	112,561	89,577
Paid during the year	(231,802)	(194,282)
At end of year	851,702	1,053,886
Comprising:		
Current Portion	159,826	225,312
Non- current portion	691,876	828,574
	851,702	1,053,886
Maturity Analysis of discounted cash flows		
Year 1	159,826	225,312
Year 2	142,028	228,405
Year 3	110,699	237,577
Year 4	55,631	106,832
Year 5 and beyond	383,518	255,760
	851,702	1,053,886

32. Grants

At start of year	331,949	200,000
Received during the year	501,402	131,949
At end of year	833,351	331,949

This relates to funds received from the World Bank as a grant towards the construction of Geothermal Centre of Excellence and is expected to be completed by the financial year ending June 2024.

33. Trade and other payables

	2023 Shs'000	2022 Shs'000 Restated*
Contractors and retention money	197,222	1,322,078
Trade payables	5,804,922	4,464,940
Due to Kenya Power (note 37(a)(ii))	164,685	4,366
Sundry creditors accruals	1,821,408	2,278,624
Deferred income from contracts (Note 6(b))	-	206,411
Gratuity accrual	46,592	84,576
Leave accrual	259,012	233,808
Total trade and other payables	8,293,841	8,594,803

34. Provision for compensating tax

At start of year	-	401,022
Paid during the year	-	(401,022)
At end of year	-	-

The amount in the comparative period 2022 relates to compensating tax arising on dividends paid in 2016. The Company has significant tax losses arising from investment deductions granted on its projects and therefore insufficient current tax credits to cover for the dividend tax account. The outstanding compensating tax was settled by 30th June 2022.

35. Dividends payable

Proposed dividends are accounted for as part of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM, a final dividend in respect of the year ended 30 June 2023 of Shs. 0.30 (2022: Shs. 0.20) for every ordinary share of par value of Shs.2.50 is to be proposed. No interim dividend was declared during the year. The dividend account is as follows:

	2023 Shs'000	2022 Shs'000
At start of year	1,384,628	1,978,357
Approved dividends	1,318,693	1,978,039
Amount paid during the year	(1,780,235)	(2,571,768)
At end of year	923,086	1,384,628

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2023

36. Notes to the statement of cash flows

Reconciliation of profit before taxation to cash generated from operations.

	2023 Shs'000	2022 Shs'000
Profit before taxation	8,524,816	6,191,985
Adjustments for:		
Depreciation (Note 10(a))	15,431,161	12,170,285
Amortization of intangible assets (Note 10(a))	214,034	112,279
Depreciation of Right of use assets (Note 10(a))	155,250	179,066
Finance income (Note 11)	(1,688,805)	(2,072,598)
Finance cost (Note 12)	2,732,105	1,960,420
Net increase in contract asset (Note 18(d))	(899,769)	(92,713)
Loss on disposal of fixed assets (Note 10(e))	-	2,626
Amortization of treasury bonds (Note 18(c))	(11,259)	10,262
Impairment of deferred debt (Note 18(a))	21,953	(3,716)
Impairment of held-to-maturity treasury bonds (Note 18(c))	9,273	10,485
Impairment of feasibility studies and other project costs (Note 10(g))	10,040	968,000
Impairment of intangible cost (Note 16)	15,947	-
Asset revaluation deficit and other adjustments (Note 10(g))	986,114	-
Impairment of financial asset through profit or loss	179,405	(8,852)
Decrease in financial asset through profit or loss	1,090,599	1,306,987
Tax paid for foreign operations	31,906	181,198
Financial asset recoveries (Note 18(b))	122,725	98,099
Operating profit before working capital changes	26,925,495	21,013,813
Changes in working capital:		
Decrease/(increase) in inventories (Note 20)	(401,322)	604,704
Decrease/(increase) in trade receivables (Note 21)	(854,582)	3,754,551
Decrease in other receivables (Note 22)	(3,013,387)	326,808
Increase/(decrease) in trade and other payables (Note 33)	(300,962)	479,539
Cash generated from operations	22,355,242	26,179,415

Restated*

i) The movements in restricted cash has within the current year been reclassified from cash and Cash equivalents to cash flows from investing activities. This reclassification had no impact on any reported earnings nor on any totals presented on the statement of financial position.

ii) The movement in financial assets within the current year has been reclassified from cash flows from financing activities to cash flows from operating activities. This reclassification had no impact on any reported earnings nor on any totals presented on the statement of financial position.

36. Notes to the statement of cash flows (Continued)

	2023 Shs'000	2022 Shs'000
(b) Movement in finance income		
At start of year	93,341	44,870
Interest income (Note 11)	1,688,805	2,072,598
Finance income received	(1,301,882)	(1,176,203)
Accrued interest from Kenya Power (Note 11)	(364,696)	(847,924)
At end of year	115,568	93,341
(c) Movement in interest payable		
At start of year	1,130,429	1,046,256
Interest expense (Note 12)	2,732,106	1,960,420
Interest paid	(2,876,753)	(1,876,247)
At end of year (Note 28)	985,782	1,130,429

(d) Net debt reconciliation

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

	2023 Shs'000	2022 Shs'000
Cash and bank balances (Note 24)	14,998,431	12,383,934
Borrowings repayable within one year (Note 28)	(12,809,721)	(11,916,546)
Borrowings repayable after one year (Note 28)	(137,042,085)	(122,216,146)
Net debt	(134,853,375)	(121,748,758)

36. Notes to the statement of cash flows (continued)

(d) Net debt reconciliation (Continued)

	Cash and bank balances Shs'000	Borrowings Shs'000	Net Debt Shs'000
Net debt as 1 July 2022	12,655,202	(133,002,263)	(120,347,061)
Cashflows	2,237,921	-	2,237,921
Received in the year	-	(12,471,626)	(12,471,626)
Repaid in the year (including realised forex)	-	18,517,090	18,517,090
Unrealised exchange loss in the year	-	(21,909,225)	(21,909,225)
Accrued interest	-	(985,782)	(985,782)
Expected credit loss on cash and bank balances	(475,572)	-	(475,572)
Expected effect of forex on cash balances	580,880	-	580,880
Net debt as at 30 June 2023	14,998,431	(149,851,806)	(134,853,375)
Net debt as 1 July 2021	13,859,284	(144,529,241)	(130,669,957)
Cashflows	(1,419,362)	-	(1,419,362)
Received in the year	-	(1,688,919)	(1,688,919)
Repaid in the year (including realised forex)	-	9,941,428	9,941,428
Unrealised exchange loss in the year	-	3,274,469	3,274,469
Accrued interest	-	(1,130,429)	(1,130,429)
Expected credit loss on cash and bank balances	(271,268)	-	(271,268)
Expected effect of forex on cash balances	215,279	-	215,279
Net debt as at 30 June 2022	12,383,934	(134,132,692)	(121,748,758)

37. Related party transactions

The Company is 70% owned by the Government of Kenya. The remaining 30% of the shares are widely held by the public. In line with the exemptions in IAS 24, and by virtue that the government is the major shareholder of the company, we do not consider as related parties: providers of finance, trade unions, public utilities and any agencies, departments of the government of Kenya, any state corporations or other state or county entities that do not control, jointly control or significantly influence the reporting entity. The Government of Kenya has provided some guarantees to long-term external lenders of the entity and on-lent loans to the Company (Note 28).

The company's main related parties include Government of Kenya - Ministry of Energy, The National Treasury, The Kenya Power and Lighting Company Plc (Kenya Power), Geothermal Development Company Limited (GDC). Rural Electrification & Renewable Energy Corporation, Water Resource Management Authority (WARMA), Board of Directors and Key Management.

37. Related party transactions (Continued)

(a) The Kenya Power and Lighting Company Plc

Kenya Power is the authorised electricity distributor in Kenya with its majority shareholder being the Government of Kenya.

(i) During the year the following transactions were carried out with KPLC;

	2023 Shs'000	2022 Shs'000 Restated*
Electricity sales (Note 6(a))	38,783,964	30,973,503
Steam revenue (Note 6 (a))	6,129,269	5,119,412
Fuel charges billed (Note 6(a))	8,165,345	9,672,038
Water charges billed (Note 6(a))	125,892	164,872
Interest income on amounts due (Note 11)	364,696	847,924
Realized foreign exchange loss billed to Kenya Power- borrowings (Note 19)	1,346,186	606,160
Realized foreign exchange loss billed to Kenya Power-other transactions (Note 9)	593,080	325,886
	55,508,432	47,709,795
Electricity purchases from Kenya Power	698,712	811,434

(ii) The following amounts due to Kenya Power relate to outstanding balances at year end for purchase of electricity.

	2023 Shs'000	2022 Shs'000
Trade payables (Note 33)	164,685	4,366

The sales to Kenya Power are made in accordance with the signed Power Purchase Agreements whereas the purchases from Kenya Power are made at normal market prices. Outstanding balances at end of year are unsecured and have credit period of 40 days.

(iii) Deferred debt due from Kenya Power / KETRACO (Note 18(a)

	2023 Shs'000	2022 Shs'000
Current portion	41,028	37,417
Non-current portion	800,064	767,057
	841,092	804,474

Through an agreement entered between Kenya Power and KETRACO, KETRACO is servicing the debt.

37. Related party transactions (continued)

(a) The Kenya Power and Lighting Company Plc/KETRACO (continued)

(iv) Amounts due from Kenya Power

	2023 Shs'000	2022 Shs'000 Restated*
Amount due for electricity sales (Note 21)	22,314,971	21,832,383
Amount due for sale of assets	-	87,738
Emergency power receivable	245,560	218,699
	22,560,531	22,138,820
Financial asset due from KPLC-Olkaria V transmission line (Note 18(b))	1,372,280	1,439,551
	23,932,811	23,578,371
(v) Recoverable foreign exchange differences (Note 19)	20,053,353	3,993,732

(b) Geothermal Development Company Limited (GDC)

Geothermal Development Company Limited is wholly owned by the Government of Kenya and its principal activities are the development of geothermal resources in Kenya through surface exploration and drilling for steam, and to avail steam power to developers for electricity generation.

	2023 Shs'000	2022 Shs'000
(i) Amount due to GDC (included in trade payables)	2,184,280	655,478
Foreign currency translation difference	28,157	-
	2,212,437	655,478
(ii) Steam purchases (Note 10(c))	3,731,112	3,093,308
(c) Rural Electrification and Renewable Energy Corporation		
At start of year	9,088	9,088
Receipts during the year	135,595	133,112
Payments during the year	(32,789)	(133,112)
Amounts due from REREC at end of year	111,894	9,088

The balance relates to amounts received from REREC for the operation and maintenance of the 50MW Garissa Solar Plant.

37. Related party transactions (continued)

(d) Water Resource Management Authority (WARMA)

WARMA charges for water use at the rate of 0.05 Shs/kWh for power plants with capacity of over 1MW with approval from the Energy Regulatory and Petroleum Regulation.

	2023 Shs'000	2022 Shs'000
Amount due to WARMA (included in trade payables)	**45,597**	**76,223**

The Water Resource Regulations 2021 introduced an increase of water use charges from KShs 0.05 cents/kWh to KShs. 2/kWh for hydro power generation above 1MW and additional 5% conservation levy. The same has not been validated since there is court Order that suspended the implementation of the said Regulations. Additionally, the increase has not been gazetted by Energy & Petroleum Regulatory Authority (EPPRA) as a pass-through cost of energy. Following the commencement of the Regulations, WRA billed the Company KShs. 493,685,414.00 for the water use charges in February and March 2023. The court allowed a temporary injunction setting aside the implementation of the Regulations as proposed by WRA and as at the reporting period the matter was still pending before the High Court.

(e) Kenya Electricity Transmission Company Limited (KETRACO)

	2023 Shs'000	2022 Shs'000
Sondu Miriu Transmission Line (Note 18(a))	875,055	816,485
Olkaria I AU and IV Transmission Line (Note 18(d))	5,563,491	4,663,722
	6,438,546	**5,480,207**

(f) Directors' remuneration and key management compensation

Director's remuneration		
Fees for services as a director	6,000	6,000
Other allowances	17,418	14,988
	23,418	20,988
Key management compensation		
Salaries and other short-term employment benefits		
Key management (Departmental Managers)	67,657	91,320
Managing Director and CEO	20,233	19,912
Leave accrual – Managing Director and CEO	1,048	1,072
	88,938	112,304
Total fees, salaries and other emoluments	**112,356**	**133,292**

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including director (whether executive or otherwise) of the entity.

37. Related party transactions (continued)

(g) Loans to directors of the Company

There were no loans from directors outstanding at 30 June 2023 (2022: Nil).

(h) Loans from Shareholders

Government of Kenya on lent loans amounted to Shs 100.3 million (2022: Shs 88.1 million).

(i) Donations to KenGen Foundation

Donations made during the year amounted to Shs 94 million (2022: Shs 86 million).

(J) Kerio Valley Development Authority (KVDA)

Payments made during the year amounted to Shs 45 million (2022: Shs 45 million) for Dam and environmental management. There is no outstanding amount.

(k) Tana and Athi River Development Authority (TARDA)

Payments made during the year amounted to Shs 62 million (2022: Shs 62 million) for Dam and environmental management. There is no outstanding amount.

(l) Subsidiaries

The following relationships exists within KenGen PLC:

Related parties	Held by	Percentage of interest held as at 30 June	
		2023	2022
KenGen Foundation	KenGen	100%	100%

KenGen Foundation was established by KenGen PLC as a public charitable trust by Declaration of trust deed dated 2009 and is domiciled in Kenya. The Foundation serves as the philanthropic arm of KenGen and is mandated to: Turn short term one-off CSR Projects into CSI-Corporate Social Investments; Upscale CSI activities for greater impact and increase and diversify resources available for CSI projects. The foundation is wholly controlled by Kengen Plc but its financial statements have not been consolidated as it is considered immaterial by directors.

38. Emergency Power Project

The Company managed an Emergency Power Supply project known as Aggreko International Projects as an implementing commissioning agent on behalf of the Ministry of Energy. These funds are held in an Escrow bank account at the NCBA Bank Kenya Plc. Movements in the Escrow account which is not included in the Company's cash and cash equivalents, are Summarized below;

	2023 Shs'000	2022 Shs'000
At start of year	495,936	448,338
Interest income	8,345	6,219
Gains on forex during the year*	94,194	41,379
At end of year	598,475	495,936

* *The expenditure relates to foreign exchange fluctuations. An amount of Shs 245 million (2022: Shs 219 million) is due from Kenya Power.*

39. Contingent liabilities

(i) Letters of credit

Letters of credit signify commitment by the Company to make payments to third parties for contracts entered into, generally relating to foreign payments. Outstanding letters of credit as at 30 June 2023 amounted to Shs 544,264,000 (30 June 2022 Shs: 2,030,503,000).

(ii) Disputed withholding tax

In 2014, Kenya Revenue Authority (KRA) performed a tax audit for the financial years 2009-2013. Subsequently, KRA issued an assessment of Shs 975,848,686 in respect of withholding tax. The Company objected to the assessment and KRA issued a stand over notice pending resolution of matter in dispute. The Company appealed to the National Treasury and Planning for the abandonment of collection of the withholding tax from The National Treasury and Planning. The National Treasury referred the matter back to KRA and directed that the matter be resolved between KRA and KenGen. Various meetings and technical sessions have taken place between KenGen and KRA where a final agreement was reached. The Withholding Tax assessment was reduced from Shs 975,848,686 to Shs 143,662,033 (Principal Tax of Shs 69,478,227, with penalties of Shs 4,705,579 and interest of Shs 69,478,227). KenGen paid the Principal Tax and penalty of Shs 74,183,806 on 24th June 2022.

KenGen applied for the waiver of the interest of Shs 69,478,227 and this is currently under review by KRA who have undertaken to support KenGen's application. Further the Finance Act 2023 has provided an amnesty on the penalties and interest for taxes which were settled by 31st December 2022. Since KenGen settled the principal tax before 31st December 2022, it qualifies for the amnesty. This provision takes effect on 1st September 2023. On this basis no provision for the interest has been made.

39. Contingent liabilities (continued)

(iii) Compensating tax

In 2016, the Company paid dividends of Shs 5,735,428,884 to the majority shareholder, The National Treasury and Planning, giving rise to a compensating tax obligation of Shs 2,431,000,000. The Company applied for abandonment of principal, penalty and interest from the National Treasury and Planning. The application for abandonment of collection of tax was declined by the National Treasury and Planning which directed Kenya Revenue Authority and KenGen to enter into a payment plan to settle the principal tax with the waiver of penalty and interest to be considered after full settlement of principal tax. KenGen then entered into a payment plan with KRA for the principal tax amount of Shs 2,431,000,000.

As at 30th June 2023, the company had completed the settlement of the principal tax of KShs 2,431,000,000. Thereafter KenGen applied for waiver of penalties and interest of KShs 530,805,888 which is currently being processed by KRA. KRA has committed to supporting KenGen in this application process. Further the Finance Act 2023 has provided an amnesty on the penalties and interest for taxes which were settled by 31st

December 2022. Since KenGen settled the principal tax before 31st December 2022, it qualifies for amnesty. This provision takes effect on 1st September 2023. On this basis no provision for the interest has been made.

(iv) Bank guarantee

Bank guarantees in the form of Performance Guarantees were issued to third parties on account of contracts signed with them. This amounted to Shs 231.6 million as at 30 June 2023. (2022: Shs 520 million).

(v) Legal cases

The entity is a defendant in various legal actions. After seeking appropriate legal advice, the directors are of the opinion that the outcomes of such actions are not expected to give rise to any significant losses.

40. Capital commitments

The capital commitments relate to the ongoing capital projects and new projects which have been approved and are at various stages of implementation. They are financed by Development Financial Institutions (DFIs) and internal resources. The projects include rehabilitation of Olkaria I, Olkaria I & IV uprating, Seven Forks Solar, Gogo Hydro Project and 140MW Olkaria VI among other projects.

Capital commitments at the year-end for which no provision has been made in these financial statements are:

	2023 Shs'000	2022 Shs'000
Authorised but not contracted for	97,350,506	93,721,489
Authorised and contracted for	71,086,276	58,178,084
Less: Amounts included in Work in progress	(57,108,274)	(57,071,094)
	111,328,508	94,828,479

41. Operating segments

The Company's Key Management, which consists of the Managing Director & Chief Executive Officer and Divisional Directors is the Company's Chief Operating Decision Maker (CODM).

In accordance with IFRS 8 - Operating segments, information reported to the CODM for the purposes of resource allocation and assessment of segment performance is focused on the principal activities and the products offered by the company.

The Company has one main reportable segment, which is the electricity generation. The Company is pursuing revenue diversification and currently is engaged in Ethiopia and Djibouti for drilling services. KenGen Ethiopia Branch was established by KenGen PLC as a branch to facilitate the execution of a drilling contract which was signed with TM Geothermal Operations PLC (TMGO) of Ethiopia in 2019 and is domiciled in Ethiopia to coordinate operations in Ethiopia and Djibouti. In making this consideration, the CODM considers the following:

a) Reported revenue/ Products and Services

All the primary activities of the company resulted in the generation of revenue from electricity which is the sole product and revenue stream.

b) Geographical areas

All the plants are based in Kenya and operate effectively within one geographical location (Kenya).

c) Major customers

The company operates in a regulated industry. All its revenue as outlined is derived from one single external customer, Kenya Power.

42. Financial risk management

Introduction and overview

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Company's business and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance. The key types of risks include:

- Market risk – includes currency, interest rate and other price risk
- Credit risk
- Liquidity risk

The Company's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise potential adverse effects of such risks on its financial performance within the options available by setting acceptable levels of risks.

42. Financial risk management (continued)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's Finance & ICT department identifies, evaluates and hedges financial risks in close cooperation with operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as credit risk, liquidity risk, foreign exchange risk, interest rate risk and price risk. The Company does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

a) Market risks

The Board has assigned the Internal Audit, Risk & Compliance function to assist in monitoring the risks faced by the Company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit, Risk & Compliance Committee.

The Company's Internal Audit, Risk and Compliance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit, Risk & Compliance Management Committee) and for the day-to-day implementation of those policies.
There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk

Foreign currency exposures on borrowings and also through purchases of goods and services that are done in currencies other than the local currency. The Company has loans from multilateral donors, which are denominated in currencies other than the functional local currency. Loan payments are made by using the prevailing exchange rate as there is no forward currency contracts to eliminate the currency exposures. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Exposure to foreign currency risk is mitigated by the terms of the Power Purchase Agreement that allow the Company to recover certain foreign currency losses/gains from Kenya Power.

42. Financial risk management (continued)

Foreign currency risk (continued)

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities is;

	2023 Shs '000	2022 Shs '000
Financial assets		
Financial asset at amortised cost (Note 18(a))	875,055	816,485
Contract asset (Note 18(d))	5,563,491	4,663,722
Trade receivables (Note 21)	5,049,737	3,117,490
Cash and cash equivalents (Note 24(a))	647,772	2,753,455
	12,136,055	11,351,152
Liabilities		
Trade and other payables (Note 33)	(197,222)	(1,322,078)
Borrowings (Note 28(c))	(148,866,024)	(133,002,263)
	(149,063,246)	(134,324,341)
Net currency liability	(136,927,191)	(122,973,189)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Company's profit or loss on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse is also true.

42. Financial risk management (Continued)

Introduction and overview (Continued)

Market risks (Continued)

Foreign currency sensitivity analysis

	Change in currency rate	Effect on Profit before tax Shs' 000
2023		
United States Dollars (US$)	19.3%	3,347,955
Japanese Yen (Yen)	12.4%	2,320,657
Euro (Euro)	23.4%	1,728,544
Total		**7,397,156**
2022		
United States Dollars (US$)	4.0%	1,416,256
Japanese Yen (Yen)	4.4%	(1,917,723)
Euro (Euro)	3.2%	(204,908)
Total		**(706,376)**

Interest rate risk

The Company exposure to interest rate risk is with regards to fluctuation in banks' interest rates in the market which affects the borrowings by the Company. The Company's non-current borrowings are at fixed rates thus minimising the exposure to the interest rate risk. The effect of fluctuation of overdraft floating interest rate would not be significant. The interest earning financial assets that the Company holds include investments in government securities and short-term deposits whose rates of return are predetermined.

Other price risk

This is the risk that the rate of the tariff will decline in the future. It is the risk of losing energy revenues due to a fall in the tariff or due to expired PPAs not being renewed. The Company's exposure to this kind of risk is highly regulated by the Power Purchase Agreement, which is a product of discussion by Kenya Power and the Company, with Energy Regulatory Commission as a moderator. The Company's main input for thermal energy generation is fuel which is a significant cost component. The Company is in an arrangement to pass this cost to the customer, Kenya Power.

42. Financial risk management (continued)

Other price risk (continued)

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets and is managed on a company-wide basis. The Company has adopted a policy of only dealing with credit worthy counterparties.

The Company only sells generated electricity to Kenya Power and this minimizes the credit risk exposure on amount due from Kenya Power. Both companies have a contract that stipulates a 40-day credit period. Receivable balances from Company staff are recovered on payment of salaries.

Credit risk from balances with banks and financial institutions is managed by Company's treasury department in accordance with the Company's policies. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Directors on an annual basis and may be updated throughout the year subject to approval of the Company's audit and risk management committee. The Company has one main customer Kenya Power; however, limits are set to minimise the concentration of risk around Kenya Power and therefore mitigate financial loss through potential counterparty failure.

Credit risk from other receivables are managed by the Company's credit management policy.

In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group and Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For this purpose, default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

If the Company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognized on a collective basis. For such purposes, the Company group's financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral

42. Financial risk management (continued)

b) Credit risk (continued)

The carrying amount of financial assets represents the maximum exposure to credit risk:

	2023 Shs '000	2022 Shs '000
Trade receivables-Kenya Power	21,448,878	20,594,295
Treasury bonds at amortized cost	2,336,075	2,356,609
Treasury bonds at FVOCI	320,422	338,920
Financial assets at amortised cost-Debt	841,092	804,474
Contract asset	5,347,560	4,595,112
Financial assets at amortised cost-IFRIC 12	1,319,019	1,418,374
Other receivables (excluding prepayments)	4,441,699	1,428,312
Cash and cash equivalents held at bank	14,995,131	12,380,584
Restricted cash	1,861,356	1,344,220
Exposure to credit risk	**52,911,232**	**45,260,900**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

In order to minimise credit risk, the Company has to develop and maintained the Company's credit risk grading to categorise 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 Company uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2023

42. Financial risk management (continued)

b) Credit risk (continued)

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

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12 months Expected Credit Loss (ECL)
Doubtful	Amount is past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
In default	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 the Company has no realistic prospect of recovery.	Amount is written off

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Basis for measurement of loss allowance	Note	External credit rating	Internal credit rating	12 month or Life time ECL	Gross carrying value Shs '000	Credit loss allowance Shs '000	Net carrying amount Shs '000
30 June 2023							
Trade receivables-Kenya Power	21	N/A	Performing	Lifetime ECL	22,314,971	(866,093)	21,448,878
Treasury bonds at amortized cost	18(d)	N/A	Performing	Lifetime ECL	2,359,882	(23,807)	2,336,075
Treasury bonds at FVOCI	23	N/A	Performing	Lifetime ECL	320,422	-	320,422
Deferred debt receivable	18(a,c)	N/A	Performing	Lifetime ECL	875,055	(33,963)	841,092
Contract asset	18	N/A	Performing	Lifetime ECL	5,563,491	(215,931)	5,347,560
Financial asset-IFRIC 12	18	N/A	Performing	Lifetime ECL	1,372,280	(53,261)	1,319,019
Other receivables (excluding prepayments)	22	N/A	Performing	Lifetime ECL	4,959,104	(517,405)	4,441,699
Cash and cash equivalents held at bank	24 (a,b,c)	A, BBB, B+, B-	Performing	12 Month ECL	15,470,703	(475,572)	14,995,131
Restricted cash	24 (a,b,c)	A, BBB, B+, B-	Performing	12 Month ECL	1,875,204	(13,848)	1,861,356
Exposure to credit risk					55,111,112	(2,199,880)	52,911,232

42. Financial risk management (continued)

b) Credit risk (continued)

Basis for measurement of loss allowance	Note	External credit rating	Internal credit rating	12 month or Life time ECL	Gross carrying value	Credit loss allowance	Net carrying amount
					Shs '000	Shs '000	Shs '000
30 June 2022							
Trade receivables-Kenya Power	21	N/A	Performing	Lifetime ECL	21,832,383	(1,238,088)	20,594,295
Treasury bonds at amortized cost	18(d)	N/A	Performing	Lifetime ECL	2,371,142	(14,533)	2,356,609
Treasury bonds at FVOCI	23	N/A	Performing	Lifetime ECL	338,920	-	338,920
Deferred debt receivable	18(a,c)	N/A	Performing	Lifetime ECL	816,485	(12,011)	804,474
Contract asset	18	N/A	Performing	Lifetime ECL	4,663,722	(68,610)	4,595,112
Financial asset-IFRIC 12	18	N/A	Performing	Lifetime ECL	1,439,551	(21,177)	1,418,374
Other receivables (excluding prepayments)	22	N/A	Performing	Lifetime ECL	1,993,561	(565,249)	1,428,312
Cash and cash equivalents held							
at bank	24 (a,b,c)	A, BBB, B+, B-	Performing	12 Month ECL	12,651,853	(271,269)	12,380,584
Restricted Cash	24 (a,b,c)	A, BBB, B+, B-	Performing	12 Month ECL	1,350,709	(6,489)	1,344,220
Exposure to credit risk					47,458,326	(2,197,426)	45,260,900

For financial contracts, the gross carrying amount represents the maximum amount the Company has guaranteed under the respective contracts, and the net carrying amount represents the loss allowance recognised for the contracts.

For trade receivables, financial assets and contract assets, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based customer rating based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on customer rating status in terms of the provision matrix.

The loss allowance on corporate bonds measured at FVTOCI is recognised against other comprehensive income and accumulated in the investment revaluation reserve.

The carrying amount of the Company's financial assets at FVTPL best represents their respective maximum exposure to credit risk. The Company holds no collateral over any of these balances.

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2023

42. Financial risk management (continued)

b) Credit risk (continued)

Basis for measurement of loss allowance	Gross carrying value	Stage 1 12 month -ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Net amount
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
30 June 2023					
Trade receivables-Kenya Power	22,314,971	6,555	(873,649)	-	21,448,878
Treasury bonds at amortized cost	2,359,882	(23,807)	-	-	2,336,075
Treasury bonds at FVOCI	320,422	-	-	-	320,422
Deferred debt receivable	875,055	(33,963)	-	-	841,092
Contract asset	5,563,491	(215,931)	-	-	5,347,560
Financial asset-IFRIC 12	1,372,280	(53,261)	-	-	1,319,019
Other receivables (excluding prepayments)	4,959,104	(15,017)	-	(502,388)	4,441,699
Cash and cash equivalents held at bank	15,470,703	(475,572)	-	-	14,995,131
Restricted cash	1,875,204	(13,848)	-	-	1,861,356
Exposure to credit risk	55,111,112	(824,844)	(873,649)	(502,388)	52,911,232
30 June 2022					
Trade receivables-Kenya Power	21,832,383	(279,697)	(128,608)	(829,784)	20,594,295
Treasury bonds at amortized cost	2,371,142	(14,533)	-	-	2,356,609
Treasury bonds at FVOCI	338,920	-	-	-	338,920
Deferred debt receivable	816,485	(12,011)	-	-	804,474
Contract asset	4,663,722	(68,610)			4,595,112
Financial asset-IFRIC 12	1,439,551	(21,177)			1,418,374
Other receivables (excluding prepayments)	1,993,561	(186,287)	-	(378,962)	1,428,312
Cash and cash equivalents held at bank	12,651,852	(271,268)	-	-	12,380,584
Restricted cash	1,350,709	(6,489)	-	-	1,344,220
Exposure to credit risk	47,458,326	(860,072)	(128,608)	(1,208,746)	45,260,900

42. Financial risk management (continued)

b) Credit risk (continued)

Financial assets for which the loss allowances have been measured at an amount equal to lifetime expected credit losses have been analysed based on their credit risk as follows:

(a) Financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired
(b) Financial assets that are credit impaired at the balance sheet date
(c) Trade receivables for which loss allowance is always measured at an equal amount to lifetime expected credit losses.

	Neither past Due nor impaired	Life time ECL not Credit impaired			
		over 60 days	over 365 days	Expected credit loss	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
At 30 June 2023					
Trade receivables-Kenya Power	14,410,436	7,038,442	-	866,093	22,314,971
Financial asset at amortized cost-Treasury bonds	2,336,075	-	-	23,807	2,359,882
Financial asset at FVOCI-Treasury bonds	320,422	-	-	-	320,422
Financial asset at amortized cost-Deferred debt	841,092	-	-	33,963	875,055
Contract assets	5,347,560	-	-	215,931	5,563,491
Financial asset-IFRIC 12	1,319,019	-	-	53,261	1,372,280
Other receivables (excluding prepayments)	4,441,699	-	-	517,405	4,959,104
Cash and cash equivalents	14,995,131	-	-	475,572	15,470,703
Restricted cash	1,861,356	-	-	13,848	1,875,204
At 30 June 2023	**45,872,790**	**7,038,442**	**-**	**2,199,880**	**55,111,112**
At 30 June 2022					
Trade receivables-Kenya Power	6,607,146	10,419,684	2,329,379	1,238,088	20,594,295
Financial asset at amortized cost-Treasury bonds	2,356,609	-	-	14,533	2,371,142
Financial asset at FVOCI-Treasury bonds	338,920	-	-	-	338,920
Financial asset at amortized cost-Deferred debt	804,475	-	-	12,011	816,484
Contract Asset	4,595,112	-		68,610	4,663,722
Financial asset -IFRIC 12	1,418,374	-		21,177	1,439,551
Other receivables (excluding prepayments)	1,428,312	-	-	565,249	1,993,561
Cash and cash equivalents	12,380,584	-	-	271,267	12,651,853
Restricted cash	1,350,710	-	-	6,489	1,357,197
At 30 June 2022	**31,280,239**	**10,419,684**	**2,329,379**	**2,197,427**	**46,226,725**

42. Financial risk management (continued)

Credit risk (continued)

The changes in the loss allowance during the year were as follows

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses	Total
	Shs '000	Shs '000	Shs '000
Year ended 30 June 2023			
At start of year	(860,072)	(1,337,353)	(2,197,425)
ECL movement in the year	35,228	(37,683)	(2,455)
At end of year	(824,844)	(1,375,036)	(2,199,880)
Year ended 30 June 2022			
At start of year	(363,393)	(801,876)	(1,165,269)
ECL movement in the year	(496,679)	(535,477)	(1,032,157)
At end of year	(860,072)	(1,337,353)	(2,197,426)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence.

The Company monitors its risk to shortage of funds using a recurring liquidity planning tool. This tool considers the account receivables from Kenya Power and maturity of financial instruments, together with projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and other borrowings.

42. Financial risk management (continued)

Liquidity risk (continued)

The table below analyses the undiscounted maturity profiles of the financial liabilities of the Company based on the remaining period using 30 June 2023 as a base period to the contractual maturity date. These amounts have not been discounted.

	Weighted average effective interest rate	Less than 1 Months	1-3 Months	3 Months to 1 year	1 to 2 years	2 to 5 years	> 5 years	Total	Carrying Amount
	%	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
At 30 June 2023									
Trade and other payables	0	-	6,002,144	-	-	-	-	6,002,144	6,002,144
Amount due to Kenya Power	0	164,685	-	-	-	-	-	164,685	164,685
Lease liabilities	11	-	227,262	-	237,130	192,559	1,034,891	1,691,842	1,691,842
Borrowings	4	-	-	12,809,721	45,301,084	-	91,741,001	149,851,806	149,851,806
Off balance sheet items		-	-	-	-	-	-	-	-
Letters of credit	0	-	-	544,264	-	-	-	544,264	544,264
Capital commitments	0	-	-	-	111,328,507	-	-	111,328,507	111,328,507
		164,685	**6,229,406**	**13,353,985**	**156,866,721**	**192,559**	**92,775,893**	**269,583,248**	**269,583,248**
At 30 June 2022									
Trade and other payables	0	-	5,787,018	-	-	-	-	5,787,018	5,787,018
Amount due to Kenya Power	0	4,366	-	-	-	-	-	4,366	4,366
Lease liabilities	11	-	225,313	-	228,406	344,408	1,154,280	1,952,406	1,952,406
Borrowings	4	-	-	11,916,546	43,843,756	-	78,372,390	134,132,692	134,132,692
Off balance sheet items		-	-	-	-	-	-		-
Letters of credit	0	-	-	2,030,503	-	-	-	2,030,503	2,030,503
Capital commitments	0	-	-	-	83,794,564	-	-	83,794,564	83,794,564
		4,366	**6,012,330**	**13,947,049**	**127,866,726**	**344,408**	**79,526,670**	**227,701,549**	**227,701,549**

42. Financial risk management (continued)

(d) Fair value measurement

Financial instruments

Fair Value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs used in the valuation techniques of financial instruments are observable or unobservable. Financial instruments are grouped into 3 levels based on the degree to which fair value data / input is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active trading markets for identical assets or liabilities. This level includes corporate bonds traded on the Nairobi Securities Exchange ("NSE").
(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices).
(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Year ended 30 June 2023				
Financial asset at fair value OCI (Note 23)	-	320,422	-	320,422
Financial asset at fair value through P&L (Note19)	-	20,053,353	-	20,053,353
Total assets	**-**	**20,373,775**	**-**	**20,373,775**
Assets				
Year ended 30 June 2022				
Financial asset at fair value OCI (Note 23)	-	338,920	-	338,920
Financial asset at fair value through P&L (Note 19)*	-	3,993,732	-	3,993,732
Total assets	**-**	**4,332,652**	**-**	**4,332,652**

There are no financial liabilities measured at fair value for the year ended 30 June 2023 (2022: Nil)
There were no transfers between levels 1, 2 and 3 in the period (2022: Nil).

42. Financial risk management (continued)

(d) Fair value measurement (continued)

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

(i) the use of quoted market prices – This was used to value the treasury bonds

Sensitivity of fair value of level 2 financial instruments

The fair value of level 2 financial instruments is determined using valuation techniques which incorporate assumptions that are indirectly supported by prices from observable current market transactions in the same instruments and are based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of these financial instruments.

Financial instruments not measured at fair value.

The fair value hierarchy for financial assets not measured at fair value is as shown in the table below:

These amounts have not been discounted.

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Fair value KShs'000	Carrying value KShs'000
At 30 June 2023					
Assets					
Cash and balances with banks	14,998,431	-	-	14,998,431	14,998,431
Restricted cash	1,861,356	-	-	1,861,356	1,861,356
Financial assets at amortized cost	-	-	7,507,671	7,507,671	7,507,671
Trade receivables	-	-	21,448,878	21,448,878	21,448,878
Financial assets at amortized cost					
-Treasury bond	2,336,075	-	-	2,336,075	2,336,075
Other receivables	-	-	4,441,699	4,441,699	4,441,699
Total	**19,195,862**	**-**	**33,398,248**	**52,594,109**	**52,594,110**
Liabilities					
Trade and other payables	-	-	6,166,829	6,166,829	6,166,829
Borrowings	-	-	149,851,806	149,851,806	149,851,806
Total	**-**	**-**	**156,018,635**	**156,018,635**	**156,018,635**

42. Financial risk management (continued)

(d) Fair value measurement (continued)

Financial instruments not measured at fair value (continued)

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Fair value KShs'000	Carrying value KShs'000
At 30 June 2022					
Assets					
Cash and balances with banks	12,383,934	-	-	12,383,934	12,383,934
Restricted cash	1,344,220	-	-	1,344,220	1,344,220
Financial assets at amortized cost	-	-	6,817,959	6,817,959	6,817,959
Trade receivables	-	-	20,594,295	20,594,295	20,594,295
Financial assets at amortized cost-Treasury bond	2,356,609	-	-	2,356,609	2,356,609
Other receivables	-	-	1,428,312	1,428,312	1,428,312
Total		**-**	**28,840,566**	**44,925,329**	**44,925,329**
Liabilities					
Trade and other payables	-	-	5,791,384	5,791,384	5,791,384
Borrowings	-	-	134,132,692	134,132,692	134,132,692
Total	**-**	**-**	**139,924,076**	**139,924,076**	**139,924,076**

The valuation techniques used in determining the fair value of financial assets and liabilities classified within level 2 and level 3.

The table below indicates the valuation techniques and main assumptions used in the determination of the fair value of the level 2 and level 3 assets and liabilities not measured at fair value but for which fair value is disclosed:

2023	Valuation basis/technique	Main assumptions
Deferred Debt – Kenya Power	Discounted cash flow model	Discount rate
Trade receivables	Discounted cash flow model	Discount rate
Financial assets	Discounted cash flow model	Market yield of the bond
Other receivables	Discounted cash flow model	Discount rate
Trade and other payables	Discounted cash flow model	Discount rate
Borrowings	Discounted cash flow model	Discount rate

Non-financial assets held at fair value

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the three levels prescribed under the accounting standards. Had the Company's freehold land, buildings, plant and equipment been measured on a historical cost basis, their carrying amount would have been as in Note 15.

42. Financial risk management (continued)

(d) Fair value measurement (continued)

Non-financial assets held at fair value (Continued)

Assets	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Year ended 30 June 2023				
Property plant and equipment	-	-	375,375,042	375,375,042
Total assets	**-**	**-**	**375,375,042**	**375,375,042**
Assets				
Year ended 30 June 2022				
Property plant and equipment	-	-	383,110,311	383,110,311
Total assets	**-**	**-**	**383,110,311**	**383,110,311**

There were no transfers between levels 1, 2 and 3 in the period (2022: Nil).

Valuation techniques used to determine level 3 fair values

The Company obtains independent valuations for its property plant and equipment at least every five years. The valuation method used is the depreciated replacement cost approach. The property plant and equipment classes subject to fair valuation are land and buildings, transmission lines and plant and equipment.

Fair value measurements using significant unobservable inputs (level 3)

We have disclosed under Note 15, the changes in level 3 items for the periods ended 30 June 2023 and 30 June 2022 for recurring fair value measurements.

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See above for the valuation techniques adopted.

Description	Fair value as at 30 June 2023 Shs'000	Fair value as at 30 June 2022 Shs'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Property plant and equipment	375,375,042	383,110,311	Estimated useful life	The higher the estimated useful life, the higher the fair value.

The Company's land, buildings, transmission lines, intangible assets and plant and machinery are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements as at 30 June 2022 were performed by AON valuation services of Australia, Zenith Associates, Syagga and associates and Ebony Limited, independent valuers not related to the Company. These firms have appropriate qualifications in fair value measurement. The valuation conforms to International Valuation Standards.

43. Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains some strong and healthy capital ratios in order to support its business and maximize shareholder value.

The Capital Management policy as approved by the Board of Directors (the Board) is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as circumstances would dictate. There were no changes in the Company's approach to capital management as regards the objectives, policies or processes during the year.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's target is to keep the gearing ratios below 70%.

	2023 Shs'000	2022 Shs'000
Ordinary shares and distributable reserves	152,684,660	146,178,316
Borrowings	149,851,806	134,132,692
Less: cash and bank balances (Note 24)	(14,998,431)	(12,383,934)
Net debt	134,853,375	121,748,759
Gearing ratio	**48%**	**45%**

44. Prior year adjustments

Prior period adjustments and reclassifications have been made in the statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flows for the years ending 30 June 2022 and 30 June 2021 in relation to certain account balances and transactions as set out in the tables below together with the related explanations.

44. Prior year adjustments (continued)

Restatement of audited statement of profit or loss and other comprehensive income for the year ended 30 June 2022:

	As previously reported 30 June 2022	Prior year adjustment	Restated 30 June 2022
	Shs 000	Shs 000	Shs 000
Statement of profit or loss			
Electricity revenue - note (a)*	32,723,503	(1,750,000)	30,973,503
Other expenses – minor adjustment	(4,344,189)	763	(4,343,426)
Profit before taxation	7,941,222	(1,749,237)	6,191,985
Income tax expense – note (b)*	(3,222,062)	411,825	(2,810,237)
Profit for the year	4,719,160	(1,337,412)	3,381,748
Other gains – net forex and fair valuation of financial assets – note (c)**	(3,789,446)	3,274,468	(514,978)
Unrealised foreign exchange gains – note (c)**	3,274,468	(3,274,468)	-
Earnings per share	**0.72**	**(0.21)**	**0.51**
Other comprehensive income			
Deferred tax on revaluation surplus – note (b)*	(23,019,381)	853,135	(22,166,246)
Other comprehensive income – note (b)*	65,358,273	853,135	66,211,408
Items that will not be reclassified subsequently to profit or loss – note (d)**	(472,849)	66,699,683	66,226,834
Items that may be reclassified subsequently to profit or loss – note (d)**	65,831,122	(65,846,548)	(15,426)

Restatement of audited statement of financial position as at 30 June 2022:

	As previously reported 30 June 2022	Prior year adjustment	Restated 30 June 2022
	Shs 000	Shs 000	Shs 000
Trade receivables - note (a)*	22,344,295	(1,750,000)	20,594,295
Retained earnings	(108,023,752)	1,337,412	(106,686,340)
Other reserves	(128,419,108)	(853,135)	(129,272,243)
Deferred tax liability – note (b)*	(81,481,804)	1,264,961	(80,216,843)
Contract asset – note (e)**	-	4,595,112	4,595,112
Financial assets at amortized cost – note (e)**	9,038,521	(4,595,112)	4,443,409

44. Prior year adjustments (continued)

Restatement of audited statement of financial position as at 30 June 2021

	As previously reported 30 June 2021 Shs 000	Prioryear adjustment Shs 000	Restated 30 June 2021 Shs 000
Contract asset – note (e)**	-	4,496,503	4,496,503
Financial assets at amortized cost – note (e)**	9,138,667	(4,496,503)	4,642,164

Restatement of audited statement of cash flows the year ended 30 June 2022.

	As previously reported 30 June 2022 Shs 000	Prior year adjustment Shs 000	Restated 30 June 2022 Shs 000
Statement of profit or loss			
Decrease/(increase) in trade receivables - note (a)*	2,004,551	1,750,000	3,754,551
Net cash from operating activities – note (f)**	21,255,763	5,300,623	26,556,386
Net cash used in Financing activities – note (f)**	(6,569,364)		
Foreign exchange differences	-	*(5,300,623)*	-
Grants received	-	*(131,949)*	-
			(11,869,987)
Net cash used in investing activities – note (g)**	(14,755,051)	-	-
Restricted cash	-	*(1,350,709)*	-
Grants received	-	*131,949*	-
	-	-	(16,105,760)
Cash and cash equivalents at year end – note (g)**	14,005,911	1,350,709	12,655,202

Restatement of audited deferred tax note (Note 30) as at 30 June 2022.

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2023

	As previously reported 30 June 2021 Shs 000	Prior year reclassification Shs 000 Note (b)*	Prior year adjustment Shs 000 Note (h)*	Restated 30 June 2021 Shs 000
Deferred income tax (Note 30)				
Charged / (Credited) to P/L			67,810	
Charged / (Credited) to OCI			-	

44. Prior year adjustments (continued)

Restatements - prior period adjustments*

A third balance sheet was presented for items impacting the statement of Financial position. However this was not warranted for restatements that were impacting the other comprehensive income statement of cash-flows.

Note (a) - In January 2022, the Government, through gazette Notice No. 64, issued a directive for 15% electricity tariff reduction which was effective from 7 January 2022. KENGEN's contribution towards the tariff reduction amounted to Kshs 3,500,000,000, which was mainly implemented through credit notes issued to The Kenya Power and Lighting Company PLC (KPLC) between October 2022 and June 2023. This contribution covered the period 1 January 2022 to 31 December 2022 and therefore the directors have retrospectively accounted for the portion related to the period 1 January 2022 to 30 June 2022 amounting to Shs 1,750,000,0000. This is because the amount related to this period was not accounted for in the financial statements for the year ended 30 June 2022 hence the directors have made an adjustment to correct the omission.

Note (b) - As at 30 June 2022, the company's deferred tax liability was inaccurately reported at Sh 81,481,803,000 in the statement of financial position, together with its related tax charge of Sh 2,663,608,000 which was included in the income tax charge of Sh 3,222,062,000 as reported in the statement of profit or loss and other comprehensive income. The inaccuracy in the determination of deferred tax arose from incorrect inputs and assumptions used in management's calculations. Adjustments have been made to correct the errors and to include the impact arising from the tariff reduction as explained in note (a) above.

As a result of the adjustments under Notes (a) and (b) above, the earnings per share has been restated from 0.72 to 0.51.

44. Prior year adjustments (continued)

Restatements - prior period reclassifications and presentation changes (Continued)**

The comparative figures of some account balances and transactions have been restated to conform with the presentation adopted in the current year or to incorporate reclassification adjustments necessary to properly present the financial statements. These restatements affect the presentation of the financial statements but do not impact the profit, net assets or overall cash flows of the company. In this respect, the following lines have been restated.

Note (c) - In the statement of profit or loss and other comprehensive income for the year ending 30 June 2022, an amount of Sh 3,274,468,000 relating to unrealised foreign exchange gain had been presented below the line relating to operating profit. Since foreign exchange transactions relate to operations, this item should have been included in the determination of operating profit and therefore the amount disclosed as operating profit was misstated by this amount. However, this presentation did not affect the profit before taxation as reported in the statement.

Note (d) - In the statement of profit or loss and other comprehensive income for the year ending 30 June 2022, and specifically under other comprehensive income, the net gain on revaluation of assets amounting to Shs 65,846,548,000 had been incorrectly presented under "items that may be reclassified subsequently to profit or loss". Since it is not an item that can be subsequently reclassified to profit or loss, it has been reclassified to be part of " items that will not be reclassified subsequently to profit or loss".

Note (e) - In the statement of financial position as at 30 June 2022 and 30 June 2021, the contract asset amounting to Sh 4,595,112,000 and Sh. 4,496,503,000, respectively, had not been presented on the face of the statement of financial position but was rather disclosed as part of the financial assets at amortized cost. The directors have now made a reclassification adjustment to present this asset on the face of the statement of financial position in order to separately and fairly reflect the nature of the asset.

Note (f) - In the statement of cash flows for the year ending 30 June 2022, non-cash items totalling Shs 5,300,623,000 relating to foreign exchange differences on borrowings and associated movements in financial assets held through profit or loss were incorrectly disclosed as cash flows from financing activities instead of being incorporated as a reconciliation to determine the cash flows from operating activities.

Note (g) - In the statement of cash flows for the year ending 30 June 2022, the restricted cash balance described in note 24(b) had been incorrectly dealt with in the statement of cash flows as part of cash and cash reserves. Since this is a restricted cash balance, the amount has now been excluded and adjustments made to reclassify the balance to investing activities.

Note (h) – As at 30 June 2022, under the deferred tax note (Note 30), the revaluation surplus had been incorrectly disclosed as being charged to Profit or loss instead of Other Comprehensive Income. However, this presentation did not affect the statement of profit or loss and other comprehensive income nor the statement of financial position as previously reported.

45. Subsequent events

Subsequent to the financial year end, the company appointed a new managing director Eng. Peter Njenga was appointed Managing Director & CEO on 17th August 2023.

The Power Purchase Agreement (PPA) for Muhoroni and Kipevu 1 power plants expired in April and June 2023 respectively. Negotiations for extensions are at advanced stage but not concluded.

STATISTICS

Historical Performance

Company’s Ten Years Financial Review

Plant Performance	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Units Sold(GWh)	8,027	7,918	8,447	8,233	8,277	7,989	7,556	7,819	7,027	6,084
Average weighted tariff (Shs/KWh)	4.83	3.91	4.13	4.10	3.60	3.67	3.84	3.70	3.60	2.78

Statement of Comprehensive Income	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
	Shs’000	**Shs’000**	**Shs’000**	**Shs’000**	**Shs’000**	**Shs’000**	**Shs’000**	**Shs’000**	**Shs’000**	**Shs’000**
Electricity revenue	38,783,963	30,973,503	34,901,252	33,783,190	29,796,983	29,285,691	29,006,622	28,933,568	25,307,784	16,896,771
Steam revenue	6,129,269	5,119,412	5,227,392	5,549,684	5,871,921	6,222,056	5,189,072	6,856,018	3,689,361	192,693
Fuel charges	8,165,345	9,672,038	3,674,626	4,155,499	10,111,516	9,622,740	9,069,403	3,182,623	7,238,204	13,142,391
Water charges	125,892	164,872	204,408	181,774	185,226	159,172	166,822	329,079	375,341	459,722
Ethiopia Branch	759,207	1,546,647	1,783,693	440,344	-	-	-	-	-	-
	53,963,678	**47,476,472**	**45,791,372**	**44,110,492**	**45,965,646**	**45,289,660**	**43,431,920**	**39,301,288**	**36,610,690**	**30,691,577**
Reimbursable expenses										
Fuel costs	(7,995,258)	(9,587,828)	(3,955,710)	(4,106,504)	(10,006,336)	(9,246,855)	(8,812,614)	(3,261,460)	(7,129,037)	(12,870,395)
Water costs	(125,892)	(164,872)	(204,408)	(181,786)	(185,226)	(159,172)	(166,822)	(329,079)	(375,341)	(459,722)
Revenue less reimbursable expenses	**45,842,528**	**37,723,772**	**41,631,254**	**39,822,202**	**35,774,084**	**35,883,633**	**34,452,483**	**35,710,749**	**29,106,312**	**17,361,460**
Other income	2,083,709	769,403	676,853	472,526	618,822	274,771	553,148	1,945,524	515,418	378,914
Other(losses)/gains	428,317	(514,978)	1,539,746	6,382,970	3,179,185	(1,049,948)	343,268	(7,384,454)	(333,151)	2,019,367
Operating income	**48,354,552**	**37,978,197**	**43,847,853**	**46,677,698**	**39,572,091**	**35,108,456**	**35,348,899**	**30,271,819**	**29,288,579**	**19,759,741**
Expenses										
Depreciation	(15,800,445)	(12,461,630)	(11,520,128)	(12,029,561)	(10,360,329)	(10,147,886)	(9,244,422)	(10,223,370)	(6,478,945)	(4,727,937)
Employee expenses	(9,206,179)	(8,246,955)	(7,685,411)	(7,082,496)	(6,800,376)	(6,132,305)	(5,754,748)	(4,951,535)	(4,508,522)	(4,040,489)
Steam costs	(3,731,112)	(3,093,308)	(3,028,982)	(3,160,582)	(3,357,126)	(3,549,428)	(2,795,798)	(3,167,173)	(3,689,361)	(192,707)

Plant operation and maintenance expenses	(2,979,740)	(3,151,087)	(1,880,704)	(1,503,237)	(1,512,278)	(1,669,068)	(1,554,480)	(1,624,005)	(1,386,081)	(1,393,792)
Other expenses	(7,067,800)	(4,343,425)	(2,821,651)	(2,298,972)	(2,257,402)	(2,168,131)	(2,454,146)	(2,465,306)	(2,552,803)	(1,650,255)
IFRS 9 ECL provisions	(1,162)	(601,984)	(493,196)	-	-	-	-	-	-	-
Operating Profit	**9,568,116**	**6,079,807**	**16,417,781**	**20,602,850**	**15,284,580**	**11,441,638**	**13,545,304**	**7,840,430**	**10,672,867**	**7,754,561**
Compensating tax	-	-	-	-	-	-	-	(2,431,022)	-	-
Finance income	1,688,805	2,072,598	1,938,538	1,431,118	1,423,062	3,341,383	1,333,325	8,893,845	1,027,804	(1,009,094)
Finance costs	(2,732,106)	(1,960,420)	(3,053,208)	(8,244,181)	(5,053,924)	(3,037,554)	(3,417,442)	(3,132,187)	(3,010,659)	(2,587,519)
Profit Before Tax	**8,524,816**	**6,191,985**	**15,303,111**	**13,789,787**	**11,653,717**	**11,745,467**	**11,461,187**	**11,171,066**	**8,690,012**	**4,157,948**
Taxation (charge)/credit	(3,508,339)	(2,810,237)	(13,472,564)	4,587,306	(3,769,382)	(3,854,834)	(2,454,972)	(4,492,659)	2,827,315	(1,331,625)
Profit After Tax	5,016,477	3,381,748	1,830,547	18,377,093	7,884,335	7,890,633	9,006,216	6,678,407	11,517,327	2,826,323
Other Comprehensive Income/(Loss)	(4,101,756)	66,211,409	(205,069)	(374,610)	(62,060)	(622,921)	(528,500)	(351,569)	54,246,436	1,243,851
Total Comprehensive Income	914,721	69,593,157	1,625,478	18,002,483	7,822,275	7,267,712	8,477,716	6,326,839	65,763,763	4,070,174
Number of Shares Issued	6,594,522,339	6,594,522,339	6,594,522,339	6,594,522,339	6,594,522,339	6,594,522,339	6,594,522,339	6,243,098,469	2,198,361,456	2,198,361,456
Earnings per share -										
Basic and diluted (Shs)	0.76	0.51	0.28	2.79	1.20	1.20	1.37	1.07	5.24	1.29
Dividends per share(Shs)	0.30	0.20	0.30	0.30	0.25	0.40	-	-	0.65	0.40
	======	======	======	======	======	======	======	======	======	======
Number of Employees	2,593	2,476	2,572	2,519	2,526	2,508	2,476	2,406	2,407	2,209
	======	======	======	======	======	======	======	======	======	======

STATISTICS

Statement of financial position

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ASSETS	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Non-current assets										
Property, plant and equipment	432,483,315	440,181,406	353,249,246	349,619,269	346,737,310	328,082,460	323,843,363	320,932,980	305,378,764	209,235,821
Prepaid leases on land	2,256,114	-	-	-	4,110,583	4,170,183	4,229,783	4,150,673	3,223,658	1,048,372
Intangible assets	6,579,750	2,259,146	1,523,213	1,528,948	1,524,693	1,477,691	1,317,066	1,181,241	1,122,452	1,066,049
Right of Use Asset		6,817,943	4,733,193	4,936,545	-	-	-	-	-	-
Non-current receivables	-	-	-	-	-	987,875	1,032,014	1,147,368	965,266	1,084,900
Treasury bonds	-	-	-	-	-	2,407,047	2,414,108	2,420,560	2,426,440	2,431,799
Financial asset at amorised costs	4,358,942	4,443,409	4,642,164	4,545,797	3,319,106	-	-	-	-	-
Contract asset	5,347,560	4,595,112	4,496,503	4,571,009	-	-	-	-	-	-
Fair value asset through profit & loss	17,816,799	2,888,923	8,526,063	8,334,673	11,958,359	10,490,414	13,117,376	13,890,353	6,242,228	6,300,529
Retirement benefit asset	-	-	-	-	143,025	325,268	1,136,503	1,098,771	1,792,214	1,407,411
Restricted cash	1,861,357	1,344,220	1,117,241	924,966	-	-	-	-	-	-
	470,703,837	462,530,159	378,287,622	374,461,206	367,793,076	347,940,938	347,090,213	344,821,946	321,151,022	222,574,881
Current assets										
Inventories	1,848,446	1,447,124	2,051,828	1,371,280	1,324,294	1,149,180	1,082,044	866,698	899,076	788,333
Trade receivables	21,448,878	20,594,295	24,348,846	23,402,447	18,855,494	21,842,957	15,751,937	9,347,411	8,082,805	7,913,895
Coporate tax recievable	441,713	348,627	385,697	305,068	150,942	126,988	-	-	-	-
Financial asset at amortised cost	137,244	136,046	140,653	42,911	41,061	40,321	-	-	-	-
Fair value through profit & loss	2,236,554	1,104,809	1,084,721	1,209,899	1,116,274	815,682	888,457	698,229	633,872	357,395
Other receivables and prepayments	4,441,700	1,428,312	1,755,119	2,099,012	2,597,941	3,359,793	3,741,225	3,925,727	8,119,110	8,546,893
Asset held for sale	-	-	-	-	-	344,053	-	-	-	-
Treasury bonds	320,422	338,920	360,956	365,181	367,837	349,690	344,603	322,031	341,803	594,769
Cash and cash balances	14,998,431	12,383,934	12,505,186	4,391,024	9,175,330	3,383,402	7,831,103	6,756,324	3,292,307	9,429,358
	45,873,388	37,782,067	42,633,006	33,186,823	33,629,173	31,412,067	29,639,369	21,916,420	21,368,973	27,630,643
TOTAL ASSETS	516,577,225	500,312,226	420,920,628	407,648,029	401,422,249	379,353,006	376,729,582	366,738,366	342,519,995	250,205,524

EQUITY AND LIABILITIES	2023 Shs'000	2022 Shs'000	2021 Shs'000	2020 Shs'000	2019 Shs'000	2018 Shs'000	2017 Shs'000	2016 Shs'000	2015 Shs'000	2014 Shs'000
Capital and reserves										
Share capital	16,487,710	16,487,710	16,487,710	16,487,710	16,487,710	16,487,710	16,487,710	15,609,684	5,495,904	5,495,904
Share premium	22,151,131	22,151,131	22,151,131	22,151,131	22,151,131	22,151,131	22,151,131	21,056,341	5,039,818	5,039,818
Other reserves	122,361,165	129,272,244	65,051,484	67,235,860	69,696,451	71,805,994	74,588,305	77,248,388	79,912,755	26,289,211
Retained earnings	113,193,447	106,686,340	103,291,982	101,460,485	86,629,244	79,658,790	69,608,767	58,470,964	51,145,614	39,884,740
	274,193,453	274,597,425	206,982,307	207,335,186	194,964,536	190,103,625	182,835,914	172,385,376	141,594,091	76,709,673
Non-current liabilities										
Borrowings	137,042,085	122,216,146	134,777,599	137,349,669	128,771,882	121,287,608	127,884,286	126,149,009	137,191,309	122,324,111
Non-current liabilities	-	-	-	-	-	-	-	-	-	**1,000**
Deferred income tax	81,629,986	80,216,843	55,786,804	42,678,446	48,868,799	45,496,036	42,056,582	40,073,728	35,924,900	15,604,657
Lease Liability	691,876	828,574	656,192	744,568	-	-	-	-	-	-
Grants	833,351	331,949	200,000	200,000	-	-	-	-	-	-
Long term Contract payables	-	-	1,030,082	857,431	3,219,566	1,586,258	3,859,604	9,940,189	5,329,722	10,369,854
	220,197,298	203,593,512	192,450,677	181,830,114	180,860,247	168,369,902	173,800,472	176,162,926	178,445,931	148,299,622
Current liabilities										
Borrowings due within one year	12,809,721	11,916,546	10,797,898	8,481,495	12,463,018	10,620,761	10,829,802	10,757,003	9,427,225	13,790,779
Trade and other payables	8,293,841	8,594,803	8,115,264	6,785,498	9,127,257	7,927,695	6,771,915	4,943,371	8,176,731	6,616,958
Compensating Tax	-	-	401,022	1,361,022	2,161,022	2,331,022	2,431,022	2,431,022	-	-
Tax Payable	-	-	-	-	-	-	60,458	58,663	140,843	668,859
Lease liability due within ne year	159,826	225,312	195,103	206,083	-	-	-	-	-	-
Dividends payable	923,086	1,384,628	1,978,357	1,648,631	1,846,170	-	-	-	4,735,174	4,119,633
	22,186,474	22,121,289	21,487,644	18,482,729	25,597,466	20,879,478	20,093,197	18,190,059	22,479,973	25,196,229
TOTAL EQUITY AND LIABILITIES	**516,577,225**	**500,312,226**	**420,920,629**	**407,648,029**	**401,422,249**	**379,353,005**	**376,729,583**	**366,738,362**	**342,519,995**	**250,205,524**

STATISTICS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Capex	14,346,902	14,472,131	15,398,536	18,060,828	29,566,784	15,311,876	13,509,704	27,545,275	27,686,471	61,084,354
	=========	=========	=========	=========	=========	=========	=========	=========	=========	=========
External funding	12,471,626	1,688,919	10,525,728	6,945,856	16,424,322	4,948,566	11,848,974	9,422,158	26,981,206	57,830,817
Internal funding	1,875,276	12,783,213	4,872,808	11,114,972	13,142,462	10,363,309	1,660,730	18,123,117	705,265	3,253,537

EBITDA Review for the last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenue	53,963,677	47,476,472	45,791,372	44,110,492	45,965,646	45,289,660	43,431,920	39,301,288	36,610,690	30,691,577
Reimbursable expenses	(8,121,150)	(9,752,700)	(4,160,118)	(4,288,290)	(10,191,562)	(9,406,027)	(8,979,437)	(3,590,539)	(7,504,378)	(13,330,117)
Revenue less reimbursable expenses	**45,842,527**	**37,723,772**	**41,631,254**	**39,822,202**	**35,774,084**	**35,883,633**	**34,452,483**	**35,710,749**	**29,106,312**	**17,361,460**
Other income	2,083,709	769,403	676,853	472,526	618,822	274,771	553,148	1,945,524	515,418	378,914
Operating expenses	(22,985,995)	(19,436,759)	(15,909,943)	(14,045,287)	(13,927,182)	(13,518,931)	(12,559,172)	(12,208,019)	(12,136,767)	(7,277,243)
EBITDA	**24,940,242**	**19,056,417**	**26,398,164**	**26,249,441**	**22,465,725**	**22,639,473**	**22,446,458**	**25,448,254**	**17,484,963**	**10,463,131**
Depreciation & Amortisation	(15,800,445)	(12,461,630)	(11,520,128)	(12,029,561)	(10,360,329)	(10,147,886)	(9,244,422)	(10,223,370)	(6,478,945)	(4,727,937)
EBIT	**9,139,797**	**6,594,786**	**14,878,036**	**14,219,881**	**12,105,395**	**12,491,586**	**13,202,037**	**15,224,884**	**11,006,018**	**5,735,194**
Compensating tax	-	-	-	-	-	-	-	(2,431,022)	-	-
Other (losses)/gains	428,319	(514,979)	1,539,746	6,382,970	3,179,185	(1,049,948)	343,268	(7,384,454)	(333,151)	2,019,367
Finance income	1,688,805	2,072,598	1,938,538	1,431,118	1,423,062	3,341,383	1,333,325	8,893,845	1,027,804	-1,009,094
Finance costs	(2,732,105)	(1,960,420)	(3,053,208)	(8,244,181)	(5,053,924)	(3,037,554)	(3,417,442)	(3,132,187)	(3,010,659)	(2,587,519)
Profit Before Tax	**8,524,816**	**6,191,985**	**15,303,111**	**13,789,787**	**11,653,717**	**11,745,467**	**11,461,187**	**11,171,066**	**8,690,012**	**4,157,948**
Taxation (charge)/credit	(3,508,339)	(2,810,237)	(13,472,564)	4,587,306	(3,769,382)	(3,854,834)	(2,454,972)	(4,492,659)	2,827,315	(1,331,625)
Profit After Tax	**5,016,477**	**3,381,748**	**1,830,547**	**18,377,093**	**7,884,335**	**7,890,633**	**9,006,216**	**6,678,407**	**11,517,327**	**2,826,323**

Financial ratios

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Profit Margin	10.94%	11.96%	4.40%	46.15%	22.04%	21.99%	26.14%	18.70%	39.57%	16.28%
Return on total assets	1.09%	1.06%	0.56%	5.74%	2.71%	2.67%	2.95%	2.45%	4.19%	1.91%
Current Ratio	2.07	1.79	1.98	1.80	1.31	1.50	1.48	1.20	0.95	1.10
Debt Service Coverage Ratio	1.55	2.44	2.28	2.15	1.96	2.08	1.95	2.58	1.16	0.99
Self Financing Ratio	144.47%	115.03%	79.80%	127.68%	81.31%	125.17%	88.91%	61.20%	41.00%	17.96%
Debt/(Debt+Equity)	36.96%	30.68%	39.13%	40.55%	40.38%	40.34%	41.72%	43.02%	50.30%	60.79%
Return on Equity	1.83%	1.72%	0.88%	8.86%	4.04%	4.15%	4.93%	3.87%	8.13%	3.68%

Installed vs Effective Capacity (MW)

Installed Capacity in MW as at 30th June ....

	2023		2022		2021		2020		2019	
Power plant	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**
HYDRO										
Tana	25.70	20.00	25.70	20.00	25.70	20.00	25.70	20.00	20.00	20.00
Masinga	41.20	40.00	41.20	40.00	41.20	40.00	41.20	40.00	40.00	40.00
Kamburu	94.20	90.00	94.20	90.00	94.20	90.00	94.20	90.00	94.20	90.00
Gitaru	225.00	216.00	225.00	216.00	225.00	216.00	225.00	216.00	225.00	216.00
Kindaruma	72.00	70.50	72.00	70.50	72.00	70.50	72.00	70.50	72.00	70.50
Kiambere	168.00	164.00	168.00	164.00	168.00	164.00	168.00	164.00	168.00	164.00
Turkwel	106.00	105.00	106.00	105.00	106.00	105.00	106.00	105.00	106.00	105.00
Sondu Miriu	60.66	60.00	60.66	60.00	60.66	60.00	60.66	60.00	60.00	60.00
Sang'oro	21.20	20.00	21.20	20.00	21.20	20.00	21.20	20.00	21.20	20.00
Small Hydros	12.49	11.23	12.49	11.83	11.73	11.22	11.73	11.22	11.75	11.33
Hydro Total	826.45	796.73	826.45	797.33	825.69	796.72	825.69	796.72	818.15	796.83
GEOTHERMAL										
Olkaria I	45.00	30.00	45.00	44.00	45.00	44.00	45.00	44.00	45.00	44.00
Olkaria I AU	236.52	220.00	236.52	223.30	150.52	140.00	150.52	140.00	150.50	140.00
Olkaria II	104.49	101.00	104.49	101.00	104.49	101.00	104.49	101.00	105.00	101.00
Olkaria IV	149.85	140.00	149.85	140.00	149.85	140.00	149.85	140.00	149.80	140.00
Olkaria V	172.33	158.00	172.33	158.00	172.33	158.00	172.33	158.00		
Eburru	2.44	2.10	2.44	2.10	2.44	2.10	2.44	2.10	2.50	2.10
Wellhead 37	16.50	15.00	16.50	15.00	16.50	15.00	16.50	15.00	15.50	15.00
Wellhead 43	14.00	10.00	14.00	10.00	14.00	10.00	14.00	10.00	12.80	11.40
Wellhead 914	30.50	25.00	30.50	25.00	30.50	25.00	30.50	25.00	27.80	25.00
Wellhead 915	11.00	10.00	11.00	10.00	11.00	10.00	11.00	10.00	10.00	10.00
Wellhead 919	5.50	5.00	5.50	5.00	5.50	5.00	5.50	5.00	5.00	5.00

STATISTICS

Wellhead 905	5.50	2.50	5.50	2.50	5.50	2.50	5.50	2.50	5.00	5.00
Wellhead 39	5.50	2.50	5.50	2.50	5.50	2.50	5.50	2.50	5.00	5.00
Wellheads Total	88.50	70.00	88.50	70.00	88.50	70.00	88.50	70.00	81.10	76.40
Geothermal Total	799.13	721.10	799.13	738.40	713.13	655.10	713.13	655.10	533.90	503.50
THERMAL										
Kipevu 1	73.50	60.00	73.50	60.00	73.50	60.00	73.50	60.00	73.50	60.00
Kipevu III	120.00	115.00	120.00	115.00	120.00	115.00	120.00	115.00	120.00	115.00
Muhoroni GT1*	30.00	28.00	30.00	28.00	30.00	28.00	30.00	28.00	30.00	28.00
Muhoroni GT2*	30.00	28.00	30.00	28.00	30.00	28.00	30.00	28.00	30.00	28.00
Garissa & Lamu	-	-	-	-	-	-	-	-	-	-
Thermal Total	253.50	231.00	253.50	231.00	253.50	231.00	253.50	231.00	253.50	231.00
WIND										
Ngong I phase I & II	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90
Ngong II	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60
Wind Total	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50
KenGen TOTAL	1,904.58	1,774.33	1,904.58	1,792.23	1,817.82	1,708.32	1,817.82	1,708.32	1,631.05	1,556.83

Notes:

1) * Active/Reactive power

2) Installed capacity corrected to reflect the actual machine rating

Units Sent Out

Units Generated and Sold as at 30th June 2021

	2023		2022		2021		2020		2019	
Power plant	**Generated**	**Sales**	**Generated**	**Sales**	**Generated**	**Sales**	**Generated**	**Sales**	**Generated**	**Sales**
HYDRO										
Tana	84.25	82.02	89.03	87.07	126.09	123.32	135.66	132.76	97.84	95.61
Masinga	76.57	77.00	154.45	154.27	176.41	176.20	47.96	47.65	199.34	198.97
Kamburu	236.60	236.23	369.18	368.13	443.86	442.60	351.31	349.66	399.42	398.59
Gitaru	532.21	455.88	738.02	716.35	910.43	883.69	879.77	878.66	870.33	869.08
Kindaruma	104.18	101.73	165.77	165.11	184.26	183.53	203.20	202.75	193.91	193.17
Kiambere	517.17	516.43	797.13	795.75	978.31	976.62	906.57	905.34	1,027.49	1,025.54
Turkwel	488.03	486.33	540.89	538.95	717.72	715.14	428.00	425.70	547.15	544.83
Sondu Miriu	375.91	374.97	339.98	339.08	428.78	427.65	510.70	509.15	258.28	257.52
Sang'oro	122.63	122.39	109.65	109.50	144.22	144.02	166.10	165.80	82.35	82.18
Sagana	7.33	7.33	7.42	7.42	8.45	8.45	9.91	9.91	6.63	6.63
Mesco	2.43	2.43	2.72	2.72	3.06	3.06	2.04	2.03	2.51	2.51
Wanjii	51.58	51.18	19.25	19.25	-	-	-	-	24.84	24.62
Gogo	6.67	6.40	3.49	3.49	4.08	4.08	6.70	6.65	7.91	7.78
Sosiani	0	0.00	-	-	-	-	-	-	0.14	0.14
Total Hydro	**2,605.56**	**2,520.32**	**3,336.99**	**3,307.09**	**4,125.68**	**4,088.35**	**3,647.92**	**3,636.06**	**3,718.14**	**3,707.16**
GEOTHERMAL										
Olkaria I	119.68	113.05	216.37	204.43	74.21	70.12	303.40	291.09	298.17	285.14
Olkaria I AU unit 4&5	1084.76	1042.42	810.78	774.24	901.59	860.96	1,028.72	984.78	1,115.66	1,068.86
Olkaria I AU unit 6	628.18	607.31	118.25	112.92						
Olkaria II	754.09	730.05	517.13	488.46	528.87	499.55	615.13	583.33	838.05	796.39
Olkaria IV	1056.84	1012.70	1,056.21	1,007.08	1,007.03	960.19	1,053.37	1,005.88	1,143.22	1,095.00
Olkaria V	1317.45	1266.29	1,105.93	1,066.18	1,314.98	1,267.72	977.37	945.34		

STATISTICS

Eburru	8.79	7.65	4.05	3.56	8.68	7.63	8.09	7.25	11.29	10.22
Wellhead 37 & 39	75.55	70.30	71.91	64.98	108.23	97.79	125.82	118.12	138.67	129.04
Wellhead 43	31.04	28.80	41.58	40.18	52.01	50.26	59.74	55.61	70.24	65.68
Wellhead 914, 919, 905 & 915	226.78	210.82	229.25	215.31	242.32	227.59	304.20	284.62	316.57	297.17
Wellheads Total	333.37	309.92	343.44	320.47	402.56	375.63	489.76	458.34	525.48	491.90
Total Geothermal	**5,303.16**	**5,089.39**	**4,053.91**	**3,977.34**	**4,237.93**	**4,041.80**	**4,475.84**	**4,276.01**	**3,931.87**	**3,747.50**
THERMAL										
Kipevu I	95.64	93.14	143.71	140.73	56.45	55.28	81.49	79.74	202.40	196.81
Kipevu III	235.04	231.41	405.81	398.97	149.61	147.08	164.70	162.07	498.06	489.66
Embakasi/Muhoroni Gas Turbine (Active)	35.44	35.30	40.19	40.00	42.98	42.98	36.90	36.76	67.76	67.44
Embakasi/Muhoroni Gas Turbine (Re - Active)	0.18	0.18	0.29	0.29	0.02	0.02	1.24	1.24	0.68	0.68
Total Thermal	**366.12**	**359.85**	**589.72**	**579.70**	**249.04**	**245.35**	**283.08**	**278.58**	**768.90**	**754.58**
WIND										
Ngong I Phase I & II	31.08	30.72	30.51	29.70	**26.82**	26.10	24.06	23.44	31.12	30.40
Ngong II	26.63	26.58	24.75	24.06	**28.26**	27.47	23.28	23.20	37.11	37.04
Total Wind	57.71	57.30	55.26	53.76	**55.08**	**53.58**	**47.34**	**46.64**	**68.23**	**67.44**
TOTAL KenGen	**8,332.56**	**8,026.86**	**8,035.88**	**7,917.88**	**8,667.74**	**8,429.07**	**8,454.18**	**8,237.28**	**8,487.14**	**8,276.69**

Notes:

1) The difference between the units generated and sold out is due to system losses and auxiliary consumption

2) System losses comprise of technical and non-technical losses

3) PPA for Olkaria I, Kipevu I and Muhoroni GT expired in the course of the year

Weighted Factors in %

Weighted Factors in % as at 30th June 2021

	2023			2022			2021	2021		2020		2019	
Power plant	Effective Capacity	Availability	Load factor	Effective Capacity	Availa-bility	Load factor	Effective Capacity	Availabil-ity	Load factor	Availability	Load factor	Availa-bility	Load factor
HYDRO													
Sagana	1.5	91.12	46.95	1.50	91.28	56.22	1.50	80.36	64.00	97.05	75.43	99.50	50.46
Mesco	0.43	89.34	64.28	0.43	85.65	77.67	0.36	96.65	86.98	69.89	64.53	94.74	66.61
Wanjii	7.4	96.29	73.41	8.00	46.30	30.41	7.40	-	-	-	-	57.68	38.32
Tana	20	95.64	36.88	20.00	96.46	49.55	20.00	91.07	70.24	94.64	77.43	96.58	55.84
Masinga	40	73.13	22.27	40.00	81.28	44.02	40.00	71.56	50.23	68.38	13.69	79.47	56.89
Kamburu	90	97.22	28.95	90.00	96.76	46.62	90.00	94.71	55.87	77.65	44.56	81.05	50.66
Gitaru	216	93.85	23.32	216.00	97.23	37.83	216.00	94.65	46.49	95.40	46.50	94.63	46.00
Kindaruma	70.5	96.77	15.89	70.50	92.86	26.69	70.50	95.01	29.58	97.33	32.90	97.09	31.40
Kiambere	164	94.79	37.75	164.00	93.98	55.36	164.00	92.70	67.69	95.22	63.10	94.53	71.52
Turkwel	105	95.35	54.05	105.00	90.60	58.60	105.00	98.74	77.57	95.96	46.53	94.52	59.49
Sondu Miriu	60	96.27	62.51	60.00	95.53	64.44	60.00	98.03	81.54	99.61	97.17	97.38	49.14
Sang'oro	20	94.41	58.59	20.00	94.21	60.61	20.00	97.28	79.38	96.14	94.81	96.01	47.00
Gogo	1.6	80.52	37.82	1.60	33.65	19.85	1.60	41.07	23.14	65.68	47.80	73.40	53.12
Sosiani	0.3	0	0	0.30	-	-	0.36	-	-	-	-	6.08	5.33
Total Effective Capacity	**796.73**			**797.33**			**796.72**						
Weighted Factors - Hydro		**94.03**	**34.41**		**93.53**	**47.03**		**92.84**	**58.32**	**91.56**	**52.27**	**92.40**	**53.27**
GEOTHERMAL													
Olkaria I	30	79.74	71.86	44.00	90.78	53.04	44.00	31.16	15.64	88.97	78.72	70.69	77.36
Olkaria I AU unit 4 & 5	140	93.33	82.83	140.00	71.55	63.13	140.00	82.47	64.73	95.10	83.88	93.03	90.97
Olkaria I AU unit 6	80	88.93	86.46	83.00	92.93	92.93							
Olkaria II	101	80.51	85.58	101.00	56.62	55.21	101.00	56.85	52.98	69.75	69.53	90.50	94.72
Olkaria IV	220	93.68	81.80	140.00	89.53	82.12	140.00	91.78	64.68	95.97	85.89	94.51	93.22

Olkaria V	158	96.87	91.38	158.00	78.94	77.03	158.00	95.42	83.92	98.43	94.15		
Eburru	2.1	81.88	41.76	2.10	37.05	19.35	2.10	84.78	36.67	66.33	43.98	92.43	61.37
Wellhead KWG12, KWG13, 37 & 39	17.5	74.45	45.19	17.50	70.45	42.38	17.50	84.47	64.41	83.88	82.07	87.95	79.15
Wellhead 43	10	54.18	27.99	10.00	66.12	45.87	10.00	83.10	48.15	87.67	68.20	89.69	70.34
Wellhead 914, 919, 905 & 915	42.5	82.41	52.56	42.50	81.46	57.83	42.50	83.96	57.98	93.49	81.71	89.61	80.31
Total Effective Capacity	**801.10**			**738.10**			**655.10**						
Weighted Factors - Geothermal		**90.05**	**81.31**		**78.42**	**70.22**		**80.36**	**63.45**	**91.16**	**83.67**	**90.01**	**89.14**
THERMAL													
Kipevu I Diesel	60	59.82	19.07	60.00	56.98	26.84	60.00	66.22	10.62	69.67	15.50	68.51	38.51
Kipevu III Diesel	115	94.98	21.97	115.00	93.45	39.81	115.00	97.46	14.56	97.12	16.35	86.86	49.44
Total Effective Capacity	**175.00**			**175.00**			**175.00**						
Weighted Factors - Thermal		**82.93**	**20.97**		**80.95**	**35.36**		**86.75**	**13.21**	**87.71**	**16.06**	**80.57**	**45.69**
GAS TURBINES													
Gas Turbines	56	62.04	7.82	56.00	82.28	8.18	56.00	54.35	8.78	72.63	7.52	69.72	13.81
Total Effective Capacity	**56**			**56.00**			**56.00**						
Weighted Factors - GT		**62.04**	**7.82**		**82.28**	**8.18**		**54.35**	**8.78**	**72.63**	**7.52**	**69.72**	**13.81**
Weighted Factors - Isolated Thermals								-	-	-	-	-	-
WIND													
Ngong I phase I	5.1	88.01	40.49	5.10	98.59	36.81	5.10	85.10	31.78	90.08	28.45	78.12	32.84
Ngong I phase II	6.8	91.92	25.65	6.80	97.27	22.18	6.80	78.87	19.94	84.42	18.01	88.00	26.41
Ngong II	13.6	71.51	23.71	13.60	69.10	20.17	13.60	76.04	23.03	78.95	19.54	80.58	31.15
Total Effective Capacity	**25.50**			**25.50**			**25.50**						
Weighted Factors - Wind		**80.25**	**27.59**		**82.51**	**24.03**		**78.61**	**23.96**	**82.63**	**20.92**	**82.07**	**30.22**

Notes:

1) Availability and Load Factor is a Percentage (%)

2) Effective Capacity is in Megawatts (MW)

SHAREHOLDERS CALENDAR

Notice of the Annual General Meeting

Following the approval by the Registrar of Companies, NOTICE IS HEREBY GIVEN to Shareholders that, in accordance with the provisions of section 280 of the Companies Act, 2015 and Articles of Association of the Company Article 54A, the Seventy first Annual General Meeting of Kenya Electricity Generating Company PLC will be held via electronic communication on Thursday, 30 November 2023 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out 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 consider and if approved, adopt the Company's Audited Financial Statements for the year ended 30th June 2023, together with the Chairman's, Directors' and Auditors' Reports thereon.
4. To approve the payment of a final dividend of Kshs 0.30 per ordinary share of Kshs. 2.50, subject to withholding tax where applicable, in respect of the financial year ended 30 June 2023.
5. To consider and approve the Directors' Remuneration Report and approve payment of the Directors Fees for the year ended 30 June 2023.
6. **Auditors:**
   To note that the audit of the Company's books of accounts will continue to be undertaken by the Auditor-General or an audit firm appointed by him in accordance with Section 23 of the Public Audit Act 2015.
7. To authorize the Directors to fix the remuneration of the Auditors.
8. In accordance with the provisions of Section 769 of the Companies Act, 2015 the following directors, being members of the Audit, Risk & Compliance Committee of the Board be elected to continue to serve as members of the said Committee:
   (i) Mr. Bernard Ndungu, Alternate to Prof. Njuguna Ndungu (Cabinet Secretary -The National Treasury)
   (ii) Ms. Winnie Pertet [Subject to re-election to the Board as per Agenda item 9(i)]
   (iii) Ms. Josephine Koisaba [Subject to re-election to the Board as per Agend item 9 (v)]
   (iv) Hon. Stephen Mutai [Subject to re-election to the Board as per Agenda item 9(vi)]
9. **To Elect Directors:**
   (i) Ms. Winnie Pertet who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director of the Company.
   (ii) To approve the Special Notice pursuant to Sections 131 and 287 of the Companies Act 2015 having been received by the Company of the intention to move a resolution that Mr. James Opindi who has attained the age of 70 years is re-elected as a Director of the Company notwithstanding his having attained such age, to consider, and if thought fit, pass the following resolution as an Ordinary Resolution:
   "That Mr. James Opindi who has attained the age of 70 years, and who retires by rotation and being eligible offers himself for re-election for one term as a Director of the Company under the Articles of Association of the Company."
   (iii) Mr. Samuel Kimani who retires on rotation in accordance with Article 104 of the Articles of Association of the Company does not offer himself for re-election as a Director of the Company.
   (iv) Mr. William Rahedi was appointed during the financial year to fill a casual vacancy on the Board. He retires in accordance with the provisions of Article 104 of the Articles of Association of the Company and being eligible, offers himself for election.
   (v) Ms. Josephine Koisaba was appointed during the financial year to fill a casual vacancy on the Board. She retires in accordance with the provisions of Article 104 of the Articles of Association the Company and being eligible, offers herself for election.
   (vi) Hon. Stephen Mutai was appointed during the financial year to fill a casual vacancy on the Board. He retires in accordance with the provisions of Article 104 of the Articles of Association of the Company and being eligible, offers himself for election.

SPECIAL BUSINESS:

10. To consider and if appropriate, pass the following Special Resolution:
    "That the existing Memorandum and Articles of Association of the Company be deleted in their entity and replaced with the new amended Articles attached as Annexure 1 of the resolution."

11. To consider any other business for which due notice has been given.

By Order of the Board

FCS. Austin Ouko
Company Secretary
9 November 2023

SHAREHOLDERS CALENDAR

Notes:

Shareholders will be able to register to follow the meeting, vote electronically or by proxy and may ask questions in advance before the date of the Annual General meeting in the manner detailed as follows:

(i) KenGen PLC has convened and will conduct its Seventieth Annual General meeting via virtual/electronic means in accordance with Article 54A of the Articles of Association of the Company which provides that "The Members may, if they think fit, confer or hold a meeting by radio, telephone, closed circuit television, video conferencing or other electronic, or other, means of audio or audio/visual communication, or a combination thereof ("Conference"). Notwithstanding that the Members are not present together in one place at the time of the Conference, a resolution passed by the Members constituting a quorum at such a Conference shall be deemed to have been passed at a General Meeting held on the day on which and at the time at which the Conference was held. The provisions of these Articles relating to proceedings of Members apply insofar as they are capable of application mutatis mutandis to such Conference." KenGen intends to hold a Virtual Annual General Meeting for the financial year ended 30th June 2023

(ii) Shareholders wishing to participate in the meeting should register for the AGM using either of the following means:
(a) Dialling ***483*901#** on their mobile telephone and follow the various prompts on the registration process or;

(b)Send an email request to be registered to kengenagm@image.co.ke providing their details i.e., Name, Passport/ID No., DS No. and Mobile telephone number requesting to be registered. Image Registrars shall register shareholders and send them an email notification once registered.

(c) Shareholders with email addresses will receive a registration link via email through which they can use to register.

(iii) To complete the registration process, shareholders will need to provide their National ID/Passport Numbers which they used to purchase their shares and/or their CDSC Account Number. For assistance shareholders should dial the following helpline number: +254 709170 000/709170 016 from 9.00 a.m. to 3.00 p.m. from Monday to Friday. Shareholders outside Kenya should dial the helpline number for assistance during registration.

(iv) Registration for the AGM opens on **Thursday, 9 November 2023 at 9.00 a.m.** and will close on **Monday, 29 November 2023 at 5.00 p.m**. Shareholders will not be able to register after this time.

(v) In accordance with Article 174 of the Company's Articles of Association, the following documents may be viewed on the Company's website ***www.kengen.co.ke.***
(a) A copy of this Notice and the Proxy Form;
(b) The Company's Annual Report & Audited Financial Statements for the year ended 30th June 2023;
The reports may also be accessed upon request by dialling the USSD ***483*901#** and selecting the reports option. The reports and agenda can also be accessed on the livestream link.

(vi) Any shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. Such proxy need not be a member of the Company.

(vii) A Proxy Form is provided with the Annual Report & Accounts. The Proxy Form can also be obtained from the Company's website ***www.kengen.co.ke*** or from Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5thFloor, Loita Street, P. O. Box 9287 –00100, Nairobi, Kenya. Shareholders who do not wish to attend the Annual General Meeting have an option to complete and return the Proxy Form to Image Registrars Limited, or alternatively to the Registered Office of the Company so as to arrive not later than 11.00 a.m. on 28th November 2023.

(viii) Duly signed proxy forms may also be emailed to kengenagm@image.co.ke in PDF format. A proxy form must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under the Company's common seal or under the hand of an officer or duly authorized attorney of such body corporate.

(ix) Shareholders wishing to raise any questions or clarifications regarding the AGM may do so may do so by sending their written questions:
a) Sending their written questions by email to agmquestions@kengen.co.ke; or
b) By dialling USSD code ***483*901#** and selecting the option (Ask Question) on the prompts; or
c) To the extent possible, physically delivering or posting their written questions with a return physical, postal or email address to the registered office of the Company or P.O. Box 47938 – 00100, Nairobi, or to Image Registrars offices at P. O. Box 9287 –00100, Nairobi, Kenya.
d) Shareholders must provide their full details (full names, National ID/Passport Number/CDSC Account Number) when submitting their questions or clarifications via email or letter.
e) The Company's Directors will provide responses to questions received via the channel used by shareholders to send their questions i.e SMS (for USSD option), Email, Letters or Telephone call. Questions will also be responded to during the meeting.

A full list of all questions received and the answers thereto will be published on the Company's website not later than 24 hours following the conclusion of the meeting.

(x) The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. 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 one hour ahead of the AGM, as a reminder that the AGM will begin in one hour and providing a link to the live stream.

(xi) Shareholders and proxies who have registered to attend the AGM may follow the proceedings using the live stream platform, access the agenda and vote when prompted by the Chairman via the USSD prompts.

(xii) Results of the resolutions voted on will be published on the Company's website that is, www.kengen.co.ke within 24 hours following conclusion of the AGM. Shareholders are encouraged to continuously monitor the Company's website for any updates relating to the AGM.

(xii) Dividends: To ensure receipt of future dividends in a timely manner, Shareholders are hereby requested to provide their bank details and update their payment option to electronic funds transfer method through their respective stockbrokers or the Registrar to facilitate remittance of dividends through their bank accounts in future. In addition, shareholders can opt-in for their future dividends to be paid to them via mobile money transfer when registering for the AGM.

Taarifa kuhusu Mkutano Mkuu wa Kila Mwaka

Baada ya kuidhinishwa na Msajili wa Kampuni, TAARIFA IMETOLEWA HAPA kwa Wenyehisa kwamba, kwa mujibu wa kanuni za vipengele vya sehemu ya 280 ya Sheria za Kampuni, 2015 na Hati ya Ushirika ya Kampuni, Kifungu cha 54A, Mkutano Mkuu wa Sabini na moja wa Kila Mwaka wa Kampuni ya Kenya Electricity Generating PLC utafanywa kupitia mawasiliano ya kielektroniki siku ya Alhamisi, tarehe 30 Novemba 2023 saa 5.00 asubuhi. kwa madhumuni ya kuzingatia na, ikiwa sawa, kupitisha maamuzi yaliyobainishwa hapa chini:

Shughuli ya Kawaida

1. Kuwasilisha majina ya washirika na kutambua uwepo wa idadi ya kutosha ya wanachama kuendesha mkutano.
2. Kusoma Taarifa inayoitisha mkutano.
3. Kuzingatia na ikiidhinishwa, kupitisha Taarifa za Kifedha za Kampuni zilizofanyiwa ukaguzi kwa mwaka uliokamilika tarehe 30 Juni 2023, pamoja na Ripoti za Mwenyekiti, Wakurugenzi Watendaji na Wakaguzi waliomo.
4. Kuidhinisha malipo ya mgao wa mwisho wa mapato ya hisa wa Kshs.0.3 kwa kila hisa ya kawaida ya Kshs. 2.50, inayotolewa kodi inayoshikiliwa panapohitajika, katika mwaka wa kifedha uliokamilika tarehe 30 Juni 2023.
5. Kujadili na kuidhinisha Ripoti ya Mshahara wa Wakurugenzi Watendaji na kuidhinisha malipo ya ada za Wakurugenzi Watendaji kwa mwaka uliokamilika tarehe 30 Juni 2023.
6. **Wakaguzi:**
   Kubaini kuwa ukaguzi wa vitabu vya akaunti za Kampuni utaendelea kufanywa na Mkaguzi Mkuu au na shirika la ukaguzi atakaloliteua kwa mujibu wa Sehemu ya 23 ya Sheria ya Ukaguzi wa Umma ya 2015.
7. Kuidhinisha Wakurugenzi Watendaji kusuluhisha malipo kwa Wakaguzi.
8. Kwa mujibu wa kanuni za Sehemu ya 769 za Sheria ya Kampuni ya 2015, wakurugenzi watendaji wafuatao, kwa kuwa wanachama wa Kamati ya Bodi ya Ukaguzi, Hatari na Utiifu ya Bodi wanachaguliwa kuendelea kuhudumu kama wanachama wa Kamati husika:
   (i) Bw. Bernard Ndungu, Mwakilishi wa Prof. Njuguna Ndungu (Waziri - Wizara ya Fedha)
   (ii) Bi. Winnie Pertet [Kutegemea iwapo atachaguliwa tena katika Bodi kulingana na kipengee cha 9(i) cha Ajenda]
   (iii) Bi. Josephine Koisaba [Kutegemea iwapo atachaguliwa tena katika Bodi kulingana na kipengee cha 9(v) cha Ajenda]
   (iv) Bw. Stephen Mutai [Kutegemea iwapo atachaguliwa tena katika Bodi kulingana na kipengee cha 9(vi) cha Ajenda]
9. **Kuchagua Wakurugenzi Watendaji:**
   (i) Bi. Winnie Pertet- ambaye anastaafu kwa awamu kulingana na Kifungu cha 104 cha Hati ya Ushirika ya Kampuni na kwa kuwa anastahiki, anajitokeza kuchaguliwa tena kama Mkurugenzi Mtendaji wa Kampuni.
   (ii) Kuidhinisha Taarifa Maalum kwa mujibu wa Sehemu ya 131 na 287 ya Sheria ya Kampuni ya 2015 baada ya kupokelewa na Kampuni, nia ya kupitisha uamuzi kwamba Bw. James Opindi ambaye amefikisha umri wa miaka 70 achaguliwe tena kama Mkurugenzi Mtendaji wa Kampuni licha ya kuwa amefikisha umri kama huo, kuzingatia na ikiwa inafaa, kupitisha uamuzi ufuatao kama Uamuzi wa Kawaida:
   "Kwa Bw. James Opindi ambaye amefikisha umri wa miaka 70 na ambaye anastaafu kwa awamu na kwa kuwa anastahiki, anajitokeza ili kuchaguliwa tena kwa awamu moja kama Mkurugenzi wa Kampuni chini ya Hati ya Ushirika ya Kampuni."
   (iii) Bw. Samwel Kimani ambaye anastaafu kwa awamu kwa mujibu wa Kifungu cha 104 cha Hati ya Ushirika ya Kampuni na kwa kuwa anastahiki, anajitokeza kuchaguliwa tena kama Mkurugenzi Mtendaji wa Kampuni.
   (iv) Bw. William Rahedi aliteuliwa katika mwaka wa kifedha ili kujaza nafasi ya kawaida kwenye Bodi. Anastaafu kwa mujibu wa vipengele vya Kifungu cha 104 cha Hati ya Ushirika ya Kampuni na kwa kuwa anastahiki, anajitokeza kuchaguliwa.
   (v) Bi. Josephine Koisaba aliteuliwa katika mwaka wa kifedha ili kujaza nafasi ya kawaida kwenye Bodi. Anastaafu kwa mujibu wa vipengele vya Kifungu cha 104 cha Hati ya Ushirika ya Kampuni na kwa kuwa anastahiki, anajitokeza kuchaguliwa.
   (vi) Bw. Stephen Mutai aliteuliwa katika mwaka wa kifedha ili kujaza nafasi ya kawaida kwenye Bodi. Anastaafu kwa mujibu wa vipengele vya Kifungu cha 104 cha Hati ya Ushirika ya Kampuni na kwa kuwa anastahiki, anajitokeza kuchaguliwa.

SHUGHULI MAALUM:

10. Kuzingatia na ikiwa inafaa, kupitisha Uamuzi Maalum:
    "Kwa Makala na Hati iliyopo ya Ushirika ya Kampuni zifutwe kabisa na nafasi zao zichukuliwe na Hati mpya iliyofanyiwa marekebisho ambayo yameambatishwa kama Kiambatisho cha 1 cha uamuzi."
11. Kuzingatia shughuli nyingine yoyote ambayo taarifa yake imetolewa.

Kwa Agizo la Bodi

FCS. Austin Ouko
Katibu wa Kampuni
Tarehe 9 Novemba, 2023

Vidokezo:

Wenyehisa wataweza kujisajili ili kufuatilia mkutano, kupiga kura kwa njia ya kielektroniki au kupitia washirika na wanaweza kuuliza maswali mapema kabla ya tarehe ya Mkutano Mkuu wa Kila Mwaka kwa namna iliyobainishwa ifuatavyo:

(i) Shirika la KenGen PLC limeita na litaendesha mkutano wake wa Kumi na saba wa Kila Mwaka kupitia mtandao/ kielektroniki kwa mujibu wa Kifungu cha 54A cha Makala ya Ushirika ya Kampuni kinasema kwamba “Wanachama wanaweza, ikiwa watafikiri ni sawa, kuendesha au kufanya mkutano kupitia redio, simu, televisheni, mkutano wa video au kifaa chochote cha kielektroniki, au njia nyingine za mawasiliano ya sauti/picha, au mchanganyiko wazo (“Mkutano”). Licha ya kwamba Wanachama hawako pamoja wakati wa Mkutano, uamuzi utakaopitishwa na Wanachama ambao wamefikisha idadi hitajika katika Mkutano kama huo utachukuliwa kuwa umepitishwa katika Mkutano Mkuu uliofanyika siku na wakati ambapo Mkutano ulifanywa. Kanuni katika Vifungu hivi zinazohusiana na vikao vya Wanachama zinatumika kadri zinavyoweza kutekeleza hitaji la kubadilisha masuala yanayohitajika kubadilika katika Mkutano kama huo. KenGen inanuia kufanya Mkutano Mkuu wa Kila Mwaka Mtandaoni kwa mwaka wa kifedha unaoisha tarehe 30 Juni, 2023

(ii) Wenyehisa ambao wangependa kushiriki katika mkutano huu wanapaswa kujisajili kwa ajili ya AGM kwa kutumia mojawapo ya njia zifuatazo:
   a) Kubofya *483*901# kwenye simu zao za mkononi na kufuata maelekezo kuhusu mchakato wa kujisajili au;
   (b) Watume ombi la baruapepe ili usajiliwe kwenda kengenagm@image.co.ke kwa kutoa maelezo yao yaani., Jina, Nambari ya Pasipoti au Kitambulisho., Nambari ya DS na nambari ya simu ya mkononi wakiomba kusajiliwa. Image Registrars itasajili wenyehisa na kuwatumia arifa za baruapepe baada ya kuwasajili.
   c) Wenyehisa walio na anwani za baruapepe watapokea kiungo cha kujisajili kupitia baruapepe ambacho wanaweza kutumia kujisajili.

(iii) Ili kukamilisha mchakato wa kujisajili, wenye hisa watahitaji kutoa Nambari za Kitambulisho cha Kitaifa/Pasipoti ambayo walitumia kununua hisa zao na/au Nambari Yao ya Akaunti ya CDSC. Kwa usaidizi, wenyehisa wanapaswa kupiga nambari ifuatayo ya usaidizi: +254 709170 000/709170 016 kuanzia saa 3.00 asubuhi hadi saa 9.00 jioni Jumatatu hadi Ijumaa. Wenyehisa walio nje ya Kenya wanapaswa kupiga nambari ya usaidizi ili kupata usaidizi wakati wa usajili.

(iv) Usajili kwa ajili ya AGM unafunguliwa Alhamisi, tarehe 9 Novemba, 2023 saa 3.00 asubuhi. na utafungwa Jumatatu, tarehe 29 Novemba 2023 saa 11.00 jioni. Wenyehisa hawataweza kujisajili baada ya wakati huu.

(v) Kwa mujibu wa Kifungu cha 174 cha Hati ya Ushirika ya Kampuni, hati zifuatazo zinaweza kutazamwa kwenye wavuti wa Kampuni www.kengen.co.ke.
   (a) Nakala ya Taarifa hii na Fomu ya Mshirika;
   (b) Ripoti ya Kila Mwaka na Taarifa za Kifedha Zilizokaguliwa za Kampuni za mwaka uliokamilika tarehe 30 Juni 2023;

   Ripoti hizi pia zinaweza kufikiwa baada ya kuombwa kwa kupiga msimbo wa USSD wa *483*901# na kuteua chaguo la “ripoti”. Ripoti na ajenda pia inaweza kufikiwa kwenye kiungo cha kutiririsha mkutano moja kwa moja.

(vi) Mwenyehisa yeyote ambaye ana haki ya kuhudhuria na kupiga kura katika Mkutano Mkuu wa Kila Mwaka ana haki ya kuteua mshirika kuhudhuria na kupiga kuwa kwa niaba yake. Si lazima mshirika kama huyo awe mwanachama wa Kampuni.

(vii) Fomu ya Mshirika imetolewa pamoja na Ripoti ya Kila mwaka na Akaunti. Fomu ya Mshirika pia inaweza kupatikana kwenye wavuti wa Kampuni www.kengen.co.ke au kutoka Image Registrars Limited, Jumba la Absa (lililokuwa Jumba la Barclays), Orofa ya 5, Barabara ya Loita, S.L.P 9287 – 00100, Nairobi, Kenya. Wenyehisa ambao hawangependa kuhudhuria Mkutano Mkuu wa Kila Mwaka wana chaguo la kukamilisha na kurejesha Fomu ya Mshirika kwa Image Registrars Limited, au vinginevyo kwa Ofisi Iliyosajiliwa ya Kampuni ili ifike sio baada ya saa 5:00 asubuhi tarehe 28 Novemba 2023.

(viii) Fomu za mshirika zilizotiwa sahihi ifaavyo pia inaweza kutumwa kwa kengenagm@image.co.ke katika umbizo la PDF. Fomu ya mshirika lazima itiwe sahihi na mteuzi au wakili wake ambaye amehalalishwa kupitia maandishi. Ikiwa mteuzi ni shirika, chombo kinachoteua mshirika kitatolewa chini ya muhuri ya kawaida ya Kampuni au chini ya mkono wa afisa au wakili aliyehalalishwa wa shirika kama hilo.

(ix) Wenyehisa ambao wangependa kuuliza maswali yoyote au ufafanuzi kuhusiana na AGM wanaweza kufanya hivyo kwa kutuma maswali yake yaliyoandikwa:
   (a) Kutuma maswali yaliyoandikwa kupitia baruapepe kwa agmquestions@kengen.co.ke; au
   b) Kwa kubofya msimbo wa USSD *483*901# na kuteua chaguo la (Uliza Swali) kwenye vidokezo; au
   (c) Kadri iwezekanavyo, kuleta maswali yao yaliyoandikwa wao wenyewe mahali halisi au kuchapisha maswali yao yaliyoandikwa kwa anwani ya posta au ya barua pepe kwenye ofisi iliyosajiliwa ya Kampuni au S.L.P 47938 – 00100, Nairobi, au katika ofisi za Image Registrars kwa S.L.P 9287 – 00100, Nairobi, Kenya.
   d) Ni lazima Wenyehisa watoe maelezo yao kamili (majina kamili, Kitambulisho cha Kitaifa/Nambari ya Paspoti/Nambari ya Akaunti ya CDSC) wanapotuma maswali au ufafanuzi wao.
   e) Wakurugenzi wa Kampuni watatoa majbu ya maswali yaliyopokelewa kupitia kituo kinachotumiwa na wenyehisa kutuma maswali yao yaani., SMS (chaguo la USSD) , Baruapepe, Barua au Simu. Maswali pia yatajibiwa wakati wa mkutano.

   Orodha kamili ya maswali yaliyopokewa na majibu yaliyofuata baadaye yatachapishwa kwenye wavuti wa Kampuni muda usiozidi saa 24 baada ya kuhitimishwa kwa mkutano.

(x) Mkutano wa AGM utatiririshwa moja kwa moja kupitia kiungo ambacho kitatolewa kwa wenye hisa wote ambao wamejisajili kushiriki katika AGM. Wenye hisa waliosajiliwa halali na washirika watapokea ujumbe mfupi (SMS)/USSD kwenye nambari zao za simu zilizosajiliwa, saa 24 kabla ya mkutano wa AGM kuanza hii ikiwa ni kikumbusho kuhusu AGM. Ujumbe wa pili wa SMS/USSD utatumwa saa moja kabla ya AGM, ukiwakumbusha wenye hisa na washirika waliosajiliwa halali kwamba AGM itaanza baada ya saa moja na kutoa kiungo cha kutiririsha moja kwa moja.

(xi) Wenyehisa na washirika wao ambao wamejisajili kushiriki katika AGM wanaweza kufuatilia vikao kwa kutumia jukwaa la kutiririsha moja kwa moja, kufikia agenda na kupiga kura Mwenyekiti akiwaomba kufanya hivyo kupitia USSD.

(xii) Matokeo ya maamuzi yaliyopigiwa kura yatachapishwa kwenye wavuti wa Kampuni ambao ni, www.kengen.co.ke ndani ya saa 24 baada ya kuhitimishwa kwa AGM. Wenyehisa wanahimizwa kuendelea kufuatilia wavuti wa Kampuni kwa taarifa zozote zinazohusiana na mkutano wa AGM.

(xii) Migao: Ili kuhakikisha kuwa wenyehisa wanapata migao yao ijayo kwa muda ufaao, Wenyehisa wanaombwa kutoa taarifa zao za benki na kusasisha njia zao za malipo iwe njia ya uhamishaji wa fedha kielektroniki kupitia mabroka wao husika au Msajili ili kuwezesha migao itumwe kwenye akaunti zao za benki siku zijazo. Kando na hayo, wenyehisa wanaweza kuchagua migao yao ya siku zijazo ilipwe kupitia uhamisho wa pesa kwenye simu wanapojisajili kwa ajili ya AGM.

Proxy Form

THE COMPANY SECRETARY,
Kenya Electricity Generating Company PLC
P. O. BOX 47936-00100
NAIROBI, KENYA

I/We____

Share A/c No___________________________________of (Address) ____

Being a member(s) of KenGen PLC, hereby appoint: ____

Or failing him/her, the duly appointed Chairman of the Meeting, to be my/our proxy, to vote for me/us and on my/our behalf at the Annual

General Meeting of the Company, to be held on Thursday, November 30, 2023, and at any adjournment thereof. As witness, I/we lay my/our

hand(s) this __________________________ day of__________________________ 2023.

Signature ____________________________________ Signature ______________________________________

ELECTRONIC COMMUNICATIONS CONSENT FORM
Please complete in BLOCK CAPITALS

Full name of Proxy(s): ____

Address: ____

Mobile Number: ____

Email Address: ____

Date: ____

Signature: ____

Please tick the boxes below to give consent and return to Image Registrars at P.O. Box 9287- 00100 Nairobi,5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of Registration

I/WE approve to register to participate in the virtual Annual General Meeting to be held on November 30th, 2023.

☐

Consent for use of the Mobile Number provided:

☐

I/We give my/our consent for the use of the mobile number provided for purposes of the AGM activities such as communication and voting.

NOTES

1. If a member is unable to attend personally, this Proxy Form should be completed and returned not later than Tuesday, 28th November 2023 at 11.00 a.m, to the Company Secretary P.O. Box 47936 -00100 GPO Nairobi or physically to the registered office of the Company at Pension Plaza, Kolobot Road, Parklands, Nairobi, or to the Company's Shares Registrar firm, Image Registrars Ltd on P. O. Box 9287 - 00100, Nairobi, Kenya. Alternatively, duly signed proxies can be scanned and emailed to info@image.co.ke in PDF format
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 proxy 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 or" and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company
4. Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will 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 info@image.co.ke or lodged at the offices of the Company's Share Registrar firm, Image Registrars Ltd, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi, so at to arrive not later than Tuesday, 28th November 2023 at 11.00 a.m.

Fomu ya Uwakilishi

Kampuni ya Kenya Electricity Generating PLC
S.L.P 47936-00100
NAIROBI, KENYA

Mimi/Sisi____

Nambari ya Akaunti ya Hisa_______________________________wa (Anwani) ____

Kwa kuwa mwachama wa KenGen PLC, ninamteua hapa: ____

Au yeye akikosa, Mwenyekiti aliyechauliwa wa Mkutano, awe mshirika wangu, kunipigia kura mimi/sisi na kwa niaba yangu/yetu katika

Mkutano Mkuu wa Kila Mwaka wa Kampuni, utakaofanyika siku ya Alhamisi, tarehe 30 Novemba 2023 na wakati wowote ule wa kufungwa

kwa mkutano. Kama shahidi, Mimi/Sisi ninaweza kuweka mikono yangu/yetu siku hii ya ___________________ ya________________ 2023.

Sahihi ____________________________________ Sahihi ______________________________________

FOMU YA RIDHAA YA MAWASILIANO YA KIELEKTRONIKI
Tafadhali ijaze kwa HERUFI KUBWA

Jina kamili la Mshirika au Washirika: ____

Anwani: ____

Nambari ya Simu ya Mkononi: ____

Anwani ya Baruapepe: ____

Tarehe: ____ Sahihi: ____

Tafadhali teua visanduku vilivyo hapa chini na urejeshe kwa Image Registrars kupitia S.L.P 9287-00100 Nairobi, orofa ya 5, Jumba la Absa (lililokuwa Jumba la Barclays), Barabara ya Loita:

Uhalalishaji wa Usajili

MIMI/SISI tunahalalisha kujisajili ili kushiriki katika Mkutano wa Kila Mwaka mtandaoni unaoratibiwa kufanyika tarehe 30 Novemba, 2023.

☐

Idhini ya kutumia Nambari ya Simu ya Mkononi iliyotolewa:

☐

MIMI/SISI tungependa kutoa idhini yangu/yetu kwa matumizi ya nambari ya simu iliyotolewa kwa madhumuni ya shughuli za AGM kama vile mawasiliano na kupiga kura.

VIDOKEZO

1. Ikiwa mwanachama hawezi kuhudhuria mwenyewe, Fomu hii ya Mwakilishi inafaa kujazwa na kurudishwa si baada ya Jumanne, 29 Novemba 2023 saa 5.00 asubuhi, kwa Katibu wa Kampuni S.L.P 47936 -00100 GPO Nairobi au mwenyewe katika ofisi zilizosajiliwa za Kampuni katika Jumba la Pension, Barabara ya Kolobot, Parklands, Nairobi, au kwa shirika la Rejistra wa Hisa za Kampuni, Image Registrars katika S.L.P 9287 - 00100, Nairobi, Kenya. Vinginevyo, fomu za mshirika zilizotiwa sahihi ifaavyo pia zinaweza kutumwa kwa info@image.co.ke katika umbizo la PDF.
2. Ikiwa mwanachama ni shirika la kibiashara, fomu ya mshirika lazima ipigwe muhuri ya kawaida ya shirika hilo au kutiwa saini na afisa au wakili aliyeidhinishwa halali wa shirika kama hilo.
3. Kama mwenyehisa, 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 mwenyehisa katika Kampuni
4. Kukamilisha na kuwasilisha fomu ya mshirika hakutakuzuia kuhudhuria mkutano na kupiga kura mwenyewe katika mkutano, hii ikitokea kura zozote zilizopigwa na mwakilishi wako hazitajumuishwa.
5. Ili iwe halali, fomu ya mshirika, ambayo inapatikana katika Ofisi Kuu ya Kampuni au katika ofisi za Rejistra wa Hisa, lazima ijazwe na kutiwa saini na mwenyehisa au wakili aliyeishinishwa na ni lazima ama itumwe kupitia barua pepe kwa info@image.co.ke au kuwasilishwa katika ofisi za Shirika la Rejistra wa Hisa za Kampuni, Image Registrars Ltd, Orofa ya 5, Jumba la Absa (iliyokuwa Jumba la Barclays), Barabara ya Loita, Nairobi, ili makataa ya kupokewa kwake iwe Jumatanne, tarehe 28 Novemba, 2023 saa 5.00 asubuhi.

Shareholder Notifications

Final Dividend for the Financial Year ended 30 June 2023

Closure of Register and Date of Payment

The Register of Members will be closed from Friday, 1st December 2023 to Tuesday, 5th December 2023 both dates inclusive. If approved, the dividend will be paid, less withholding tax where applicable on or about Thursday, 15th February 2024 to the shareholders whose names appear in the Register of Members at the close of business on Thursday, 30th November 2023.

Update of Particulars

- For all CDS account holders, please update your postal address, email address and bank account details at the CDSC through your Stockbroker or Custodian Bank

- For all Share Certificate holders, please update your postal address, email address and bank account details at the offices of Image Registrars Ltd, Absa Plaza 5th Floor, Loita Street, P.O. BOX 9287-00100 GPO Nairobi.

Mgao wa Mwisho wa Mwaka 30 Juni 2023

Kufungwa kwa Rejista na Tarehe ya Malipo

Rejista ya wanachama itafungwa kuanzia Ijumaa, 29 Novemba hadi Jumanne, 5 Disemba, 2023 siku zote zikiwemo. Ikiwa itaidhinishwa, mgao wa faida utalipwa baada ya kuondoa ushuru wa kushikilia mnamo au karibu Alhamisi, 15, Februari 2024, kwa wenyehisa ambao majina yao yamo orodha ya wenyehisa mnamo Alhamisi, 30 Novemba 2023.

Kuteng’eneza Upya/Kurekebisha Maelezo

- Kwa wote walio na akaunti za CDS, tafadhali toa maelezo mapya kuhusu anwani yako, barua pepe na akaunti ya benki katika CDSC kupitia wakala wako wa hisa au Benki Angalizi.
- Kwa wote walio na vyeti vya kumili hisa, tafadhali toa malezo upya kuhusu anwani yako ya posta, barua pepe na maelezo kuhusu akaunti yako ya benki katika afisi za Image Registrars, Absa Plaza ghorofa ya tano barabara ya Mama Ngina, SLP 47936-00100 GPO Nairobi.

Dematerialization

The Central Depository and Settlement Corporation (CDSC) commenced operations in 2004 with the intention of facilitating the holding of shares in electronic accounts instead of paper/physical share certificates to enable electronic trading & settlement of shares. This migration would shorten the settlement period, and enhance the safety & security of dealing with shares listed on the securities.

The first step towards achieving electronic trading of shares was immobilization of share certificates which commenced in 2004. The number of Central Depository System (CDS) accounts has grown significantly and CDSC is now targeting to have all the shares owned by Kenyans to be transferred into electronic accounts by 1st November 2013 through a process called Dematerialization. We trust that the following FAQ's will explain the dematerialization process:

1) ***What is Dematerialization?***
   Dematerialization is the next step after immobilization. On the dematerialization date, the underlying physical certificates will cease to be evidence of ownership under the Company listed at the Nairobi Securities Exchange (NSE). Evidence of ownership will be in the electronic holdings maintained in the Central Depository System (CDS) operated by CDSC.

2) ***What is a Dematerialized Security?***
   It is a book entry security which has been prescribed by CDSC under section 24 of the Central Depositories Act, whereby the underlying physical certificate is no longer recognized as evidence of ownership under the Companies Act Cap 486 on or after the dematerialization date.

3) ***What is the impact of dematerialization?***
   Currently, shares can be withdrawn from a CDS account and held in a certificated form. With effect from the dematerialization date, shares will not be withdrawn from the CDS account because the law does not permit the issuing of share certificates with respect to a dematerialized security. Share Certificates will no longer be recognized as prima facie evidence of ownership and will be replaced with and electronic record at CDSC.

4) ***What do I need to do as a shareholder if I have already deposited all my shares in the CDS account?***
   You shall not be required to take any further action as a result of dematerialization

5) ***What happens if I do not immobilize my share certificates by the dematerialization date?***
   After the Dematerialization date, all shares that have not been immobilized will be reflected as a record in the CDS in the shareholder's name.

6) ***What if I want to access my shares which are held in CDS?***
   If you wish to access your shares for purposes of trading, you will be required to open a CDS account and follow a verification process through KenGen's shares registrar firm, Image Registrars Limited, after which your shares will be transferred to your personal CDS account.

7) ***When is the dematerialization date?***
   CDSC dematerialized securities of listed companies in three groups/tranches on 1st September 2013, 1st October 2013 and 1st November 2013 respectively. KenGen's dematerialization date is 1st November 2013. Additionally, KenGen will place a notice in the newspapers informing the public about the dematerialization date for KenGen shares. In the meantime, we urge shareholders who still hold physical certificates to immediately contact any Stockbroker for assistance to immobilize their shares.

8) ***How do I keep track of my shares?***
   CDSC shall send you monthly statements if your account is active otherwise; you will receive your statement only once a year. However, if you would like to view/download/print your statements, you can visit the CDSC website at www.cdsckenya.com. You can also subscribe to the CDSC mobile services where you will receive an alert every time there is an activity in your accounts such as sale or purchase of shares for a minimum fee of Kshs.10.00 per alert. To subscribe, send the word 'register' to 22372 and follow the instructions

Bank Details

We encourage all shareholders who hold certificates and whose dividends are paid via cheques to provide their bank details to our Company's shares registrar firm, Image Registrars Limited, ABSA Plaza 5th Floor, Loita Street, Nairobi P.O. Box 9287,00100 GPO, Nairobi Tel: 020-2212065/2230330, 0770052116, 0735565666,0724699667, email: info@image.co.ke to enable us post the future dividends directly to their bank accounts.

Also, we encourage all shareholders who hold CDSC accounts and whose dividends are paid via cheques to provide their bank details through their stockbrokers to enable us pay future dividends directly to their bank accounts.

Unclaimed Dividends

Further to the Unclaimed Financial Assets Act 2011, we are appealing to Shareholders who have unclaimed dividends to do so with immediate effect to avoid the dividends being surrendered to the Unclaimed Assets Authority. Dividend enquiries can be made at the Shares & Securities Office, KenGen Pension Plaza 2, Kolobot Road, Parklands, Nairobi P.O. Box 47936-00100 Nairobi, Tel: 020-3666961/5, 0711036961/5, email: shares@kengen.co.ke or offices of the Company's shares registrar firm, Image Registrars Limited, ABSA Plaza 5th Floor, Loita Street, Nairobi P.O. Box 9287, 00100 GPO, NairobiTel: 020-2212065/2230330, 0770052116, 0735565666, 0724699667, email: info@image.co.ke

Declaration of Dormancy on Inactive CDS Accounts

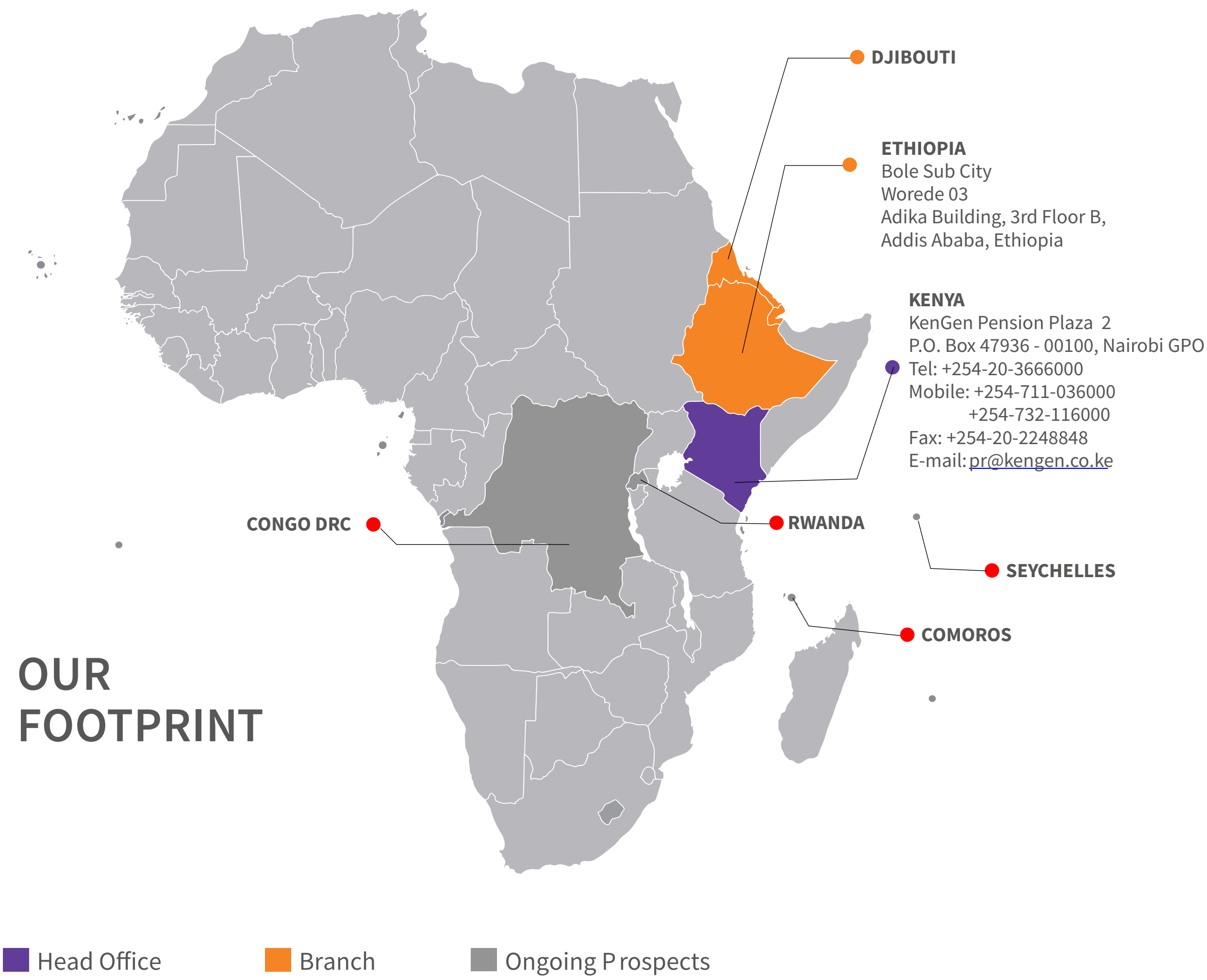
The Central Depository and Settlement Corporation Limited (CDSC) has formulated, and the Capital Markets Authority has approved the CDS Accounts Dormancy Rules and Procedures. The declaration of dormancy is intended to safeguard investors' holding in CDS accounts. An investor will not be able to carry out any transactions in a CDS Account that has been declared dormant.

CDSC has granted a grace period of seven (7) months beginning June 1st 2020 before the declaration of dormancy is affected. Pursuant to the Dormancy Rules, CDS Accounts (Individual or Corporate, Local or Foreign) with no activity for a continuous period of twenty four (24) months will be declared dormant.

CDS account holders are advised that one may re-active a dormant account by submitting a duly completed re-activation request and identification documents to their CDA or stockbroker. Account holders are further advised to visit their CDAs or stockbrokers to update their account details and ensure the names, ID or passport number, postal address, email address mobile phone number(s) and other information is accurately recorded.

HEAD OFFICE KenGen	WESTERN REGION	THERMAL REGION
Pension Plaza 2 P.O. Box 47936 - 00100, Nairobi GPO Tel: +254-20-3666000 Mobile: +254-711-036000 | +254-732-116000 Fax: +254-20-2248848 E-mail: pr@kengen.co.ke	P.O. Box 874 - 40100, Kisumu Tel: 057 - 2023800 Fax: 057 - 2023855 Mobile: 0728 608203, 0738 600078	P.O. Box 80801 - 80100, Mombasa Tel: 041 - 3435000/1, 041 - 3434876 Fax: 041 - 3435431 Mobile: 0722 2653900, 0734 600377
OLKARIA GEOTHERMAL REGION	**EASTERN REGION**	**ETHIOPIA BRANCH OFFICE**
P.O. Box 785 - 20117, Naivasha Tel: 050 - 20233/4 | 050 - 2021223 Fax: 050 - 2021223 Mobile: 0722 202894, 0722 202895	P.O. Box 205 - 60100, Embu Tel: 020 - 2310323 Fax: 020 - 2310324 Mobile: 0722 509500, 0735 826 344	Bole Sub City Worede 03 Adika Building, 3rd Floor B, Addis Ababa, Ethiopia

OUR FOOTPRINT



KenGen
Energy for the nation.

Kenya Electricity Generating Company PLC
KenGen Pension Plaza 2, Kolobot Road, Parklands
PO Box 47936 - 00100 GPO, Nairobi, Kenya

www.kengen.co.ke

@KenGenKenya @KenGenKenya

KenGenKenya KenGenKenya KenGenKenya