

ABRIDGED STATEMENT FROM THE CHAIRMAN



Joy Brenda Masinde
Chairman, Board of Directors

I am pleased to present the Company's financial report for the year ended 30th June 2024.

During the period, the global economy showed signs of stability amidst uncertainties in inflation, geopolitical tensions, and supply chain issues that continued to affect businesses and consumers. Additionally, the period was characterised by depreciation of the Kenya Shilling against the major currencies during the first half of the year.

Despite the challenging business environment, the Company registered a profit before tax of KShs 43.67 billion for the year compared to a loss before tax of KShs 4.43 billion in the previous period. This performance was largely driven by a 21 percent increase in revenue to KShs 231.12 billion, mainly attributed to new connections and increased manufacturing activity, and strengthening of the local currency against major global currencies during the second half of the financial year.

The Company's Power Purchase and loan obligations are significantly denominated in foreign currencies, consequently, the strengthening of the Kenya Shilling had a positive impact on the financial performance through lower finance and power purchase costs.

Operating expenses increased by 24% to Kshs 46.28 billion, this increase was occasioned by higher cost of operations and maintenance of the expanded infrastructure especially in transmission, with a significant increase in wheeling charges as well as the hiring of additional technical staff to reinforce field operations. There were also foreign exchange and inflation effects on the operating costs resulting in increase of commodity/material prices.

Sustaining the Good Performance

To improve the Company's performance into the future, the Company developed its Five-Year Corporate Strategic Plan (2023/24 - 2027/28) which was launched during the first half of the year under review. The Strategic Plan outlines key focus areas centered on attaining financial sustainability, provision of customer centered services, operational excellence and strengthening of its human capital.

The Company has also developed its Sustainability Strategy which underscores its commitment to environmental, social and governance aspects. Further, we recently launched the Kenya Power Foundation, underscoring our commitment to corporate social responsibility and community investments.

Dividend

In view of the improved financial performance, the Board is delighted to recommend a first and final dividend of KShs 0.70 (previous year nil) per ordinary share for the year ended 30th June 2024, subject to withholding tax where applicable, to shareholders registered in the books of the Company at the close of business on 2nd December 2024. If approved, the dividend will be paid on or about 31st January 2025.

Conclusion

The Company is committed to inspiring our people and transforming our processes in order to create positive change in the environment within which we operate. The Board will continue to guide the Company towards achieving its mission of powering people for better lives by innovatively securing business sustainability.

Let me take this opportunity to thank our shareholders and all stakeholders for their unwavering support. I look forward to continued partnerships to steer the Company to greater prosperity.

Joy Brenda Masinde
Chairman, Board of Directors

ABRIDGED MESSAGE FROM THE MANAGING DIRECTOR & CEO



Dr. (Eng.) Joseph Siror, FIEK
Managing Director & CEO

I am delighted to present Kenya Power's business performance and operational highlights for the financial year ended 30th June 2024. In spite of constraints in supply of critical materials experienced during the first half of the financial year, the Company demonstrated remarkable resilience and adaptability, culminating in a profit of KShs 43.67 billion before tax. This commendable performance attests to our strategic focus and unwavering commitment to meeting stakeholder expectations as we deliver value to our shareholders.

Our focus remains on solidifying Kenya Power's position as the preferred energy service provider, with a strong emphasis on customer satisfaction and loyalty. Throughout the year, we continued to implement strategic initiatives across our key focus areas: sales growth, power supply reliability, customer experience, and revenue diversification.

Sales Growth

During the year, electricity unit sales grew by 2.76% to 10,516 GWh, up from 10,233 GWh the previous year. This growth was mainly supported by new customer connections and the replacement of faulty meters. The Commercial and Industrial category, as well as domestic customers, recorded the highest growth rates at 5.1% and 5.5%, respectively. Notably, sales from electric vehicle (EV) charging contributed 1.2 GWh, marking it as a promising driver of electricity demand growth.

In the year under review, the Company connected 447, 251 new customers to the grid against our target of 400,000 customers. The accelerated connectivity, which increased our customer base to 9,660,005, was supported by the deployment of a Rapid Results Initiative (RRI) in October 2023 and the availability of critical materials, especially during the second half of the year. The RRI enabled the Company to fast-track meter installation for pending and new connections across the country.

Addressing System Constraints

A stable and flexible grid is critical in our quest to adequately serve our customers and grow electricity sales. To strengthen power supply reliability, the Company increased the network length by 3% to 320,762 km from 310,618 km, mainly due to low voltage network extensions to connect new customers. To ensure the network can adequately serve growing electricity demand, the Company continued to implement various initiatives to improve system flexibility and reliability, including network refurbishment, reinforcement and preventive maintenance.

The Company is coordinating with other sector players to complete additional pivotal projects as outlined in the Least Cost Power Development Plan (LCPDP) as well as projects outlined in the Company's Distribution Masterplan which will greatly alleviate the current constraints faced by the grid.

Enhancing Customer Experience

The Company continued to implement various strategies geared towards enhancing customer interactions for an improved experience. These initiatives included public customer engagement forums, utilisation of digital self-service platforms, and strategic customer expositions. During the year, the number of customers subscribed to our digital self-service platforms grew significantly to 2.1 million up from 1.7 million in the previous year. Consequently, the number of interactions on the USSD *977# and the MyPower App increased to 19.89 million

and 15.76 million respectively. The increased utilisation of the digital platforms resulted in a substantial reduction of foot traffic in our banking halls by nearly 75%. These initiatives are geared towards transforming the Company into a smart utility that leverages technology and innovation to enhance efficiency and service delivery.

Going Forward

To sustain investor and stakeholder confidence, we shall endeavour to strengthen the fundamentals that support our business growth and profitability. Over the medium term, our focus is to implement high-impact projects and initiatives as outlined in our Strategic Plan and ensure that they are adequately resourced as we foster a culture of operational excellence that drives business growth.

Appreciation

I take this opportunity to thank our esteemed customers, the Board and the employees for their unwavering support during the year. Together, we will continue to drive Kenya Power towards a brighter and more sustainable future.

Dr. (Eng.) Joseph Siror, FIEK
Managing Director & CEO

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN to Shareholders that, the 103rd Annual General Meeting of The Kenya Power and Lighting Company PLC, will be held via electronic communication on Friday, 29th November 2024 at 11.00am to conduct the following business:

- To read the Notice convening the Meeting and note the presence of a quorum.
- To receive, consider and adopt the Company's Audited Financial Statements for the year ended 30th June 2024, together with the Chairman's, Directors' and Auditors' Reports thereon.
- To approve payment of a first and final dividend of Kshs. 0.70 per ordinary share, subject to withholding tax where applicable, in respect of the year ended 30th June 2024.
- Directors:
 - (i) Caleb Manyaga
 - (ii) Albert Mugo
 - (iii) Humphrey Muho
 - (iv) Ezekiel Saina
- In accordance with the provisions of Section 769 of the Companies Act 2015, the following Directors will be required to be elected to serve as members of the Board Audit Committee:
 - (i) Caleb Manyaga
 - (ii) Albert Mugo
 - (iii) Humphrey Muho
 - (iv) Ezekiel Saina
- To approve payment of fees to non-executive Directors for the year ended 30th June 2024.
- 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 her in accordance with section 23 of The Public Audit Act, 2015.
 - To authorise the Directors to fix the Auditors' remuneration.

Eng. James Rege who retires by rotation in accordance with Article 26 of the Company's Articles of Association and, being eligible, offers himself to be re-elected and retained as a director, being over the age of seventy (70) years.

SPECIAL BUSINESS

- To authorise the Directors to approve and implement Company policies which have been developed pursuant to provisions of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 as follows: Board remuneration policy; Effective communication with stakeholders policy; Corporate disclosure policies and procedures; Dispute resolution for internal and external disputes policy; and policy on ensuring attraction and retention of board members.

- To consider any other business for which due notice has been given.

By Order of the Board

Imelda Bore
Company Secretary
7th November 2024

NOTES:

- Registration for the AGM
Shareholders wishing to participate in the meeting should register for the AGM using either of the following means:
 - Dialling *483*903# on their mobile telephone and following the various prompts on the registration process or;
 - Send an email request to be registered to kplcagm@image.co.ke providing their details i.e., Name, Passport/ID No., CDS No. and Mobile telephone number requesting to be registered. Image Registrars shall register the shareholder and send them an email notification once registered.
 - Shareholders with email addresses will receive a registration link via email through which they can use to register.
 - 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: +254709170000 / 709170041 from 8.00am to 5.00pm from Monday to Friday. Shareholders outside Kenya may dial the helpline number for assistance during registration.
- Registration for the AGM opens on 7th November 2024 at 9.00am and will close on 27th November 2024 at 11.00am. Shareholders will not be able to register after this time.
 - In accordance with Article 85 of the Company's Articles of Association, the following documents may be viewed on the Company's website <https://www.kplc.co.ke/img/full/AGM2024.zip>
 - Copy of this Notice and the Proxy Form.
 - The Company's Annual Report & Audited Financial Statements for the year ended 30th June 2024.
 - Any shareholder who is entitled to attend and vote at the AGM may appoint a proxy to attend and vote in his/her stead. Such proxy need not be a member of the Company. Please visit the Company's website for further details on the voting process and/or access the Proxy Form.

A Proxy Form can also be obtained from the Company's website <https://www.kplc.co.ke/img/full/AGM2024.zip> or from Image Registrars Limited, Absa Towers, 5th Floor, Loita Street, P. O. Box 9287 - 00100, Nairobi, Kenya. Shareholders unable to attend the AGM have the option to complete and return the Proxy Form to Image Registrars Limited, or to KPLC's Shares' Registry on 2nd floor, Stima Plaza, Parklands by 27th November 2024 at 11:00am.

Duly signed proxy forms may also be emailed to kplcagm@image.co.ke in PDF format. A proxy form must be signed by the appointer or his duly authorised attorney 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 authorised attorney of such body corporate.

- Shareholders wishing to raise any question or clarifications regarding the AGM may do so by sending their written questions:
 - To kplcagm@image.co.ke; or
 - By dialling USSD code *483*903# and selecting the option (Ask Question) on the prompts; or

(c) To the extent possible, shareholders may also physically deliver or post their written questions, with a return physical, postal or email address, to the registered office of the Company (KPLC's Shares' Registry) or P.O. Box 30099 - 00100, Nairobi, or to Image Registrars offices at P. O. Box 9287 - 00100, Nairobi, Kenya.

Shareholders must provide their full details (full names, National ID/Passport Number/CDSC or clarifications.

(v) 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.

(vi) 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, twenty-four (24) hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one (1) hour before the AGM, as a reminder that the AGM will begin in one hour and providing a link to the livestream.

(vii) Shareholders and proxies following the proceedings, via the livestream platform, may access the agenda and vote when prompted by the Chairman via *483*903# or via the AGM weblink.

(viii) Results of the resolutions voted on will be published on the Company's website <https://www.kplc.co.ke/img/full/AGM2024.zip> within twenty-four (24) hours following conclusion of the AGM.

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	Kshs Million	Kshs Million
Cash generated from operating activities	28,374	32,651
Net Cash used in investing activities	(24,837)	(13,760)
Net Cash generated from financing activities	(11,208)	(8,593)
Increase in cash and cash equivalents	(7,671)	10,298
Cash and cash equivalents at beginning of year	18,430	8,081
Effect of foreign exchange rate changes on cash and cash equivalents	(406)	51
Cash and cash equivalents at close of year	10,353	18,430

SUMMARY OF THE REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 30 JUNE, 2024

The report 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 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.

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.

A. REPORT ON THE FINANCIAL STATEMENTS

Opinion

Having audited the financial statements of The Kenya Power and Lighting Company PLC which comprise of the statement of financial position as at 30 June, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. The Auditor-General obtained all the information and explanations which, to the best of her knowledge and belief, were necessary for the purpose of the audit.

In the Auditor-General's opinion, the financial statements present fairly, in all material respects, the financial position of The Kenya Power and Lighting Company PLC as at 30 June, 2024, 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 Companies Act, 2015 and the Public Finance Management Act, 2012.

Emphasis of Matter

1. Sixteen parcels of land in various locations valued at Kshs. 29.72 million which the Company had no title deeds.

B. REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCE

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of this report, Auditor General confirms that, nothing else has come to her attention to cause her to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Procurement of Goods and Services
 - 1.1 Unsupported Decline in Value of Leased Land
 - 1.2 Un-procedural Procurement of Off-Grid Generation Fuel
2. Human Resource
 - 2.1 Payment of Acting Allowances Beyond Allowable Period
 - 2.2 Non-compliance With The One-Third Basic Salary Rule
 - 2.3 Non-Authentication of Academic Qualifications for Employees
3. Non-Compliance with Age Limit Requirement for Appointment to Board.
4. Penalties on Overdue Invoices
5. Comparative Cost of Power Purchase Between KenGen and Independent Power Producers
6. Failure to Prepare Financial Statements for a Donor Project

C. 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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of this report, the Auditor-General confirms that, nothing else has come to her attention to cause her to believe that internal controls, risk management and overall governance, were not effective.

Basis for Conclusion

1. Long Outstanding Receivables From Government Entities
2. Outstanding Rent
3. Delays In Completion of Customer electricity Connection Projects
4. Weaknesses in Project Management
5. Weaknesses in Electricity Consumption Billings
6. Network Inefficiencies
 - 6.1 Power Losses
 - 6.2 Instabilities in the Power Supply Network
7. Weaknesses in Management of Risks

*The full report of the Auditor-General can be accessed from the Company's website, www.kplc.co.ke

NOTICE

CLOSURE OF REGISTERS 4% & 7% CUMULATIVE PREFERENCE SHARES

Notice is hereby given that the half-yearly dividends due on 31st December 2024 on the above shares will, subject to Withholding Tax where applicable be paid on the due date to shareholders registered in the books of the Company at the close of business on Monday, 2nd December 2024.

SUMMARY FINANCIAL STATEMENTS

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	Kshs Million	Kshs Million
Revenue from contracts with customers	231,124	190,975
Cost of sales	(150,606)	(143,576)
Gross Margin	80,518	47,399
Other income	7,250	9,096
Operating costs	(46,278)	(37,282)
Operating Profit	41,490	19,213
Interest income	1,494	507
Finance costs	682	(24,154)
Profit/ (Loss) Before Tax	43,666	(4,434)
Income tax expense	(13,586)	1,241
Profit/(Loss) After Tax	30,080	(3,193)
Other comprehensive income	391	403
Total comprehensive income for the year	30,471	(2,790)
Basic and diluted earnings per share (Kshs)	15.41	(1.64)

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	2024	2023
	Kshs Million	Kshs Million
Assets		
Property, plant and equipment	275,775	267,974
Other Non-current assets	4,256	4,709
Current assets	78,055	81,042
	358,086	353,725
Equity and Liabilities		
Shareholders' equity	87,314	56,843
Non-current liabilities	165,278	164,607
Current liabilities	105,494	132,275
	358,086	353,725