FY 2025 AGM - ANTICIPATED QUESTIONS AND ANSWERS

Category		Likely Question	Proposed Response
Dividend Policy, Payout & Shareholder Returns	1	What criteria does the Company use to determine the annual dividend per share, including why the payout is below the 80% level referenced in the National Treasury circular and when shareholders can expect higher dividends, given that the Company is profitable?	The annual dividend is determined in accordance with the Company's Dividend Policy, which permits a payout of up to 80% of profit after tax, subject to key considerations such as liquidity needs, compliance with financial covenants, and funding requirements for ongoing and future investments. These factors ensure that the Company maintains sufficient cash to meet its operational obligations and to finance strategic projects that enhance long-term shareholder value. For the year ended 30 June 2025, the Board has proposed a dividend of KShs 0.90 per share, representing a payout of 57% of net profit (and a 38% increase from the previous year's KShs 0.65). This level was informed by the need to sustain healthy liquidity, avoid breaching financial covenants, and support a project pipeline requiring significant capital investment. While the National Treasury circular provides a general guideline of up to 80%, the Board must ensure that any payout remains prudent and aligned with the Company's financial capacity. The Board remains committed to the dividend policy target range and will continue to consider higher dividends in the future as cash flows strengthen, investment cycles stabilise, and liquidity allows.
	2	There has been an increase in retained earnings. Can you provide more insight into how the company intends to allocate these funds towards dividends, reinvestment in growth, or debt reduction?	The growth in retained earnings reflects the Company's strong and consistent profitability. These funds play a critical role in supporting our capital-intensive growth strategy. Specifically, retained earnings form part of the cash reserves required to finance our project pipeline, including KenGen's 25% equity contribution in new developments, which in turn enables us to secure the remaining 75% through debt financing. While dividends remain a priority, the allocation of retained earnings must balance shareholder returns with the need to reinvest in strategic projects and maintain a healthy capital structure. As such, retained earnings will continue to be applied prudently across three areas: supporting dividend payments, funding equity contributions for new capacity expansion, and preserving financial strength to manage debt obligations sustainably

	3	Are there plans to introduce alternative shareholder-value tools such as rights issue, share buybacks, special dividends, or bonus shares?	The Company continually evaluates all available corporate actions, such as rights issues, share buybacks, special dividends, or bonus shares as potential tools for enhancing shareholder value. These mechanisms remain available for consideration and may be deployed when market conditions, strategic objectives, and the Company's capital requirements align to support their effective use. Any such decision would be guided by a thorough assessment of long-term value creation, financial sustainability, and alignment with our growth strategy.
Financial Performance, Cash Flow & Cost Drivers	4	Can you elaborate on the key factors that contributed to the 54% increase in profit after tax for the year 2025?	The profit after tax increased from KShs 6,797 million to KShs 10,481 million for the year ended 30th June 2025 primarily driven by cost optimization, disciplined capital management, and revenue diversification reinforced profitability and operational stability. Further, there was an overall increase in electricity unit sales from 8,384 GWh in 2024 to 8,482 GWhs in 2025.
	5	What was the main driver for the drop in Revenue?	The drop in electricity revenue was largely a result of reduced geothermal generation caused by lower dispatch, which impacted overall performance.
	6	Why did revenue from Diversification increase from KShs 79 million to KShs 264 million?	Revenue from diversification sources grew significantly by 235.4%, mainly due to the completion of consultancy work in Eswatini during the year under review.
	7	Other income declined by 34.4% from KShs .1.3 billion to KShs 851 million. What contributed?	This decline is mainly due to the one-off insurance compensation of KShs 739 million for Olkaria II Unit 3 received in the prior year which boosted other income
	8	Employee expenses declined by 11% from KShs 10.4 billion to KShs 9.2 billion. Why?	The decline was largely as a result of cost optimization initiatives and a reduction in the financing of the actuarial valuation deficit during the period.
	9	Plant Operation & maintenance expenses dropped by 36.3% from KShs 3.67 billion to KShs 2.33 billion. Why?	Operational efficiencies and cost-optimization initiatives contributed to the improved performance. In addition, the prior year's costs were comparatively higher due to the inclusion of rig equipment demobilization expenses related to the Ethiopian contract.
	10	What caused steam Cost decrease from KShs 4.4 billion to KShs 3.5 billion.	The amount decreased by 20.4%, primarily attributable to reduced dispatch from geothermal wells serving Olkaria I AU, Olkaria IV, and the Wellhead plants. The lower steam supply from these wells resulted in a corresponding reduction in energy sent out, thereby impacting the associated revenue.
	11	Other expenses decreased by 15.5% from KShs 5.7 billion to KShs 4.8 billion. Why?	The decline is largely attributable to reduced expenditures across several key cost categories, including insurance, transport, and office operations. Additionally, there was a notable reduction in provisions for impairment of assets compared to the prior year. Together, these cost reductions contributed to the overall decrease in operating expenses.

	12	What is Expected Credit Loss? The amount has decreased by 234% from a gain of KShs 567 million to a loss of KShs 762 million. Why?	The relates to provision expected loss in case a financial asset such as debt, investments and cash is defaulted by the party holding it. The decrease was from a gain to a loss primarily attributable to higher exposure to receivables from key customers such as ODDEG and KeNHA debt for Changamwe land compensation.
	13	Effective tax rate of 32% is above the 30% corporate tax rate. Why the variance?	This discrepancy resulted from several factors, such as non-deductible expenses, differences between accounting profits and taxable income, and deferred tax adjustments. The increase in the tax charge is due to higher Profit before tax from KShs 10.9 billion in prior year to KShs15.47 billion in current year.
	14	What caused the increase in reimbursable expenses this year?	Reimbursable expenses increased by 20.5% from Shs 8,003 million to Shs 9,647 million. This rise is mainly due to higher dispatch from thermal power plants and improved hydrology compared to the previous period.
	15	Could the company explain the increase in total assets from KSh 491B to 506B?	The increase in total assets is primarily attributable to a net increase in property, plant and equipment and in the fair value of financial assets. The growth was also supported by stronger profitability for the year and increased cash balance resulting from improved collections from KPLC, and prudent cash management. The Company strategically invested surplus cash in call and fixed deposit accounts, optimising returns while ensuring adequate liquidity to sustain operations and fund future investments.
Borrowing, Debt Strategy & Capital Structure	16	Could Management elaborate on the impact of higher interest rates on profitability and outline how the company plans to rebalance its borrowings to reduce foreign exchange exposure and related losses? Additionally, what is KenGen's long-term strategy for managing debt levels and financing future projects, and could the company provide clarity on the financing structure for upcoming infrastructure investments and the expected returns	Higher interest rates generally increase the cost of financing and can put upward pressure on electricity generation costs. To mitigate this, KenGen maintains a disciplined approach to debt management, guided by well-defined criteria for selecting the most cost-effective funding options. The Company prioritizes concessional facilities from development finance institutions (DFIs), selectively taps commercial borrowing only where necessary, and supplements these with internally generated funds to maintain an optimal capital structure. As a result, KenGen's average cost of debt remained low at 2.06% as at 30th June 2025. On foreign exchange exposure, KenGen actively manages its risks through multiple strategies including maintaining sufficient dollar reserves and benefiting from natural hedging embedded in our Power Purchase Agreements, where actual forex losses are compensated by the off-taker. This has significantly cushioned the Company from volatility in the Kenya Shilling. Looking ahead, KenGen's long-term debt strategy remains focused on sustaining a low-cost, diversified funding mix while ensuring sufficient liquidity to support our capital-intensive renewable

			energy expansion pipeline. Financing structures for upcoming projects are expected to comprise a blend of concessional debt, commercial facilities where competitively priced, and KenGen's equity contribution of up to 25%. These investments are designed to deliver strong long-term returns by expanding clean baseload capacity, improving grid stability, and supporting national economic growth.
	17	Any update on the amount Kenya Power owes KenGen.	We continue to supply Kenya Power with electricity on a continuous basis and therefore at any given time, there is an amount to be collected from Kenya Power once they have billed consumers and collected the respective revenues. As of 30th June 2025, the amount due from Kenya Power was Ksh 16.6 billion (2024: Ksh 16.6 billion), of which KShs 6.3 billion was overdue (2024: Kshs 6.9 billion). We are in constant discussions with Kenya Power, and we have an agreed monthly payment plan that has seen KenGen being paid for current electricity supplied and part of overdue amounts.
Growth Strategy, Investments & Outlook	18	Can management provide more details on the plans to increase generation capacity? Specifically, what is the current geothermal production capacity and are there investments underway in new wells to support future growth? What are the board's key strategic priorities for the next 3–5 years	Our current installed capacity from geothermal is 754MW. KenGen G2G 2034 Corporate strategy plans to add 830MW from Geothermal in the next ten years. We have initiated the rehabilitation of our Olkaria I geothermal power plant and other projects which include Construction of the 80MW Olkaria VII Geothermal project, 42.5MW Seven Forks Solar PV Plant and the 8.6MW Gogo Hydro Plant which is expected to commence. we expect to have more than 500MW delivered by 2028 from geothermal, wind, hydro and solar sources. These projects will further diversify our energy mix, increase installed capacity, and in turn reduce our carbon footprint.
	19	Are there plans to expand into mineral production (e.g., silica or lithium from geothermal brine)?	KenGen is exploring opportunities in mineral production and has completed a feasibility study on silica and lithium extraction from geothermal brine. The study results and recommendations are positive, and we are now working on their implementation.
	20	What are the key challenges KenGen faces in the current energy market, and how does the company plan to address them?	We understand that the energy market is evolving, and we are actively working to adapt to these changes. Key challenges include fluctuating energy prices and the need for sustainable practices. To address them, we are investing in renewable energy sources and enhancing operational efficiency.
	21	What is the company's strategy for addressing potential challenges in the	Our strategy involves proactive engagement with regulators and a continued commitment to adapt to evolving market dynamics. We work closely with government bodies to ensure

		energy sector, such as changes in regulatory policies or market dynamics?	alignment with regulatory policies while maintaining our dedication to providing clean energy and reliable supply
	22	Why did the Company bring back Muhoroni power plant?	Following government intervention, KenGen received formal correspondence from the Energy and Petroleum Regulatory Authority (EPRA) supporting the immediate resumption of operations at Muhoroni as an interim measure for grid stability. This resulted in the parties negotiating and drafting a new PPA which was signed on 26th September 2025 covering renewed operations at the site.
	23	Could you please shade more light on the planned privatisation of KenGen by GoK.	KenGen is today 70% GoK owned, plans for a Second Offering to the public was first mooted in 2008 by the National Treasury through the Privatisation Commission. The decision is purely a strategic one by the Government of the day and we await any further guidance, and we will keep you fully appraised.
	24	Please update us on the Commercial Diversification projects that KenGen is undertaking in Ethiopia and Djibouti.	In Ethiopia, KenGen has played a pivotal role as a geothermal drilling contractor. The company accomplished the drilling of four wells at the Tulu Moye geothermal field, marking the successful completion and closure of the contract. Furthermore, the Aluto-Langano Geothermal Project in Ethiopia reached a significant milestone with a successful first phase. This phase involved the provision of drilling rigs and accessories, along with the drilling of eight geothermal wells. The positive outcome led to the extension of the contract into a second phase, involving the drilling of four additional wells. These drilling operations for the second phase was completed. • Furthermore, the company continued drilling in Djibouti. • The Company offered consultancy services in Eswathini
	25	Does KenGen intend to incorporate AI? If yes is it a threat or an opportunity?	AI is new and its important to consider new technologies. KenGen cautiously navigates adoption of new technologies to ensure they feed into our existing plants so that it can help the company.
Audit Matters & Risk Management	26	Can the board assure shareholders of the independence of the external auditors and are there any plans to rotate audit firms in line with governance best practice?	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 2025. 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.
	27	Could Management explain how the audit fees were determined, how they compare to industry peers, and what portion relates to non-audit services? Additionally, what role does the Audit Committee play in assessing and approving these fees?	Audit fees are determined based on the scope of work and prevailing market rates, ensuring alignment with industry standards. The Board of Directors approves the audit fees.
	28	Were there significant issues or key audit matters raised during the audit and how were they resolved? Additionally, were there any material adjustments to the financial statements as a result of the audit?	A key audit matter raised related to the **impairment of Property, Plant & Equipment**, specifically the Capital Work-in-Progress (WIP). During the year, Management conducted an impairment assessment and recognized a **loss of KShs 538 million** in the Statement of Profit & Loss. The assessment required significant judgment, particularly in identifying WIP projects that were **not economically viable or environmentally sustainable**. This matter attracted the auditor's attention due to the significant carrying value of these assets, amounting **to KShs 71 billion**. Management satisfactorily addressed the auditor's concerns by providing evidence of the judgements made, methodology used and adequacy of disclosures made. Additional information on this matter is provided in the auditor's report.
	29	What is KenGen doing to improve internal controls and risk management in light of audit findings?	The Board oversees risk management and reviews internal controls, supported by the Audit & Risk Committee, which monitors the efficiency of these systems. The Managing Director and CEO ensure robust controls are in place to identify and manage risks, while the Executive Committee implements Board-approved strategies and develops policies for effective risk management. This clear governance structure ensures that KenGen maintains a strong control environment and effectively manages risk throughout the business.
Legal, Compliance & Contingent Liabilities	30	What is the status of the KENHA/NLC claim on the coastal land and will the unresolved KSh 250.6M affect next year's financial statements?	Management is proactively following up with KeNHA and the National Land Commission to ensure that the compensation in respect to the Company's land acquired for the dualling of the Mombasa-Mariakani Road is collected by 30th June 2026.

	31	Are there any ongoing legal disputes or contingent liabilities that could materially impact future results and are there any new regulatory or compliance costs affecting financial results?	The Company is currently named as a defendant in several legal proceedings. After seeking appropriate legal advice, the Board is satisfied that the matters in question are unlikely to result in any material financial liability **Compensating Tax and Withholding Tax Assessment**: KRA issued an assessment of KShs. 2.9B on Compensating Tax and Withholding tax on dividends for the period 2019 to 2023. KenGen appealed against KRA's decision to the Tax Appeals Tribunal as provided by the Tax Appeals Tribunal Act. The matter is currently at the Tax Appeals Tribunal pending hearing and determination. **Customs Duty**: KRA conducted a post-clearance audit for the period 2019–2022 and issued an estimated assessment of **KShs 342.8 million** covering tariff classification, customs valuation, proof of exports, and temporary importation of equipment. Through Government-to-Government engagement, **KShs 124.3 million** of the assessment was dropped, **KShs 164.4 million** was confirmed as payable, and **KShs 54.1 million** remains under discussion. KenGen entered an eight-month payment plan for the confirmed amount and fully settled the **KShs 164.4 million** by December 2024. Engagement with KRA continues to resolve the remaining **KShs 54.1 million** related to valuation of imported equipment.
	32	There is always a difference between units generated and units sold. Who pays for the lost units? How is it compensated, is it through the customers or government?	Power produced is also used internally by KenGen hence difference between units generated and units sold.
	33	Update on plans for KenGen to supply power directly to customers to reduce the business risk of reliance on a single off-taker	The Energy Act 2019 has provision for that possibility. What is pending are regulations of how that regulation will be undertaken and how infrastructure will then be based, wheeling charges for using transmission lines. But we are certain that when the regulations by EPRA are ready and proper guidelines are issued, that possibility will in future be there.
	34	At what rate does KenGen sell power to Kenya Power?	There is no direct answer to this question since the PPA model is structured in such a way that each power plant has an associated price. However, on average considering all the PPA signed with Kenya Power, KenGen sells electricity to Kenya Power at an average cost of Ksh 5.40 per kWh.

	35	Despite increased and availability of diverse and cheaper energy sources, we have seen the cost of power rise remarkably. Why is this so?	As the organization mandated to generate electricity through the development, management, and operation of power plants, we are keen on delivering affordable energy. It is important to note that many factors come into play when it comes to electricity pricing that require input from various agencies and stakeholders in the Ministry of Energy. The pricing of power is set by Energy and Petroleum Regulatory Authority (EPRA) and Ministry of Energy. It is, however, worth noting that we supply power based on agreed-upon power purchase agreements, which are usually revisited upon expiration.
Directors' Remuneration & Governance	36	Can Management explain how directors' remuneration is linked to company performance and shareholder returns, including the metrics used to award bonuses and how these are aligned with sustainability and long-term growth? Additionally, how does KenGen's directors' remuneration compare with industry benchmarks, is shareholder feedback considered in the remuneration approval and could a breakdown of fees, bonuses, and benefits be provided?	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. Additional information on directors' remuneration is provided in the integrated Annual report.
	37	Are there clawback provisions for underperformance?	
	38	Given the Company's financial performance this year, has there been a review of the balance between directors' remuneration and KenGen's ability to pay dividends to shareholders? Additionally, what long-term incentive plans are in place for directors, and how do these	KenGen's Board members are elected by shareholders to serve a three-year term, with eligibility for one renewal, ensuring regular rotation and continued accountability to shareholders. This structure ensures that directors focus remain aligned to the long-term health, sustainability, and success of the Company rather than personal financial incentives.

		plans ensure alignment between directors' interests and the long-term health and success of the Company?	
	39	Corporate governance: Is it time for minority shareholders to nominate at least two directors without interference from the majority shareholder/Treasury?	This is a government policy issue. Consultations will be made with the government to see if minority shareholders nomination of two directors is appropriate for KenGen adoption. Shareholders will be updated on outcome of the consultations.
Sustainability & CSR	40	CSR- What mechanisms has KenGen put in place to build capacity for the youth in the country?	The company engages interns and people that come to understudy what KenGen does. Staff capacity is also built by visiting other plants including those outside the country.
	41	What role does KenGen play in entrenching sustainability going forward?	Going green in all our aspects, moving away from fossil fuels and target to be Net zero by 2050 all enshrined in the company's strategic plan.
	42	How is KenGen contributing to increase the tree cover in Kenya?	• The Company has invested in long-term programs dedicated to sustainable environmental conservation and promoting a tree growing culture within the organization and in meeting the national tree planting agenda target. • To date KenGen has grown over 3.5 million trees with 848,000 trees planted in the FY 2023/24. • KenGen continues to grow trees through partnerships with likeminded stakeholder organization like NETFUND, NEMA, Ministry of Energy and Petroleum KEEP Project, Staff tree growing challenge where employee compete in growing trees, establishment of Tree Woodlots on Land owned by KenGen within all the business areas where 40.5 acres will be restored by planting 19,600 tree seedlings and distributing tree seedling to schools, communities, churches, youth groups among others.