Kenya Power

Integrated Annual Report

and Financial Statements for the Year Ended 30th June 2024

Energising a Sustainable Future

Kenya Power Air Mobile Unit

This team that works under the Transmission Department, Network Management Division is deployed to monitor, repair, and maintain the Company's high-voltage lines using helicopters


DC 28 V
GROUND
POWER

1 | ABOUT THIS REPORT

The Kenya Power and Lighting Company Plc Integrated Annual Report and Financial Statements covers the period 1st July 2023 to 30th June 2024. This Report will be considered for adoption by shareholders at the 103rd Annual General Meeting to be held on 29th November 2024. The Report is prepared under the guidance of the Board of Directors who are accountable for the accuracy and completeness of its content.

Report Guidelines

In preparation of this Report, the Board seeks to provide an objective view of the business performance and disclosure of any material matter for consideration by shareholders. The content development process is guided by applicable legal and regulatory requirements including the Companies Act 2015, International Financial Reporting Standards (IFRS), Global

> **"This Report contains potential key matters that were identified through a broad range of processes, from engagement with our stakeholders to our own internal processes such as risk management and considering international trends"**

James Kimani | Telelogger Operator, Ruaraka Complex
Kimani's key role is to ensure effective distribution of materials in our Ruaraka store yard

Reporting Initiative (GRI), Public Audit Act 2015, The Code of Corporate Governance for State Corporations (Mwongozo Code), The Capital Markets Act and applicable regulations namely; The Capital Markets Authority's Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, The Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 as well as global best practices.

Peter Yegon and Callen Buruchara | Live Line Team, Nairobi

They maintain power lines without switching off customers

Scope of the Report

This Report gives an overview of our financial, operational, business sustainability and governance performance for the year ended 30th June 2024. In addition, the report articulates our corporate governance framework.

Material Issues

Material issues are those that are likely to impact on our ability to achieve our goals and objectives and the sustainability of our business. This Report contains potential key matters that were identified through a broad range of processes, from engagement with our stakeholders to our own internal processes such as risk management and considering international trends. Material events up to the date of publishing this Report have been incorporated.

Feedback

We appreciate your feedback on this report for improvement in future reporting. Please forward suggestions to **integratedreport@kplc.co.ke.**

CORPORATE INFORMATION

Background Information

The Kenya Power and Lighting Company Plc, is a public limited company domiciled in the Republic of Kenya. The Company was incorporated on 6th January 1922, as East Africa Power and Lighting Company Limited. The Company changed its name on 11th October 1983.

The Government of Kenya has a controlling shareholding of 50.1% with other investors holding 49.9% of the ordinary shares. The Kenya Power shares have been listed on the Nairobi Securities Exchange since 1954.

Principal Activities

The core business of the Company continues to be the transmission, distribution and retail of electricity. Kenya Power's key mandate is to plan for sufficient electricity generation and transmission capacity to meet demand; build and maintain the power distribution and transmission network and retail electricity to its customers.

Mission

Powering people for better lives by innovatively securing business sustainability

By striving to provide world-class products and services that delight our customers and transform lives as we ensure viability of our business.

Vision

Energy solutions provider of choice

By becoming the preferred energy solution for businesses and individuals, we empower our customers to achieve more and reach their full potential

Core Values

- We put our **customers first** as they matter most
- We work together as **one team** to achieve our goals
- We are **passionate** about powering the nation
- We believe in **integrity** and delivering on our promises
- We strive for **excellence** in all that we do
- We are **accountable** to our customers and stakeholders

DIRECTORS

Joy Brenda Masinde	Chairman
Dr. (Eng.) Joseph Siror, FIEK	Managing Director & CEO
Hon. CPA John Mbadi, EGH	Cabinet Secretary, National Treasury & Economic Planning Appointed to the Cabinet on 7th August 2024
Prof. Njuguna Ndung'u, EGH	Cabinet Secretary, National Treasury & Economic Planning Ceased to be a Director on 7th August 2024
Alex Wachira, CBS	Principal Secretary, Ministry of Energy and Petroleum, State Department of Energy
Eng. Albert Mugo	Board Member
Logan Hambrick	Board Member
Eng. James Rege, CBS	Elected on 8th December 2023
Ezekiel Saina, HSC	Elected on 8th December 2023
CPA Dr. Caleb B. Manyaga	Elected on 8th December 2023
Ruth Muiruri	Elected on 8th December 2023
Humphrey Muhu	Alternate Director to Cabinet Secretary, National Treasury & Economic Planning
Eng. Isaac Kiva, MBS	Appointed as the Alternate Director to Principal Secretary, State Department of Energy on 25th April 2024
Eng. Benson Mwakina	Ceased as alternate Director to Principal Secretary, State Department of Energy on 25th April 2024
Veska Kangongo	Ceased to be a Director on 8th December 2023
Kairo Thuo	Ceased to be a Director on 8th December 2023
Dr. Duncan Ojwang	Ceased to be a Director on 8th December 2023

COMPANY SECRETARY

Imelda Bore
Certified Secretary (Kenya)
P.O. Box 30099 – 00100, Nairobi

REGISTERED OFFICE

Stima Plaza
Kolobot Road, Parklands
P.O. Box 30099 – 00100, Nairobi

BANKERS

Standard Chartered Bank Kenya Plc
Harambee Avenue
P.O. Box 20063 – 00200, Nairobi

Kenya Commercial Bank Plc
Moi Avenue
P.O. Box 30081 – 00100, Nairobi

The Co-operative Bank of Kenya Plc
Stima Plaza
P.O. Box 48231 – 00100, Nairobi

Stanbic Bank Plc
Kenyatta Avenue
P.O. Box 30550 – 00100, Nairobi

Citi N.A.
Upper Hill Road
P.O. Box 30711 – 00100, Nairobi

Equity Bank Kenya Plc
Hospital Road
P.O. Box 75104 – 00100, Nairobi

NCBA Bank Kenya Plc
Mara Rd. Upper hill
P.O. Box 44599 – 00100, Nairobi

Absa Bank Kenya Plc
Absa Headquarters, Waiyaki Way
P.O. Box 30120 – 00100, Nairobi

PRINCIPAL AUDITOR

The Auditor-General
Anniversary Towers
P.O. Box 30084 – 00100, Nairobi

PRINCIPAL LEGAL ADVISOR

Dentons Hamilton Harrison & Mathews
Delta Office Suites, Waiyaki Way
P.O. Box 30333 – 00100, Nairobi

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Board Members

From left: Logan Hambrick, Dr. (Eng.) Joseph Siror, Humphrey Muhu, Ezekiel Saina, Joy Brenda Masinde (Chairman), Ruth Muiruri, CPA Dr. Caleb B. Manyaga, Eng. Albert Mugo, Imelda Bore (Company Secretary). Not in the picture Eng. James Rege and Eng. Isaac Kiva

2.1 | BOARD PROFILE

Joy Brenda Masinde

Chairman of the Board of Directors

Joy Mdivo (47 years) is an advocate of the High Court of Kenya of 22 years standing. She is the Executive Director of the East Africa Centre for Law and Justice, EACLJ, a position she has held for the last 14 years. She is also the Proprietor of Masinde Mdivo and Associates.

She currently serves on several boards, including the Africa International University Council, the Integrated Aid Services (IAS-Kenya) and the Deliverance Church Umoja Council.

Previously, Ms. Mdivo was the Executive Director of the Christian Legal Education Aid and Research, CLEAR Kenya, the Legal Aid branch of the Kenya Christian Lawyers Fellowship. Ms. Mdivo has served the Nation in the Kenyan Judiciary for six years starting as a District Magistrate, rising through the rank of Senior Resident Magistrate before her resignation from public service.

Ms. Mdivo is a former Council Member of the Law Society of Kenya, Nairobi Branch. She is a member of East Afrca Law Society, the Kenya Christian Professionals Forum and the Kenya Christian Lawyers Fellowship. She joined the Board and was appointed as the Chairman on 16th December 2022.

Dr. (Eng.) Joseph Siror, FIEK

Managing Director & Chief Executive Officer

Dr. (Eng.) Joseph Siror (59 years) was appointed as the Managing Director & Chief Executive Officer on 2nd May 2023. Prior to his appointment, Dr. Siror was the General Manager in charge of Technical Services at the Kenya Electricity Transmission Company (KETRACO). He has experience spanning over 30 years in diverse business portfolios, ranging from telecommunications (Kenya Posts & Telecommunication Corporation); revenue administration (Kenya Revenue Authority); policy development (NESC), manufacturing (Firestone East Africa), Information and Communication Technology and Energy Transmission.

Dr. (Eng.) Siror holds a Doctor of Philosophy (PhD) degree in Engineering from Shanghai Jiaotong University (China) majoring in Radio Frequency Identification (RFID), a Master of Business Administration (MBA) degree and a Bachelor of Science (BSc) in Electrical Engineering degree from the University of Nairobi. He also holds a Bachelor of Law degree from the University of London and a Postgraduate Certificate in Applied Radiation Protection from the University of Nairobi.

Dr. (Eng.) Siror is a member of the Institute of Electrical and Electronics Engineers (IEEE) and a licensed Professional Electrical Engineer with the Engineers Board of Kenya (EBK). He is also a Fellow of the Institute of Engineers of Kenya (FIEK).

BOARD PROFILE

Hon. CPA John Mbadi, EGH

Cabinet Secretary, The National Treasury and Economic Planning

Hon. CPA John Mbadi (53 years) is the Cabinet Secretary for the National Treasury and Economic Planning. He was appointed to the Cabinet on 7th August 2024.

Before his appointment, Hon. Mbadi had an extensive career in public service, most recently serving as a nominated Member of Parliament (MP) and the Chairperson of the Public Accounts Committee in the National Assembly.

Hon. Mbadi has a rich history in legislative leadership, having served as the elected MP for Suba South Constituency, Suba Constituency, and Gwassi Constituency. His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly.

Throughout his parliamentary tenure, he was a member of numerous key committees, including the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee, Public Accounts Committee, Public Investments Committee, Constitutional Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.

In addition to his political and legislative accomplishments, he is a seasoned finance professional with 28 years of experience. He has held the position of Accountant at the University of Nairobi and served as the Chair of Medair East Africa.

Hon. Mbadi holds a Bachelor of Commerce degree with a specialization in Accounting from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.

Hon. Mbadi's contributions have been recognized with honours such as the Chief of the Order of the Burning Spear (CBS) and Elder of the Order of the Golden Heart of Kenya (EGH).

His skills span planning, budgeting, financial analysis, accounting, economics, and community development, complemented by strong leadership, effective communication, and interpersonal skills. His areas of interest include politics, reading, and soccer.

BOARD PROFILE

Alex Wachira, CBS

Principal Secretary, Ministry of Energy & Petroleum, State Department of Energy

Alex Wachira (42 years) was appointed the Principal Secretary, Ministry of Energy & Petroleum, State Department of Energy on 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.

Eng. James Rege, CBS

Independent Director

Eng. James Rege (76 years) is a distinguished leader recognized for his exceptional ability to drive projects towards achieving financial performance and strategic objectives. His extensive career showcases his strong leadership, particularly in his roles as a Member of Parliament for Karachuonyo Constituency and Chairman of Kenya Electricity Transmission Company (KETRACO).

Noteworthy accolades include a Lifetime ICT Achievement Award, induction into the Canada Chapter of ICT Hall of Fame, and the establishment of critical legal frameworks for the Ministry of ICT in the Government of Kenya. As Chairman of Energy and ICT in Parliament, Eng. Rege was instrumental in shaping national policies and legislative strategies that influenced both domestic and global ICT and energy landscapes. He has a proven track record in policy development, strategic negotiations, and the implementation of transformative legislative strategies across 48 countries. His expertise has also been pivotal in successful licensure negotiations that have benefited both public and private sectors. Currently, he serves as a Member of the Executive Board and President at SkyMax Network, furthering his influence in global connectivity solutions.

Eng. Rege holds a Bachelor of Science in Electrical Engineering (BSEE) from West Virginia University. He is currently advancing his expertise through Business Management studies at Harvard University Business School and pursuing a Master of Science in Electrical Engineering at George Washington University. Eng. James Rege joined the Board on 8th December 2023, and his leadership continues to inspire innovation and sustainable growth in the energy and ICT sectors.

BOARD PROFILE

Eng. Albert Mugo

Independent Director

Eng. Mugo (67 years) has over 40 years of experience in the energy sector, including 10 years in operations and maintenance of power systems and over 20 years in planning and development of the generation and transmission of electricity supply. From 2008-2017 he held senior positions at Kenya Electricity Generating Company, the largest power producer in Kenya, serving as Managing Director & CEO from 2014 to 2017. As Business Development and Strategy Director, he spearheaded several major projects, including 120 MW Kipevu III power plant in Mombasa and over 370 MW of geothermal capacity development in Olkaria between 2008 and 2013. Previously, he worked at the Kenya Pipeline Company before joining the Kenya Power and Lighting Company for 28 years, where he rose to the position of Chief Engineer in Corporate Planning and later became Power System Development Manager. Eng. Mugo serves on the Boards of Africa 50 and Rusumo Power Company. He previously served on the Board of the Stima Sacco DT.

Eng. Mugo holds a Bachelor of Science degree in Electrical Engineering and a Masters of Business Administration degree in Strategic Management from the University of Nairobi. He undertook an Advanced Management Program in Strathmore and has trained in various management and leadership courses including The Effective Director, Corporate Governance, Mwongozo Code of Conduct among others. He is a registered Engineer, member of the Institution of Engineers of Kenya and Institute of Directors, Kenya. Eng. Mugo is a certified professional mediator and qualified Executive Coach. He has passion for leadership and governance as well as Energy development. Eng. Mugo joined the Board on 16th December 2022.

Logan Hambrick

Independent Director

Logan Christi Hambrick (44 years) is an advocate called to the New York bar. She is a graduate of the George Washington University Law School in Washington, DC (juris doctor) and also of Furman University in South Carolina (Bachelors in Political Science).

She holds more than fifteen years' experience working in areas of criminal justice, international humanitarian law, human rights, and complex investigations. She has worked at international criminal tribunals in Freetown (Sierra Leone), The Hague (Netherlands), and Arusha (Tanzania). Currently she is a consultant for the High Level Mediation for South Sudan.

Additionally, Logan has experience in gender policy, NGO management, corporate governance and labor law, organization change management programs, and the healthcare industry. Logan joined the Board on 16th December 2022.

BOARD PROFILE

Ezekiel Saina, HSC

Independent Director

Ezekiel Saina (65 years) brings a robust blend of expertise in corporate leadership and technology, aligning with over two decades of experience at the Kenya Revenue Authority (KRA). He is the holder of a Masters of Business Administration (MBA) degree in Strategic Management from Strathmore Business School, Bachelor of Science (Hons) degree and a Post-Graduate Diploma in Computer Science from the University of Nairobi. He was a key player and catalyst in driving tax reform programmes, through major change programmes that entailed implementation of large corporate projects leveraging on technology to support business operations of national impact.

With extensive certifications in leadership, project management, IT governance, business process re-engineering and risk management, his tenure at KRA involved strategic roles in ICT, finance, procurement, and human resources. He played a pivotal role in optimizing technology for revenue collection systems, receiving accolades for innovative application of technology. He was a member of the National Task Force that developed the National ICT Master Plan 2017. His background showcases a profound commitment to driving change, fostering efficiency, and shaping impactful strategies across diverse organisational domains. Mr. Saina's contributions have been recognized with honours such as the Head of State Commendation (HSC). Ezekiel joined the Board on 8th December 2023.

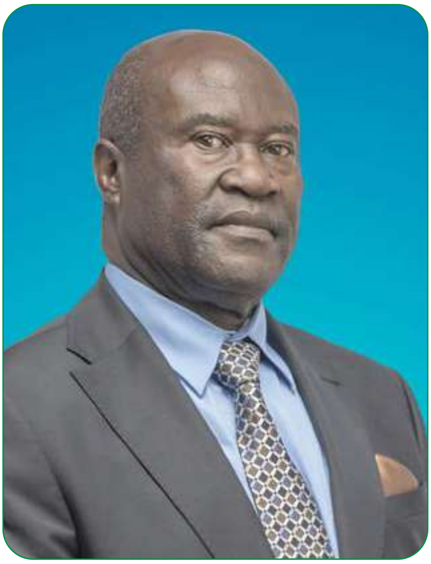
Ruth Muiruri

Independent Director

Ruth Muiruri (42 years) is a proficient legal professional with a robust career history that showcases her adeptness in leadership, business strategy, and risk management. She has had diverse responsibilities ranging from contract negotiation and debt collection to strategic planning, risk management and compliance. These include roles as Head of Legal at Kenya Mortgage Refinance Company Limited and Guaranty Trust Bank (Kenya) Limited. She is currently the Managing Partner and Head of Commercial, Conveyancing, and Financial Services at Waithira Tanui & Co Advocates.

Ms. Muiruri holds a Bachelor of Laws (LLB) from the University of Nairobi, Post Graduate Diploma in Law from Kenya School of Law and is pursuing a Masters in Business Administration (MBA), with a focus on Strategic Management, at the United States International University (USIU). She is also a member of the Law Society of Kenya and East African Law Society. Beyond her professional endeavours, Ms. Muiruri actively engages in community service, serving on several boards and contributing to legal aid clinics, exemplifying a holistic commitment to her profession and society. Ms. Muiruri joined the Board on 8th December 2023.

BOARD PROFILE



CPA Dr. Caleb B. Manyaga

Independent Director

Caleb Manyaga (69 years) is a finance expert with over three decades of experience in strategic management, finance, and accounting.

He holds a PhD in Business Administration from Jomo Kenyatta University of Agriculture and Technology, an MBA in Financial Management from the University of Strathclyde UK, and a BSc in Business Administration from the United States International University-Africa.

With a proven track record in managing multi-billion projects, negotiating financing agreements and expertise in financial reporting, cash flow management and budgetary control, his career highlights include serving as Finance Manager at Kenya Pipeline Company Limited.

Additionally, he has held diverse leadership roles in different organizations, serving as a Director, Treasurer, Secretary General and actively engaging in cooperative movements and church leadership roles. Alongside his corporate achievements, he has been an adjunct lecturer in esteemed universities, contributing insights into investments, financial markets and corporate finance. He is the Chairman of the Board of the Kenya Pipeline Pensioners Association. CPA Dr. Caleb joined the Board on 8th December 2023.

Humphrey Muhu

Alternate Director to Cabinet Secretary, National Treasury & Economic Planning

Humphrey Muhu (60 years) holds a Bachelor of Science (Mathematics & Statistics) from Kenyatta University, Bachelor of Philosophy (Economics) and a Master of Arts in Economics from the University of Nairobi.

He also holds a Diploma in Financial Management from KCA University. Mr. Muhu is an Economist with over 30 years' experience in various government ministries and departments.

He joined the Board on 25th June 2021 as Alternate Director to the Cabinet Secretary, the National Treasury & Economic Planning.

BOARD PROFILE

Eng. Isaac Kiva, MBS

Alternate Director, Principal Secretary, State Department for Energy, Ministry of Energy and Petroleum

Eng. Isaac Kiva (56 years) is the Secretary for Renewable Energy at the State Department for Energy. He heads the Directorate charged with policy formulation, and promotion of development and utilization of renewable energy, including facilitation of private sector investment.

Eng. Kiva has a Master of Science degree in Energy Technology from JKUAT, and a Bachelor's degree in Electrical Engineering from the University of Nairobi. He has published in the field of energy access through decentralized systems (mini-grids).

Eng. Kiva has wide experience in public sector management, having worked in energy and senior Government positions for over 20 years. He is a registered Professional Engineer with Engineer's Board of Kenya, a Fellow of the Institution of Engineers of Kenya and a Gold member of the Association of Energy Professionals East Africa. He is also the Chairman of the Board of the East African Centre of Renewable Energy and Efficiency (EACREE).Eng. Kiva joined the Board on 25th April 2024 as an Alternate Director, Principal Secretary, Ministry of Energy & Petroleum, State Department of Energy.

Imelda Bore

General Manager, Legal Services, Regulatory Affairs & Company Secretary

Imelda Bore is the Secretary to the Board of Directors. She holds a Bachelor of Laws (LLB) from Moi University and Master of Laws (LLM) (Public Finance) from the University of Nairobi. Additionally, she holds a Diploma in Law from the Kenya School of Law and a Higher Diploma in Human Resource Management.

She is an Advocate of the High Court of Kenya with over 20 years, post admission experience, a Commissioner for Oaths and a Notary Public.

Imelda joined Kenya Power in November 2008 having previously worked at the State Law Office as a Litigation Counsel. She is an active member of the Law Society of Kenya, a Certified Secretary CPS (K) and an associate member of the Chartered Institute of Arbitrators.

Nelson Wachira | Operations & Maintenance, Ruiru

Nelson is part of a team in Kiambu that undertakes repairs and other works on the distribution network in the county

2.2 | EXECUTIVE MANAGEMENT

Managing Director & CEO
Dr. (Eng.) Joseph Siror, FIEK
B.Sc (Elec. Eng.), LL.B, MBA, PhD, R. Eng., FIEK, MIEEE

General Manager, Legal, Regulator Affairs & Company Secretary
Imelda Bore
LL.B, LL.M, Dip(Law), H.Dip (HR), CPS(K), AMCIArb

General Manager, Business Strategy
Eng. Aggrey Machasio
B.Sc (Elec. Tech.), MBA, R. Eng., MIEK, MIEEE

Ag. General Manager, Infrastructure Development
Eng. Kennedy Owino
B.Sc (Elec. Eng.), M.Sc, MA,
R. Eng., MIEK, CPM

Ag. General Manager, Power Planning and Purchase
John Ihuthia
Bachelor of Commerce (Hons)

General Manager, Network Management
Eng. David Mutitu Kamau
B.Sc (Elec. Eng.), R. Eng., MIEK

General Manager, Commercial Services & Sales
Eng. Rosemary Oduor
BTech. (Elec & Comms.) MBA, R.Eng. MIEK

EXECUTIVE MANAGEMENT

General Manager, Regional Coordination
Geoffrey Wasua Muli
B.Sc (Elec. Eng.), MBA, R. Eng., MIEK

General Manager, Finance
Stephen Vikiru
B.Com (Finance), MBA, CPA (K)

General Manager, Supply Chain & Logistics
Dr. John Ngeno, OGW
B.Com, M.Sc Procurement, PhD Business Management

General Manager, ICT
Robert Mugo
B.Sc (Elec. Eng), MBA, AMP

General Manager, Human Resource & Administration

Cecilia Kalungu-Uvyu

B.Sc, MBA, MCIPD

Director, Institute of Energy Studies & Research

Dr. Jeremiah Kiplagat

B.Sc (Appropriate Tech.), MSc. (Tech.), PhD (Engineering), MET

General Manager, Internal Audit

Charles Cheruiyot

B.Com (Accounting), MBA, CIA (US), CPA (K)

2.3 | REGIONAL MANAGEMENT

Regional Managers

From left: Eng. Dan Obiero, South Nyanza; Phineas Marete, Regional Manager, Coast; Eng. Ezra Kamau Ndenderu, Regional Manager, North Eastern; Eng. Kennedy Ogalo, Regional Manager, Western; Eng. Hicks Waswa, Regional Manager, Nairobi; Eng. Mary Kirui, Regional Manager, North Rift; Daniel Kipkoech, Regional Manager, Central Rift; and Eng. Dr. Ariel Mutegi, Regional Manager, Mt. Kenya

A view of the Nairobi Expressway looking into Westlands from the Nairobi Central Business District taken on November 4, 2024 at 6:34 p.m.

KENYA POWER©

3 | MESSAGE FROM THE CHAIRMAN

21%

increase in revenue and strengthening of the local currency against major global currencies in the second half of the financial year

Dear Shareholders,
I am pleased to preside over my second Annual General Meeting as the Chairman of the Board of Directors. As you will recall, the current Board was reconstituted at the last AGM held on 8^{th} December 2023, with the aim of ensuring fair representation of both the majority and minority shareholders in the Board in line with best corporate governance practices and specifically to give a voice to our minority shareholders.

Stabilising the Business

Upon assuming office, the Board was confronted with several challenges that hampered the Company's business operations, chief among them being service delivery constraints arising from inadequacy of human and material resources. The Company was also experiencing high employee attrition especially arising from retirements and resignations of highly skilled staff in the crucial functions. Additionally, there was a shortage of critical materials, particularly transformers and meters, mainly due to the spillover effects of protracted procurement litigations from the previous year and rising metal prices in the international market, which are essential components in the manufacture of transformers, meters, and conductors.

To address these challenges, the Board promptly instituted short-term measures to resolve the bottlenecks affecting the availability of critical materials and formed an ad hoc committee to advise on retaining critical skills and rejuvenating the workforce.

Return to Profitability

The period was also characterised by volatile foreign exchange rates affecting the performance of the Company, given that most of our power purchase contracts and our loan obligations are denominated in foreign currency. Notably, over the last five years, the Kenya Shilling depreciated by up to 54 percent against the US Dollar.

Despite the challenging business environment evidenced by the depreciation of the Kenyan Shilling, which began in 2021 and continued to February 2024, the Company registered a profit before tax of KShs 43.666 billion for the year ended 30^{th} June 2024 compared to a loss before tax of KShs 4.434 billion in the previous period.

This performance was largely driven by a 21 percent increase in revenue and strengthening of the local currency against major global currencies in the second half of the financial year. Given that the Company's major financial obligations are primarily denominated in foreign currencies, this shift in exchange rates positively impacted our financial performance.

Sustaining the Good Performance

To improve Company performance in the medium to long term, the Board fast-tracked the development of the Five-Year Corporate Strategic Plan which was launched during the first half of the year under review. The Plan outlines key focus areas centered on attaining financial sustainability, provision of customer centered service, operational excellence and strengthening of our human capital.

> **"Despite the challenging business environment evidenced by the depreciation of the Kenyan Shilling, which began in 2021 and continued to February 2024, the Company registered a profit before tax of KShs 43.666 billion for the year ended 30^{th} June 2024 compared to a loss before tax of KShs 4.434 billion in the previous period"**

MESSAGE FROM THE CHAIRMAN

> **To improve Company performance in the medium to long term, the Board fast-tracked the development of the Five-Year Corporate Strategic Plan which was launched during the first half of the year under review. The Plan outlines key focus areas centered on attaining financial sustainability, provision of customer centered service, operational excellence and strengthening of our human capital**

43.7b

Profit before tax achieved by KPLC despite a challenging environment

The Corporate Strategic Plan also aims to integrate sustainability in all our business operations. In line with this, the Board guided the development of the recently launched sustainability strategy, demonstrating the Company's commitment to sustainable business practices encompassing environmental, social and governance aspects.

In addition, we launched the Kenya Power Foundation, underscoring our commitment to corporate social responsibility and community investments. As a result of the adopted sustainability principles, this is our first integrated annual report, providing a holistic view of the Company's performance.

Dividends and Shareholder Returns

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.

In determining the proposed dividend, several factors were considered, including the implementation of our strategic plan which requires significant resources to enhance reliability, settle outstanding obligations, drive revenue growth, address the current negative working capital and ensure financial sustainability.

Board Changes

At the last AGM, shareholders elected four new Directors to represent Class A shareholders for ordinary shares held other than those held by the National Treasury. They are Eng. James Rege, Ruth Muiruri, CPA Dr. Caleb B. Manyaga and Ezekiel Saina. The National Treasury, designated as Class B shareholder, appointed the Cabinet Secretary, National Treasury; the Principal Secretary, State Department of Energy as Directors in addition to Logan Hambrick, Eng. Albert Mugo and myself, Joy Brenda Masinde to the Board.

I wish to thank former Directors Kairo Thuo, Veska Kangogo and Dr. Duncan Ojwang who served diligently up to the first half of the year.

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 toward achieving its mission of powering people for better lives by innovatively securing business sustainability.

Let me take this opportunity to thank our shareholders, the Board, the management team, employees, 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

3 | UJUMBE KUTOKA KWA MWENYEKITI

21%

ongezeko la mapato na kuimarika kwa Shilingi ya Kenya dhidi ya sarafu kuu za kimataifa katika nusu ya pili ya mwaka wa kifedha

Wenyehisa Wapendwa,

Ni furaha yangu kuongoza Mkutano Mkuu wa Pili wa Kila Mwaka nikiwa Mwenyekiti wa Bodi ya Wakurugenzi. Iwapo mtakumbuka, Bodi ya sasa iliundwa upya kwenye Mkutano Mkuu wa Kila Mwaka uliofanyika tarehe 8 Desemba 2023, kwa lengo la kuhakikisha uwakilishi wenye usawa kati ya wenyehisa walio wengi na wachache katika Bodi kwa mujibu wa kanuni bora za uongozi wa Kampuni, na hasa kuwapa sauti wanahisa wetu walio wachache.

Kuimarisha Biashara

Baada ya kuchukua usukani, Bodi ilikabiliwa na changamoto kadhaa ambazo zililemaza shughuli za kibiashara za Kampuni, baadhi zikiwa vikwazo vya utoaji huduma vilivyotokana na uhaba wa wafanyakazi, na nyenzo za kufanyia kazi. Kampuni pia ilikumbwa na changamoto ya wafanyakazi hasa kutokana na kustaafu, na kujiuzulu kwa wafanyakazi wenye ujuzi wanaotekeleza majukumu muhimu.

Zaidi ya hayo, kulikuwa na uhaba wa vifaa muhimu, hasa transfoma na mita, kutokana na athari za mizozo ya muda mrefu ya ununuzi kutoka mwaka uliopita na kupanda kwa bei ya vyuma katika soko la kimataifa, ambavyo ni kiungo muhimu katika utengenezaji wa transfoma, mita na makondakta.

Ili kukabiliana na changamoto hizi, Bodi ilichukua mara moja hatua za muda mfupi za kutatua vikwazo vinavyoathiri upatikanaji wa nyenzo muhimu na kuunda kamati ya dharura kutoa ushauri kuhusu namna ya kudumisha wahudumu wenye vipaji na kuimarisha utendakazi.

Kupatikana kwa Faida

Kipindi hicho pia kilishuhudia hali tete ya viwango vya ubadilishaji wa fedha za kigeni vilivyoathiri utendakazi wa Kampuni, ikizingatiwa kwamba kandarasi zetu nyingi za ununuzi wa kawi na wajibu wetu wa mkopo hutekelezwa kwa fedha za kigeni. Kwa hakika, katika kipindi cha miaka mitano iliyopita, Shilingi ya Kenya ilishuka thamani kwa hadi asilimia 54 dhidi ya Dola ya Amerika.

Licha ya mazingira magumu ya kibiashara yaliyothibitishwa na kudorora kwa thamani ya Shilingi ya Kenya, ambayo ilianza mwaka wa 2021 na kuendelea hadi Februari 2024, Kampuni ilipata faida kabla ya ushuru ya Kshs 43.67 bilioni kwa mwaka uliokamilika Juni 30, 2024 ikilinganishwa na hasara kabla ya ushuru ya Kshs 4.43 bilioni katika kipindi cha awali.

Matokeo hayo yalichangiwa kwa kiasi kikubwa na ongezeko la asilimia 21 la mapato na kuimarika kwa Shilingi ya Kenya dhidi ya sarafu kuu za kimataifa katika nusu ya pili ya mwaka wa kifedha. Ikizingatiwa kwamba dhima kuu za kifedha za Kampuni kimsingi zinajumuishwa katika sarafu za kigeni, mabadiliko haya ya viwango vya ubadilishaji yaliathiri kwa njia nzuri matokeo yetu ya kifedha.

"Licha ya mazingira magumu ya kibiashara yaliyothibitishwa na kudorora kwa thamani ya Shilingi ya Kenya, ambayo ilianza mwaka wa 2021 na kuendelea hadi Februari 2024, Kampuni ilipata faida kabla ya ushuru ya Kshs 43.67 bilioni kwa mwaka uliokamilika Juni 30, 2024 ikilinganishwa na hasara kabla ya ushuru ya Kshs 4.43 bilioni katika kipindi cha awali"

UJUMBE KUTOKA KWA MWENYEKITI

Ili kuboresha utendakazi wa Kampuni kwa sasa na katika siku zijazo, Bodi iliharakisha uundaji wa Mpango Mkakati wa Biashara wa Miaka Mitano ambao ulizinduliwa katika nusu ya kwanza ya mwaka unaoangaziwa. Mpango huu unaainisha maeneo makuu ya kuzingatia yaliyojikita katika kufikia uendelevu wa kifedha, utoaji wa huduma zinazozingatia wateja, ubora wa uendeshaji, na uimarishaji wa rasilimali za wafanyakazi

43.7b

Faida kabla ya ushuru

Kudumisha Matokeo hayo Mazuri

Ili kuboresha utendakazi wa Kampuni kwa sasa na katika siku zijazo, Bodi iliharakisha uundaji wa Mpango Mkakati wa Biashara wa Miaka Mitano ambao ulizinduliwa katika nusu ya kwanza ya mwaka unaoangaziwa. Mpango huu unaainisha maeneo makuu ya kuzingatia yaliyojikita katika kufikia uendelevu wa kifedha, utoaji wa huduma zinazozingatia wateja, ubora wa uendeshaji, na uimarishaji wa rasilimali za wafanyakazi.

Mpango mkakati wa Kampuni pia unalenga kujumuisha uendelevu katika shughuli zetu zote za kibiashara. Sambamba na hili, Bodi iliongoza uundaji wa mkakati endelevu uliozinduliwa hivi majuzi, ikionyesha kujitolea kwa Kampuni kukumbatia mazoea endelevu ya biashara yanayojumuisha nyanja za mazingira, kijamii na utawala.

Vilevile, tulizindua Wakfu wa Kenya Power, tukisisitiza kujitolea kwetu kwa uwajibikaji wa Kampuni kwa jamii na uwekezaji wa jamii. Kutokana na kanuni za uendelevu zilizopitishwa, hii ni ripoti yetu ya kwanza ya mwaka iliyounganishwa, inayotoa mtazamo mpana wa utendakazi wa Kampuni.

Mgao wa Faida na Mapato ya Wenyehisa

Kutokana na matokeo haya bora ya kifedha, Bodi ina furaha kupendekeza mgao wa kwanza na wa mwisho wa Kshs 0.70 (mwaka uliopita ulikuwa bila) kwa kila hisa ya kawaida kwa mwaka uliokamilika Juni 30, 2024, kutegemea ushuru unaotozwa na serikali utakapo hitajika, kwa wanahisa walioandikishwa kwenye sajili ya Kampuni kufikia Desemba 2, 2024. Ikiidhinishwa, basi mgao huo utalipwa mnamo Januari 31, 2025.

Katika kubainisha mgao uliopendekezwa, mambo kadhaa yalizingatiwa, ikiwa ni pamoja na utekelezaji wa mpango mkakati wetu ambao unahitaji rasilimali muhimu ili kutegemewa katika siku zijazo, kutekeleza majukumu ambayo hayajakamilika, kukuza ukuaji wa mapato, kuongeza mtaji mdogo wa sasa wa kufanyia kazi, na kuhakikisha uendelevu wa kifedha.

Mabadiliko kwenye Bodi

Katika Mkutano Mkuu uliopita, wenyehisa walichagua Wakurugenzi wapya wanne kuwakilisha wenyehisa wa Daraja A kwa hisa za kawaida isipokuwa zile zinazomilikiwa na Hazina ya Kitaifa. Hao ni pamoja na Mhandisi James Rege, Ruth Muiruri, CPA Dkt. Caleb B. Manyaga na Ezekiel Saina. Hazina ya Kitaifa, iliyoainishwa kama mwenyehisa wa Daraja B, ilimteua Waziri wa Hazina ya Kitaifa; Katibu wa Idara ya Nishati kama Wakurugenzi na Logan Hambrick; Mhandisi Albert Mugo pamoja nami Joy Brenda Masinde, kwenye Bodi.

Ningependa kuwashukuru Wakurugenzi wa zamani Kairo Thuo, Veska Kangogo na Dkt. Duncan Ojwang ambao walihudumu kwa bidii hadi nusu ya kwanza ya mwaka.

Hitimisho

Kampuni imejitolea kuwatia shime watu wetu na kubadilisha taratibu zetu ili kuleta mabadiliko chanya katika mazingira tunamofanyia kazi. Bodi itaendelea kuongoza Kampuni kufikia dhamira yake ya kuwawezesha watu kuboresha maisha yao kwa kupata uendelevu wa kibiashara kwa ubunifu.

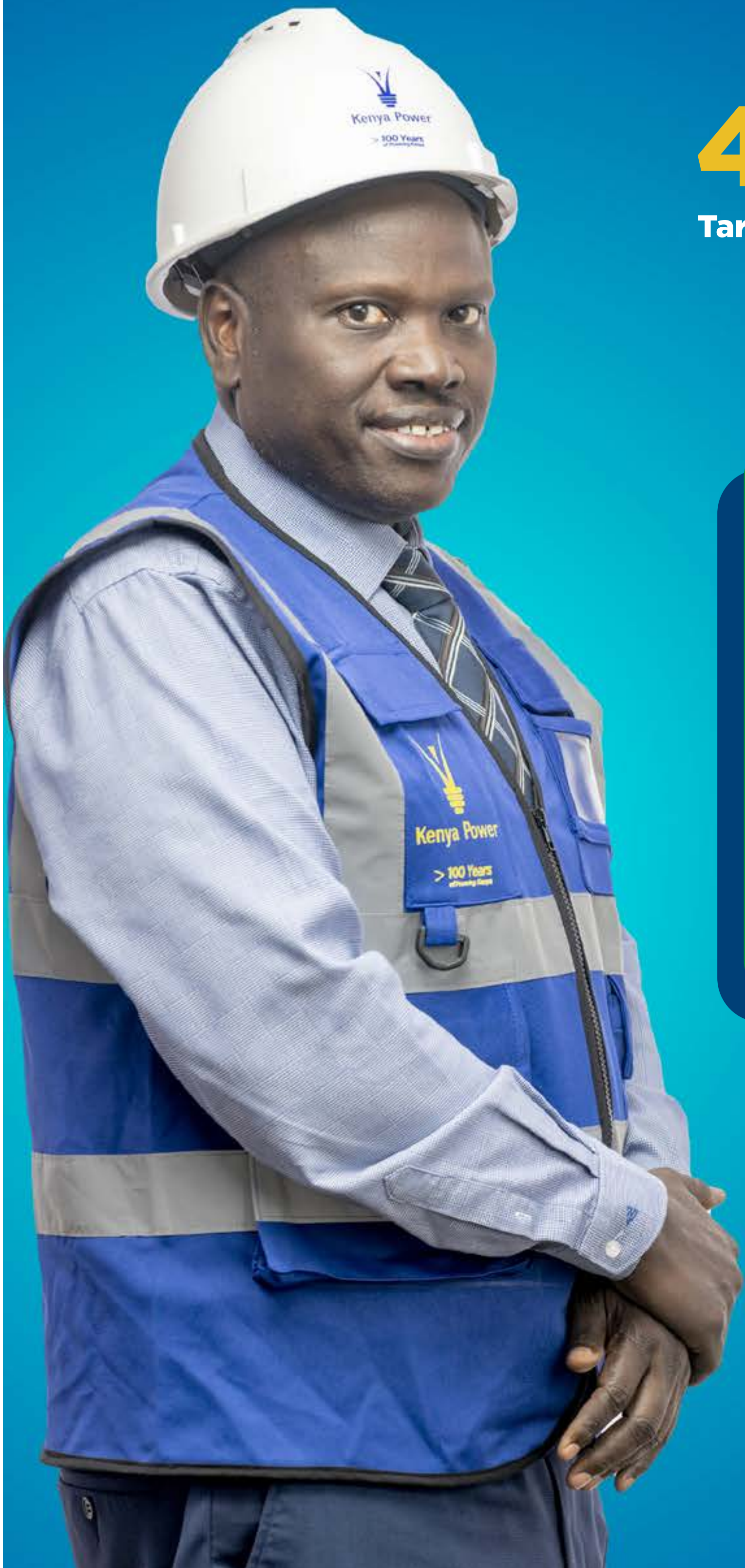
Nachukua fursa hii kushukuru wenyehisa wetu, Bodi, kikosi cha wasimamizi, wafanyakazi na washikadau wote kwa mchango wao usioyumba. Ninaazimia kuendeleza ushirikiano huu ili kuielekeza Kampuni kwenye ufanisi hata zaidi.

Joy Brenda Masinde
Mwenyekiti, Bodi ya Wakurugenzi

Nelson Wachira and Kelvin Lyianga | Operations & Maintenance, Ruiru

Nelson and Kelvin are part of a team in Kiambu that undertakes repairs and other works on the distribution network in the county

4 | MESSAGE FROM MANAGING DIRECTOR & CEO



4 Million

Target of additional customers to be connected by 2030

> **The Company connected 447,251 new customers to the grid against our target of 400,000 customers, surpassing the connectivity target for the year by 12 percent**

MESSAGE FROM MANAGING DIRECTOR & CEO

Esteemed Shareholders,

I am delighted to present Kenya Power's business performance and operational highlights for the financial year ended 30th June 2024. This period was marked by currency volatility and constraints in material and human resources, yet we have demonstrated remarkable resilience and adaptability, culminating in a profit of KShs 43.666 billion. This stands in stark contrast to the previous period when the Company reported a loss of KShs 4.434 billion due to increased finance costs and credit losses.

The positive financial results were primarily driven by improved revenue growth, supported by increased electricity unit sales and the successful implementation of a cost-reflective tariff regime that aligns our pricing with market realities. Additionally, a favourable foreign exchange rate environment significantly reduced finance costs, markedly improving our financial position compared to the previous year. This performance attests to our strategic focus and unwavering commitment to meeting stakeholder expectations as we deliver value to our shareholders, even amidst external pressures.

Fast-tracking New Connections

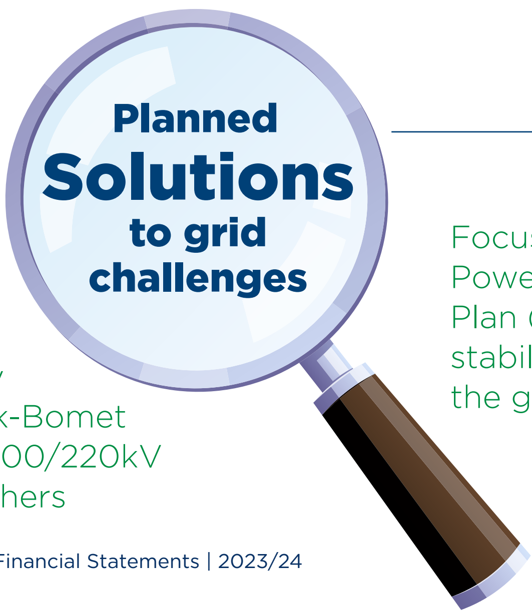
The Company connected 447,251 new customers to the grid against our target of 400,000 customers, surpassing the connectivity target for the year by 12 percent.

The accelerated connectivity, which increased our customer base to 9,660,005 was supported by the availability of critical materials during the period and the subsequent deployment of a Rapid Results Initiative (RRI) in October 2023. The RRI enabled the Company to fast-track meter installation for pending and new connections across the country. We will sustain this connectivity drive towards attaining universal access to electricity, with an additional four million customers targeted to be connected by the year 2030.

Addressing System Constraints

A stable and flexible grid is critical in our quest to adequately serve our customers and grow electricity sales. It is the backbone upon which our economy is anchored, supporting the country's energy demand totalling 13,684 GWh as at the end of the year. The country's network spans a total of 310,618 km, of which 9,589 km is the transmission network and 301,029 km is the distribution network.

Currently, urban centres constitute the bulk of electricity consumption, with Nairobi and its environs being the major load centre. Due to this clustering of demand, transmission constraints between major generation and consumption hubs arise, leading to increased system instability and inflexibility while also contributing to system losses.



Focus on Least Cost Power Development Plan (LCPDP) to stabilize and expand the grid

Completion of key projects like Narok-Bomet 132kV, Mariakani 400/220kV substation, and others

Delays in the completion of major transmission projects have severely impacted the stability of our grid, negatively affecting our ability to adequately meet our customers' demand. These projects include the Narok-Bomet 132kV, Sondu-Ndhiwa 132kV and the Isiolo-Nanyuki 132 kV lines, as well as critical installations such as the Mariakani 400/220 kV substation. These transmission constraints resulted in four system-wide disruptions, and as the grid continues to expand, the effects of these disruptions may adversely affect our business and the economy.

We also face a constrained distribution network characterised by ageing infrastructure, encroachments on our wayleave traces and inflexibility due to the radial structure of our power lines. We are also experiencing overloading of our distribution network arising from unplanned developments and third-party interferences, which often contribute to equipment failures, especially transformers. These constraints resulted in localised disruptions within the distribution network, unmet customer expectations and increased unserved energy, leading to loss of sales, increased system losses, and higher maintenance costs.

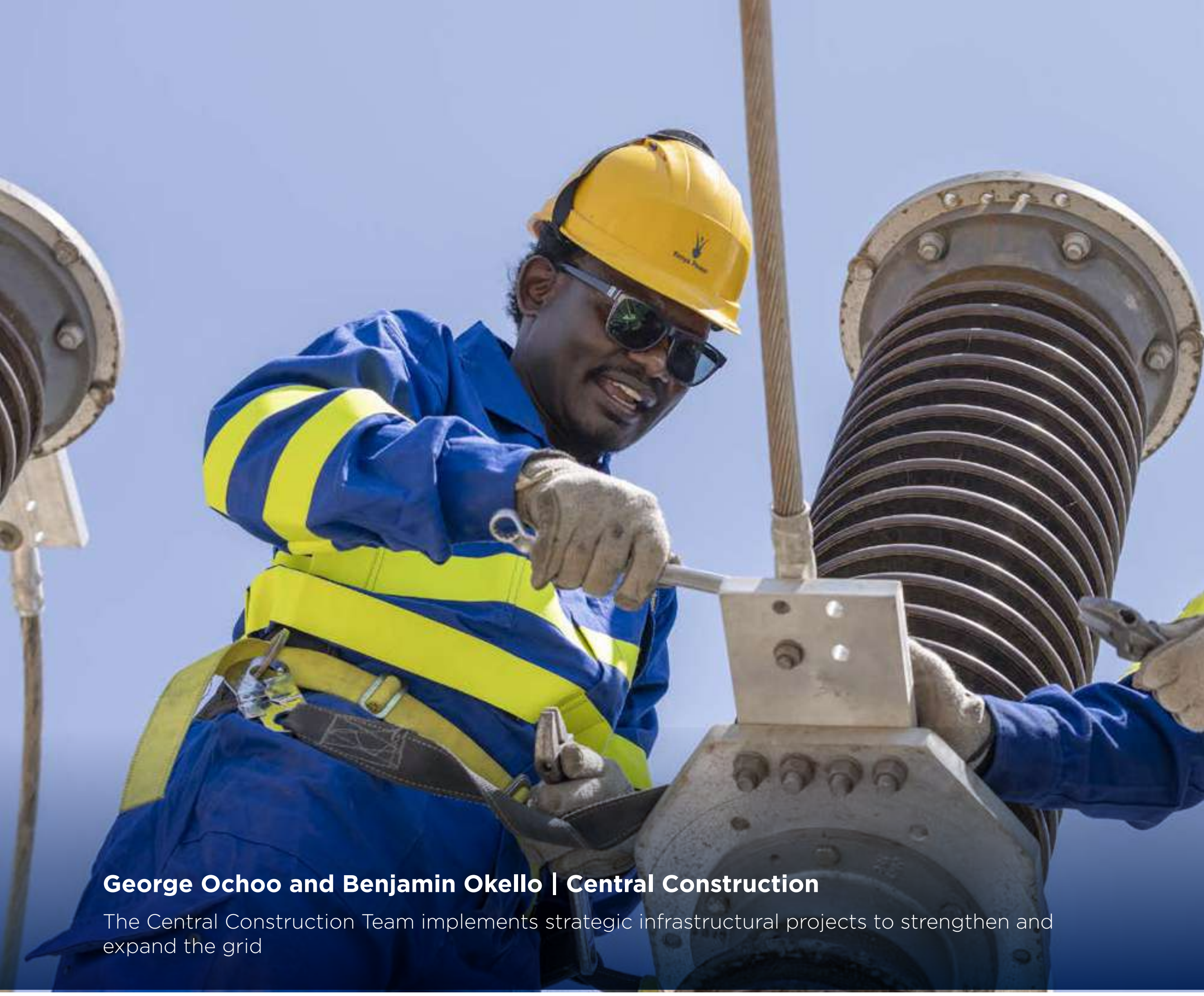
I am confident that the completion of planned transmission projects as outlined in the Least Cost Power Development Plan (LCPDP) and projects in the Company's distribution masterplan will greatly alleviate the current constraints faced by the grid.

Recently commissioned transmission projects such as the Olkaria II-Lessos and the Turkwel-Ortum 220kV lines have improved power supply flexibility in the western part of the country. The Company is coordinating with other sector players to complete additional pivotal projects.

Furthermore, continued refurbishment and reinforcement of the distribution network will enhance supply quality for customers across the country while reducing system-wide losses from 23.16 percent as of the end of the year.

+12%

Connections to 447,251 new customers, surpassing our target of 400,000 for the year



George Ochoo and Benjamin Okello | Central Construction

The Central Construction Team implements strategic infrastructural projects to strengthen and expand the grid

> **A well-established, resourced, skilled and motivated workforce is key to the achievement of our business aspirations as we deliver on our mandate. Recognising that we operate and manage an extensive grid, having an optimal staff establishment is paramount**

Employee Productivity and Welfare

A well-established, resourced, skilled, and motivated workforce is key to the achievement of our business aspirations as we deliver on our mandate. Recognising that we operate and manage an extensive grid, having an optimal staff establishment is paramount. Over the last five years, 2,234 number of staff have exited the Company due to natural attrition, with projected 488 retirements over the next two years.

For this reason, the Company is implementing a three-year manpower development plan that will address staffing gaps and succession planning while prioritising critical skills. Under this plan, the Company hired 846 employees to fill resource gaps in key customer-facing functions towards bridging the current staffing deficit of 2,981 employees.

This brought the total number of employees to 10,437 as of the end of the review period.

To improve employee productivity, the Company implemented various initiatives to address employee welfare, build capacity, and provide appropriate tools and a conducive work environment. Towards this, we reviewed the remuneration of our unionisable employees through the Collective Bargaining Agreement and provided a cost-of-living adjustment for the management staff. Further, we enhanced our employees' medical benefits, implemented wellness programmes, and conducted various training programmes to upskill them.

The various initiatives implemented by the Company paid off, as demonstrated by an improved employee engagement index of 69 percent, up from 62 percent the previous year.

Promoting Ethics and Integrity

The Company is committed to transforming its corporate culture by upholding the highest standards of ethics and integrity in all our operations, aligned with our comprehensive policies on these principles. We have zero tolerance for fraud, corruption, and bribery and we take strict disciplinary action against any employee engaged in such unethical behaviour. To demonstrate our resolve, 49 employees were dismissed for contravening the Company's Code of Ethics.

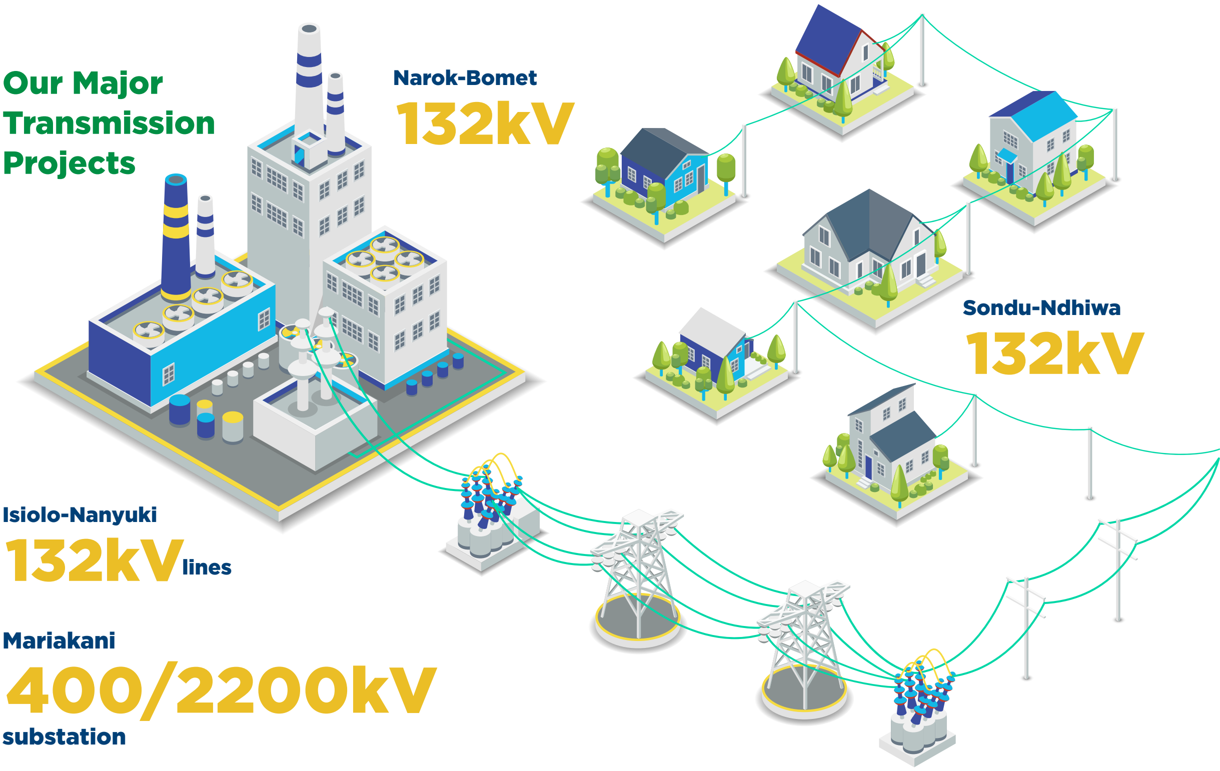
Additionally, to reinforce our commitment, we actively sensitise our staff on the importance of adhering to the Code of Ethics. We also raise awareness among our customers about malpractices such as bribery, meter tampering, bypassing and illegal power connections. These malpractices not only violate ethical standards but also contravene the law and the Company will work with the relevant authorities to prosecute individuals engaged in these illegal activities.

Strengthening Stakeholder Relationships

Strategic engagements are crucial in strengthening the relationship between the Company and its stakeholders. During the year under review, the Company carried out engagements with various stakeholders, including Parliament, regulatory authorities, consumer associations, sector agencies, power producers, financiers and the media. These forums provided opportunities for the Company to enlist stakeholder support towards the realisation of our aspirations.

Further, the engagements offered a platform to demonstrate the Company's commitment to addressing customer concerns while enlisting their support in the fight against vandalism and other illegal activities within the network that undermine the quality of power supply. The Company will continue engaging its stakeholders to advocate for measures that enhance our service delivery and promote balance within the overall energy landscape in Kenya.

Our Major Transmission Projects



Consequently, our corporate reputation index, which measures perceptions of our brand by different stakeholders, improved to 63 percent from 61 percent the previous year.

Roadmap to Smart Utility

During the year, the Company developed a new Corporate Strategic Plan covering the medium-term period up to June 2028. The plan aims to deliver projects and initiatives that strengthen the Company's competitive advantage, its financial health, improve power supply reliability and efficiency and increase access to electricity across the country.

The Company is focused on pursuing specific objectives aligned with four strategic areas: financial sustainability, customer centricity, operational excellence and human capital, ensuring that overall goals are achieved within established timelines.

The financial sustainability focus area aims to transform the Company into a commercially viable entity with solid operating profits to provide predictable returns to shareholders.
This will be accomplished through initiatives aimed at increasing sales, optimizing working capital and prudently managing costs, thus increasing profitability.

In positioning the Company as a customer-centric organisation, initiatives will be implemented to enhance customer experience by addressing significant issues such as supply outages, ease of access to our services and information and the turnaround time for new connections.

To improve operational excellence, the focus will be on enhancing power supply quality and reliability, increasing business effectiveness and optimising network efficiency.

Additionally, we are working towards transforming the Company into a smart utility that leverages technology and innovation to enhance efficiency and service delivery. This transformation will involve inspiring staff to adopt effective processes and plans. Our strategic commitment includes enhancing workforce productivity, improving employee experience, and fostering a supportive work environment.

The plan also places sustainability and climate change at the core of business practices, aligning the Company's sustainability strategy with these objectives.

Technology to Drive Efficiency

The Company recognises that a robust Information and Communication Technology (ICT) platform is critical in delivering the customer-focus and operational excellence pillars of our strategic plan. In light of this, the Company has adopted a holistic approach in its revamped ICT strategy to achieve digital transformation.

The strategy identifies the Enterprise Architecture and Business Process Re-engineering (EA&BPR) project as a critical enabler of this digital transformation.

The EA&BPR project, which began during the period, will deliver a modern ICT platform that aligns the current and future needs of our business and integrates all our information systems and assets towards operational efficiency and productivity.

9.6m

Our customer base as at end of June 2024

The integration will also establish a business intelligence platform that would enhance our responsiveness to customer and business needs.

Going Forward

Shareholders, in the last five years, the performance of the Company's share price at the Nairobi Securities Exchange (NSE) had significantly declined. I am happy to report that the share price has recently improved remarkably owing to renewed investor confidence in the Company.

To sustain investor and stakeholder confidence, we shall endeavour to strengthen the fundamentals that support our business growth and profitability to deliver value to our shareholders. 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.

Appreciations

I take this opportunity to thank the Board, Management and Staff for their unwavering support during the year. Their dedication and commitment have been instrumental in achieving our objectives and navigating the challenges we faced. Together, we will continue to drive Kenya Power towards a brighter and more sustainable future.

May God bless Kenya Power and may God bless Kenya.

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

4 | UJUMBE KUTOKA KWA MKURUGENZI MKUU NA AFISA MKUU MTENDAJI

Milioni 4

Wateja ziada wanaolengwa kuunganishwa ifikapo 2030

> **"Kampuni iliunganisha wateja wapya 447,251 kwenye gridi ya taifa dhidi ya lengo letu la wateja 400,000, na kupita azma ya kuunganisha kwa mwaka kwa asilimia 12"**

Wenyehisa Wapendwa,

Nina furaha kuwasilisha utendakazi wa kibiashara wa Kenya Power na matukio muhimu kwa mwaka wa kifedha uliokamilika tarehe 30, Juni 2024. Kipindi hiki kilikumbwa na mabadiliko mengi ya sarafu na vizuizi vya nyenzo na wafanyakazi. Hata hivyo, tumedhihirisha uthabiti na uwezo wa kubadilika, na hivyo kufikia kilele cha faida ya Kshs 43.67 bilioni. Hali hii ni tofauti kabisa na kipindi cha awali ambapo Kampuni ilipata hasara ya Kshs 4.43 bilioni kutokana na kuongezeka kwa gharama za kifedha na hasara ya mikopo.

Matokeo chanya ya kifedha yalichochewa hasa na ukuaji wa mapato ulioboreshwa, pamoja na kuongezeka kwa mauzo ya umeme, na utekelezaji ufaao wa utaratibu wa ushuru wa kuakisi gharama ambao unalinganisha bei zetu na hali halisi ya soko.

Zaidi ya hayo, mazingira mazuri ya kiwango cha ubadilishaji wa fedha za kigeni yalipunguza gharama za kifedha kwa kiasi kikubwa, hivyo kuboresha hali yetu ya kifedha ikilinganishwa na mwaka uliotangulia. Utendaji huu unathibitisha umakini wetu wa kimkakati na kujitolea bila kuchelea kukidhi matarajio ya washikadau tunapotoa thamani kwa wenyehisa wetu, hata tunapokumbana na shinikizo kutoka nje.

Kuharakisha Usambazaji Mpya

Kampuni iliunganisha wateja wapya 447,251 kwenye gridi ya taifa dhidi ya lengo letu la wateja 400,000, na kupita azma ya kuunganisha kwa mwaka kwa asilimia 12. Uunganishaji ulioharakishwa, ambao uliongeza idadi ya wateja wetu hadi 9,660,005, ulichochewa na upatikanaji wa nyenzo muhimu katika kipindi hicho na kutumika kwa Mpango wa Matokeo ya Haraka (RRI) mnamo Oktoba 2023. RRI iliwezesha Kampuni kuharakisha uwekaji wa mita kwa wateja wanaosubiri na wale wapya kote nchini. Tutadumisha msukumo huu wa kuunganisha wateja wapya kuelekea kwa ruwaza ya kufikia upatikanaji wa umeme kwa wote, huku wateja wengine milioni nne wakilengwa kuunganishwa ifikapo mwaka wa 2030.

Kutatua Vikwazo vya Mitambo

Gridi thabiti na inayopanulika ni muhimu katika azma yetu ya kuwahudumia ipasavyo wateja wetu na kukuza mauzo ya umeme. Ni uti wa mgongo ambao uchumi wetu umetegemea, kusaidia mahitaji ya nishati nchini ya jumla ya GWh13,684 kufikia mwisho wa mwaka. Mtandao wa nchi una jumla ya kilomita 310,618, ambapo kilomita 9,589 ni mtandao wa usafirishaji na kilomita 301,029 ukiwa ni mtandao wa usambazaji.

Kwa sasa, vituo vya mijini vinajumuisha sehemu kubwa ya matumizi ya umeme, huku Nairobi na viunga vyake vikiwa kituo kikuu kinachotumia umeme mwingi zaidi. Kutokana na mkusanyiko huu wa mahitaji, vikwazo vya upokezaji kati ya vituo vikubwa vya uzalishaji na vitovu vya matumizi hutokea, na kusababisha kuongezeka kwa kuyumba kwa mfumo na kutobadilika huku pia vikichangia hasara za mfumo.

Patrick Mwau na Ambrose Waore | Kitengo cha wanahewa wanaokagua mitandao wa umeme

Ucheleweshaji wa kukamilika kwa miradi mikuu ya usambazaji wa umeme umeathiri pakubwa uthabiti wa gridi yetu, na kuathiri vibaya uwezo wetu wa kukidhi mahitaji ya wateja wetu ipasavyo. Miradi hii ni pamoja na Narok-Bomet 132kV, Sondu-Ndhiwa 132kV, na Isiolo-Nanyuki 132kV, pamoja na mitambo muhimu kama vile kituo kidogo cha Mariakani 400/220kV. Vikwazo hivi vya usambazaji vilisababisha kukatika kwa mfumo mzima mara nne, na kadri gridi ya taifa inavyoendelea kupanuka, ndivyo athari za usumbufu huu zinaweza kuathiri vibaya biashara na uchumi wetu.

Pia tunakabiliwa na mapungufu kwenye mtandao wetu wa usambazaji kutokana na muundo msingi uliozeeka, uvamizi wa ardhi ya kujenga milingoti na kutobadilika kwa sababu ya muundo wa mviringo wa nyaya zetu za nishati. Vilevile, tunakumbwa na upakiaji kupita kiasi wa mtandao wetu wa usambazaji unaotokana na maendeleo yasiyopangwa na kuingiliwa na wahusika wengine, hali ambayo mara nyingi huchangia kuharibika kwa vifaa, hasa transfoma. Vingiti hivi vilisababisha usumbufu uliojanibishwa ndani ya mtandao wa usambazaji, matarajio ya

wateja ambayo hayajafikiwa, na kuongezeka kwa nishati ambayo haijatumika, na kusababisha hasara ya mauzo, kuongezeka kwa hasara za mfumo na gharama kubwa za urekebishaji.

Nina imani kwamba kukamilika kwa miradi iliyopangwa ya usambazaji kama ilivyoainishwa katika Mpango wa Ustawishaji Umeme wa Gharama ya Chini (LCPDP) na miradi katika mpango mkuu wa usambazaji wa Kampuni kutapunguza kwa kiasi kikubwa vikwazo vya sasa vinavyokabili gridi ya taifa. Miradi ya usambazaji umeme iliyozinduliwa hivi majuzi kama vile Olkaria II-Lessos na njia za Turkwel-Ortum 220kV imeboresha uwezo wetu wa usambazaji wa umeme katika eneo la magharibi mwa nchi. Kampuni inashirikiana na wahusika wengine katika sekta mbalimbali kukamilisha miradi muhimu ya ziada.

Zaidi ya hayo, uboreshaji unaoendelea na uimarishaji wa mtandao wa usambazaji utaongeza ubora wa ugavi wa umeme kwa wateja kote nchini huku ukipunguza hasara ya mfumo mzima kutoka asilimia 23.16 kufikia mwisho wa mwaka. Maelezo ya ziada kuhusu miradi ya kuboresha utegemeaji wa gridi ya taifa yametolewa katika ripoti hii.

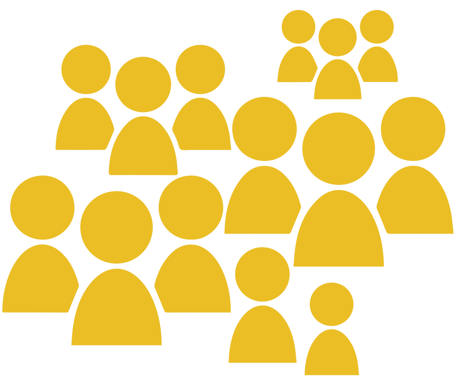
UJUMBE KUTOKA KWA MKURUGENZI MKUU NA AFISA MKUU MTENDAJI

Tija na Maslahi ya Wafanyakazi

Wafanyakazi wa kutosha, walio na ujuzi na motisha ni muhimu katika kufanikisha matarajio yetu ya kibiashara tunapotekeleza majukumu yetu. Kwa kutambua kwamba tunaendesha na kusimamia gridi pana ya taifa, kuwa na idadi ya kutosha ya wafanyakazi ni muhimu. Katika kipindi cha miaka mitano iliyopita, wafanyakazi 2,234 wameondoka katika Kampuni kwa sababu ya kufariki na kustaafu, na kuna makadirio ya kustaafu kwa wafanyakazi 488 wengine katika kipindi cha miaka miwili ijayo.

Kwa sababu hii, Kampuni inatekeleza mpango wa miaka mitatu wa maendeleo ya wafanyakazi ambao utashughulikia mapungufu ya wafanyakazi na upangaji wa urithi huku ikitoa kipaumbele kwa wenye ujuzi muhimu.

Chini ya mpango huu, Kampuni iliajiri wafanyakazi 846 ili kujaza mapengo ya rasilimali katika shughuli muhimu zinazowakabili wateja na kuziba pengo la sasa la wafanyakazi 2,981. Hii ilifanya jumla ya idadi ya wafanyakazi kugonga 10,437 kufikia mwisho wa kipindi tunachoangazia.



10,437

Idadi ya wafanyikazi

Ili kuboresha utendakazi wa wahudumu wetu, Kampuni ilitekeleza mipango mbalimbali ya kushughulikia maslahi ya wafanyakazi, kujenga uwezo, na kutoa nyenzo zinazofaa na mazingira ya kazi yanayofaa. Kufanikisha hili, tulitathmini upya malipo ya wafanyakazi wetu wanaojiunga na chama kupitia Mkataba wa Makubaliano ya Pamoja na kuzingatia gharama ya maisha katika nyongeza ya wafanyakazi wa usimamizi.

Isitoshe, tuliboresha huduma za matibabu kwa wafanyakazi wetu, kutekeleza mipango ya afya, na kuendesha programu mbalimbali za mafunzo ili kuwaongezea ujuzi.

Juhudi mbalimbali zilizotekelezwa na Kampuni zilizaa matunda, kama ilivyoonyeshwa na kuimarika kwa vigezo vya ushiriki wa wafanyakazi vya asilimia 69, kutoka asilimia 62 mwaka uliopita.

Kukuza Maadili na Uadilifu

Kampuni imejitolea kubadilisha utamaduni wake kwa kukumbatia viwango vya juu zaidi vya maadili na uadilifu katika shughuli zetu zote, zinazowiana na sera zetu kuhusu kanuni hizi. Hatukubali kabisa ulaghai, ufisadi, na hongo, na tunachukua hatua kali za kinidhamu dhidi ya mfanyakazi yeyote anayejihusisha na tabia hiyo isiyo ya kimaadili. Ili kuonyesha kujitolea kwetu kutekeleza hili, wafanyakazi 49 walifutwa kazi kwa kukiuka Kanuni za Maadili za Kampuni.

Vilevile, ili kuimarisha dhamira yetu, tunawahamasisha wafanyakazi wetu kuhusu umuhimu wa kuzingatia Kanuni za Maadili. Pia tunaongeza ufahamu miongoni mwa wateja wetu kuhusu utovu wa nidhamu kama vile kutoa hongo, kuvuruga mita, kupitisha umeme nje ya mita, na uunganisho haramu wa umeme. Makosa haya yanakiuka si tu viwango vya maadili, bali pia sheria za nchi, na Kampuni itashirikiana na mamlaka husika kuwashtaki wale wanaojihusisha na shughuli hizi haramu.

Wafanyakazi wa kutosha, walio na ujuzi na motisha ni muhimu katika kufanikisha matarajio yetu ya kibiashara tunapotekeleza majukumu yetu. Kwa kutambua kwamba tunaendesha na kusimamia gridi pana ya taifa, kuwa na idadi ya kutosha ya wafanyakazi ni muhimu

Kuimarisha mahusiano na Washikadau

Mashauriano ya mara kwa mara ni muhimu katika kuimarisha uhusiano kati ya Kampuni na washikadau wake. Katika mwaka tunaoangazia, Kampuni ilifanya mazungumzo na washikadau mbalimbali, ikiwa ni pamoja na Bunge, mamlaka za udhibiti, vyama vya wateja, mashirika ya sekta, wazalishaji wa kawi, wafadhili, na vyombo vya habari. Mabaraza haya yalitoa fursa kwa Kampuni kutafuta usaidizi wa washikadau ili kutimiza matarajio yetu.

Zaidi ya hayo, ushirikiano huo ulitoa jukwaa la kudhihirisha kujitolea kwa Kampuni kushughulikia shida za wateja huku ikipokea usaidizi wao katika vita dhidi ya uharibifu na shughuli nyingine haramu ndani ya mtandao zinazodhoofisha ubora wa usambazaji wa umeme.

Kampuni itaendelea kushirikisha washikadau wake ili kutetea hatua zinazoboresha utoaji wetu wa huduma na kukuza usawa katika mazingira ya jumla ya nishati nchini.

Kwa hivyo, mizani ya sifa ya kampuni yetu, ambayo hupima mitazamo ya nembo yetu dhidi ya wadau mbalimbali, iliimarika hadi asilimia 63 kutoka asilimia 61 mwaka uliopita.

Ramani kuelekea Shirika la Kisasa

Katika mwaka huo, Kampuni iliandaa Mpango Mkakati mpya wa Kampuni unaoshughulikia kipindi cha muda usio mrefu hadi Juni 2028. Mpango huo unalenga kutoa miradi na mipango inayoimarisha nafasi ya ushindani ya Kampuni, uwezo wake wa kifedha, kuboresha uaminifu na ufanisi wa usambazaji wa umeme, na kuongeza upatikanaji wa umeme nchini kote. Kampuni inalenga kutekeleza malengo mahususi yaliyofungamanishwa na maeneo manne ya kimkakati: uendelevu wa kifedha, umakini wa wateja, ubora wa utoaji huduma, na mtaji wa wafanyakazi ili kuhakikisha kwamba malengo ya jumla yanafikiwa ndani ya muda uliowekwa. Hatua ya kuzingatia uendelevu wa kifedha inalenga kubadilisha Kampuni kuwa shirika linalofaa kibiashara na faida thabiti za uendeshaji ili kutoa mapato yanayotabirika kwa wenyehisa. Hili litatekelezwa kupitia mipango inayolenga kuongeza mauzo, kuongeza mtaji wa kufanya kazi na kudhibiti gharama kwa uangalifu na hivyo kuongeza faida.

Katika kuiweka Kampuni kama shirika linalojali wateja wake, mipango itatekelezwa kuboresha uzoefu wa wateja kwa kushughulikia masuala yanayoudhi kama vile kukatika kwa usambazaji, urahisi wa kupata huduma na taarifa zetu, na muda wa kuunganisha mteja kwa umeme. Ili kuinua ubora wa utendakazi, lengo litakuwa kuimarisha ubora wa usambazaji wa nishati na wa kutegemewa, kuongeza ufanisi wa kibiashara, na kuboresha ufanisi wa mtandao.

Isitoshe, tunajitahidi kubadilisha Kampuni kuwa shirika mahiri linalotumia teknolojia na ubunifu ili kuimarisha ufanisi na utoaji huduma. Mabadiliko haya yatahusisha wafanyakazi wenye msukumo kupitisha michakato na mipango madhubuti. Ahadi yetu ya kimkakati ni pamoja na kuongeza tija ya wafanyakazi, kuboresha ustadi wa wafanyakazi, na kuweka mazingira yafaayo kwa kazi.

Mpango huo pia unaweka uendelevu na mabadiliko ya tabianchi katika msingi wa mazoea ya biashara, kuoanisha mkakati wa uendelevu wa Kampuni na malengo haya.

John Kenyanya | Maabara ya mita, Ruaraka
John hukagua mita za umeme kabla zifikie wateja

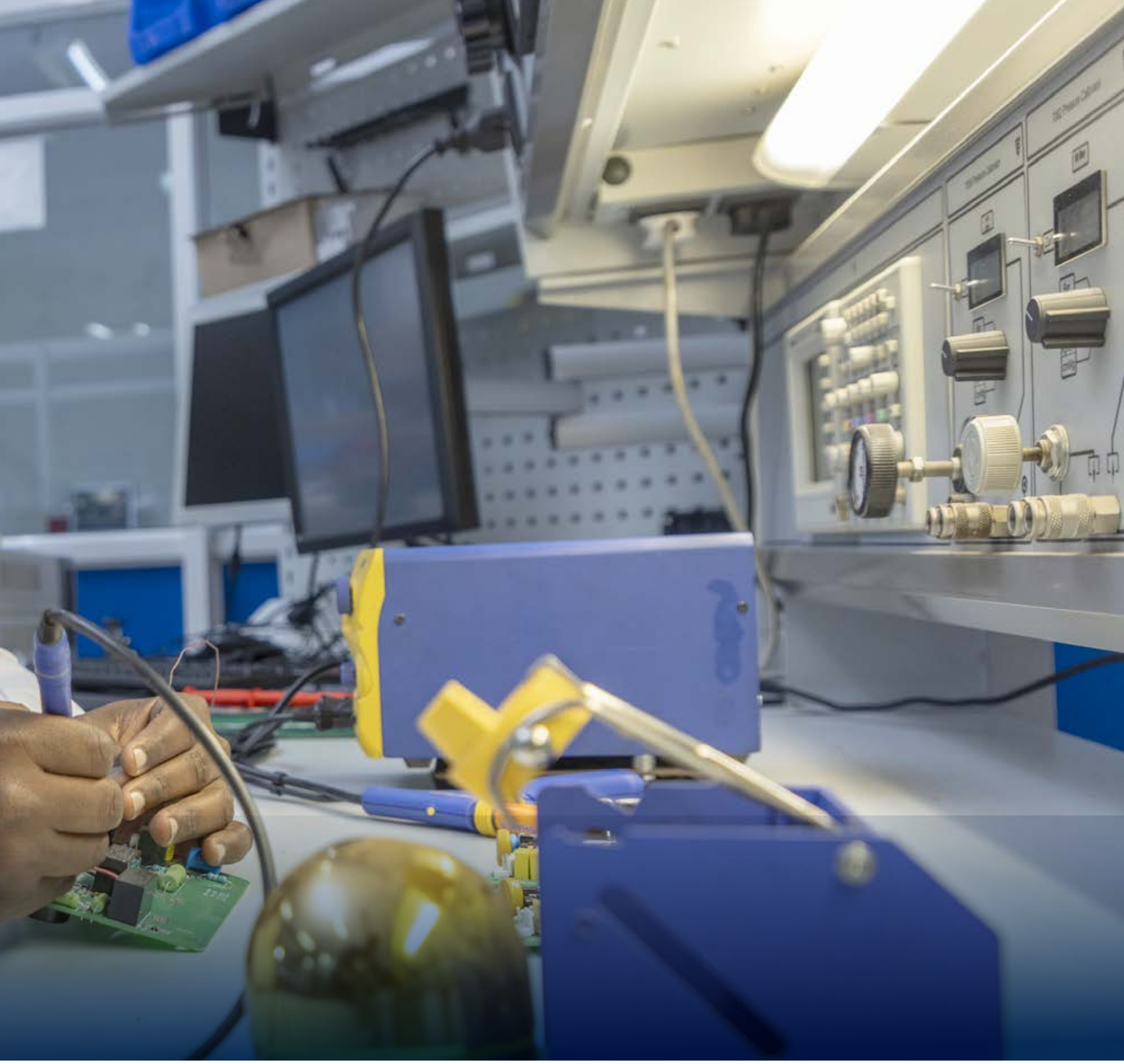
Teknolojia kuendesha Ufanisi

Kampuni inatambua kwamba, jukwaa thabiti la Teknolojia ya Habari na Mawasiliano (ICT) ni muhimu katika kufanikisha nguzo zinazozingatia wateja na utendaji bora wa mpango mkakati wetu. Kwa kuzingatia hili, Kampuni imekumbatia mbinu kamili katika mkakati wake ulioboreshwa wa ICT ili kufikia mageuzi ya kidijitali.

Mkakati huu unabainisha mradi wa Usanifu wa Biashara na Mchakato wa Uundaji Upya wa Biashara (EA&BPR) kama kiwezeshaji muhimu cha mageuzi haya ya kidijitali. Mradi wa EA&BPR, ulioanza katika kipindi hicho, utatoa jukwaa la kisasa la ICT ambalo linaoanisha mahitaji ya sasa na ya baadaye ya biashara yetu na kuunganisha mifumo yetu yote ya habari na mali kuelekea ufanisi wa kazi na tija. Ujumuishaji huo pia utaanzisha jukwaa la kupata habari muhimu za kibiashara ambalo litaimarisha mwitikio wetu kwa mahitaji ya wateja na biashara.

Kuendelea Mbele

Wenyehisa, katika miaka mitano iliyopita, bei ya hisa ya Kampuni katika Soko la Hisa la Nairobi (NSE) ilipungua kwa kiwango cha chini kabisa. Nina furaha kuripoti kwamba, bei ya hisa imeimarika pakubwa kutokana na kuongezeka kwa imani ya wawekezaji kwa Kampuni.



Ili kudumisha imani ya wawekezaji na washikadau, tutajitahidi kuimarisha misingi inayosaidia ukuaji wa biashara yetu na faida ili kutoa thamani kwa wenyehisa wetu. Katika muda wa kati, lengo letu ni kutekeleza miradi na mipango yenye matokeo ya juu kama ilivyoainishwa katika Mpango Mkakati wetu, na kuhakikisha kwamba ina rasilimali za kutosha tunapokuza utamaduni wa uchapakazi unaochochea ukuaji wa biashara.

Shukrani

Ninachukua fursa hii kushukuru Bodi, Wasimamizi, na Wafanyakazi kwa usaidizi wao imara mwaka huu. Umakinifu na kujitolea kwao kumechangia katika kufikia malengo yetu na kukabiliana na changamoto tulizokumbana nazo. Kwa pamoja, tutaendelea kusukuma Kenya Power kuelekea mustakabali mwema na endelevu zaidi.

Mungu ibariki Kenya Power, na Mungu ibariki Kenya.

Dkt. (Mhandisi) Joseph Siror, FIEK
Mkurugenzi Mkuu na Afisa Mkuu Mtendaji

Vincent Asamba and Isaac Ndung'u | Street Lighting - Nairobi

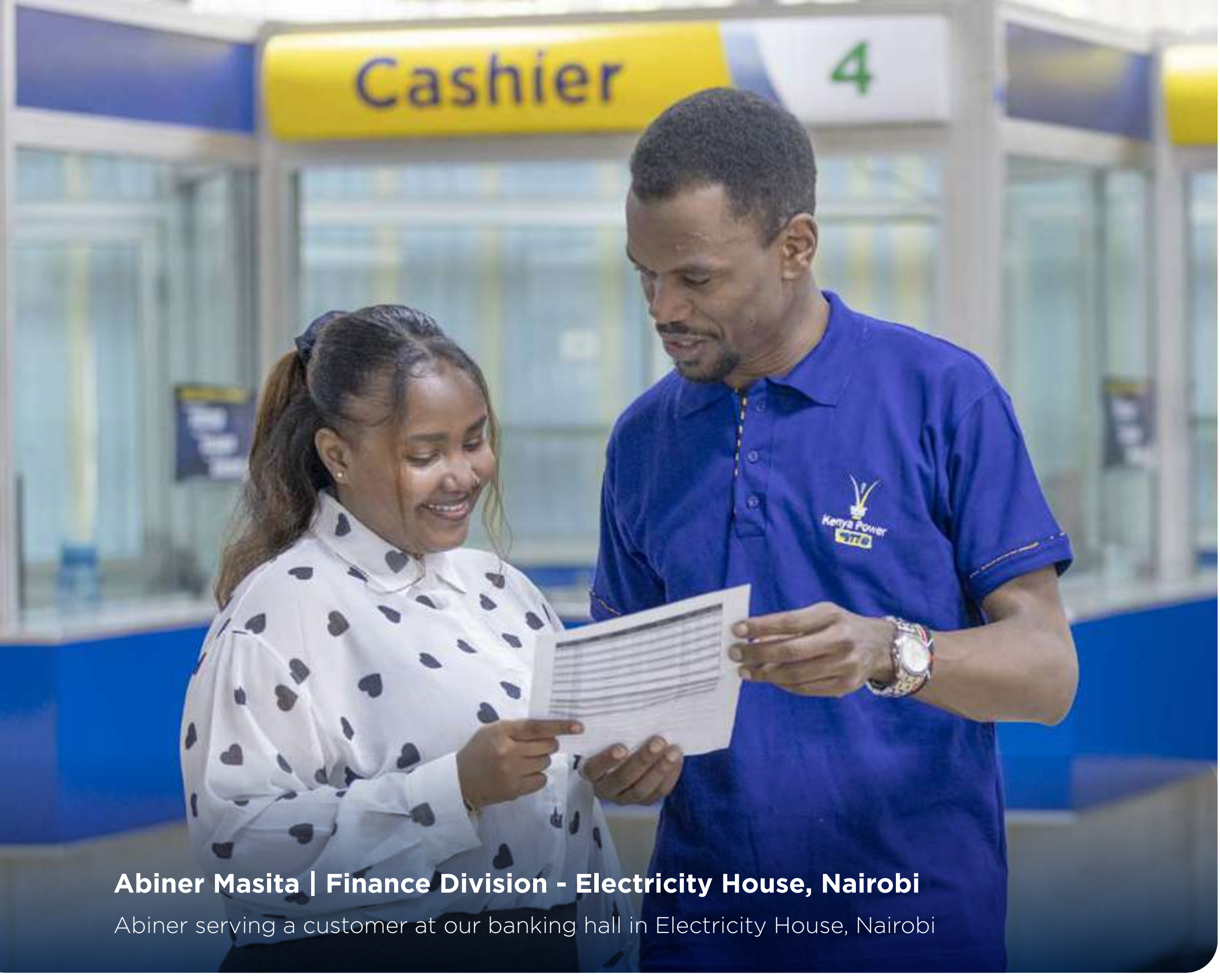
Vincent and Isaac are part of a team responsible for the installation and maintenance of street and public lighting systems in Nairobi

5 | MESSAGE FROM THE GENERAL MANAGER, FINANCE

46%

Improved working capital by 24 Billion compared to the previous financial year

> "The Company achieved an improved gearing ratio of 102 percent, down from 171 percent in the previous financial year. This positive change reflects a more balanced capital structure and reduced reliance on debt, indicating enhanced financial stability and a lower interest burden"



Abiner Masita | Finance Division - Electricity House, Nairobi

Abiner serving a customer at our banking hall in Electricity House, Nairobi

What significant strides has the Company made in its financial performance?

The remarkable improvement in the financial performance of the company is a product of several factors, mainly; increased sales revenue driven by both the growth in unit sales and a more cost reflective tariff, there was a significant reduction in the financing costs specifically on the foreign currency denominated facilities due to the strengthening of the local currency over the second half of the year under review.

How do foreign currency fluctuations impact the Company's revenues?

The Company's revenues are denominated entirely in Kenyan shillings, however, its obligations which comprise mainly of power purchases and loans are predominantly in foreign currencies. This currency mismatch results in a high foreign currency impact on the business especially in periods of high rate volatility like experienced over the past two years.

What has been the trend of the Kenyan shilling against the dollar over the past two years?

At the end of June 2022, the Kenyan shilling stood at KShs 118 against the dollar but declined to KShs 140 by 30th June 2023. The local currency further deteriorated to a low of KShs 157 by 31st January 2024, representing a 33 percent decline over this two-year period.

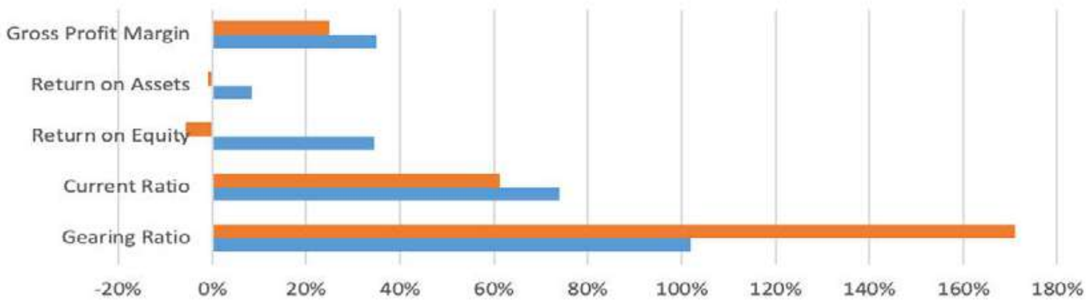
However, the shilling experienced a resurgence in the second half of the reporting period, closing at KShs 129 as of 30th June 2024.

How did the appreciation of the shilling impact the Company's gross margin? How did it impact your finance costs?

The strengthening of the shilling effectively reduced the part of our cost of sales which is denominated in foreign currency hence uplifting the gross margin. There was a similar effect on the finance cost especially the translation of loan balances.

Key Financial Metrics

Ratio Analysis



	Gearing Ratio	Current Ratio	Return on Equity	Return on Assets	Gross Profit Margin
2023	171%	61.27%	-5.62%	-0.93%	25%
2024	102%	73.99%	34.45%	8.45%	35%

2023 2024

This is due to the contracting effect of the strengthening shilling on about 60% of the cost of sales that is denominated in foreign currency.

This also resulted in significant foreign exchange gains, thereby reducing overall finance costs by 103 percent, from KShs 24.15 billion last year to a gain of KShs 683 million this year.

How have operating expenses changed during the reporting period?

Operating expenses, which comprise of the transmission and distribution costs, increased to KShs 46.3 billion from KShs 37.3 billion recorded in the previous year. The increase is attributed to adjustment of wheeling charges as provided in the revised tariff, higher staff costs driven by onboarding of additional technical staff, a new collective bargaining agreement as well as impacts of the 2023 Finance Act on statutory deductions, which primarily impacted employee costs. There was also an increase in the depreciation expenses driven by enhanced investment in the electricity infrastructure. The company also enhanced its maintenance activities of the network for improved supply reliability.

What has been the trend in the Company's working capital position?

The Company has been in a negative working capital position over the past eight years, during this period consistent improvement has been achieved in reducing the net liability position despite the challenging operating and regulatory environment over the period. From a low of negative KShs 74.85 billion as at June 2020, the position has improved by 63% to negative KShs 27.44 billion at the end of the year under review. This consistent improvement reflects the Company's ongoing commitment to optimizing its financial resources and enhancing its overall financial health.

KShs. 46.3b

increase in operating expenses, which comprise of the transmission and distribution costs from KShs 37.3 billion recorded in the previous year.

9%

decrease in liabilities from KShs 296.88 billion to KShs 270.77 billion, due to a reduction in outstanding power purchase obligations

9.4%

impressive return on assets, rising from negative 0.93 percent in the previous year

14%

decrease in total borrowings due to repayment of principal on the commercial loan portfolio

How has the financial position changed regarding non-current fixed assets and liabilities?

There was a three percent increase in non-current fixed assets, primarily driven by strategic investments to strengthen the network. Notably, total liabilities decreased by nine percent, from KShs 296.88 billion to KShs 270.77 billion mainly due to a reduction in outstanding power purchase obligations, which we were unable to settle in the previous period due to the unavailability of foreign currencies. Consequently, our current assets declined by 4 percent, from KShs 81.04 billion in the previous year to KShs 78.06 billion.

How have total borrowings changed, and what is the average cost of debt?

Total borrowings decreased by 14.64 percent due to repayment of principal on the commercial loan portfolio, in addition to foreign exchange gains on the translation of foreign currency-denominated loan balances as at the end of the financial year. The average cost of our total debt stands at 5.03 percent, comprising 78 percent fixed-rate debt and 22 percent floating-rate debt.

What capital expenditures did the Company invest in during the year?

We invested KShs 24.83 billion in capital expenditures during the year, a significant increase from KShs 13.76 billion in the previous year. These investments were primarily directed towards expanding our infrastructure and supporting key growth initiatives. Our focus is on enhancing operational efficiency and positioning the Company for sustainable, long-term growth. We remain committed to a balanced capital allocation strategy, prioritising the need for a strong balance sheet, continued investment in growth opportunities, and delivering value to our shareholders through capital returns.

How has the Company's gearing ratio and liquidity changed?

The Company achieved an improved gearing ratio of 102 percent, down from 171 percent in the previous financial year.

This positive change reflects a more balanced capital structure and reduced reliance on debt, indicating enhanced financial stability and a lower interest burden. The current ratio improved to 0.74 from 0.61, marking an 13 percent increase. This enhancement in liquidity positions the Company better to cover its short-term obligations, serving as a positive indicator of optimised working capital management.

What improvements have been seen in the Company's profitabilty metrics?

The Company recorded an impressive return on assets, rising from negative 0.93 percent in the previous year to 8.45 percent. This improvement indicates effective asset utilisation to generate earnings, driven by enhanced operational efficiency. Our return on equity increased by 40 percent, reflecting our commitment to enhancing shareholder value and optimising our capital structure.

What is the Company's strategy for future growth?

The Company aims to achieve improved business efficiency by allocating funds to growth areas and expanding its distribution network. As we execute our growth strategy, we remain committed to maintaining the financial strength and health of the Company while prudently funding our expansion and operational efforts.

How have cash flows from operating activities changed?

Cash flows from operating activities decreased from KShs 32.65 billion at the end of June 2023 to KShs 28.37 billion at the end of June 2024. Our cash and cash equivalents remained positive at KShs 10.35 billion, compared to KShs 18.43 billion the previous year. The reduction was attributed to increased cash utilisation during the year, driven by improved access to foreign currency for settling obligations.

What are the Company's future plans regarding resource utilisation?

Moving forward, we will continue to support our growth strategy through balanced allocation with the objective of availing optimum resources to effectively serve our customers, secure revenues and leverage on high impact investments to drive our shareholder value proposition.

CPA Stephen Vikiru
General Manager, Finance

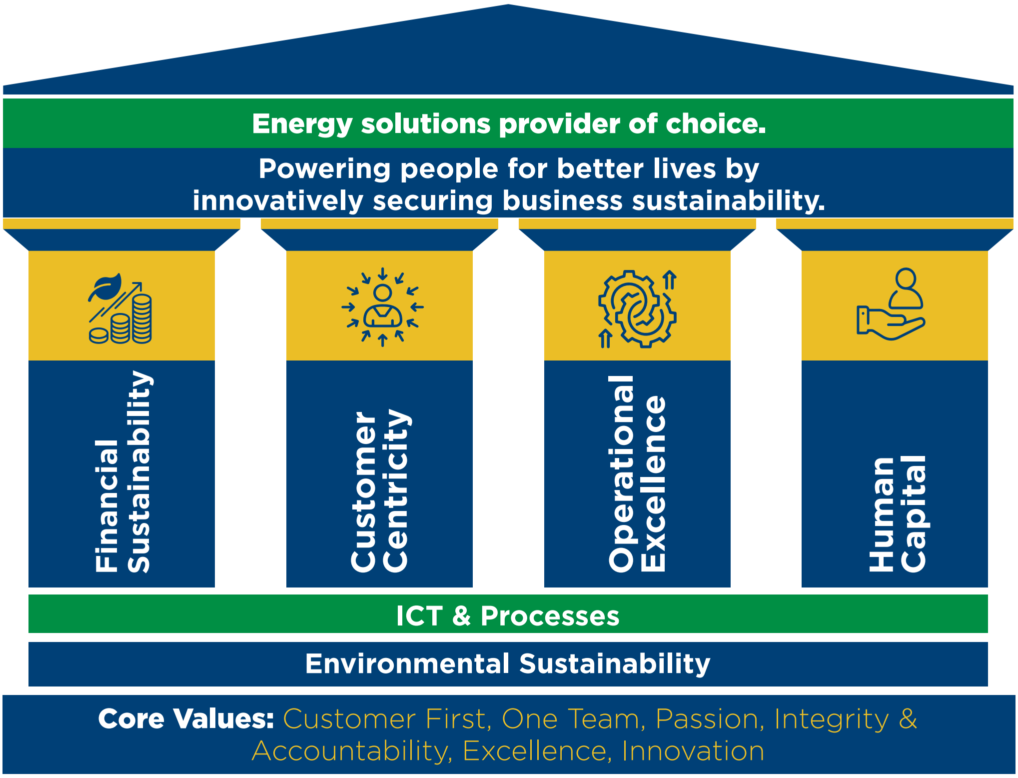
Zakayo Kariuki | Transport, Ruaraka Complex

Zakayo is part of a team that is responsible for the management of the Company's fleet of vehicles in Nairobi

Recently, the Company has encountered changes in the macroeconomic and regulatory landscape, as well as shifts in customer preferences that directly impact our operations. The implementation of the Energy Act 2019 has presented both opportunities and challenges for our business. Furthermore, the global push for climate action has heightened the demand for clean energy, aimed at reducing fossil fuel consumption.

To navigate these changes and sustain its leading position in the energy sector, the Company has developed the Strategic Plan 2023/24-2027/28. This plan serves as a blueprint for achieving our vision of becoming "The Energy Provider of Choice" while fulfilling our role in national economic development.

Kenya Power Strategy House



The Strategic Plan covers a five-year period and includes a midterm review. It looks at new opportunities for the business as well as challenges that could impact our strategic goals. During the preparation of the plan, we closely examined key issues such as Financial Sustainability, Customer Centricity, Operational Excellence, and Human Capital, all of which are crucial for our ability to provide efficient, reliable, and affordable power to everyone. Additionally, the plan acknowledges the aspirations of all stakeholders in the electricity sub-sector, aiming to strike a balance between competing interests.

> **The Strategic Plan serves as a roadmap for implementing projects and initiatives that enhance the Company's competitive edge, ensure profitability, improve the reliability and efficiency of power supply and expand national access to electricity**

The Nairobi City Centre Gas Insulated Switchgear (GIS) 220kv/66kv Substation

Table 1: Strategic Issues, Goals and KRAs

Strategic Issue	Goal	Key Result Areas
Financial Sustainability	Secured and sustainable financial futurewith diversified revenue sources	**KRA1:** Rising profitability with healthy cash-flows
Customer Centricity	Be the energy supplier of choice withloyal and satisfied customers	**KRA2:** Deliver high levels of customer satisfaction and loyalty
Operational Excellence	Achieve access to quality, reliable, safe,and cost-effective power.	**KRA3:** Reliable and efficient distribution of power supply
Human Capital	Engaged workforce built upon sharedvalues of performance, accountability,and collaboration.	**KRA 4:** Optimised productivity

The Strategic Plan serves as a roadmap for implementing projects and initiatives that enhance the Company's competitive edge, ensure profitability, improve the reliability and efficiency of power supply, and expand national access to electricity. It outlines Key Result Areas, along with specific goals, strategic objectives, and key performance indicators to measure how well we are achieving our strategic aims.

Table 2: Strategic Objectives and Strategies

Key Result Areas	Strategic Objective(s)	Strategies
Rising profitability with healthy cash-flows	Improve cash flow	• Revamp revenue collection • Revaluation and disposal of select assets • Develop financing partnerships
	Improve profitability	• Undertake refinancing and balance sheet restructure • Develop and implement a diversification strategy • Explore new funding options • Review Kenya Power's business model • Review and renegotiate existing power purchase agreements • Employ cost management initiatives
Deliver high levels of customer satisfaction and loyalty	Enhance customer satisfaction	• Invest in customer relationship management • Upscale customer feedback capture and monitoring
	Improve stakeholder engagement	• Build and maintain a stakeholder ecosystem • Build brand reputation
	Rise sustainability levels	• Develop and implement Kenya Power's sustainability strategy
Reliable and efficient distribution of power supply	Improve power supply quality and reliability	• Implement focused maintenance. • Implement key infrastructure projects • Ensure power demand – supply balance at all times • Leverage on technology, automation, and innovation

Key Result Areas	Strategic Objective(s)	Strategies
	Improve business process effectiveness	• Implement digital transformation • Business process re-engineering • Build business intelligence and data analytics capabilities
	Enhance network efficiency	• Identify and map out the system losses • Reduce system losses
Optimised productivity	Enhance productivity	• Review the organisational design • Cultivate a performance-driven culture
	Enhance employee experience	• Revamp employee welfare • Review and implement talent management mechanism
	Improve work environment	• Provision of suitable physical work environment • Implement change management programmes • Implement diversity and inclusion initiatives

The Plan builds on the progress made over the last century in serving the Kenyan people and outlines a roadmap to reach the milestones necessary for the Company's next phase of growth. It aligns with key national and regional initiatives, including the Government's Vision 2030, the Bottom-Up Economic Transformation Agenda (BETA), the Sustainable Development Goals (SDGs), Africa Agenda 2063, EAC Vision 2050, and the Constitution of Kenya. Central to this Plan are climate change considerations and a commitment to sustainable business practices.

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

7 OPERATIONAL HIGHLIGHTS

Emmanuel Makokha, Emily Anyango and Robert Nderitu | Fleet Maintenance, Ruaraka Complex

This team carries out regular inspections, scheduled maintenance, and repairs of the Company's fleet in Nairobi

7 | OPERATIONAL HIGHLIGHTS

Peter Yegon and Callen Buruchara | Live Line Team, Nairobi

Peter and Callen are part of a team in Nairobi that maintains power lines without switching off customers

The Company has made substantial progress in executing initiatives aligned with the Corporate Strategic Plan 2023/24-2027/28. These initiatives aim to deliver high-quality, reliable, and safe power while fostering a highly engaged workforce committed to performance, accountability, and collaboration. Our focus remains on solidifying Kenya Power's position as the preferred energy provider, with a strong emphasis on customer satisfaction and loyalty. Additionally, our diversified revenue streams support the Company's long-term sustainability and financial resilience.

Throughout the year, we continued to implement strategic initiatives across our key focus areas: sales growth, power supply reliability, customer experience, and revenue diversification.

7.1 Driving Sales Growth

Our sales growth is driven by increased demand from new and existing customer, increased system efficiency and improved quality and reliability of power supply.

7.1.1 Increased Demand from New Customers

Electricity sales grew by 2.76% to 10,516 GWh, up from 10,233 GWh the previous year. This increase was mainly due to new customer connections and the replacement of faulty meters, supported by an improved supply of 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.

The Company also onboarded 447,251 customers, generating additional sales of 128.31 GWh and expanding the customer base to 9,660,005. Most of these new connections were achieved through the Company's rapid results initiative in the second half of the year, targeting all paid-up customers, supplemented by government-funded schemes.

Since 2015, the Company has been implementing the Last Mile Connectivity Project on behalf of the Government, connecting a total of 746,867 customers under Phases I, II, and III. To maintain this momentum, the Company commenced Phase V, targeting 11,000 customers in Nakuru, Nyandarua, Kilifi, and Kwale counties. This phase is funded by a KShs. 1.9 billion grant from the Japan International Cooperation Agency (JICA). The Company also achieved a major milestone in Phase IV with the signing of contracts, enabling its implementation in the current financial year. This phase aims to connect an additional 280,000 customers to the grid at a total cost of KShs 28 billion and is expected to be completed by the end of the Financial Year 2025/2026. The project is financed by the European Union (EU), European Investment Bank (EIB) and the French Development Agency (AFD).

3%

Network length increament from 310,618 km to 320,762 km, mainly due to low voltage network extensions to connect new customers.

"The Company also onboarded 465,416 customers, generating additional sales of 128.31 GWh and expanding the customer base to 9,660,005"

7.1.2 Improving System Efficiency

Reducing energy losses remains a key focus area for driving sales growth and improving business performance. During the year, the Company strengthened its loss reduction initiatives, including transformer maintenance, smart meter installations, enhanced inspections, and faulty meter replacements.

A total of 105,071 smart meters were installed for new and existing Industrial and Small Commercial customers, enhancing real-time visibility of consumption, reducing energy theft, and improving responsiveness. Additionally, the Company conducted inspections across all Commercial and Industrial customers and 41% of the SME category. A total of 331,925 faulty meters were replaced, supported by an increase in supply of meters.

As a result of these efforts, along with intensified Low Voltage (LV) maintenance activities—such as wayleave trace maintenance, conductor re-sagging, replacement of deteriorated poles, and security operations against illegal connections—distribution and commercial losses in the LV network were reduced.

However, losses on the Medium Voltage (MV) (33 kV and 11 kV), sub-transmission (66 kV), and transmission (132 kV and above) networks increased during the year.

This was due to higher generation levels from hydro and wind sources, along with increased imports via the Ethiopia-Kenya interconnector, which placed additional loads on the existing transmission network. Consequently, overall system losses rose to 23.16%, a marginal increase of 0.16%, primarily attributed to higher transmission losses.

Efficiency improvements in the transmission network are anticipated upon the completion of ongoing projects. These include the expansion of the Kabarnet substation to provide alternative supply to Baringo, construction of a 33 kV interconnector between Narok and Bomet to offload the Muhoroni-Chemosit-Kegati line and shorten transmission to South Nyanza, completion of the Kanamai-Bomani 132 kV line to ease the strain on the network serving Kikambala and Vipingo and the completion of the Sondu-Ndhiwa line to establish a direct connection from Sondu to South Nyanza, offering an efficient alternative supply to Homa Bay and Migori.

7.1.3 Improving Supply Quality and Reliability

Network reliability is critical to our business as it enhances customer satisfaction and ensures sustained sales. During the year, the network length increased 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 various initiatives to improve system flexibility and reliability, including network refurbishment, reinforcement, preventive maintenance, and expansion.

Completion of Network Projects

The Company completed construction of four new substations: Naivasha SEZ 66/11kV, 33/11kV Kabianga, Moi's Bridge, and Kiamokama, with a combined capacity of 112.5MVA. Additionally, we upgraded ten substations - Voi, Lanet, Mumias, Kanyakine, Syokimau, Makuyu, Nairobi North, Makande, Bomet, and Likoni—to enhance capacity and ensure reliable power supply in these areas.

We also completed 147.68 km of new MV lines to strengthen the network for greater efficiency and reliability, including five 66kV lines at Matasia, Magadi, Karen, Ngong, and Uplands-Githunguri, as well as five 11kV feeders to Kiwanja, Kenyatta University Campus, Membley, Kamakis, and Wendani.

The 500/400kV Suswa substation is a critical hub, integrating generation from various renewable energy sources: 841MW from Naivasha's geothermal fields in Olkaria, 300MW from Lake Turkana wind generation, and 200MW imports from Ethiopia. Historically, power evacuation from this substation to Nairobi relied on long and unreliable 66kV lines.

> **The 500/400kV Suswa substation is a critical hub, integrating generation from various renewable energy sources: 841MW from Naivasha's geothermal fields in Olkaria, 300MW from Lake Turkana wind generation, and 200MW imports from Ethiopia**

George Ochoo and Benjamin Okello | Central Construction

The Central Construction Team implements strategic infrastructural projects to strengthen and expand the grid

However, the completion and commissioning of the Kimuka 220/66kV substation, including four 66kV feed-outs, relieved the overloading of the Suswa-Nairobi North 220kV transmission lines. The Uplands-Githunguri 66kV link improved supply quality and flexibility for customers in Kiambu, Ngong, Mai Mahiu, and surrounding areas.

The Kimuka-Matasia link has also enhanced flexibility for Langata, reducing reliance on the Embakasi line. The Kimuka-Karen-Kikuyu line will carry full load upon upgrading sections with a 150mm^2 conductor to 300mm^2.

The Githunguri-Uplands link awaits the establishment of a bay at Limuru, allowing the Limuru-Uplands link to operate independently of the Limuru-Ngema line.

The Ortum-Kitale 220kV line, commissioned this financial year, enables effective supply evacuation from Turkwel, previously constrained by new generation on the Turkwel-Lessos line. Additionally, the completion of the Olkaria-Kibos 220kV line and Lessos 220/132kV substation has improved load balance between the Lessos-Muhoroni and Kisumu-Muhoroni lines, enhancing system stability and power quality in the Western region.

> To ensure network stability and minimise power supply disruptions, the Company will continue both preventive and corrective maintenance of installations, including substations, transformers, and lines. Preventive maintenance aims to prevent system disruptions, while corrective maintenance focuses on restoring supply

Eng. Zacheus Oluoch | Network Management, Nairobi

Zacheus monitors the Nairobi City Centre Gas Insulated Switchgear(GIS) 220kv/66kv Substation to ensure its smooth operation

Transmission Constraints Interventions

Despite efforts to strengthen the grid, transmission constraints persist, particularly in the Western region, due to inadequate evacuation capacity, resulting in load management and widespread interruptions. Encroachment on wayleaves, caused by vegetation growth, led to increased transient faults, especially on distribution lines. This was compounded by critical material shortages due to global supply chain disruptions and foreign exchange rate fluctuations in the first half of the year, hampering preventive maintenance on the distribution network. Extreme weather conditions also caused flooding of substations and infrastructure damage, leading to widespread power interruptions.

These factors negatively affected electricity reliability indices, with the Customer Average Interruption Duration Index (CAIDI) increasing to 2.26 hours from 2.24 the previous year, and the System Average Interruption Frequency Index (SAIFI) declining to 47.5 from 44.9.

To address these challenges and ensure grid robustness, we are collaborating closely with the Kenya Electricity Transmission Company (KETRACO) to advance transmission and distribution projects nationwide. KETRACO is implementing key transmission projects, including the 132kV Narok-Bomet line, Lessos-Kabarnet 220/132kV substation and line, the Isiolo-Nanyuki 132kV line to complete the Mt. Kenya ring, the Malaa 220/66kV and Mariakani 400/220kV substations, and the Kenya-Tanzania interconnector at Namanga.

In the short term, Kenya Power is fast-tracking the construction of the Ndhiwa-Sondu 132kV line to stabilise voltages and address overloading in South Nyanza and Central Rift regions. The Kibos-Ahero 33kV link will facilitate load transfers from the Muhoroni substation, enhancing supply flexibility for customers in Ahero and its environs. We are also establishing a 33kV link from Narok to Bomet to relieve the Bomet substation and the Muhoroni-Chemosit line.

Furthermore, the commissioning of a third transformer at the Lessos substation will optimise the Olkaria-Lessos-Kibos 220kV line and support generation from Turkwel and solar sources. To enhance power supply flexibility in Kiambu County and meet growing demand in Ruiru, we have completed two feeders from the Thika Road 220/66kV line to the Ruaraka and Ruiru substations.

Focused Maintenance for Grid Reliability

To ensure network stability and minimise power supply disruptions, the Company will continue both preventive and corrective maintenance of installations, including substations, transformers, and lines. Preventive maintenance aims to prevent system disruptions, while corrective maintenance focuses on restoring supply.

A comprehensive maintenance plan has been developed for each installation, covering transmission substations, feeders, secondary substations, and the low voltage network. This plan will guide medium- and long-term activities to establish a stable network. The Company will support this effort by utilising advanced technology for network inspections, both in LV and MV networks, to inform system improvements. These improvements include installing auto-reclosers, air-break switches, and jumper rehabilitation on MV circuits.

Following this plan, the Company will continue wayleave trace maintenance, managing vegetation and controlling human activities along power lines. Analysis shows that over 60% of power interruptions are caused by encroachment on wayleaves, primarily due to overgrown vegetation. Effective vegetation management is therefore crucial to minimising interruptions.

8,000

Kilometres of fibre network infrastructure built primarily to manage, communicate and control the power grid for enhanced operational efficiency and safety

The Company is taking a holistic approach to vegetation management by employing multiple techniques, including conductor insulation and trimming tree branches near power lines. Additionally, local youth are being engaged across the country for trace maintenance and mechanised methods are being adopted to improve efficiency and safety.

To reduce outages caused by transformer failures, the Company will deploy dedicated teams for proactive maintenance. These activities will include checks for transformer overloads, shifting customer loads to other transformers for load balancing, distributing loads across transformer phases, fuse grading for fault detection, and installing and replacing transformer protection devices.

7.2 Investments to Address Generation Capacity Constraints

In the last five years, the uptake of renewable energy from geothermal, hydro, wind, and solar sources has increased, accounting for an average of 90.6% of the total energy mix. During the year, generation from renewable energy sources rose by 663 GWh to 12,557 GWh, representing 91.8% of the total energy mix. This increase is primarily attributed to a rise in hydro generation and imports from Ethiopia, facilitated by the commissioning of the 500 kV HVDC line.

As a result, thermal generation was significantly displaced, accounting for just 8.24% of total electricity generation.

Despite this increased reliance on renewable energy, the power system continues to face challenges in generation adequacy and transmission constraints. The installed capacity currently stands at 3,243 MW, with an effective interconnected capacity of 3,056 MW on the grid.

Of this, 635 MW is derived from wind and solar sources, whose intermittent nature may hinder the system's ability to meet peak demand of 2,242 MW, necessitating load management. Furthermore, the geographical concentration of generation plants and transmission installations at Suswa presents challenges to transmission adequacy and investment.

To support the system and provide the necessary ancillary services, it is crucial to address these capacity constraints and operational challenges. Strategic investments are required to ensure adequate system support during peak demand hours and sufficient spinning reserve capacity for contingencies.

> **"The Company currently serves a customer base of 9.6 million, with 7.4 million customers metered through Standard Transfer Specification (STS) compliant prepaid meters. The STS technology is the global standard for the transfer of electricity and other utility prepayment tokens"**

Investment considerations include the development of large hydro power plants, pumped hydro storage, and Battery Energy Storage Systems (BESS). Additionally, there is a need to expedite the implementation of transmission projects to enhance system flexibility and enable optimal utilisation of available renewable generation. These investments will be guided by the sector Least Cost Power Development Plan (LCPDP) 2024-2043, which outlines key system projects needed to address generation and transmission constraints in the medium term.

7.3 Growth of Our Fiber Business

Over the years, we have built and currently operate over 8,000 kilometres of fibre network infrastructure, primarily to manage, communicate and control the power grid for enhanced operational efficiency and safety. Additionally, the Company leases out dark fibre for additional revenue which has continued to grow registering a 16% increase to KShs 940 million during the trading period, up from KShs 812 million the previous year. This revenue growth is attributed to rising demand driven by the high quality and reliability of the overhead fibre network that runs on our electricity infrastructure.

To address the increasing demand from dark fibre customers and internal needs, the Company is installing an additional 657 kilometres of high-capacity fibre cable from Nairobi to all regions and counties at an estimated cost of KShs 340 million, with a projected return period of about five years. This expansion is expected to enhance our reach, bandwidth capacity, and potential customer base while strengthening the robustness of the telecommunication transport network by providing alternative routes across the country.

David Kinuthia and Teresa Jode | Customer Service, Ruiru

Part of our Customer Service Team in Kiambu County

7.4 Enabling the Digital Superhighway

The Government, through the Information and Communication Technology (ICT) Authority, has contracted the Company to roll out last-mile fibre optic cable connectivity to approximately 6,000 government institutions across the country under the Digital Super Highway (DSH) project.

Key components of the project include the deployment of 100,000 kilometres of fibre cable, installation of 25,000 public Wi-Fi hotspots, establishment of 1,450 Digital Village Smart Hubs and Studios, the creation of three data centres with data protection and cybersecurity management and connectivity to all public institutions utilising the Company's power lines.

The Company's role in the project involves designing, supplying and installing fibre infrastructure across the country, covering various government institutions, and establishing public Wi-Fi hotspots at a total cost of KShs 2.055 billion, funded by the Government of Kenya. The project is expected to yield additional benefits for the Company, including remote monitoring and control of the network as well as metering automation.

7.5 Token Identifier Rollover Campaign

The Company currently serves a customer base of 9.6 million, with 7.4 million customers metered through Standard Transfer Specification (STS) compliant prepaid meters. The STS technology is the global standard for the transfer of electricity and other utility prepayment tokens. Following advancements in technology, the STS Association upgraded the security protocols of the STS system, mandating that all STS systems worldwide comply with the new requirements by 24th November 2024.

To meet this compliance, the Company launched a campaign to encourage all prepaid customers to update their meters to the new standard ahead of the global deadline, setting an internal deadline of 31st August 2024. The campaign, conducted between April and August 2024, involved upgrading and enhancing the Company's IT systems to ensure readiness for the TID rollover. It also included replacing all non-STS compliant meters, training staff, and developing a consumer awareness media campaign with the tagline 'Update Token Meter Yako,' which began in April 2024.

The communication campaign aimed to educate customers on the step-by-step process of updating their meters, empowering them with information to support the process, reminding them of the deadline and fostering public goodwill for the TID campaign. Additionally, customers were enabled to access key change tokens using the Company's self-service platforms, namely USSD *977# and the MyPower App.

60%

of power interruptions are caused by encroachment on wayleaves, primarily due to overgrown vegetation

As of the end of September 2024, a total of 6 million meters, representing approximately 81% of the targeted meters, had been updated, with the remaining 19% expected to be completed before the global deadline.

7.6 Providing Customer Convenience

As the public facing entity of the electricity sub-sector, effective customer engagement is therefore an integral part of our business. As such, the Company continues to implement various strategies geared towards enhancing customer interactions for an improved experience. These interactions include the digital self-service platforms, educational videos, billboards, strategic media partnerships and regional customer expositions. We also conducted over 40 public engagements (barazas) in various counties to educate customers on our products and services.

The Company has deployed self-service platform such as *977# USSD Code and MyPower App and established social media presence to provide a convenient interaction touchpoint with customers. The service platforms enable customers to submit their meter readings for accurate billing, report incidents and service interruptions, access their bills and tokens, simulate their bills, track progress of their application for electricity connection, and verify the authenticity of persons presenting as Kenya Power staff, among others.

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%.

7.7 Resourcing the Workforce for Productivity

A skilled and adaptable workforce is the greatest asset to our business. To strengthen our human capital for optimum productivity and service delivery, we continuously assess skills gap within the workforce to inform our talent management mechanisms, change management and diversity inclusion initiatives.

At the close of the year under review, the workforce stood at 10,437 against an optimal establishment of 13,419. To continuously support business operations in various functions based on the optimal staff establishment, the Company implemented several initiatives including development of a three-year manpower plan which outlines optimal staff rationalisation and redeployment, reskilling, and hiring of additional workforce. In line with this plan, we onboarded 836 employees during the year as part of the first phase of implementation.

Furthermore, the Company undertook initiatives to strengthen employee welfare towards talent retention and improved productivity. These include career progression, review of salaries and allowances, and improvement of staff welfare such as wellness programmes and enhanced medical cover. Acknowledging that employee productivity is also a function of an organisation culture, the Company is working towards enhancing a positive work environment.

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

8 SUSTAINABILITY REPORT

In the year under review, the Company acquired several e-vehicles as part of its fleet modernisation programme, and to support the growth of e-mobility in the country

8 | SUSTAINABILITY REPORT

The Company launched its Sustainability Strategy on 20th November 2024 at the Arboretum, Nairobi

Across the world companies are relooking at their strategies to incorporate sustainable operations that guarantee their long-term viability. A sustainable business effectively manages its financial, social and environmental obligations to meet its present needs without compromising the needs of current or future generations.

The United Nations outlines the indicators of sustainable development through the 17 Sustainable Development Goals (SDGs) aimed at ensuring peace and prosperity for people and the planet. In the same context, the United Nations considers climate change as the defining issue of our time and thus requires a concerted effort to mitigate global emissions. The Paris Agreement sets out a target to limit global temperature rise to not more than 1.5°C above pre-industrial levels, through country commitments and disclosure in their Nationally Determined Contributions (NDCs). Energy is one of the key drivers of human-induced emissions, and therefore accelerated energy transition, which entails energy management, uptake of renewable energy and diversification of energy use will play a key role as part of climate action.

As a signatory to the Paris Agreement, Kenya has committed to reduce emissions in several sectors such as agriculture, transport, energy, manufacturing, and building and construction in her NDCs. Linked to these NDCs is the country's target to achieve universal electricity access and 100% clean energy generation by 2030 therefore making the Company a key player in the achievement of these targets. Kenya Power's mission of *Powering People for Better Lives by Innovatively Securing Business Sustainability* promises to be integral in enabling the implementation of Kenya's energy transition plans while providing affordable and reliable power.

Cognisant of its position as a corporate citizen, Kenya Power has developed and launched its sustainability strategy which is aligned to the Corporate Strategic plan and our sustainability policy. The sustainability strategy focuses on four thematic areas namely environmental interaction and climate change, financial sustainability, social and governance, and operational excellence.

The Company has adopted the Global Reporting Initiative (GRI) framework as the reporting tool as it provides a robust platform for organisations to transparently communicate our sustainability initiatives in line with international best practice.

8.1 Material Matters

In preparation of this report, the Company conducted an assessment of the major material areas affecting its business. The materiality assessment focused on identification of critical business dimensions based on their potential impacts and likelihood. From the assessment, the Company identified six material areas of strategic focus namely; Liquidity, Government Support, Grid Reliability, Customer Experience, Our People, and Social Investments. The material issues align with our Strategic focus areas of Financial Sustainability (SF1), Customer Centricity (SF2), Operational Excellence (SF3), and Human Capital (SF4) which have a direct impact on our service delivery in both the current and future environments.

Summary of Material Matters

Liquidity

L

Government Support

G

Grid Reliability & Expansion

R

Customer Experience

C

Our People

P

Social Investments

S

Climate Change and Environmental Degradation

E

Public Governance

PG

Table 3: Summary of Material Matters

Reference	Material Matter	Description	Linked Strategic Goal
L	Liquidity	The Company's ability to meet short term financial obligations as a going concern. This entails initiatives to sustain positive sales growth trajectory in the short to long term, optimise finance costs, manage debt levels and implement a business diversification strategy.	SG1[1] , SG3
G	Government Support	The extent of Government support and assistance to Kenya Power. This includes deliberate initiatives to reduce debt owed to the Company by the national and county governments including Ministries, Departments and Agencies (MDAs). This also includes securing cost reflective tariffs and special tariffs to support the sector's value chain, as well as lifting the ongoing moratorium on new Power Purchase Agreements (PPAs) to improve energy security. This further includes support in reviewing and renegotiating existing PPAs.	SG1
R	Grid Reliability & Expansion	Initiatives implemented to enhance network reliability and flexibility through proactive system expansion and maintenance programmes. This also entails strategic loss reduction interventions, enforcement of safety standards and improving efficiency in the provision of materials. This will further include the development, expansion and digitisation of grid infrastructure to support electric mobility, renewable energy integration and distributed generation.	SG2, SG3
C	Customer Experience	Implementation of initiatives to enhance customer satisfaction by ensuring adherence to quality standards of service delivery. This entails effective communication and responsiveness to inform and empower our customers. This will also entail strengthening the security protocols and warehousing of customer data. Further, it will include the roll out of programs to improve public safety awareness.	SG2, SG3

Reference	Material Matter	Description	Linked Strategic Goal
P	Our People	Implementing employee-centered initiatives aimed at retaining, motivating and attracting highly skilled and productive employees. It also includes transforming the organisational culture for improved performance.	SG3, SG4
S	Social Investments	Initiatives implemented to support social causes that improve livelihoods of the communities within which we operate.	SG2, SG4
E	Climate Change and Environmental Degradation	Strategies and actions in response to climate change and the company's detrimental impact to the natural environment. These include the measurement and reporting of activity emissions, and the development of mitigation and adaptation plans. This also includes mapping out negative environmental interactions with company infrastructure and activities and developing action plans.	SG3
PG	Public Governance	Initiatives aimed at safeguarding the interests of all stakeholders. This is geared towards regulatory compliance and reporting to promote transparency, accountability and ethical conduct within our operation.	SG3

SG = Strategic Goals. 1 = Financial Sustainability; 2 = Customer Centricity; 3 = Operational Excellence; 4 = Human Capital

8.1.1 Liquidity and the Impacts of Government Support

With financial sustainability identified as a key result area in the Corporate Strategic Plan, a focus on improving the Company's fiscal health is imperative in safeguarding our long-term viability. As such, the Company is championing several initiatives towards ensuring its improved liquidity and solvency, such as debt restructuring, reduction of forex risk exposure, sales growth initiatives, business diversification strategies, and several Government-backed initiatives. The state supported initiatives include Power Purchase Agreements (PPAs) renegotiation, settling of outstanding government debts to the Company, and tariff reviews in light of emerging legislations.

Debt Restructuring

The Company's gearing ratio, which assesses debt levels in comparison to equity, currently stands at 115%, and several initiatives are underway to reduce its reliance on debt. Under the debt restructure, key transmission infrastructure will be transferred to KETRACO to align with the sectoral mandates as outlined in the Energy Act, 2019. Valuation of these assets is currently ongoing, with the value of the assets being transferred to be credited to Kenya Power, serving to offset on-lent loans. Additionally, with 78% of debt financing acquired by the Company being fixed-rate and the other 22% being subject to market fluctuations, initiatives are in place to reduce market-based debt, thereby insulating the Company from changes in lending rates while providing better debt financing rates.

5.5%

Projected year-on-year average Kenya Power sales growth target

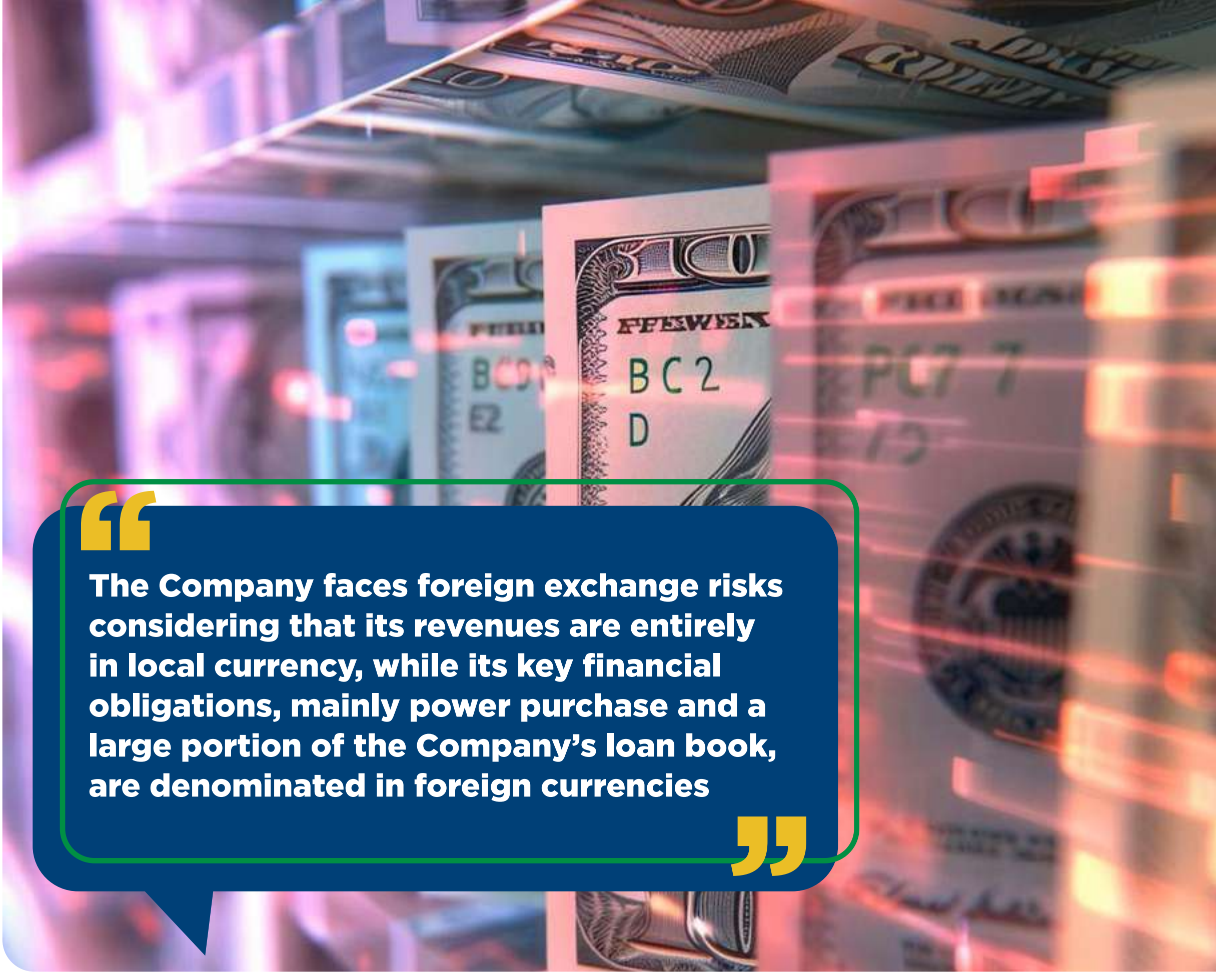
Forex Risk

The Company faces foreign exchange risks considering that its revenues are entirely in local currency, while its key financial obligations, mainly power purchase and a large portion of the Company's loan book, are denominated in foreign currencies. Depreciation of the Kenya Shilling against foreign currencies affects our cash outflows arising from these obligations, thus presenting a significant transaction risk exposure in terms of the exchange losses. For instance, in the previous year we recorded an unrealised foreign exchange loss of Kshs 16.868 billion arising from depreciation of the Shilling against the USD and EURO in which some of the loans are denominated.

To mitigate this forex risk exposure, the Company is reviewing the current treatment of the unrealised exchange losses through its income statement. This review is informed by Kenya Power's right to recover its unrealised exchange losses through the Foreign Exchange Rate Fluctuation Adjustment (FERFA) model, as provisioned by the Energy and Petroleum Regulatory Authority (EPRA). To further mitigate the foreign exchange risk, the Company will continue to collaborate with its bankers to negotiate discounted exchange rates when acquiring foreign currency to settle its due obligations.

Sales Growth

The Company continues to promote key initiatives that promise to drive the growth of our sales. Additional to the projected sales growth from increased economic activity, the Company has championed the development of several demand stimulating initiatives, such as the Time of Use (ToU) tariff, and driving the uptake of e-mobility and e-cooking. The Company has also put in place measures to reduce system losses as a sales growth strategy. As such, Kenya Power targets to grow its sales by a projected year-on-year average of 5.5%.



> **The Company faces foreign exchange risks considering that its revenues are entirely in local currency, while its key financial obligations, mainly power purchase and a large portion of the Company's loan book, are denominated in foreign currencies**

Revenue Diversification

Revenue diversification has not only emerged as an effective mitigation against financial uncertainties but also as a promising driver for growth. The Company's intent is to mitigate business risks associated with the core business and also ensure the sustainability of its business in the medium to long-term. Underpinning this drive is the pursuit of the revenue diversification agenda. Our medium-term revenue diversification portfolio covers several sectors, including property leasing, consultancy, and energy storage, with the telecommunications sector through our fiber optic business being the most mature.

Growing Fiber Business

Over the years we have built and operated over 8,000 kilometres (kms) of fiber network infrastructure primarily to manage and modernise the power grid for improved operational efficiency. Additionally, our fiber leasing business continues to register steady growth in revenues as shown by a 16% increase to Kshs 940 million during the trading period up from Kshs 812 million the previous year. The revenue growth is attributed to rising demand due to the high quality and reliability of the Company's fiber network. To meet this rising demand from dark fiber customers and internal needs, the Company is installing an additional 657 kilometres of high-capacity fiber cable from Nairobi to all regions and counties at an estimated cost of Kshs 340 million and a projected return period of about five years. This is projected to increase the reach, bandwidth capacity and potential number of fiber customers while increasing the robustness of the telecommunication transport network, by providing alternative routes across the country.

Enabling the Digital Super Highway

The Government through the Information and Communication Technology (ICT) Authority has contracted the Company to roll out last mile Fiber Optic Cable connectivity to about 6,000 government institutions spread across the country under the Digital Super Highway (DSH) project.

Key components of the project include the deployment of 100,000 kms of fiber cable, installation of 25,000 public Wi-Fi hotspots, establishment of 1,450 Digital Village Smart Hubs and Studios, establishment of three data centers with data protection and cyber security management, and connectivity to all public institutions while utilising the Company's power lines.

The Company's role in the project is to design, supply and install fiber infrastructure across the country covering various government institutions and establish public Wi-Fi hotspots at a total cost of Kshs 2.055 billion funded by the Government of Kenya. Related benefits to the Company arising from this project include remote monitoring and control of the network through to metering automation.

Public Debt and Government-Backed Initiatives

Under the Rural Electrification Schemes (RES), the Government targeted to achieve universal electricity access to far flung areas through grid expansion, Stand-alone Solar Home Systems and minigrids solutions. Kenya Power has been contracted by the Government to operate and maintain the RES assets, with the costs undertaken in the Company's activities to be reimbursed. As at the end of the period under review, the total unreimbursed deficit accrued by the Company amounted to approximately KShs 30.73 billion, despite approval through a Cabinet memo for reimbursement of up to KShs 19 billion to account for RES expenditure, of which we have received KShs 810 million to date. As such, continuous engagements with the Government to support the RES initiatives are ongoing with a view towards settling the balance.

Joseph Omondi and Martin Namasaka | Underground Cabling, Nairobi

The Underground Cabling Team is responsible for the installation and maintenance of the Company's subterranian high-voltage network

8.1.2 Power Supply Reliability, Grid Expansion and Modernisation Efforts

Our expanding national grid currently comprises 9,137 km of transmission lines, 86,212 km of medium voltage lines, and 225,413 km of low voltage distribution lines supporting a customer base of 9.6 million. The 2024-2043 LCPDP envisions further grid expansion with additional 1,703km of transmission lines by the end of 2029 that will aid greatly in improved network flexibility and stability.

At the distribution level, the Company is implementing a comprehensive network maintenance plan, focused on minimising power disruptions and improving service quality. The Company has also committed KShs 5.5 billion to implement various preventive maintenance and system reinforcement projects across the country in the medium-term.

In addition, the Company is scaling up its grid digitisation programme to improve operational efficiency by facilitating faster fault location and resolution and providing improved data acquisition to aid in power system planning. Grid digitisations ensures that we have visibility of the network for transmission through the distribution network and to customer metering points. To effectively manage the transmission network, we have integrated 243 substations to the Supervisory Control and Data Acquisition (SCADA) system with plans underway to link an additional 79 substations. The Company is also expanding the Automated Distribution Management System (ADMS) to other regions following the successful rollout in Nairobi. Both SCADA and ADMS enable remote monitoring and operation of the network. Further, Kenya Power is targeting to migrate all customers who consume more than 500KWh to smart meters to enhance visibility of the metering installations for continuous communication and monitoring. All these grid digitisation initiatives will enable real-time demand side management.

"Over the years we have built and operated over 8,000 kilometres (kms) of fiber network infrastructure primarily to manage and modernise the power grid for improved operational efficiency"

Implementation of the grid digitisation and focused maintenance programmes are expected to contribute to the reduction of system losses to 15.5 percent and improve CAIDI and SAIFI indices to 2.15 and 25 respectively by 2028.

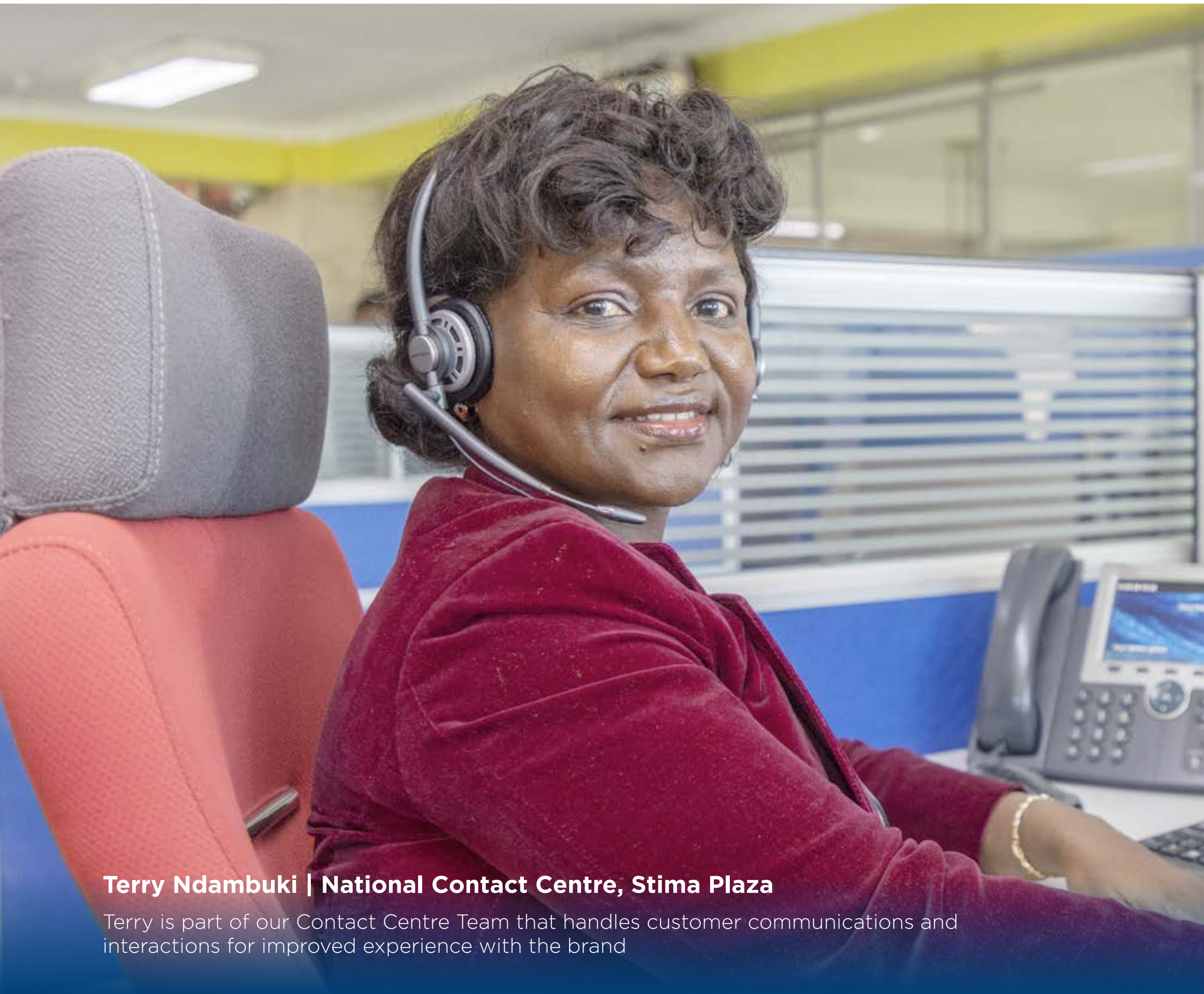
Over the next four years, demand is projected to grow to 2,815MW considering a reserve margin of 13 percent. To meet this expected growth, the LCPDP has earmarked various energy generation projects for onboarding in the medium term amounting to an additional 857MW of firm capacity and 665MW of VRE sources. This comprises 324MW from solar, and 341MW from wind. However, following the Government moratorium on new PPAs which stopped onboarding of new generation plants as well as the renegotiation of any expired PPAs, there is a potential supply risk that may negatively impact generation adequacy to meet the country's growing energy demand. This is likely to increase reliance on emissive thermal energy sources. As such, Kenya Power is continually engaging the Government on the lifting of the moratorium.

8.1.3 Customer Experience

Customer satisfaction is at the heart of our business operations and the Company is therefore improving customer experience by addressing major concerns related to power supply reliability, creating convenience in accessing services and information, and the turnaround time for new electricity connections.

To promote safe use of electricity and prevent public electrical accidents, the Company conducted a public awareness campaign through mainstream and digital media. We also undertook 476 public electrical safety awareness campaigns including public safety awareness barazas, school electrical safety awareness sessions, safety talks in place of worship and targeted customer safety education forums. As a result, we recorded a 9.3% reduction in electrocutions during the year to 118 cases. To further reduce these incidents, during the current financial year we target to conduct 500 public safety campaigns.

As our customer base expands there is increasing need to segment our customers beyond the tariff categories with the aim of providing them with tailored interventions for improved service delivery. On this front, we are working towards conducting data campaigns to ensure that salient customer features are captured both for new and existing customers to enrich customer profiling.



Terry Ndambuki | National Contact Centre, Stima Plaza

Terry is part of our Contact Centre Team that handles customer communications and interactions for improved experience with the brand

8.1.4 Our People and Their Role in Our Strategic Objectives

We appreciate the pivotal role that our employees play in providing quality service to our customers and stakeholders. Various initiatives have been implemented to enhance the capabilities of the employees, optimise and align them to achieve defined results. In doing so, the Company aspires to maintain its position as an employer of choice, attracting and retaining requisite talent through solid career progression and providing growth opportunities.

Our workforce stood at 10,437 as at the end of the year under review, with a gender mix of 21.27% female and 78.73% male. The youth band (18-35 years) constitute 24 percent, middle age (36-50 years) accounting for 11.65 percent, and over 50 years comprising 20.39 percent of the workforce resulting in an average age of 42 years. Cognisant of this, the Company is implementing deliberate initiatives to ensure effective succession planning for business continuity. In light of this, we recruited 836 employees during the year, most of them being youth. In addition, we have a total of 115 employees with disability. To address existing gender and disability gaps, the Company has developed an action plan aimed at promoting diversity and inclusion in line with its gender and disability mainstreaming policies.

We continue to develop the capacity of our employees by offering various training opportunities for skills development. During the year, we achieved a training coverage of 68%, with an average of 4.5 hours per employee. Further, so as to foster employee-driven learning experience, we have collaborated with LinkedIn Learning, a digital platform that provides an array of courses designed to address individual needs.

Our inspiration is to provide an employee value preposition that will lead to high employee engagement. To this end, we achieved an employee engagement index of 69% through an employee survey where 81% of employees said they were aligned with the Company's mission and vision, and 74% were positive about their future in the Company. The Company has adopted initiatives aimed at improving these indices through workforce motivation and productivity through market rate compensation, improved wellness programs and enhanced skills development through capacity building. These wellness programs included initiatives such as enhanced medical cover for our employees and their families, organisation of various medical health camps in all the Company depots for early detection and management of existing and emerging medical conditions, provision of private rooms for lactating mothers in three of our regional offices to support employees with young children, and acquisition of office space that is fit-for-purpose, optimal and sustainable to improve ergonomics.

The Company has zero tolerance to employee fraud and corruption. Various internal controls are in place and embedded in the disciplinary policy geared towards deterrence and punishment of fraudulent activities. During the period, 49 employees were dismissed due to engaging in fraudulent activities. The Company continues to engage employees through training and review of processes where lapses are detected, with controls instituted, and policies on ethical behavior clearly outlined.

All of these initiatives target to improve employee productivity through enhanced efficiency and overall growth. With performance metrics tracked across various operational areas, the Company commits to improved service delivery.

Safety of Our Employees

The safety of our employees, contractors and the public is paramount in our business operations. The Company has established and maintained an occupational health and safety management system comprising a Safety Health and Environment (SHE) policy, hazard identification and risk assessment spearheaded by the SHE Department, whose mandate is to champion safety and health in the Company. The SHE policy includes the provision and enforcement of use of Personal Protective Equipment (PPE), safety and health training, provision of suitable working tools and equipment, and enforcement of safe working procedures among others. During the year, the Company procured network safety tools and equipment worth KShs 870 million and PPE worth KShs 100 million. Further, we have allocated adequate resources to procure additional PPE in the current financial year. We also conducted 22 staff safety training sessions and 253 safety talks across the Company depots and offices.

Regrettably, there were 10 staff fatalities and 118 non-fatal injuries arising from work related incidents in the period. In addition, we recorded three fatalities from externally contracted workforce. Each of these incidences was thoroughly investigated and countermeasures were instituted to prevent recurrence and improve safety in the Company.

> **"The safety of our employees, contractors and the public is paramount in our business operations. The Company has established and maintained an occupational health and safety management system comprising a Safety Health and Environment (SHE) policy, hazard identification and risk assessment spearheaded by the SHE Department"**

Innovation

The Company through the Institute of Energy Studies and Research (IESR) is in the process of operationalising the Innovation hub to support the implementation of research projects aligned towards the realisation of our strategy on leveraging technology, automation and innovation for operational excellence. IESR will collaborate with researchers and innovators working on various pertinent issues that support our business including improving system performance, enhancing customer experience, increasing sales and protecting revenues. Previously, the Company in partnership with the University of Southampton (United Kingdom) set up three grid-tied solar mini-grids each with a capacity of 10KWp in Kitonyoni in Makueni county, and Oloika and Shompole both in Kajiado county.

Kenneth Chepkwony and Sabastian Mutisya | Transformer Repairs, Nairobi

The Transformer Repairs Team based at our Isiolo Road workshop in Nairobi's Industrial Area is responsible for diagnostics and repairs of our equipment to ensure they are in optimal condition

The mini-grids are now being used for training and research by both Company staff and other interested parties within the energy sector.

Currently, our research and innovation activities are structured in four areas namely renewable energy, energy in transport, power systems, and data analytics and Internet of Things (IoT). We plan to expand our research to cover smart grid solutions, high voltage innovations and material science relevant to the energy sector. Under energy in transport, the Company is spearheading the adoption of electric vehicles with an aim to grow electricity demand. In this regard, Kenya Power is rolling out electric vehicle charging stations across major towns in the country. In regard to the power system, the Company has undertaken a number of studies on reduction of transformer failures and system protection with the objective of improving power supply quality and reliability. Company employees have also been trained on big data analytics for electric utilities through a collaboration with the University of California Berkeley.

To build the culture of innovativeness within the Company, we encourage employees across our business regions to ideate and share potential solutions to address challenges facing the Company operations.

A summary of some research and innovation projects which have been incubated in the Company are outlined in table 4.

Table 4: Summary of Research and Innovation Projects

Project/Programme	Description
Special Utility Pole	These are poles integrated within the electricity network, supporting electrical distribution conductors and cables while at the same time supporting transmission cables for last mile wireless telecommunication networks.
Remote Monitoring and control of Pole Mounted Switchgear	The research focused on developing and integrating locally designed smart devices into existing pole-mounted switchgear, which lacked remote communication. Piloting is currently underway in six sites having 16 devices in total.
Automated Transformer Winding Drying Oven	A locally fabricated transformer drying oven with a capacity of one 315 KVA transformer and more than one for smaller sizes of transformers.
LV power outage and asset monitoring tool	A locally fabricated Internet of Things (IoT) solution that leverages on automated power outage reporting and utility asset management.

> **"The Company is supporting tree-planting initiatives in government forests and public schools to aid carbon sequestration. In the trading period, 350,000 trees were planted"**

8.1.5 Climate Change and Environmental Conservation

Our infrastructure faces risks from climate change, such as damage to power lines, submersion of substations, reduced water levels in dams, and flooding. These impacts are particularly felt in hydropower generation, leading to reliance on thermal plants, which further contributes to emissions and climate change.

In line with country's commitments under the Kenya National Energy Efficiency and Conservation Strategy and the National Climate Change Action Plan (NCCAP) III 2023-2027, the Company has implemented various initiatives to reduce greenhouse gas emissions. These include off-grid plant hybridisation, electrification of our transport fleet, enhanced energy management, and transparent emissions measurement and reporting.

The off-grid power generation hybridisation project has begun with four stations—Eldas, Elwak, Habarwein, and Merti—transitioning from diesel to a solar-diesel hybrid. This initiative will save approximately 2.184 million litres of fuel annually, consequently avoiding nearly five million kgCO2e emissions.

Additionally, the Company is supporting tree-planting initiatives in government forests and public schools to aid carbon sequestration. In the trading period, 350,000 trees were planted. We are also transitioning our electricity distribution poles from wooden to concrete to maintain nature-based carbon stocks. A total of 40,000 concrete poles were procured and deployed to the network in the year, reducing our dependency on wooden poles.

We planted approximately 400,000 tree seedlings during the year

Kenya Power continues to promote sector-wide emission reduction initiatives, such as encouraging the use of energy for productive purposes through e-cooking and e-mobility. Under the e-cooking strategy, the Company partnered with local and international organisations to deliver 12 projects under the Modern Energy Cooking Services (MECS) and UK PACT, both being aid-funded initiatives supported by the United Kingdom. This led to the launch of the eCooking Capacity Building and Market Development Programme (eCAP), under which the Company directly implemented five projects.

The Company's training center, IESR, spearheaded three additional projects in the period: establishing scalable feedback mechanisms to assess the impact of eCooking demand stimulation, promoting the adoption of institutional e-Cooking as a replacement for liquefied petroleum gas, and inaugurating the Pika na Power Academy to train e-Cooking champions, with 15 trainees successfully completing the programme. IESR has also funded seven energy-efficient e-Cooking projects to spur uptake.

Another focus area The transport sector, accounting for 67% of energy sector emissions and 12% of national emissions, is also among our focus areas in climate change mitigation. We have been actively supporting the adoption of electric vehicles and initiatives to electrify the transport system. To accelerate the e-mobility conversation, we hosted its second E-Mobility Conference and Expo on 24-25 April 2024 in partnership with German Agency for International Cooperation (GIZ). The event attracted over 1,000 stakeholders and 30 exhibitors to review previous recommendations, assess progress, and explore ways to scale EVs adoption, particularly focusing on the role of charging infrastructure in addressing range anxiety, safety, and environmental concerns.
As at December 2023, the country had 3,753 electric vehicles (EVs) on the roads, including two, three, and four-wheelers.

2.2 m

litres of fuel to be saved annually through the off-grid power generation hybridisation project, consequently avoiding nearly five million kgCO2e emissions

The Company has allocated KShs 258 million over four years to promote e-mobility, establishing an EV charging station in our Company headquarters in Nairobi, with plans to expand to various locations across the country. The Company is also greening its fleet, which includes four new electric vehicles purchased during the year, with plans to purchase additional more in the coming years, alongside piloting EV battery swapping stations in Nairobi.

Protecting our Biodiversity

Given our vast network coverage, interactions with biodiversity are inevitable, such as the giraffe incident at Soysambu. In response, the Company is raising power lines near elephant and giraffe crossings, relocating lines, installing aerial balls near bird migration routes, and fitting bird guards on towers. KShs 1.5 million has been allocated to insulate powerlines near wildlife sanctuaries and conservancies to prevent electrocution.

Additionally, we donated KShs 171,000 to the Colobus Conservation Trust for habitat restoration in Diani, Kwale county. The Company has also established an Environmental Management System (EMS) and is working towards ISO 14001:2015 certification to improve environmental performance standards in the Company.

8.1.6 Social and Environmental Reach and Awareness Democratising Access to Energy

Our commitment to inclusivity in energy access remains a cornerstone of our customer experience strategy. Through initiatives such as the Last Mile Connectivity Project we have connected 746,867 households under the donor and Government funded schemes (Phases I, II and III) so far. We have also rolled out phase IV and V of the project which will connect 291,000 households towards bridging the energy divide, bringing reliable electricity to underserved communities. The Last Mile project, implemented by the Company on behalf of Government, has been instrumental in enhancing energy access to over 75 percent of the Kenyan household and will remain critical to the attainment of universal electricity access by the year 2030.

In addition, the Country's policies on uniform tariff design underscore the sector's commitment in ensuring fairness and equity in electricity pricing. This ensures that vulnerable customers are able to access the electricity service at an affordable rate, and ensures that all customers, regardless of geographic location, pay for electricity at applicable rates depending on their consumption levels.

Corporate Social and Environmental Programmes

Our Corporate social Responsibility and Investments (CSRI) programmes focus on empowering communities, nurturing goodwill, and fostering allegiance to ensure business sustainability. In the year, our initiatives spanned environmental conservation, education, and social impact activities, each tailored to address the unique needs of the communities we serve.

Table 5: Summary of Corporate Social Responsibility and Investments Programmes (2023-24)

CSRI	Description
Safeguarding our Ecosystems	As a company reliant on natural resources, environmental conservation is a critical pillar of our sustainability strategy. During the year, we continued our dedication to afforestation through the Kijani tree planting campaign. Over 350,000 trees were planted across key forests, institutions, and water catchment areas such as Benon, Mumberes, and Narasha in Baringo county, and Kiu in Makueni county. Working in collaboration with Kenya Forest Service and local Community-Based Organisations, we aim to restore the country's forest cover and improve ecosystem while mitigating the effects of climate change.
Educating Our Young	Recognising the transformative power of education, Kenya Power remains committed to supporting academic development at all levels. We are prioritising Science, Technology, Engineering, and Mathematics (STEM) education, especially for girls, to bridge the gender gap in technical fields and nurture future talent for the energy sector.

CSRI	Description
	During the year, the Company conducted mentorship programs at Starehe Girls and Boys Centres, Nairobi School, University of Nairobi, and Masinde Muliro University of Science and Technology. Through our partnership with Mentorthon, we mentored over 10,000 students in Elgeyo Marakwet and Baringo Counties. Through the Kenya Power Endowment Fund, we continued to support students from disadvantaged backgrounds. During the year, we sponsored over 10 students at Starehe Girls and Boys Centre and donated Ksh 500,000 towards Machakos Girls High School's endowment fund. In addition, we renovated facilities at Umoja Primary and Nairobi School and constructed a classroom at Namakhele Primary in Bungoma County. To address infrastructure challenges, we contributed to the construction of a 600-bed hostel at Kapsabet Girls, easing accommodation pressures. Under the new „Luku Safi“ campaign that provides school uniforms to children from disadavantaged backgrounds, we provided school uniforms to over 500 children from Mathare, Daniel Comboni, and Kwa Nge‘the primary schools in Nairobi County, helping to restore their dignity and improve their learning experience.
Promoting community wellness	The Company actively supports programmes that address social welfare and humanitarian needs across our operational areas. In the health sector, we partnered with Mediforte Hospital to offer free medical screenings for the public and Company employees in Kisii County, and collaborated with the Embu County Professionals Development Association (ECPDA) to host a wellness clinic at Kigari Teachers College.
Sports and Uplifting Communities	Sports are integral to national pride and talent development. This year, we sponsored the Stima Darts Club to participate in the International Open Darts Championship, competing alongside teams from Tanzania, Rwanda, Burundi, South Sudan, and Uganda. We also donated food and diapers to St. Stephen‘s Children's Home and New Life Home Trust, provided personal effects to Nakuru Women Prisons, and sponsored the Turkana Peace and Development Initiative to promote peace and cohesion among local communities.

Looking to the Future: The Kenya Power Foundation

The Company has long supported social and environmental programs through its 2007 Corporate Social Responsibility (CSR) policy, which committed 1% of the Company's net profit towards initiatives that enhance socio-economic development within the communities we serve in four key areas; environment, education, health, and sports. Over the past decade, the Company has invested approximately KSh.100 million in various initiatives aligned with these thematic areas.

However, due to resource constraints arising during periods of reduced cashflow and profitability, sustaining these community support programmes has been challenging. To address this, the Company has established the Kenya Power Foundation as a vehicle to secure additional funding and ensure sustainable implementation of these programmes. This is underpinned by the newly revised CSRI policy which sustains the 1 percent net profit allocation, while also committing a minimum of KSh 30 million in periods that the Company does not post a profit.

Who We Are

The Foundation is dedicated to creating a brighter future by promoting environmental stewardship, economic empowerment, and social impact.

Mission Statement

EmPowering communities by leveraging partnerships to transform lives.

Vision Statement

To EmPower communities for a brighter and sustainable future.

The Foundation's programs are aligned with the United Nations Sustainable Development Goals (SDGs) and will focus on three key thematic areas: energy and environment, education and skills development, and social investment and community wellness.

1

Energy and environment

Promoting clean energy transitions such as clean cooking technologies and e-mobility.

2

Education and skills development

Improving learning facilities in schools and scaling up endowment funds to support marginalised children.

3

Social investment and community wellness

Strategic social impact programmes for underserved communities

Table 6: Kenya Power Foundation Thematic Areas

Thematic Area	Description
Energy and environment	The Foundation will support initiatives that promote environmental conservation and the protection of endangered species. Key focus areas include: • Promoting clean energy transitions such as clean cooking technologies and e-mobility. • Protecting natural ecosystems by advocating for environmentally friendly energy systems. • Increasing forest cover through tree-planting initiatives around water catchment areas, schools, and hospitals. • Partnering with organisations to protect and conserve endangered species in various regions across the country.
Education and skills development	To support education and skills development programmes, the Foundation will implement the following initiatives: • Improving learning facilities in schools and scaling up endowment funds to support marginalised children. • Undertaking mentorship programs for students from underserved communities. • Implementing youth empowerment initiatives. • Supporting skills development programmes, especially in STEM, including enhancing competencies for the Company's technical staff and equipping students in technical institutions.
Social Investment and community Wellness	The Foundation will implement the following social and health community programmes: • Strategic social impact programmes for underserved communities, such as the Luku Safi Initiative, which provides school uniforms to children in slum areas. • Engage in philanthropy and charitable giving, particularly in response to disasters or emergencies. • Partner with healthcare providers and community organisations to host medical camps and health-related events. • Support the development of sports talent and grassroots sporting activities and channeling funds raised towards community projects that align with the Foundation's objectives.

8.1.7 Public Governance

The Company has put in place various initiatives aimed at safeguarding the interests of all its stakeholders. We also actively monitor and report on compliance with legal and regulatory requirements, promote transparency and accountability while upholding high standards of ethical conduct within our business operations.

Our Approach to Stakeholder Management

Kenya Power recognises the importance of building and maintaining trust, addressing concerns, and fostering collaboration with all its stakeholders. These include customers, employees, communities, regulators, suppliers, the Government, shareholders, and other agencies. Our approach to stakeholder engagement is guided by principles of inclusivity, transparency, accountability, respect, accessibility, and the pursuit of mutual benefit. We have established clear processes for identifying, prioritising, and engaging with our stakeholders.

In the year under review, the Company undertook various stakeholder engagements in line with our Corporate Strategic Plan and Stakeholder Engagement Policy which contributed to the growth of the Corporate Reputation Index during the year to 63.2% compared to 61.3% recorded during the previous year.

The engagements are outlined in table 7.

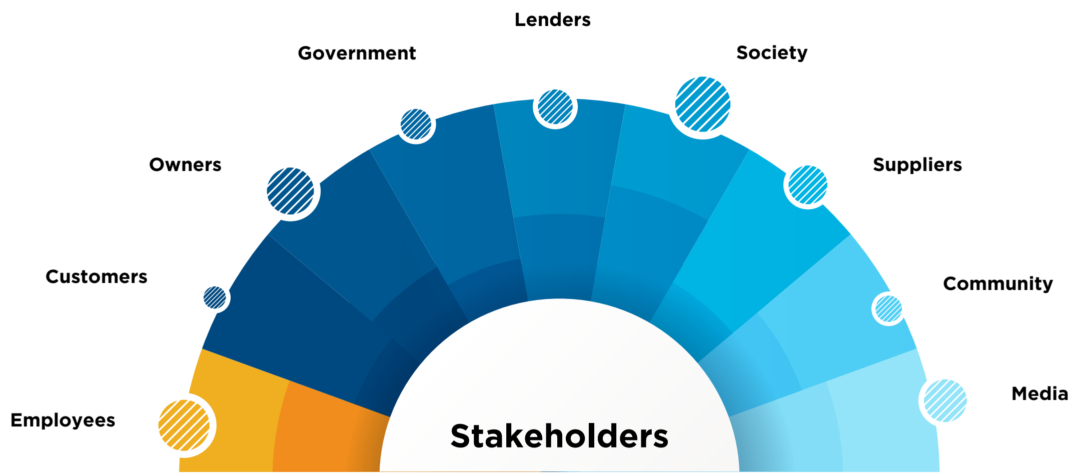


Table 7: Stakeholder Engagement FY 2023-24

Stakeholder Group	Stakeholder role	Stakeholder Expectations	How we engaged in the FY 2023/24
Banks/Financial Institutions	i. Project financing	i. National development goals ii. Social and economic welfare iii. Financial sustainability iv. Investment opportunities v. Business threats and risks	During the first quarter of the year, the company faced challenges in acquiring foreign currency to meet our loans and supplier payment obligations, primarily denominated in US dollars and Euros. In response, the Company organised a luncheon on 1st December 2023 with our bankers to strengthen our relationships and seek their support. The primary objective of this luncheon was to foster a collaborative relationship with the banking sector, ensuring that our company is prioritised when sourcing foreign currencies. During the event, we assured our bankers of the company's stable liquidity position and the availability of local currency, despite the ongoing difficulties in obtaining foreign currency. This engagement was crucial in reinforcing our commitment to maintaining strong partnerships with our financial institutions and ensuring the smooth operation of our financial transactions.
Shareholders	i. Elect directors and approve corporate actions ii. Declaration of dividends iii. Invest in the Company iv. Safeguard the interests of the Company	i. Trading performance ii. Business sustainability iii. Growth in share value iv. Safeguard business interests v. Disclosure of business information vi. Business threats and risks	The Company held a Shareholders briefing on 24th October 2023 to explain the proposed amendments on Company's Articles of Association, aimed ensuring fair representation of shareholders in the Board and which were approved during the EGM held on 10th November 2023. We also held an AGM on 8th December 2023 where shareholders engaged with the Board and management on business performance.
Customers	i. Source of revenue to the Company ii. Provide crucial operational information such as power disruptions iii. Safeguard the Company's assets and infrastructure iv. Provide feedback on the service level	i. Quality of supply ii. Billing iii. Education on cost of electricity iv. Good customer service v. Information on products, services, and the Company vi. Connectivity	The Company held engagement forums in Nairobi, Kiambu, Nakuru, Eldoret, and Mombasa in partnership with the Kenya Alliance of Residents Association (KARA), dates an umbrella body whose membership mainly constitute domestic electricity consumers. These forums provided an opportunity for the Company to directly engage with domestic customers on various issues such as billing, management of localised power outages, safe use of electricity, theft of power and fraud, among other issues. The Company also held joint engagement forums with the Consumers Federation of Kenya (Cofek) and Scrap Metal Dealers dates in an effort to rally support for the war against vandalism and theft of electricity. These initiatives reflect our commitment to enhancing customer experience through digital transformation and effective customer engagement strategies.

Stakeholder Group	Stakeholder role	Stakeholder Expectations	How we engaged in the FY 2023/24
Members of Parliament	i. Legislation of laws and policies that impact Kenya Power	i. Quality of power supply ii. Cost of power iii. Billing iv. Service delivery v. Customer service vi. Information on products, services, and the Company vii. Connectivity	The Company held various engagements with the Senate Standing Committee on Energy to discuss the effect of the Draft Open Access and Bulk Supply Regulations. The Regulations enable non-discriminatory provision for the use of an electric transmission or distribution system by any licensee or consumer. The Regulations provide opportunities for competition in transmission and distribution network service without requiring new competition to establish their own infrastructure projects. The Company also held engagements with the Committee on National Cohesion and Equal Opportunity to assess employment diversity in the Company. This is to ensure that the Company recruits staff that reflects the diversity of Kenyan citizens. It further held engagements with the Committee on Implementation regarding the status of the Reduction of Electricity in the Country with a view to moderate the cost of electricity and enable access to energy by all particularly in the manufacturing sector to ease the cost of production and doing business.
Media	i. Communicate effectively on Kenya Power's operations such as power interruptions ii. Sensitisation campaigns on safety and dangers of vandalism	i. Provide information accurately ii. Provide information promptly iii. Newsworthy content iv. Build positive public perception v. Timely responses to media clarifications	Being one of our key strategic stakeholders, continuous capacity building and engagement with the media is crucial to build an understanding of the Company brand and its key achievements and activities. To drive positive and balanced media reporting, during the year, the Company engaged with the media through press conferences, media launches, press releases on topical issues, press statements to offer clarification on public interest matters as well as customer alerts to notify customers of system hitches. Additionally, the Company undertook regional media capacity workshops in Mombasa, Kwale, Kirinyaga and Meru Counties with a total of 80 journalists sensitised on various Company operations to deepen their understanding of Kenya Power mandate and the energy sector at large. During the current financial year, the Company intends to carry out similar workshops in Kisumu, Eldoret, Nakuru, Kisii, Machakos, Thika and Nyeri targeting a combined total of 140 journalists

Stakeholder Group	Stakeholder role	Stakeholder Expectations	How we engaged in the FY 2023/24
Power producers	i. Building capacity by power generation	i. Trading performance ii. Energy demand/supply forecasts iii. Conformity to regulatory requirements iv. Synergistic unified positions	MoEP organised a stakeholder engagement meeting on 14th June 2024 that brought together KenGen and Independent Power Producers (IPPs) in Nairobi to discuss pertinent issues encountered in the Power Generation segment.
Other energy sector players: KenGen, REREC, GDC, and KETRACO	i. Collaboration in sector operations	i. Collaboration with Kenya Power to achieve its mandate	Sectoral engagements for system stability studies were held in August 2024. This entailed the development of metrics to study the ancillary service needs of the Kenyan power system to ensure improved system stability. It involved engagement with the MoEP, EPRA, KENGEN and NUPEA. Sectoral engagement were also held to develop the Kenyan energy markets framework from September 2023. This is to actualise the markets as outlined in the Energy Act, 2019 and drafting of the Energy Markets, Bulk Purchase and Open Access Regulations and spanned engagements with the MoEP, EPRA, KENGEN and NUPEA
MoEP	i. Develop policies and regulations	i. Business performance ii. Legal provisions iii. Regulatory compliance iv. Financial sustainability v. Sector stability vi. Energy inclusivity	The Company participated in the development of the Least Cost Power Development Plan 2024/2043. This engagement included participation from all state sector Agencies and was approved by MoEP in July 2024. Similarly, MoEP organised a stakeholder engagement meeting on 14th June 2024 that brought together KenGen and Independent Power Producers (IPPs) in Nairobi to discuss pertinent issues encountered in the PowerGeneration segment.
Suppliers	i. Quality supplies ii. Timely supplies iii. Supports cost reductions	i. Service level agreements ii. Brand representation iii. Ethical conduct iv. Effective and secure processes v. Financial sustainability vi. Supplier evaluation and monitoring processes vii. Partnerships	

Stakeholder Group	Stakeholder role	Stakeholder Expectations	How we engaged in the FY 2023/24
National Treasury	i. Approve borrowings for the projects ii. Release of development funds from donors and other financial institutions	i. National development goals ii. Social and economic welfare iii. Financial sustainability iv. Investment opportunities v. Business threats and risks	As part of its core mandates, the National Treasury approved the Company's annual and subsidiary budgets. The Company downscaled its commercial banking halls, necessitating the closure of several bank accounts, which required approval from the National Treasury. In compliance with the Public Finance Management (PFM) Act, the National Treasury approved closure of the bank accounts. Additionally, the company submits management accounts to the National Treasury on a quarterly basis. As part of our liquidity management strategy, the company was granted a moratorium on the repayment of on-lent loans from April 2020 to June 2024. We have also engaged with the National Treasury to address the treatment of accrued interest obligations during the moratorium period.
(Regulator) EPRA	i. Regulating power distribution ii. Approval tariffs iii. Promote the Company's growth and development iv. Strengthen Kenya Power's research, data management and information dissemination v. Enhance regulatory awareness, compliance and safety	i. Quality of power supply ii. Cost of power iii. Billing service delivery iv. Energy sector policies	Participated in the regulatory impact assessment of the Captive Power and Net Metering Regulations (2024) in June 2024. This was to ensure standardised work practices and ensure continuity of quality of supply, and was submitted to EPRA and the MoEP
Employees	i. Effective execution of the strategy	i. Customer service best practice ii. Job security iii. Remuneration and benefits i. Employee productivity ii. Reward and recognition iii. Employee relations	The Company has been collaborating with the Kenya Electrical & Allied Workers Union (KETAWU) as a key stakeholder in management of employees productivity. This is through various leadership forums where terms and conditions of employment for Unionisable employees who account for 67% of employees was discussed. The collaboration enabled the signing and registration of the Collective Bargaining Agreement for the year 2021-2024 in December, 2023.

Regulatory Compliance

Considering the nature of industry within which the Company operates, compliance with a wide range of laws and regulations from different regulators is required. As such, the Company has established internal procedures and monitoring systems to promote compliance with applicable laws and regulations. During the year under review, various regulations were enacted key among them being The Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 and The Energy (Net Metering) Regulations, 2024. The Company is continually focusing on complying with relevant legal and regulatory obligations.

Transparency and Accountability

The Company recognises that disclosure is a powerful tool in enabling our stakeholders to understand our activities, performance with regard to financial, environmental, governance and ethical standards, as well as our relationship with the communities within which we operate.

We also appreciate that disclosure helps investors to make informed decisions and maintain confidence in the capital markets.
In this regard, the Company continually ensures timely and balanced disclosure of all material information concerning the Company in compliance with the disclosure requirements set out in the CMA listing requirements.

We have made the required disclosures both in the annual report and the Company's website in line with the recommended disclosure practices under the CMA Code.

Our Commitment to an Ethical Work Environment

The Company has entrenched a corporate ethical culture through the development of a Code of Ethics and Conduct and establishment of appropriate internal systems to support, promote and ensure compliance. We have further demonstrated commitment to implementing the requirements of the Public Officers Ethics Act, 2013, the Mwongozo Code of Governance for State Corporations and Performance Contracting Guidelines on corruption eradication as guided by the Ethics and Anti-Corruption Commission (EACC). The guidelines require public institutions to maintain high standards of ethical culture by eradicating all forms of corruption and unethical conduct.

The Code of Conduct and Ethics is a reference point for all our employees for values-based decision making and ethical behaviour. The Code is the main tool that enables us to consolidate and strengthen a culture of integrity and openness in order to achieve our vision and facilitate a sustainable business. We also have related policies including the Conflict of Interest Policy, Gift Policy and Whistleblowing Policy that support an ethical culture.

During the period under review, we undertook an internal assessment to determine the level of adherence to relevant ethics related policies within the Company. Based on the outcome of the assessment, it was deemed necessary to review these policies to align them with the changing business environment as well as legal and regulatory requirements. To this end, all ethics related policies have been reviewed in accordance with applicable laws and disseminated to all staff and copies uploaded on the Company's website.

In addition, we carried out sensitisation programmes to embed an ethical culture among staff with focus on customer facing staff. The aim was to align employees with the Company's values and enhance integrity and accountability in the conduct of business. Additionally, a staff survey was conducted during the period, which indicated that 85 percent of respondents understood the provisions of the Code of Conduct and Ethics. The Company will continue to sensitise employees to enhance their ability to effectively apply the Code in their day-to-day operations.

> **"The Code of Conduct and Ethics is a reference point for all our employees for values-based decision making and ethical behaviour"**

The Company received and addressed a total of 195 complaints of various allegations of misconduct and unethical practices. Cases of attempted extortion by persons impersonating Company staff, which had been rampant, have reduced owing to implementation of measures such as restricted access and masking of customer data.

We have also established whistle-blowing mechanisms to encourage stakeholders to share information helpful in enforcing good corporate governance and ethical practices. Accordingly, during the year, the Company acquired the services of a third-party anonymous whistleblowing platform in line with our Whistleblowing Policy that encourages anonymous reporting of unethical practices. The Company has in place other reporting channels such as corruption reporting boxes, Hotline number 0718999000 and an online reporting platform on the website.

Table 8: Risk Analysis of Material Areas

Risk Category	Description	Material Alignment	Treatment Plan
Financial	The Company's financial sustainability remains highly susceptible to foreign exchange fluctuations that greatly impact its cost of sales (power purchase costs). Additionally, a declining rate of sales growth coupled with growing levels of debt may offset the positive impacts of the new cost-reflective tariff. Lastly, worsening system losses with the expanding network further undermine our ability to meet our financial obligations.	L, E	• Ongoing GOK interventions to stabilise the Shilling in the near-term while the Company reduces its foreign-exchange payables in the medium to long-term. • Focus on growth strategies while addressing customer pain-points to reduce grid-defection. • Intensify debt reduction efforts. • Implement debt restructuring initiatives. • Targeted interventions towards system losses and unserved energy.
Operational	The Company's network performance is hampered by aged infrastructure and system constraints that often culminate in frequent outages and widespread blackouts. In addition, increased pilferage and vandalism of the network infrastructure aggravates the deteriorating system reliability indices, and adversely impacts supply quality.	R, C, E	• Focused infrastructure maintenance and network refurbishment. • Complete key transmission and distribution infrastructure projects. • Adopt a multi-pronged approach to system losses including technical, economic and socially-responsive solutions. • Continued upgrade of the network towards a Smart grid
Climate Change Resilience and Adaptation	The growing effects of climate change including major weather events such as floods and significant temperature variations, are increasingly impacting Company operations. Such effects result in damage to electricity infrastructure which increases the maintenance costs and distort the load profile which increases uncertainties in energy planning. In addition, national and sector commitments towards Net-Zero emissions impose policy realignments on the Company.	L, R, S	• Implement the sustainability road-map under the corporate strategic plan. • Climate-related capacity building within the electricity sector towards climate-proof energy planning and infrastructure development. • Monitor, report and mitigate emissions from Company operations with a view to reduce our carbon footprint.

Risk Category	Description	Material Alignment	Treatment Plan
People	The Company recognises that its people are a key strategic pillar towards a sustainable business. However, the lack and loss of critical skills may impact this progress and contribute towards stressful or unsafe working environments. This exposure is heightened by the continued expansion of the network and customer base, both with ever increasing demands on the existing workforce. These risks ultimately impact service delivery to our customers.	P, S	• Talent management and retention, including optimal staff establishment, upskilling of the deployed workforce, with appropriate succession planning. • Improve employee welfare and the workplace environment.
Technology	Technological advancements in our operational environment present both opportunities and risks impacting our value proposition to our customers. These advancements and related innovation can be leveraged towards significant operational and customer experience improvements, with the Company pivoting towards increased grid digitisation and our smart grid ambitions. However, the increased deployment of ICT-backed solutions also presents significant (cyber-security) exposures with exponential impacts when they materialise.	R, C	• Incubate and allocate resources to a platform that promotes the deployment of innovative solutions to be leveraged for emerging technology development and analysis of business data. • Resource and strengthen the innovation unit to drive the development and adoption of emerging technologies. • Inculcate innovativeness across the business. • Prioritize completion of the Enterprise Architecture review and Business Process Re-engineering, with the attendant security improvements.
Regulatory	Compliance with new and expected regulations may require both strategic and operational realignments of the business as the energy sector seeks to encourage market participation while maintaining system integrity under increasing captive generation. These regulations include the approved Net-Metering Regulations, 2024 as well as the Electricity Markets, Bulk Supply and Open Access Draft Regulations. In addition, the existing moratorium on new Power Purchase Agreements (PPA) presents a risk to power supply security.	L, G	• Advocacy with energy sector players and other regulatory bodies at all levels including regulatory gap on captive power. • Enforcement of Grid Code standards for grid connectivity including on captive generation. • Operational realignment and contingencies towards the new regulations.

L = Liquidity; G = Government Support; R = Grid Reliability; C = Customer Experience; P = Our People; S = Social Investments

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

**In the MyPower app,
unaweza access the services below:**

- My bill/my token
- Bill simulation
- New supply application
- Planned interruptions
- Report power failure
- Jua For Sure

Kenya Power

100 Years
of Powering Kenya

9 CORPORATE GOVERNANCE REPORT

9 | CORPORATE GOVERNANCE REPORT

The current global perspective on corporate governance emphasises transparency, accountability and promotion of ethical behavior. Some of the key trends shaping the corporate governance landscape include increased regulatory requirements such as board diversity and shareholder rights and adopting business sustainability practices. Globally, organisations are required to be accountable to their stakeholders on their environmental, social and governance practices. These trends reflect a broad shift towards more responsible corporate governance not just at the global level but also locally as envisaged under the Constitution of Kenya, that stipulates national values and principles of governance. Overall, corporate governance plays a crucial role in promoting responsible management and ensuring that companies operate in the best interest of all stakeholders.

9.1 Statement of Policy on Good Governance

In line with global best practices, the Board of Directors of Kenya Power is resolute in upholding principles of good corporate governance in steering the Company to achieve its mandate for sustainable growth in shareholder value and to meet stakeholder expectations. The Board is committed to providing leadership that promotes transparency, accountability, ethics and integrity as pillars of good corporate governance.

The Company endeavors to comply with provisions of the Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (CMA Code) and the Mwongozo Code of Governance for State Corporations, among other best governance practices.

9.2 Corporate Governance Assessment Report

The Company is continually applying and implementing provisions of the CMA Code by embedding various internal procedures that support implementation of good corporate governance practices.

CMA assessed the status of application of the Code for the financial year ended June 2023. The assessment was based on review of the following areas: Commitment to good

corporate governance (90 percent rating); board operations and control (75 percent rating); Rights of shareholders (66 percent rating); Stakeholder Relations (53 percent rating); Ethics and Social Responsibility (77 percent rating); Accountability, Risk Management and Internal Control (80 percent rating); Transparency and Disclosure (69 percent rating). The Company attained an overall score of 74 percent. This a major improvement from the previous assessment where the Company had a rating of 57 percent, a testament to the Board's continued commitment to good corporate governance.
The Company continues to implement the recommendations of CMA to improve the level of implementation of the CMA Code and other good governance practices.

9.3 Roles and Responsibilities of the Board

In undertaking its mandate, the Board draws its powers and authority from the Companies' Act 2015, applicable laws, the Company's Articles of Association and the Board Charter. The Board is collectively responsible for:

i. Overseeing the Company's corporate governance framework.
ii. Approval of the vision, mission and values of the Company.
iii. Approval of the annual report and financial statements.
iv. Approval of the business plans and budgets.
v. Approval of strategic plan and policies.
vi. Ensuring that the Company has adequate and effective systems and processes of accountability. risk management and internal controls and approval of the risk management strategies.
vii. Appointment and removal of the Managing Director /Chief Executive Officer.
viii. Setting up Board Committees and approving their composition and terms of reference.
ix. Approval of interim dividends and recommendations of the final dividend to shareholders for approval.
x. Oversight of compliance with statutory and regulatory obligations.

> **"In line with global best practices, the Board of Directors of Kenya Power is resolute in upholding principles of good corporate governance in steering the Company to achieve its mandate for sustainable growth in shareholder value and to meet stakeholder expectations"**

Highlight of key deliberations by the Board

i. Considered proposed credit from the World Bank under the Green and Resilient Expansion of Energy (GREEN) program.
ii. The Board approved the concept of the transfer of transmission line assets as prescribed in the Cabinet Memorandum, the proposed work-plan, developed by the Company for the transfer of transmission line assets, commencement of the process of procuring a valuer to value the transmission lines, land and assets at the earliest.
iii. Approved procurement of care management services for Staff Medical Scheme.
iv. Approved the Corporate Strategic Plan 2023/2024 – 2027/2028.
v. Proposed Changes to the Company's Articles of Association.
vi. Approved Enterprise Architecture Design & Business Process Re-Engineering For KPLC;
vii. Approved various Company policies.
viii. Approved the FY24/25 budget and monitored performance against the approved budget of the Company and Annual Procurement Plan.
ix. Approve formation of the Kenya Power Foundation.

9.4 Board Composition and Changes in the Board

In line with best governance practices and to provide for fair representation of both the majority and minority shareholders in the Board to fairly reflect the Company's shareholding structure, the Articles of Association were amended during an Extraordinary General Meeting held on 10th November, 2023. Effectively, the rights attached to ordinary shares were varied as follows:

a. **Class A:** Ordinary shares held by shareholders of the Company other than those held by the National Treasury
b. **Class B:** Ordinary shares held by the National Treasury

As such, Class A shareholders are entitled to elect to the Board four (4) directors with Class B shareholder entitled to appoint the balance of the directors. Both Class A and Class B shareholders have the same rights and privileges except with respect to nomination and election of directors.

In line with these changes, during the Annual General Meeting held on 8th December 2023, Class A shareholders elected the following four directors: Eng. James Rege, Ruth Muiruri, CPA Dr. Caleb B Manyaga and Ezekiel Saina. Class B shareholder (the National Treasury) appointed the following directors: the Cabinet Secretary, National Treasury and Economic Planning, the Principal Secretary, State Department of Energy, Joy Brenda Masinde, Logan Hambrick and Eng. Albert Mugo.

Table 9: Board of Directors Election/Appointment Summary

Shareholder Class	Elected/Appointed
Class A Shareholders	Eng. James Rege
	CPA Dr. Caleb B. Manyaga
	Ezekiel Saina
	Ruth Muiruri
Class B Shareholders (the National Treasury)	The Cabinet Secretary, National Treasury and Economic Planning
	The Principal Secretary, State Department of Energy
	Joy Brenda Masinde
	Logan Hambrick
	Eng. Albert Mugo

The following ceased being directors on 8th of December 2023: Veska Kangogo, Dr. Duncan Ojwang and Kairo Thuo.

As at 30th June 2024, the Board comprised ten (10) directors, nine (9) being non-executive directors and one (1) executive director who is the Managing Director and CEO. Out of the nine non-executive directors, seven are independent, in line with the CMA Code which stipulates that at least two thirds of the total number of Board members shall be independent. The two non-independent directors represent the National Treasury and Economic Planning, and the Ministry of Energy and Petroleum.

9.5 Board Independence and Diversity

In line with the Independence of Directors and Conflict of Interest Policy, none of the independent directors has recently been employed by the Company in an executive capacity or served in the Board for more than six years since they were first elected. In addition, none of the board members owns more than five percent of the Company's total issued shares in their individual capacity, pursuant to the provisions of the CMA Code. As per the requirements of the Code and demonstrated in the table 10 independent and other non-executive directors constitute more than two-thirds of the Board and satisfies the requirement on representation of minority shareholders.

The Board also has a Diversity Policy to ensure achievement of diversity in its composition. The CMA Code stipulates that the Board shall be effective based on its size, diversity and demographics. The current Board has complied with this provision. The Board is composed of diverse and seasoned professionals in the fields of finance, business management, engineering, accounting, legal and ICT with extensive knowledge and understanding in various sectors.

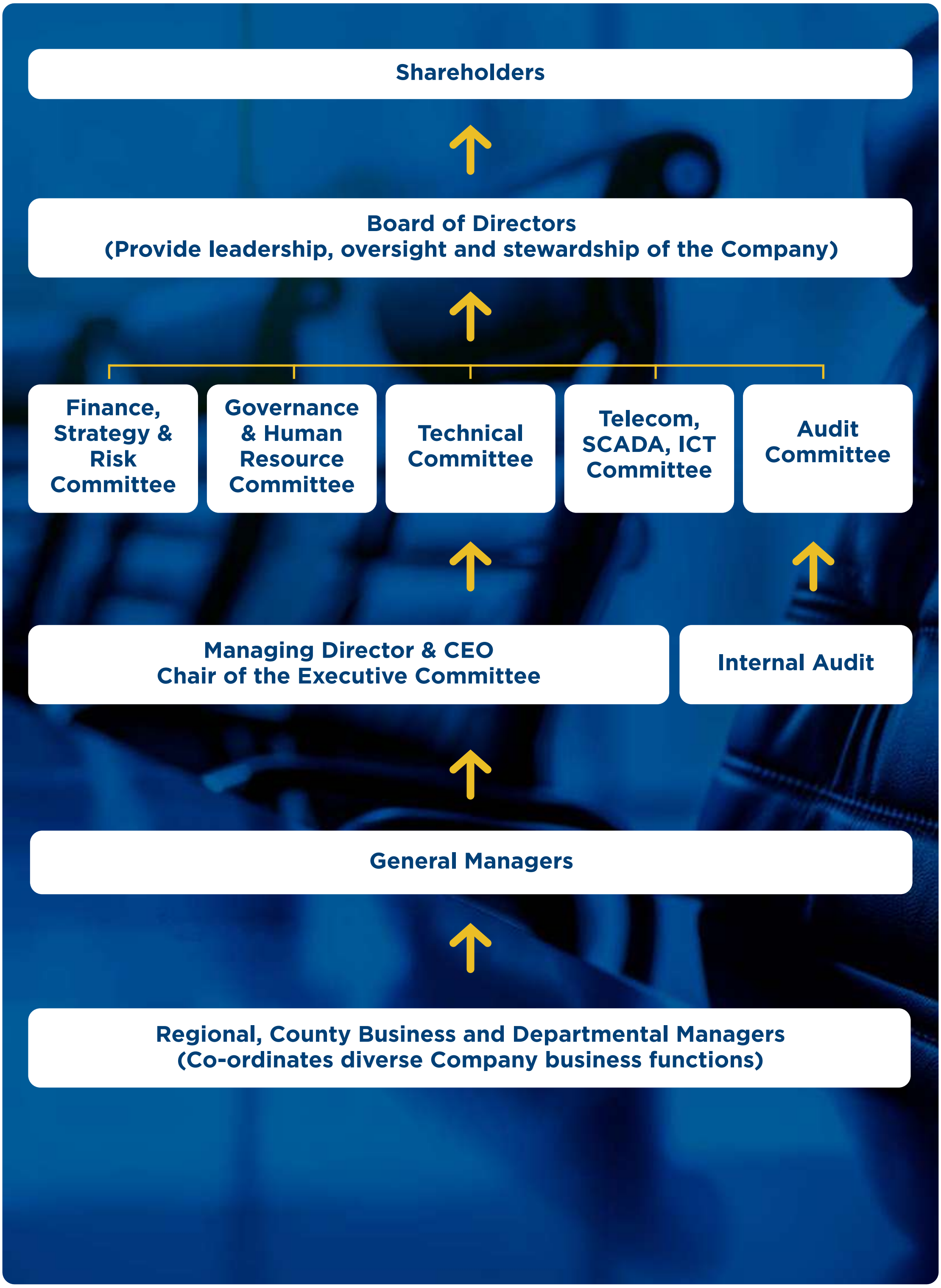
Their combined experience is leveraged to help inform Kenya Power's strategic direction for improved business performance. The Company is committed to take steps towards achieving the gender diversity requirement so that at least two-thirds of the directors are of the same gender.

"Out of the 9 non-executive directors, 7 are independent, in line with the CMA Code which stipulates that at least two thirds of the total number of Board members shall be independent"

Table 10: Board Independence and Diversity

Name	Gender	Nationality	Field	Date of Appointment	Independence Status
Joy Brenda Masinde	F	Kenyan	Law	8.12.2023	Independent
Dr. (Eng.) Joseph Siror	M	Kenyan	Engineering	2.5.2023	Non-Independent
Logan Christi	F	American	Law	8.12.2023	Independent
Ruth Muiruri	F	Kenyan	Law	8.12.2023	Independent
Eng. Albert Mugo	M	Kenyan	Engineering	8.12.2023	Independent
Ezekiel Saina	M	Kenyan	ICT	8.12.2023	Independent
CPA Dr. Caleb B. Manyaga	M	Kenyan	Financial Management	8.12.2023	Independent
Eng. James Rege	M	Kenyan	ICT	8.12.2023	Independent
Eng. Isaac Kiva (Alternate to the PS, Ministry of Energy	M	Kenyan	Engineering	25.04.2024	Non-Independent
Humphrey Muhu (Alternate to the CS, NT)	M	Kenyan	Finance	19.10.2021	Non-Independent

9.6 Governance Structure



9.7 The Board Workplan

The Board prepares a workplan on an annual basis that outlines key activities for consideration during Board and Committees' meetings in line with our Corporate Strategic Plan. The agenda for the meetings is circulated to all directors in advance to allow for adequate preparations and for effective participation during meetings. The Board held 22 meetings in the Financial Year ended 30th June 2024. The Board and committees attendance is a shown in table 11.

Table 11: Board and Committees Meetings Attendance for the Year Ended 30th June 2024

Board & Committees Meetings Attendance from 1st January 2024 to 30th June 2024								
		Board Meetings	**Finance, Strategy & Risk Committee**	**Governance & Human Resource Committee**	**Audit Committee**	**Technical Committee**	**Telecom, SCADA, ICT Committee**	**Ad Hoc Committee on Critical Skills Retention Strategy**
Name	No. of Meetings	7 (Seven)	Five (5)	Two (2)	Two (2)	Three (3)	Two (2)	Two (2)
Joy Brenda Masinde	Chairman	7/7	1/1*	-	-	-	-	2/2
Dr. Eng. Joseph Siror	Managing Director & CEO	7/7	5/5	2/2	2/2*	3/3	2/2	2/2
Eng. James Rege	Member (Joined 8.12.2023)	7/7	Chair 5/5	-	-	-	2/2	-
CPA Dr. Caleb B. Manyaga	Member (Joined 8.12.2023)	7/7	1/1*	-	Chair 2/2	3/3	-	-
Ezekiel Saina	Member (Joined 8.12.2023)	7/7	1/1*	2/2	1/2	1/1*	Chair 2/2	2/2
Eng. Albert Mugo	Member	7/7	5/5	-	-	Chair 3/3	-	2/2

Board & Committees Meetings Attendance from 1st January 2024 to 30th June 2024

		Board Meetings	Finance, Strategy & Risk Committee	Governance & Human Resource Committee	Audit Committee	Technical Committee	Telecom, SCADA, ICT Committee	Ad Hoc Committee on Critical Skills Retention Strategy
Logan Hambrick	Member	7/7	1/1*	2/2	-	1/1*	2/2	Chair 2/2
Ruth Muiruri	Member (Joined 8.12.2023)	7/7		Chair 2/2	2/2	1/1*	-	-
Humphrey Muhu	Alternate to CS, National Treasury	6/7	2/5	-	1/2	3/3	-	-
Eng. Isaac Kiva	Alternate to PS, Energy (Joined in May 2024)	2/2	1/1	-	-	1/1	-	-
Eng. Benson Mwakina	Alternate to PS, Energy (Ceased on May 2024)	4/4	4/4	2/2	-	2/2	-	1/2

Board & Committees Meetings Attendance from 1st July 2023 to 31st December 2023

		Board Meetings	Strategy & Innovation Committee	Finance & Risk Committee	Corporate Governance Committee	Audit Committee	Ad Hoc Committee on HR
Name	No. of Meetings	Fifteen (15)	Three (3)	Three (3)	Six (6)	Four (4)	Three (3)
Joy Brenda Masinde	Chairman	15/15	-	-	2/2*	-	-
Dr. Eng. Joseph Siror	Managing Director & CEO	15/15	3/3	3/3	6/6	4/4*	3/3
Eng. Albert Mugo	Member	14/15	Chair 3/3	-	-	4/4	-
Logan Hambrick	Member	15/15	-	-	Chair 6/6	4/4	3/3
Humphrey Muhu	Alternate to CS, National Treasury	14/15	1/3	3/3	-	3/4	1/3
Kairo Thuo	Ceased as a director on 8.12.2023	11/13	-	-	-	Chair 4/4	-
Veska Kangogo	Ceased as a director on 8.12.2023	13/13		Chair 3/3	6/6	-	Chair 3/3
Duncan Ojwang	Ceased as a director on 8.12.2023	13/13	1/3	3/3	-	-	3/3
Eng. Benson Mwakina	Alternate to PS, Energy (Ceased on May 2024)	14/15	3/3	2/3	6/6	-	3/3

*Attendance by invitation

9.8 Board Committees and Changes

The Board approved the reconstitution of its committee structures and membership, and revision of their terms of reference. Key to note is that the number of committees has increased from four (4) to six (6), inclusive of an ad hoc committee. This is to enhance efficiency and effectiveness while ensuring increased focus on the implementation of the mandate of each committee for the benefit of the Company as a whole, and to allow for broader participation from all directors. The committees operate in accordance with specified terms of reference and the constitution of the Committees takes into consideration diversity of members, skills, expertise, and experience required to execute their responsibilities.

In line with best practices, the Chairman of the Board is not a member of any standing committee. The Managing Director and CEO is a member of all the committees except the Audit Committee. The Company Secretary is the secretary to the Board and its committees, except the Audit Committee where the General Manager, Internal Audit performs this function. Committee reports are presented to the full Board by respective chairpersons.

The reconstitution of the committees was as follows:

The current membership and responsibilities of Board committees is summarised below:-

Table 12: Board Committees

Board Committee	Terms of Reference
Finance, Strategy & Risk **Members** **1.** James Rege (Chair) **2.** Humphrey Muhu **3.** Albert Mugo **4.** Isaac Kiva **5.** MD & CEO *By Invitation* **1.** GMs, Business Strategy, Finance, Supply Chain **2.** Rep. Inspectorate of state Corporations	**Finance Matters** **1.** To review the accounting and financial reporting policies, practices, and procedures of the Company. **2.** To consider and review the management accounts, quarterly financial statements, half year financial statements and annual financial statements. **3.** To monitor on a quarterly basis the Company's key financial ratios. **4.** To consider and determine the effect of regulatory and accounting developments, as well as any off-balance sheet arrangements, on the financial statements of the Company. **5.** To present all financial goals and proposals to the Board of Directors for approval. **6.** To set long-range financial goals along with funding strategies to achieve them. **7.** To review the Company's capital and recurrent expenditure against the budget. **8.** To review multi-year operating budgets that integrate with the Strategic Plan's objectives and initiatives. **9.** To review and recommend the annual procurement plan to the Board for approval. **10.** To monitor the implementation of the annual procurement plan and make recommendations to the Board as appropriate. **11.** To oversee the financial restructuring of the Company. **12.** To oversee the financial performance of the Kenya Power Pension Fund (both Defined Benefits and Defined Contributions). **Risk Management** **13.** To review, monitor, report and where appropriate, make recommendations to the Board on the Company's current and emerging business, operational, and financial risk exposures and the guidelines, policies and practices regarding risk assessment and risk management. **Strategic Issues** **14.** To assist the Board in fulfilling its oversight responsibilities relating to the medium and long-term strategic direction and development of the Company for business sustainability.

Board Committee	Terms of Reference
	15. To advise the Board on strategies to enhance performance of the Company. **16.** To review the Five Year Corporate Strategic Plan and oversee the annual implementation of the Company's Corporate Strategic Plan. **17.** To recommend projects for implementation in line with the Corporate Strategic Plan. **18.** To recommend the Corporate and Board Performance Contracts to the Board for approval. **19.** To monitor corporate and Board performance on a quarterly basis and report to the Board. **20.** To review the annual capital and operating budget before it is presented to the Finance and Risk Committee who will then recommend it to the Board for approval. **21.** To oversee and monitor the implementation of projects and make recommendations to the Board. **22.** To safeguard the interests of shareholders, customers and other stakeholders to achieve cost-effective power purchase costs. **23.** To provide oversight in the negotiation of power purchase agreements and related agreements between the Company and bulk power producers and recommend the agreements for approval by the Board. **24.** To ensure adoption of technology that supports Company business, minimises risks and achieves maximum benefits from the investments. **25.** The Committee shall identify any challenges affecting technical operations, project management, contract management and recommend to the Board strategies for addressing the identified challenges. **26.** The Committee shall assist the Board and Management to stay abreast of new developments, technologies and anticipate emerging concepts and trends in the industry.
	27. To support innovation and research within the Company and make recommendations to the Board for the implementation of the same. **28.** To oversee the operations of the Institute of Energy Studies and Research (IESR). **29.** To oversee engagements with key strategic partners and recommend the entering into strategic partnerships including public private partnerships to the Board for approval. **30.** Oversee the development and periodic update of the Company's sustainability strategy and recommend the adoption or any change to the Board for approval. **31.** Monitor the objectives and targets set in relation to implementation the Company's Sustainability strategy. **32.** Review the ongoing appropriateness of the Company's approach to sustainability issues in the context of best practice and compliance. **33.** Review sustainability content and data to be published in the Company's annual report and accounts and making recommendations to the Board as appropriate. **34.** Identify and oversight implementation of value creation opportunities, in the content of sustainability and recommend appropriate actions to the Board for approval.

Board Committee	Terms of Reference
Governance and Human Resource **Members** **1.** Ruth Muiruri (Chair) **2.** Logan Christi **3.** Ezekiel Saina **4.** Isaac Kiva **5.** MD& CEO *By Invitation* **1.** GM, Human Resource **2.** Rep. Inspectorate of state Corporations	**1.** To oversee the appointment, promotion and disciplinary issues of senior staff (General Managers) of the Company for recommendation to the Board for approval. **2.** To develop, review and recommend the remuneration structure for staff to the Board for approval. **3.** To review periodically the adequacy and effectiveness of governance documents including the policies, terms of reference for committees, and make recommendations for change as necessary to the Board. **4.** To review the leadership and training needs of the Company's human resources and training and development of the Directors. **5.** To oversee succession planning for senior staff and Board. **6.** To oversee all matters relating to corporate governance including governance audits. **7.** To oversee adherence to the Code of Ethics and upholding of ethical values and integrity in the Company. **8.** To propose new nominees for appointment to the Board and formulate the Board's nomination/appointment policy. **9.** To develop the procedures for evaluating the performance of the Board and Board Committees. **10.** To develop and conduct an orientation and induction process for newly appointed Board Directors and provide on-boarding training and development. **11.** To review the Board's composition and diversity, including skills mix at least once annually and make recommendations on any proposed changes to the Board. **12.** To annually review the Board Remuneration Policy and recommend to the Board for approval, remuneration structure for Non-Executive Directors. **13.** To assess the independence of Non-Executive Directors and review their annual confirmations on their independence.
Audit Committee **Members** **1.** CPA Dr. Caleb B. Manyaga (Chair) **2.** Ruth Muiruri **3.** Humphrey Muhu **4.** Ezekiel Saina *By Invitation*	**1.** To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible. **2.** To review half-year and annual financial statements before submission to the Board for approval **3.** To recommend to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees. **4.** To review the performance, objectivity, and independence of external auditors and consideration of audit findings by the external auditors. **5.** To review the Company's internal control and risk management systems. **6.** To evaluate effectiveness of controls aimed at preventing or detecting frauds. **7.** To consider the major findings on internal investigations and management response.

Board Committee	Terms of Reference
1. MD & CEO **2.** GM, Internal Audit **3.** Rep. Inspectorate of state Corporations	**8.** To oversight the internal audit, including review and approve internal audit charter, annual audit plan, budgets of the internal audit function and establish whether the plan addresses the high-risk areas and that adequate resources are available to enable it to perform its functions effectively. **9.** Review the activities of the internal audit function, including its coordination with the external auditors, the reports of significant investigations, and the responses of management to specific recommendations. **10.** Approve the appointment, compensation, replacement, and dismissal of the head of internal audit. **11.** Receive progress report from internal audit activities during regular meetings.
Technical **Members** **1.** Albert Mugo (Chair) **2.** CPA Dr. Caleb B. Manyaga **3.** Isaac Kiva **4.** Humphrey Muhu **5.** MD & CEO *By Invitation*	**1.** To review the annual capital and operating budget before it is presented to the Finance, Strategy and Risk Committee who will then recommend it to the Board for approval. **2.** To oversee and monitor the implementation of projects and make recommendations to the Board. **3.** To oversee the Network Management, Infrastructure Development, Commercial Services and Regional Operations of the Company and present periodic reports to the Board. **4.** To safeguard the interests of shareholders, customers and other stakeholders to achieve cost-effective power purchase costs. **5.** To ensure adoption of technology that supports Company business, minimises risks and achieves maximum benefits from the investments. **6.** The Committee shall identify any challenges affecting technical operations, project management, contract management and recommend to the Board strategies for addressing the identified challenges.
1. GM, Network Management, Commercial Services & Sales **2.** Rep. Inspectorate of state Corporations	**7.** The Committee shall assist the Board and Management to stay abreast of new developments, technologies and anticipate emerging concepts and trends in the industry. **8.** To support innovation and research within the Company and make recommendations to the Board for the implementation of the same. **9.** To oversee engagements with key strategic partners and recommend the entering into strategic partnerships including public private partnerships to the Board for approval.
Telecoms, SCADA, ICT & Innovation	**1.** To advise the Board on the Company's Telecoms, SCADA and ICT strategy and programs including providing high level guidance on their development and implementation. **2.** Oversee the development of a Telecoms, SCADA and ICT Strategic plan aligned to the Corporate Strategic Plan and supportive of the organisational objectives. **3.** Guide the review and re-engineering of Telecoms and ICT processes to ensure that they efficiently and effectively support company operations **4.** Evaluate the staffing levels, competencies and capabilities within the ICT function and advise the Board on appropriate actions to address any gaps **5.** Review the current Telecoms, SCADA and ICT Strategic Plan, Policies and Procedures and make recommendations for their improvement.

Board Committee	Terms of Reference
Members **1.** Ezekiel Saina (Chair) **2.** James Rege **3.** Logan Christi **4.** MD & CEO *By Invitation* **1.** GM, Network Management, Commercial Services & Sales **2.** GM, ICT **3.** Rep. Inspectorate of state Corporations	**6.** Receive updates on ICT security and audit matters and monitor progress on how they are being mitigated and resolved. **7.** Consider any matter related to Telecoms and ICT and where appropriate engage a third party or consultant to review and advise on any matter that is within the Committee's mandate. **8.** Assist the Board and Management to stay abreast of new developments and new technologies and anticipate emerging concepts and trends in the industry. **9.** Review, evaluate and advise the Board regarding the long-term goals and objectives and the quality and direction of the Company's ICT programs. **10.** Review and advise the Board on the Company's major technology positions relative to emerging technologies, emerging concepts and changing market requirements. **11.** Assist the Board with its oversight responsibility for risk management in areas affecting the Company's ICT matters. **12.** Review and recommend to the Board for approval the commitment of long-term ICT plans and expenditures. **13.** Review the implementation of the Company's ICT budget and expenditure. **14.** Undertake such additional activities within the scope of its primary functions as the Committee may from time to time determine.
Ad Hoc Committee on Critical Skills Retention Strategy **Members** **1.** Logan Christi (Chair) **2.** Ezekiel Saina **3.** Joy Masinde **4.** Isaac Kiva **5.** MD & CEO *By Invitation* **1.** GM, HR and Admin **2.** GM, Network Management, Commercial Services & Sales **3.** Rep. Inspectorate of state Corporations	**1.** Identify the critical roles in the Company and advise the Board on the Company's strategy for attracting, developing, managing and retaining the critical skills. **2.** Undertake an institutional skills gaps analysis for critical roles with the aim of improving the Company's general performance and staff attraction, development and retention through interventions like training, apprenticeship, periodic recruitment, mentoring and coaching among others. **3.** Oversee the development of a critical skills gap plan for scarce and high priority skills aligned to the Corporate Strategic Plan and supportive of the organisational objectives. **4.** Evaluate the staffing levels, competencies and capabilities for staff performing critical skills and advise the Board on appropriate actions to address any gaps. **5.** Collect data, conduct analysis, and compile notes on key skills gaps and critical roles at risk of high turnover in the organisation; highlight issues and identify recommended best practices for skills attraction, development and retention. **6.** Determine comprehensive interventions/strategies to address the identified skills gaps in the attraction, development and retention of staff performing critical skills. **7.** Prepare a policy paper and road map with timelines to guide on closing skills gaps in the Company in the identified priority areas. **8.** The Committee's other duties shall include to review and make recommendations in relation to recruitment incentives and staff attraction, development and retention policies for staff performing critical roles and people development and workforce training for staff performing critical roles.

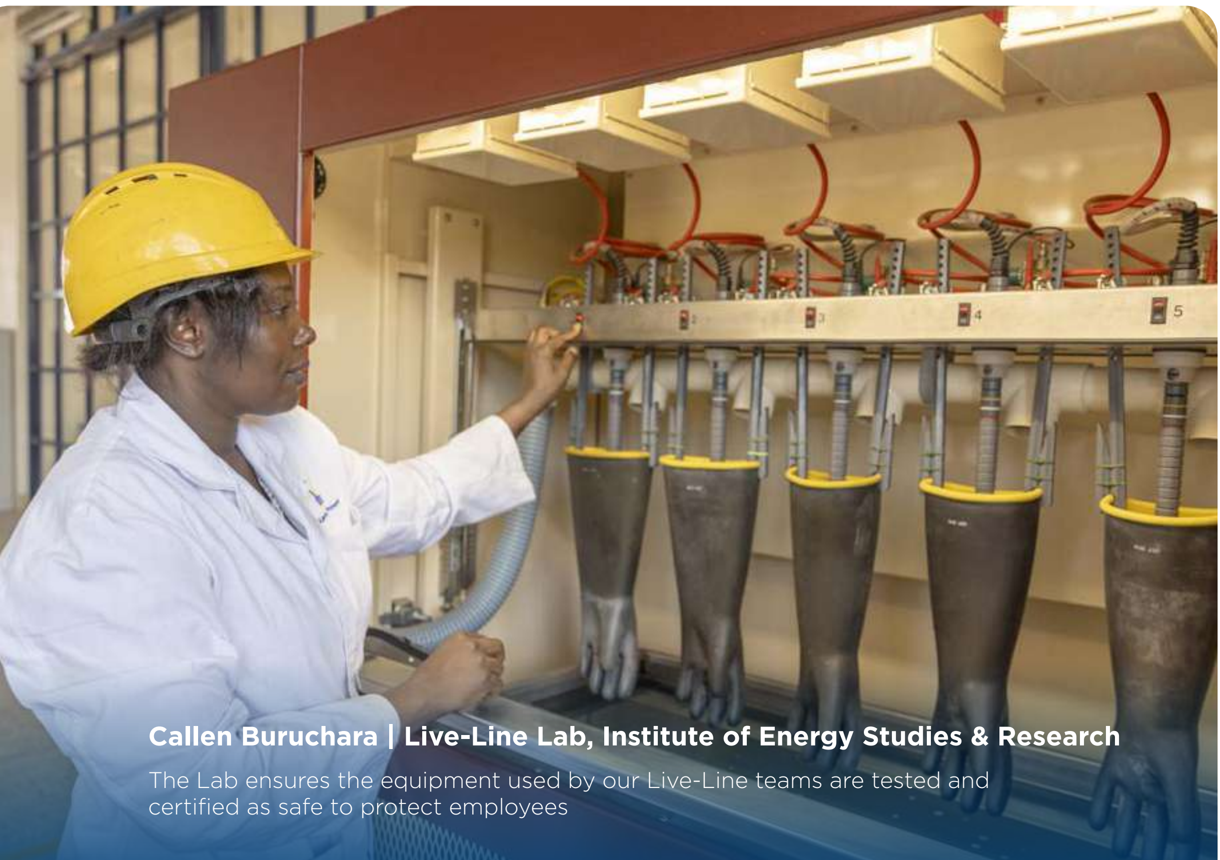
Highlight of the Key Deliberations of the Audit Committee

i. Approval of Internal Audit and Board Audit Committee Charters.
ii. Approval of Internal Audit Work Plan 2023/2024.
iii. Consideration of Audited Trading Results for the year ended 30th June 2023.
iv. Consideration of Internal Audit Quarterly Reports.
v. Consideration of Report of Internal Audit Capacity Status as at 30th June2023.
vi. 2022/23 performance Appraisal of the General Manager, Internal Audit.
vii. Consideration of Draft Management Letter for the year ended 30th June 2023.
viii. Consideration of Draft Audit Report of the Auditor-General year ended 30th June 2023.
ix. Consideration of Unaudited Trading Results for six months period ended 31st December 2023.

9.9 Board Induction and Capacity Development

Upon joining the Board, all new directors are taken through an induction programme. The induction programme includes orientation in the area of the company's business which enables them become familiar with the company's operations, acquaint them with their roles and responsibilities as well as the Company's strategy. The four newly elected members of the Board underwent a comprehensive induction programme during the year and they also visited key Company facilities to familiarise themselves with the Company's operations.

During the year under review, the Company organised competence up-skilling programmes for board members. Topics discussed included: training on Mwongozo Code of Governance for State Corporations, governance and ethics and an Audit Committee Master Class that was undertaken in September 2023 by the Institute of Certified Public Accountants (ICPAK). In the year under review, each of the Directors who served for the full year was able to secure at least 12 hours of training on areas of governance as prescribed by the CMA Code.



Callen Buruchara | Live-Line Lab, Institute of Energy Studies & Research

The Lab ensures the equipment used by our Live-Line teams are tested and certified as safe to protect employees

9.10 Board Evaluation

The Board undertook an annual self-evaluation exercise assisted by the State Corporations Advisory Committee (SCAC). The evaluation focused on the Board, the Committees, the Chairpersons of the Committees, the Managing Director & CEO, the General Manager, Internal Audit and the Company Secretary. Areas of improvement were identified and implementation matrix developed for continuous growth and development to enhance collective performance results

9.11 Legal and Governance Audits

During the year under review, an internal legal assessment was conducted with the objective of establishing the level of adherence to applicable laws, regulations and standards. The findings from the internal assessment confirmed that the Company was generally in compliance with the applicable laws and regulations. The Company is in the process of procuring independent legal and governance auditors to undertake comprehensive legal and governance audits for the Company. The findings from the audits shall be disclosed in the next annual report, recommendations shall be acted upon and any non-compliance issues arising corrected as necessary.

9.12 Governance Policies

The Company has put in place internal control systems designed to provide assurance on effectiveness and efficiency of our business operations and compliance with applicable laws and regulations. Some of the internal control systems put in place by the Board include establishment of relevant policies. Similarly, in line with the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, resolution is sought from Shareholders at this year's AGM to authorise the Directors to approve and implement the following policies:

i. Appointment of Directors Policy
ii. Board Remuneration Policy;
iii. Shareholders Communication Policy
iv. Stakeholder Engagement Policy
v. Dispute Resolution Policy

> **"Although the Company is a commercial entity, it remains a responsible corporate citizen and is thus committed to maintaining a healthy balance between economic, social, environmental and governance interests"**

9.12.1 Whistleblowing Policy

The Company has a Whistleblowing Policy in place aimed at protecting staff and other stakeholders who wish to report any malpractices, unethical or fraudulent activities in a confidential manner. The Policy also provides assurance that all disclosures shall be taken seriously and managed without fear of retaliation.

The Company also has an anonymous whistleblowing platform for stakeholders to raise concerns regarding any suspected unethical conduct or malpractice and the policy details how such concerns are handled and addressed by the Company.

9.12.2 Corporate Social Responsibility (CSR) Policy

The Company has a CSR policy in place aimed at directing the Company's intent and commitment to strategic investments that are geared towards bringing about positive environmental and social change in the community within which it operates.

Although the Company is a commercial entity, it remains a responsible corporate citizen and is thus committed to maintaining a healthy balance

The Kenya Power Foundation was launched in September 2024. The Foundation will drive Environmental and Social Investment Programmes in line with our Sustainability Strategy

between economic, social, environmental and governance interests. By looking beyond the financial gain, the Company is committed to the Triple Bottom Line approach of Profits, People and the Planet, which in turn enhances the potential of the Company to create economic value.

The CSR Policy similarly lays a solid ground for the operationalisation of the much-awaited Kenya Power Foundation, which was launched in the current financial year. The Foundation will support three key thematic areas of energy & environment, education & skills development and sports & community wellness.

9.12.3 Sustainability Policy

The Company has in place a Sustainability Strategy and Policy, which focus on ensuring that the Company's business is conducted in a manner that promotes environmental stewardship, social responsibility, governance and economic resilience. The Policy integrates the various Social Development Goals (SDGs) key among them being Gender Equality, Affordable & Clean Energy, Sustainable supply chain and Climate Action. It further stipulates that the Company shall report its sustainability performance transparently and in line with the Global Reporting Initiatives (GRIs).

9.12.4 Stakeholder Engagement Policy

The Company's Stakeholder Engagement Policy underscores our dedication to engaging with our diverse range of stakeholders in a meaningful and mutually beneficial manner. The Company recognises the importance of building and maintaining trust, addressing concerns, and fostering collaboration with all its stakeholders, which include customers, employees, communities, regulators, suppliers, shareholders, and non-governmental organisations (NGOs). The Company's approach to stakeholder engagement is guided by principles of inclusivity, transparency, accountability, respect, accessibility, and the pursuit of mutual benefit. Through this policy, the Company has established clear processes for identifying, prioritising, and engaging with its stakeholders.

9.12.5 Independence of Directors and Conflict of Interest Policy

The Board has an Independence of Directors and Conflict of Interest Policy to ensure independence of its members. The Board assesses the independence of its members on an annual basis to determine who the independent members are so as to ensure independent and objective judgement hence mitigating risks arising from conflict of interest or undue influence from interested parties. Directors are also obligated to fully disclose any actual or perceived conflict of interest which come to their attention. All business transactions with all parties, directors or their related parties are carried out at arm's length.

9.12.6 Board Remuneration Policy

The Company has a Board Remuneration Policy, which outlines the general guiding principles in remunerating directors and the types of remuneration aimed at attracting, retaining and motivating an effective Board. The Policy stipulates that the types of remuneration to the Board include Allowances, Incentive Program & Bonus Pay, Reimbursement of Expenses and Insurance Cover Scheme. It also provides that remuneration of directors shall be retroactively approved by shareholders in an Annual General Meeting.

9.12.7 Board Diversity and Inclusion Policy

The Company has a Board Diversity and Inclusion Policy that sets out the Company's commitment to the achievement of diversity in the composition of its Board of Directors with the objectives of:

- **i.** Ensuring an inclusive and diverse membership of the Board of directors of the Company.
- **ii.** Fostering optimal decision-making in the development and execution of the Company's strategy.
- **iii.** Promoting effective appointments to the Board, on merit against a set of objective criteria, in the context of the skills, experience, independence and knowledge.
- **iv.** Having a Board that reflects the diverse stakeholders the Company serves.

The Board is of the view that its composition is diverse, its size and demographics make it effective and it has complied with the Company's Diversity and Inclusion Policy as detailed under Note 3 above.

9.12.8 Enterprise Risk Management Policy (ERM)

The Company's ERM Policy sets out the Company's commitment to create an integrated approach to risk management and enables the Company to achieve its strategic and operational objectives while creating an environment where all members of staff assume responsibility for risk management. The Policy takes into account the various categories of risks which include strategic risks, financial risks, compliance risk, operational risks, business sustainability, ethics among others.

9.12.9 Dispute Resolution Policy

Kenya Power recognises that disputes involving companies are an inevitable part of doing business and has therefore established a Dispute Resolution Policy as a mechanism for resolving the disputes with its stakeholders effectively, expeditiously, efficiently and in a timely manner.

9.12.10 Procurement Policy

The Company has established a Supply Chain Policy aimed at continuously ensuring fair competition, equity, equality, supplier diversity, transparency, accountability and inspire confidence in KPLC's Procurement and Asset Disposal responsibilities. The objectives of the Policy are to:

- **i.** Ensure that the Procurement and Asset disposal system is properly implemented by complying with applicable laws, rules and guidelines.
- **ii.** Ensure ethical practices and promote professionalism in Procurement and Asset Disposal system.
- **iii.** Foster sustainable procurement practices.
- **iv.** Standardize the Procurement and Asset Disposal system across the board.
- **v.** Continuously improve the efficiency of Procurement and Asset Disposal system by leveraging on technology.

vi. Promote efficiency and effectiveness; transparency and accountability; fairness; equity and value for money in Procurement and Asset Disposal.

9.12.11 Policy on Insider Trading

As a Company whose shares are listed at the Nairobi Securities Exchange and in line with the continuing listing obligations, insider trading through disclosure of material or market sensitive information affecting the business that has not been made available to the public is expressly prohibited.
In this regard, Directors and employees of the Company are required to observe quiet periods commencing at end of half-year and end of full-year, and expiring upon the release of the Company's performance to the public.

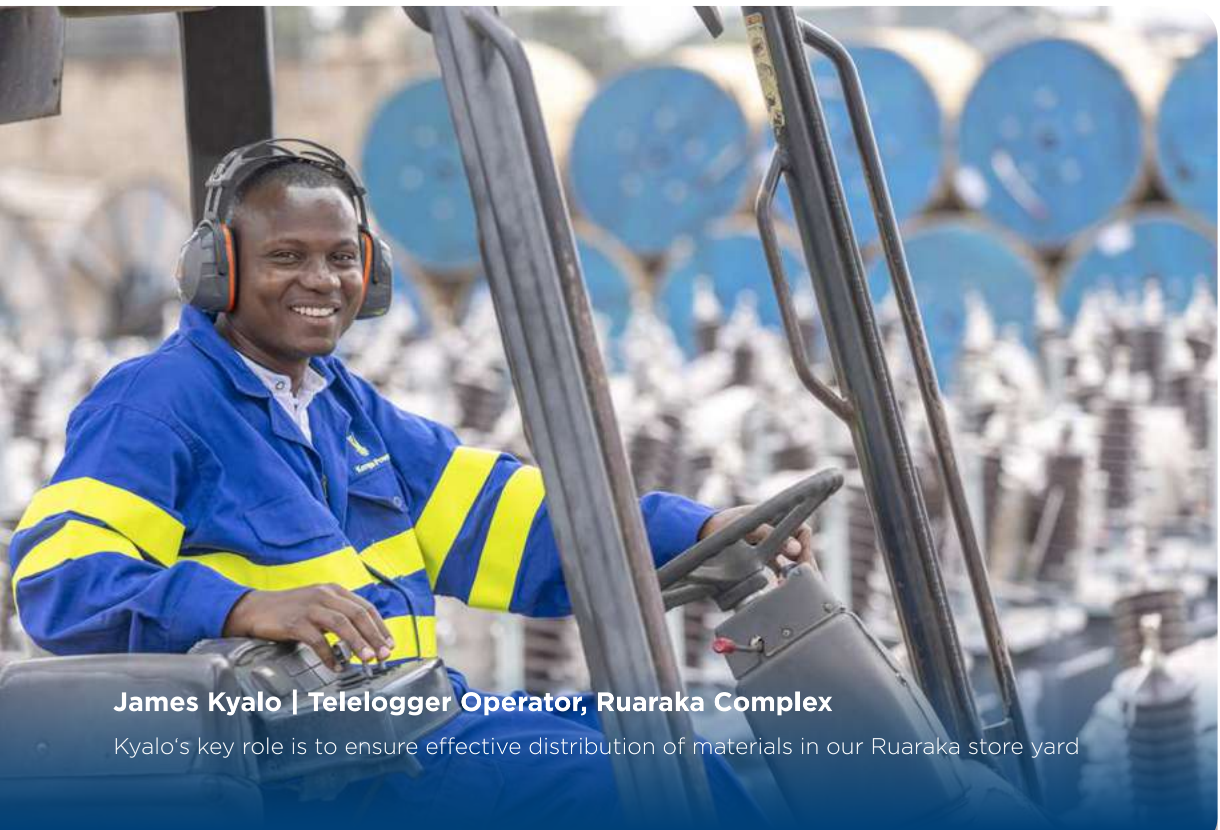
Directors and employees of the Company are also prohibited from trading in securities of the Company with knowledge of material information affecting the Company that has not been publicly disclosed. During the year under review, to the best of the Company's knowledge, there were no known cases of insider trading.

9.12.12 Shareholder Communication Policy

The company should disclose practical steps in the annual report on how it ensures equitable treatment of all holders of the same class of issued shares as stated in section 3.2.1 of the code. Minority shareholders should be protected from any adverse actions by the controlling shareholders, acting either directly or indirectly, and should have effective means of redress.

9.12.13 ICT Policy

The Company has an ICT Policy; a single unified document guiding effective and efficient management of ICT services and assets including systems owned by KPLC. The objectives of the Policy are to guarantee the uninterrupted delivery of ICT services that are used in the Company's operations, protect data, have redundancies to ensure business continuity, ensure compliance with licensing in relation to ICT and ensure proper and acceptable use of ICT systems and services



James Kyalo | Telelogger Operator, Ruaraka Complex

Kyalo's key role is to ensure effective distribution of materials in our Ruaraka store yard

9.13 Performance on Ethics

See details on Company's performance on ethics on page 97 of this report.

9.14 Accountability and Audit

The Statement of Directors Responsibility is set out on page 132, the Independent Auditors report is on page 134 and the Company's business review is outlined on page 127.

9.15 Directors' Emoluments

Director are entitled to a fee payment KShs.600,000 per annum which is paid on pro rata basis for period served. In addition the Chairman is paid a monthly honorarium of ksh. 80,000 per month. The fees are approved by shareholders during Annual General Meetings and paid annually in accordance with Government's guidelines for all state corporations. Directors are entitled to a sitting allowance and, where applicable, lunch allowance (to compensate for lunch being provided), accommodation allowance and mileage reimbursement as per the Government approved rates.

Details of Directors' emoluments amounting to Ksh. 52 million paid during the year is shown on page 130 of the Report.

9.16 Directors' Shareholding

During the year, none of the Directors owned more than five percent of the shareholding as shown in the table below.

Table 13: Directors shareholding

Director	Shares
Eng. Albert Mugo	1,966,862
Dr. (Eng.) Joseph Siror	1,263,000
CPA Dr. Caleb M. Bwauma	50

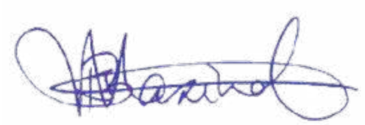
9.17 Shareholder Engagement and Communication

See details on Company's performance on shareholders engagement on page 92 of this report.

During the year under review, the Company held an Extraordinary General Meeting on 10th November 2023, and an Annual General Meeting on 8th December 2023. Shareholders were given a chance to send their questions, which were subsequently responded to, and answers posted on the website www.kplc.co.ke.

9.18 Shareholding Structure

A list of the major shareholders and analysis as at 30th June 2024 is shown on page 266.



Joy Brenda Masinde
Chairman, Board of Directors

Lilian Wanjiku and Frankline Maloba | Meter Readers, Ruiru

The primary duty of Meter Readers is to record customers' electricity meter readings for accurate billing

STATEMENT OF PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

KPLC, in its vision to be the 'Energy solution provider of choice' has continued to be an effective partner in the National economic development agenda while at the same time strengthening its competitive edge for business sustainability.

Towards delivering on our strategic intent, there were eight (8) strategic objectives for the FY2023/24 namely: **Ensure Financial Sustainability, Improve Customer Experience, Enhance Stakeholder Engagement, Enhance Network Reliability and Efficiency, Improve Business Efficiency, Improve Performance Culture, Increase Business Innovation and Leverage on Technology.**

The extent to which the objectives were attained as at June 2024 is as tabulated in Table 1 below.

STRATEGIC OBJECTIVE	KPI	UNIT OF MEASURE	TARGET 2023/24	ACTUAL 2023/24	VARIANCE	STRATEGIC INITIATIVE	ACTIVITIES
Improve Financial Sustainability	Profit Before Tax	Kshs.(M)	8,700	43,666	34,966	Asset Refinance & Balance Sheet Restructure	• Implementation of the Green Resilient Initiative. • Execution Balance Sheet Restructuring Roadmap.
						Revenue Diversification	• Enhance Incomes from Diversification programs.
	Debt to EBITDA	Ratio	14.00	7.45	6.55	Implement Foreign Exchange fluctuations mitigating measures.	• Conversion of Foreign Exchange Dominated loans to Kenyan Shilling. • Development of foreign exchange risk management model.
	Sales Growth	%	8.70	2.77	(5.93)	Implement Sales Growth Programs	• Enhance connection and metering of Pending Connections above 30 days.
						Revamp Revenue Collection	• Adherence to the Revenue Collection Calendar. • Enhanced Revenue

STATEMENT OF PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

STRATEGIC OBJECTIVE	KPI	UNIT OF MEASURE	TARGET 2023/24	ACTUAL 2023/24	VARIANCE	STRATEGIC INITIATIVE	ACTIVITIES
							Collection. • Ongoing customer Inspection programme.
Improve Customer Experience	Customer Charter Compliance	%	67	74	7		
	Customer Satisfaction Index	%	73.50	68	(5.5)	Redefine Customer Experience.	• Re-define Customer Segments (31 Dec 23) • Conducted customer education programmes. • Development & Implementation of Stakeholder Engagement Work plan. • Development & Implementation of Stakeholder Engagement Work plan.
Enhance Stakeholder Engagement	Corporate Reputation Index	%	64	63.2	(0.8)	Build and Maintain a Stakeholder Eco-system Build Brand Reputation	• Tracking Corporate Reputation Index. • Held E-Mobility conference and EXPO (April 2024.) • Held Two interactions with KARA (Kenya Alliance of Resident Associations). • Conducted Media trainings and sensitization • MD & CEO had engagements with the parliamentary energy

STRATEGIC OBJECTIVE	KPI	UNIT OF MEASURE	TARGET 2023/24	ACTUAL 2023/24	VARIANCE	STRATEGIC INITIATIVE	ACTIVITIES
							Committee. • Planted over 243,250 trees through our employee-driven Kijani tree planting campaign. • Execution of Presidential Directive on Corporate Citizenship (50% Dec 2023).
Improve Network Reliability & Efficiency	SAIFI	No.	32	47.54	(15.54)	Implement network refurbishment projects	• Completion of 625 refurbishment projects • Transformer Maintainance Project
						Upgrades of T&D Infrastructure.	• Completion of New and upgrading of Substations • T&D Project Completion Rate
	CAIDI	Hrs.	2.20	2.26	(0.06)	Employee Resourcing	• Percentage Level of human Resourcing and Optimization of staff.
Improve Business Efficiency	System Losses	%	21.5	23.16	(1.66)	Segregate & Measure System Losses	• Data Clean-up Project
						Implement Loss Reduction Strategies	• Installation of Smart meters. • SME Meter inspection of SME, Large Power and Domestic customers. • Rapid metering and

STATEMENT OF PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

STRATEGIC OBJECTIVE	KPI	UNIT OF MEASURE	TARGET 2023/24	ACTUAL 2023/24	VARIANCE	STRATEGIC INITIATIVE	ACTIVITIES
							replacement campaign.
	Collection Efficiency	%	100	98	(2)	Digitalization of Field Workforce Activities.	• Using handheld devices/ Smart Phones to execute field operations, integrated with back office systems for real-time updates.
Improve Performance Culture	Board Contract Performance Score	Score	300	307	7	20th Cycle Board Performance Contract.	• Track Board Performance Contract Monitoring & Reporting. • .
	Employee Satisfaction	%	70	65	(5)	Improve Staff Satisfaction.	• Carry out Employee Engagement survey twice yearly • Implement recommendations of the Employee Satisfaction survey done half yearly
Increase Business Innovations	Innovations Successfully Implemented	No.	5	4	(1)	Review and Implement the Innovations Policy.	• Reviewing of the Innovations Policy.

DIRECTORS' REPORT

The core business of the Company continues to be transmission, distribution and retail of electricity purchased in bulk from Kenya Electricity Generating Company Plc (KenGen), Independent Power Producers (IPPs), as well as imports from Uganda Electricity Transmission Company (UETCL), Ethiopia Electric Utility (EEU) and Tanzania Electric Supply Company Limited (TANESCO).

BUSINESS REVIEW

The Company reported a profit before tax amounting to KShs 43,666 Million, compared to a loss before tax of KShs 4,434 Million, the previous year. The profit is mainly attributed to a substantial 103% decrease in finance costs, which dropped from KShs 24,154 Million the previous year to a gain of KShs 683 Million. Notably, the unrealised foreign exchange differences decreased from a loss of KShs 16,868 Million to a gain of KShs 7,882 Million as a result of appreciation of the Kenyan shilling against major global currencies during the period. Electricity sales increased by 3% to 9,855GWh, and the revenue improved by 21% to KShs. 231,124 million. The growth in revenue was supported by the increased sales and the approval of a cost-reflective electricity retail tariff review application by the Energy and Petroleum Regulatory Authority (EPRA) in April 2023.

The Company's working capital position improved from negative KShs 51,234 Million the previous year to negative KShs 27,439 million in the year under review

Kenya Power underwent significant changes in its board of directors. During an Extraordinary General Meeting (EGM) held on 10 November 2023, shareholders approved a restructuring proposal aimed at enhancing corporate governance and improving the company's commercial performance. The key changes included the government, which holds 50.09% of Kenya Power's shares, appointing five directors to the board while the remaining shareholders, representing minority interests, will electing four directors. This restructuring seeks to proportionately reflect the company's shareholding structure and is part of a broader initiative to transform Kenya Power into a commercially viable entity operating on commercial principles.

During the last AGM held on 8 December 2023, the following were elected as Directors by Holders of Class A Ordinary Shares, being holders of Ordinary Shares other than those held by the National Treasury: Eng. James Rege, CPA Dr. Caleb B. Manyaga, Mr. Ezekiel Saina, HSC and Ms. Ruth Muiruri. These leadership changes collectively signify the organization's dedication to growth, adaptability, and innovation in the face of evolving challenges and opportunities.

RESULTS FOR THE YEAR

	2024	2023
	Shs'000	**Shs'000**
Profit/(Loss)/ before income tax	43,666,029	(4,433,856)
Income tax (expense)/credit	(13,585,659)	1,240,677
Profit for the year	**30,080,370**	**(3,193,179)**

DIVIDEND

A dividend of Shs 1.93 million (2023: Shs 1.93 million) is payable on the cumulative preference shares and has been recognised in the statement of profit or loss and other comprehensive income under finance costs.

No interim dividend was paid in 2024 (2023: Nil). Subject to the approval of the shareholders, the Directors recommend payment of a final dividend of Kshs 0.70 per ordinary shares for the year ended 30 June 2024 (2023: Nil)

DIRECTORS

The current Directors are as shown on page 7.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each Director at the time this report was approved:

a. there is, so far as the Director is aware, no relevant audit information of which the Company's auditor is unaware; and
b. the Director has taken all the steps that the Director ought to have 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 THE AUDITOR

The Auditor General is responsible for the statutory audit of the Company's financial statements in accordance with article 229 of the constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015.

BY ORDER OF THE BOARD

Imelda Bore
Company Secretary

28th October, 2024

DIRECTORS' REMUNERATION REPORT

INFORMATION NOT SUBJECT TO AUDIT

Remuneration of the Company's Board is set within the Government limits for state corporations.

Statement of Company's policy on Directors' remuneration

During the year, there was no change to the Board remuneration. The current policy as guided by the Government through the State Corporations Advisory Committee (SCAC) will apply in subsequent years until the same is revised. The Company does not have any share options or long-term incentives plans. There was no compensation for past Directors, or any sum paid to third parties in respect of a Director's services.

The only executive Director is the Managing Director and Chief Executive Officer. He/She has performance targets for the year which apply to the Board. Non-Executive Directors' remuneration is fixed by SCAC.

Contract of service

The Non-Executive Directors are not under contract but are subject to retirement by rotation at the Annual General Meeting (AGM). Dr. (Eng.) Joseph Siror was appointed as Managing Director & Chief Executive Officer (CEO) on 02 May 2023

Statement of voting at general meeting

During the last AGM held on 08 December 2023 the shareholders unanimously approved the Directors' fee of Shs 600,000 per year per Director on a pro-rata basis.

Summary of the remuneration policy

The following are highlights of the Board remuneration policy for the Company:

1. During every Board or Committee meeting, Directors are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement at Automobile Association of Kenya rates.
2. The Chairman receives a monthly honorarium.
3. Directors' fees are paid annually upon approval by shareholders during the AGM in accordance with Government's guidelines for all state corporations.
4. Non-Executive Directors are paid a total of Shs 600,000 per annum or on pro rata basis for period served.
5. The remuneration for executive Directors is as per the negotiated employment contracts.
6. The Company will not propose to make any changes in the remuneration level during the current financial year.
7. There are no Directors' loans in the Company's loans.
8. There are no Directors' shares schemes.
9. A sitting allowance is paid to each Non-Executive Director for attending a duly convened and constituted meeting of the Board or of any of the committees.
10. An allowance is paid to Non-Executive Directors for any day of travel away from his regular station in order to attend to duties of the Company.
11. Medical insurance cover is provided to all Non-Executive Directors for their individual medical requirements covering both outpatient and in-patient services.

Directors' remuneration

Below is a summary of entitlement per Board Member:

Type of payment	Chairman	Member
Honoraria (per month)	Shs 80,000	N/A
Sitting allowance (per sitting)	Shs 20,000	Shs 20,000
Telephone – airtime for mobile phone (per month)	Shs 20,000	N/A
Transport allowance/mileage	N/A*	Automobile Association of Kenya (AAK) rates
Lunch allowance	Shs 2,000	Shs 2,000
Director's fees per annum on prorata basis	Shs 600,000	Shs 600,000
Director's bonus	N/A	N/A
Accommodation allowance outside Nairobi	Shs 18,200	Shs 18,200

* The Chairman is provided with a Company car.

INFORMATION SUBJECT TO AUDIT

For the financial years ended 30 June 2024 and 30 June 2023, the Directors' fees and remuneration are as below:

	Salary/ honoraria	Fees	Expense allowances	Total
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Year ended 30 June 2024				
Executive Director				
Dr. (Eng.) Joseph Siror- MD & CEO	13,490	-	9,773	23,263
Non-Executive Directors				
Joy Brenda Masinde - Chairman	960	600	3,484	5,044
PS, National Treasury	-	600	-	600
PS, Energy	-	600	-	600
CPA Dr. Caleb Bwauma	-	339	1,564	1,903
Ezekiel Saina	-	339	1,803	2,142
Eng. James Rege	-	339	747	1,086
Ruth Muiruri	-	339	845	1,184
Kairo Thuo	-	263	457	720
Dr. Duncan Ojwang	-	263	2,427	2,690
Eng. Albert Mugo	-	600	2,033	2,633
Logan Christi Hambrick	-	600	2,979	3,579
Veska Kangogo	-	263	1,603	1,866
Isaac Kiva	-	-	100	100
Eng. Benson Mwakina	-	-	2,436	2,436
Mr. Humphrey Muhu	-	-	2,128	2,128
	14,450	**5,145**	**32,379**	**51,974**

	Salary/ honoraria	Fees	Expense allowances	Total
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Year ended 30 June 2023				
Executive Director				
Dr. (Eng.) Joseph Siror- MD & CEO	1,831	-	647	2,479
Eng. Geoffrey Muli- Ag. Managing Director	6,018	-	3,782	9,800
Non-Executive Directors				
Joy Brenda Masinde - Chairman	560	324	2,201	3,085
Ms Vivienne Yeda – Former Chairman	400	276	245	921
PS, National Treasury	-	600	-	600
PS, Energy	-	600	-	600
Kairo Thuo	-	600	689	1,289
Dr. Duncan Ojwang	-	324	1,272	1,596
Eng. Albert Mugo	-	324	1,027	1,351
Logan Christi Hambrick	-	324	2,100	2,424
Veska Kangogo	-	324	2,378	2,702
Sarah Mbwaya	-	234	440	674
Justice (RTD) Aaron Gitonga Ringera	-	187	376	563
Brig (Rtd) James M Gitiba (Ebs)	-	234	900	1,134
Yida Kemoli	-	276	480	756
Eng. Benson Mwakina	-	-	1,811	1,811
Mr. Humphrey Muhu	-	-	1,606	1,606
	8,809	**4,627**	**19,954**	**33,391**

BY ORDER OF THE BOARD

Imelda Bore
Company Secretary

28th October, 2024

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 of its profit or loss for that year. It also requires the Directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the Company; (b) disclose, with reasonable accuracy, the financial position of the Company; and (c) enable the Directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

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 control 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 applying them consistently; and
iii. Making judgements and accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, the Directors have assessed the Company's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation in Note 2 (a) of the financial statements.

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

Approved by the Board of Directors on 28th October, 2024 and signed on its behalf by:

Joy Brenda Masinde **Chairman, Board**	**CPA Dr. Caleb B. Manyaga** **Chairman, Audit Committee**	**Dr. (Eng.) Joseph Siror, FIEK** **Managing Director & CEO**

11 REPORT OF THE AUDITOR-GENERAL

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REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON THE KENYA POWER AND LIGHTING COMPANY PLC FOR THE YEAR ENDED 30 JUNE, 2024

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 the 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, risk management environment and 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

I have audited the accompanying financial statements of The Kenya Power and Lighting Company PLC set out on pages 151 to 238, which comprise of the statement of financial position as at 30 June, 2024, 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. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my 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 the International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of The Kenya Power and Lighting Company PLC Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits 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.

Material Uncertainty Relating to Going Concern

I draw attention to Note 2(a) to the financial statements which discloses that the Company recorded a negative working capital of Kshs.27,439,000,000 (2023 - Kshs.51,234,000,000). The Company has remained in a negative working capital position for the eighth consecutive year. Over the years, the Board of Directors and Management indicated that strategic initiatives were being undertaken to improve the financial results of the Company. However, these initiatives were yet to yield the intended results as at 30 June, 2024. This indicates existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. My Opinion is not modified in respect of this matter.

Emphasis of Matter

Land Without Titles

The statement of financial position reflects property, plant and equipment balance of Kshs.275,774,833,000 which, as disclosed in Note 16 to the financial statements, includes a balance of Kshs.785,710,000 in respect of freehold land. The latter balance includes sixteen (16) parcels of land in various locations valued at Kshs.29,724,258 for which the Company had no title deeds. Management indicated that most of the parcels were allotted from trust land, and there have been delays in demarcation of the areas and adjudication processes required to facilitate acquisition of title deeds. However, evidence of efforts made by Management to ensure that the process of land adjudication is concluded was not provided.

In the circumstances, the status of transfer of ownership of the parcels of land could not be confirmed.

My Opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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. I do not provide a separate opinion on these matters. For each matter below, a description of how the audit addressed the matter is provided in that context.

Key Audit Matter	How the Audit Addressed the Key Audit Matter
Revenue Recognition As disclosed in Note 7 to the financial statements, the Company revenue is derived from different streams which are subject to different recognition and disclosure requirements based on the nature, timing, amount, and level of uncertainty. Electricity sales revenue is recognised when customers on post-paid metering are billed for power consumed each month based on meter readings or estimated consumption. Uncollected revenue is included in the accounts receivable. On the other hand, sales from prepaid metering are recognised when customers purchase electricity units and then adjusted for an estimated unconsumed power determined in average over a period. Other revenue charged to electricity sales include fuel cost recoveries as per monthly approved tariff by the Energy and Petroleum Regulatory Authority (EPRA) Fuel Cost Charge (FCC) and foreign cost adjustment which arises from foreign currency denominated obligations at a difference between tariff factored rates and realised exchange rates. The two revenue categories are passthrough costs to customers.	A revenue systems review was conducted to provide an understanding of the design and operating effectiveness of the systems and general controls over input, processes, integration, and transfer of revenue information between the multiple systems involved in recording revenue. In addition, the following Procedures were performed: i. Existing controls over input changes in the billing systems arising from tariff adjustments were tested for adequacy and effectiveness; ii. Information Technology (IT) general controls over customer categorization and billing were tested to ascertain accuracy and completeness of generated reports utilised for revenue reporting; iii. An end-to-end testing of different revenue streams was conducted, and an evaluation done on reconciliations between billing data and journals processed in the general ledger;

Report of the Auditor-General on The Kenya Power and Lighting Company PLC for the year ended 30 June,2024

3

Key Audit Matter	How the Audit Addressed the Key Audit Matter
The occurrence and accuracy of amounts recorded as revenue is susceptible to risks due to the complexity of the billing systems, changes in tariffs, and multiple electricity generation sources. The application of International Financial Reporting Standard (IFRS) 15: Revenue from contracts with customers for revenue recognition requires the use of complex rating, billing and accounting systems. The complexity is compounded by the significant number of revenue transactions that occur annually. My audit attention was directed at this area because of the significance of the number of revenue transactions, complexity of billing systems and the risk that inappropriate judgments or assumptions could lead to material misstatements in the financial statements. I therefore identified revenue recognition to be most significance during the year under review as a Key Audit Matter for the purposes of the audit.	iv. Analytical review procedures were performed over significant revenue streams; v. A sample-based testing of customer contracts was done to confirm validity and performance obligations as agreed by both parties and that revenue was appropriately recognised; vi. Unconsumed power data for selected months was evaluated to assess the reasonableness of estimates used in adjusting pre-paid electricity sales revenue; vii. Sampled journal entries were reviewed against supporting documentation to ascertain that they related to the correct period and were appropriately authorised; and viii. Accounting policies were reviewed and assessed for compliance with IFRS 15 for adequacy and consistency with other disclosures in the financial statements.

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 risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above, provide the basis for my audit opinion on the accompanying financial statements.

Other Information

Conclusion

The Directors are responsible for the other information set out on page 4 to 73 which comprise of corporate information, the Board of Directors, Executive Management Team, Chairman's statement, Report of the Managing Director and the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Sustainability Report, Corporate Governance, Directors' Report, Directors' Remuneration Report and

Statement of Directors' Responsibilities. The other information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on The Kenya Power and Lighting Company PLC financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and 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 my report, I confirm that nothing else 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

1. Procurement of Goods and Services

1.1 Unsupported Decline in Value of Leased Land

During the year under review, Management tendered for lease of unused parcels of land and houses owned by Company. Successful bids were recommended for award subsequent to an evaluation process. The leased properties included a parcel of land located in Nairobi measuring 2.9654 acres which was awarded to a firm at an annual rent of Kshs.3,709,445 per acre translating to total rental income of Kshs.110,000,000 for a period of ten (10) years based on a valuation carried out in February, 2023. However, according to an earlier valuation carried out in June, 2020, the annual rental reserve price per acre for the parcel of land was Kshs.8,700,000, which would have resulted in rental income of Kshs.257,989,800. The decline in rental reserve value of the land was not supported or explained. As a result, the Company was at a risk of losing rental income amounting to Kshs.147,989,800 over the lease period.

In addition, the valuation carried out in February, 2023 was conducted by the Company's employees instead of independent professional valuers. Although the Company employees were qualified valuers, their independence and objectivity could not be confirmed.

In the circumstances, value for money in the leasing of public properties to third parties could not be confirmed.

1.2 Unprocedural Procurement of Off-Grid Generation Fuel

During the year under review, Management procured Low Sulphur Diesel for Off-Grid stations at a contract price of Kshs.3,868,669,072. The approved tender estimated the quantity required for the stations to be 31,020,000 litres annually totalling to 62,040,000 litres for two years, with a total cost estimate of Kshs.3.8 billion and Kshs.7.6 billion annually and for the two years respectively. However, the bidders quoted prices which were significantly higher than the budget estimates, with the most responsive bidder quoting Kshs.14,379,262,976, which was 205% above the budget estimate for the two years. Despite the tenderers quoting prices above the budget, the Evaluation Committee in a report dated 22 November, 2023 recommended award to the most responsive bidder who had quoted a price of Kshs.14,379,262,976 subject to the estimated annual budget of Kshs.3,868,669,072. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which provides that the Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates.

In the circumstances, Management was in breach of the law.

2. Human Resource

2.1 Payment of Acting Allowances Beyond Allowable Period

Review of the records on appointments to acting positions and allowances paid thereof revealed that thirty-nine (39) employees were appointed on acting capacity for long periods and continued to draw acting allowances beyond the stipulated six months' period resulting in irregular payment of Kshs.60,459,459. In some instances, some appointees had been holding positions in an acting capacity for more than four (4) years, without a special approval from the General Manager, Human Resources and Administration as provided for in the Company policy. This is contrary to Section 34(3) of the Public Service Commission Act, 2017 which provides that an officer may be appointed in acting capacity for a period of at least thirty days but not exceeding six months. In addition, Section C14(1) of the Human Resource Policies and procedures Manual for the Public Service provides that acting allowance is not be payable to an officer for more than six (6) months.

In the circumstances, Management was in breach of the law.

2.2 Non-Compliance with the One-Third Basic Salary Rule

Analysis of the payroll data revealed that one thousand, one hundred and one (1,101) employees were paid a net salary which was less than a third (1/3) of their basic pay. This contravened Section 19(3) of the Employment Act, 2007 which provides that all deductions made by an employer from the wages or salaries of his employees at any one time shall not exceed two thirds of such wages or salaries.

In the circumstance, Management was in breach of the law.

2.3 Non-Authentication of Academic Qualifications for Employees

Review of the Human Resources records revealed that Management conducted an authentication of academic and professional certificates for management cadre employees in July 2021. However, authentication of academic and professional certificates for union staff who constituted 65% of the Company employees and managers who joined the Company after July, 2021 was yet to be conducted. This was contrary to the Public Service Commission (PSC), Circular issued on 19 October, 2022 requiring all Authorized Officers for government institutions to undertake an audit of academic and professional certificates of employees.

In the circumstances, Management was in breach of the law.

3. Non-Compliance with Age Limit Requirement for Appointment to Board

During the year under review, four (4) Directors were elected to the Board in an Annual General Meeting held in December, 2023. However, review of records relating to the Directors revealed that one Director was elected at the age of seventy-six (76). The election contravenes the Company's Articles of Association, Board Charter, and the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, which limits the age of a new Director to seventy (70).

In the circumstances, the Company was in breach of public listing guidelines and its Articles of Association.

4. Penalties on Overdue Invoices

During the year under review, the Company incurred an expenditure of Kshs.981,803,000 being interest on late payment of invoices. The expenditure resulted in the increase of cost of sales and negatively affected the Company's cash flows and profitability. Management attributed the delays in settling the invoices to acute shortage of foreign currency in the market which is used to settle foreign currency denominated obligations.

In the circumstances, there was no value for money incurred on the penalties on overdue invoices as it amounted to wastage of resources.

5. Comparative Cost of Power Purchase Between KenGen and Independent Power Producers

As disclosed in Note 8 to the financial statements, a total of Kshs.150,605,904,000 was paid for a total of 13,684 gigawatt-hour units of electricity purchased. Analysis of the units of electricity against the cost of purchase revealed disparities between the power purchased from the Kenya Electricity Generating Company PLC (KenGen) and the Power Procured from Independent Power Producers (IPPs). Analysis of power purchase revealed that KenGen supplied a total of 5,048 gigawatt hours (GWh) in thermal, geothermal and wind generated energy equivalent to 59% of total power purchased from the three sources while the IPPs supplied the remaining 3,483-gigawatt hours (GWh) or 41% from similar sources. However, the cost of the power purchased from KenGen in respect of the three sources was Kshs.49,369,297,000 or 40% compared to the cost of power purchased from IPPs from similar sources totalling Kshs.73,723,453,000 or 60% of the total purchase cost for the three sources.

The analysis indicates that the cost per Kilowatt hours (KWh) was significantly higher for power purchased from the Independent Power Producers compared to power purchased from Kenya Electricity Generating Company PLC as summarized below:

	Cost of Power Purchased from IPPs (Ksh)	Energy Purchased from IPPs(kWh)	IPPs Cost per kWh	Cost of Power Purchased from KenGen (Ksh)	Energy Purchased from KenGen (kWh)	KenGen Cost Per kWh
Thermal	29,710,977,000	679,000,000	43.76	10,756,820,000	365,000,000	29.47
Geothermal	18,558,217,000	1,074,000,000	17.28	38,172,401,000	4,633,000,000	8.24
Wind	25,454,259,000	1,730,000,000	14.71	440,076,000	50,000,000	8.80
Total	**73,723,453,000**	**3,483,000,000**		**49,369,297,000**	**5,048,000,000**	

As previously reported, the disparity was mainly attributed to the terms contained in contracts entered with the Independent Power Producers (IPPs) where in some instances, realised sales were below the cost price. To mitigate against this disparity, a Presidential Taskforce appointed in March 2021 to undertake a comprehensive review of Power Purchase Agreements (PPA) with Independent Power Producers recommended a review of the PPAs with a view of renegotiation and exploring ways to address the disparity. However, Management did not provide evidence of the progress made in respect of the recommendation.

6. Failure to Prepare Financial Statements for a Donor Project

Note 42 (b) and (c) to the financial statements reflects that the Company expended Kshs.71,199,000 and 17,968,000 received from World Bank credit and grant financing respectively under the Kenya Electricity Modernization Program (KEMP) through Credit and Grant No.5587-KE. Review of the Project Agreement revealed that the Bank had committed a credit financing of Kshs.90,000,000,000. As at 30 June, 2024, the Bank had disbursed grants totalling Kshs.15,996,633,000 and Kshs.9,273,038,000 under the credit. However, since inception of the project in 2015, Management have not prepared and submitted financial statements for the project to the Auditor-General for audit as required under Clause 90.3 (1) of the subsidiary loan agreement between the Government of Kenya and The Kenya Power and Lighting Company PLC dated 29 July, 2015.

In the circumstances, Management was in breach of the financing agreement.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards 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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Long Outstanding Receivables from Government Entities

The statement of financial position reflects current trade and other receivables amounting to Kshs.58,532,339,000. As disclosed in Note 21(b) to the financial statements, the balance is net of gross receivables and provisions totalling Kshs.86,373,208,000 and Kshs.26,573,663,000 respectively. Included in the current trade and other receivables balance is an amount of Kshs.5,267,438,169 due from fiber optic sales, Last Mile Connectivity program and commercial customers which have been long outstanding. Management efforts to recover the amounts have been unsuccessful.

Similarly, the trade and other receivables balance includes an amount of Kshs.36,903,094,935 in respect of receivables from National and County Government entities which had been long outstanding as detailed below:

i. Receivables totalling Kshs.30,734,578,000 was in respect of Rural Electrification Scheme (RES) which the Company administers on behalf of the Government of Kenya. Management indicated that Rural Electrification Scheme (RES) is funded by the National Government and implemented by the Company on behalf of the Ministry of Energy and Petroleum (MOEP). The Schemes of RES are considered sub-economic, given that their operational and maintenance costs exceed their revenue, and it was agreed that the Government will reimburse the Company any deficit arising from the Scheme. The resultant accumulated deficit is recoverable from the Government of Kenya (GOK) as stipulated in the 1973 Mercado agreement signed between KPLC and the GOK through the MOEP. As at 30 June, 2024, no reimbursement had been made to cover the deficits despite a cabinet resolution to disburse Kshs.19,400,000,000 to settle the RES losses,

ii. The receivables balance includes an amount of Kshs.158,393,000 due from the Ministry of Energy and Petroleum, Kenya Electricity Generating Company PLC (KenGen), Geothermal Development Company (GDC), Rural Electrification and Renewable Energy Corporation (REREC), Energy and Petroleum Regulatory Authority (EPRA) and Nuclear Power and Energy Agency (NuPEA), had been outstanding since 2015. The amount relates to media campaigns executed in November, 2014 through electronic, print, and online media to gauge demand for 5000+ MW from existing and potential investors as was directed by the then Cabinet Secretary for Ministry of Energy and Petroleum. Records at the Company indicate that the Ministry of Energy and Petroleum and its parastatals had agreed to share the costs of the integrated media advertising for investors power plan data gathering campaign. However, no evidence was provided to show how the Company ended up paying all the costs on behalf of the other entities.

iii. The receivables balance includes Kshs.4,040,767,301 in respect of unpaid electricity bills from the forty-seven (47) County Governments which continue to accumulate. Management did not demonstrate efforts made to recover the amount. In addition, Kshs.74,402,114 in respect of street lighting maintenance costs was due from several County Governments for works done in the years 2016 and 2017. Management efforts to recover the amounts have not yielded results.

In the circumstances, the existence and effectiveness on controls on revenue collection from various Government and commercial entities could not be confirmed.

2. Outstanding Rent

The statements of financial position and as disclosed in Note 21(b) to the financial statements reflects net current trade and other receivables balance of Kshs.58,532,339,000 Included in the balance is an amount of Kshs.13,907,730 due from thirty-eight (38) tenants that leased the Company premises in Mombasa. However, the tenants have since vacated the premises without settling the outstanding rents, with some of the debts dating back to eight (8) years. Management did not provide measures put in place to recover the outstanding rents.

In the circumstances, the existence and effectiveness on controls on revenue collection could not be confirmed.

3. Delays in Completion of Customer Electricity Connection Projects

The statement of financial position and as disclosed in Note 16 to the financial statements reflects work in progress balance of Kshs.20,000,201,000. Included in the balance are projects for which customers had paid a total of Kshs.12,323,601,525 for electricity connections. Review of a list of the works revealed that two thousand, two hundred and two (2,202) projects with a total capital contribution of Kshs.147,722,978 paid for by customers were yet to start. This denied the customers electricity supply and at the same time denied the Company revenues. This was contrary to the Company's Customer Charter on connection of electricity which provides for timelines within which electricity connection for customers are to be carried out depending on the type of connection ranging from seven (7) days to twenty-eight (28) days. Management attributes the delays in completion of projects to non-availability of materials, wayleaves acquisition challenges leading to re-design, abandonment of projects by customers, premises not ready for connections and customer requests for refunds or transfers to other sites.

In the circumstances, the effectiveness of controls in place to monitor customer connections could not be confirmed.

4. Weaknesses in Project Management

Review of the project management practices and work in progress records at the Company as at 30 June, 2024 revealed significant delays in the execution of projects. For instance, ten thousand and seventy-eight (10,078) projects with a cost of

Kshs.2,689,291,582 were behind their respective execution schedules having been outstanding for a period ranging from two (2) to fifteen (15) years. In addition, the Company lacked a robust project management framework, including regular progress monitoring, root cause analysis for delays, and corrective action plans. Management indicated that the projects are at different levels of execution and delays are occasioned by lack of materials in prior years preceding the year under review.

In the circumstances, the customers may not have realized value for money spent on the projects and the objectives of the projects may not be achieved.

5. Weaknesses in Electricity Consumption Billings

The statement of profit or loss and other comprehensive income reflects revenue from contracts with customers amounting to Kshs.231,123,597,000. As disclosed in Note 7(a) to the financial statements, the revenue relates to electricity sales on post-paid and prepaid metering. Review of the billing systems revealed the following weaknesses and anomalies:

i. Analysis of the customer billing data revealed that ninety-nine thousand nine hundred and seventy-five (99,975) customer accounts, were billed a total Kshs.649,394,841 based on estimated consumption for more than three (3) consecutive months. No corrective actions had been taken as provided for in Paragraph 6.3 of the Company's Operating Procedures on handling consecutive estimates, which requires corrective measures to be taken after three (3) consecutive months of bill estimation. Additionally, 11,735 customer accounts had zero estimates for the entire year despite the accounts remaining active. The foregoing indicates lack of oversight and adequate systems and controls within the billing department, which failed to trigger the required corrective actions and reporting mechanisms as stipulated in the Company's procedures;

ii. A comparative analysis of post-pay meters and billing of customers revealed that 8,359 customer accounts which were active as at 30 June, 2024 were not billed. This was an indication of control weakness in the billing and reconciliation process, insufficient monitoring and automation of billing procedures.

iii. During the year under review, a total of 100,748,518 units billed to customers for electricity consumption equivalent to Kshs.2,469,562,303 remained unpaid. The amount includes 93,764 units attributed to active and vending meters with a consumption of Kshs.1,357,861,643. Reasons for non-payment and measures taken by Management to collect the unpaid amount were not confirmed.

iv. Review of the receivables revealed an amount of Kshs.5,474,313,031 due from postpaid customers whose accounts were terminated for non-payment of bills with some dating back to over twenty (20) years ago. However, meter numbers for the terminated accounts had been reassigned to new customers without reconciliation of the outstanding balances. Reassignment of the meter numbers increases the risk of loss of revenue arising from untracking of terminated accounts.

In the circumstances, the adequacy and effectiveness of controls for customer connections and billing could not be confirmed.

6. Network Inefficiencies

6.1 Power Losses

The statement of profit or loss and other comprehensive income reflects revenue from contracts with customers amounting to Kshs.231,123,597,000. As disclosed in Note 7(a) to the financial statements, the revenue includes electricity sales amounting to Kshs.150,969,121,000 and Kshs.34,297,848,000 in respect of postpaid and prepaid electricity sales respectively. Review of units of electricity purchased against units sold revealed a total of 13,684 in gigawatt-hours (GWh) purchased from power producers out of which 10,516 GWh were sold to customers resulting in energy losses of 3,168 GWh or 23.16%. The industry regulator, Energy and Petroleum Regulatory Authority (EPRA) approved for the Company to recover from consumers system losses of up to 19.5% that is deemed to be normal loss. The excess of 3.66% power loss above the allowed loss constitutes inefficiency power loss which is borne by the Company thus increasing operating costs.

In addition, review of the power transmission data revealed that the losses occurred in the distribution and transmission networks. However, KPLC does not break down losses arising from those networks which, if accurately determined, can be attributed and borne by respective distribution schemes under the Rural Electrification and Renewable Energy Corporation (REREC) and the Kenya Transmission Company Limited (KETRACO).

In the circumstances, effectiveness and efficiency in the pricing of the power supply could not be ascertained.

6.2 Instabilities in the Power Supply Network

The Company uses System Average Interruption Frequency Index (SAIFI) to measure average number power supply of interruptions a customer experiences over a specific period, with lower values indicating better performance. During the year under review, the actual SAIFI was 47.54 , which significantly exceeded a set annual target of 32 in the Company's Strategic Plan. The significantly high interruptions index indicates inefficiencies in the Company's power distribution network.

In the circumstances, the effectiveness of measures implemented to mitigate against power supply interruptions could not be confirmed.

7. Weaknesses in Management of Risks

During the year under review, Management identified several fraud incidences through internal processes comprising of internal audit assessment and voluntary reporting from employees and customers. The identified risks were referred to the Security Department for investigations. Review of the status of the incidences reported and investigations undertaken during the year revealed the following weaknesses.

i. As at the time of conclusion of the audit in September, 2024, Management was yet to fully implement recommendations of investigations, especially those requiring putting in place measures to prevent reoccurrence of similar fraud schemes.

ii. An internal investigation into alleged theft of generation fuel at off-grid stations in Turkana County conducted during the year under review revealed that between October, 2021 and December, 2023, a total of 1,163,583 litres of diesel valued at Kshs.207,653,022 could not be accounted for. Several employees, security guards and fuel tanker drivers were found culpable. The investigation report recommended that investigation be expanded to other Counties with off-grid stations given that the same tanker drivers were supplying the other regions. Additionally, a demand letter was sent to the supplier for compensation of the lost fuel. However, as at the time of conclusion of the Audit in September, 2024, no documents were provided indicating commencement of the investigation to other stations. Measures taken against the security company and the transporter as well as the response to the demand letter to the supplier were provided for verification.

iii. Similarly, an internal investigation was conducted into alleged misappropriation of meters in Central Rift region in 2022/2023 financial year. Several employees were implicated in irregular issuance of meters and unauthorised meter separation which occasioned an estimated loss of Kshs.17,475,000. However, Management did not provide evidence of measures put in place to prevent similar occurrences as well as ascertaining prevalence of the scheme in other regions.

iv. Reported fraud incidents were referred to the Security Department where they would be reviewed and recommended for investigation or any appropriate action. However, the outcome of some of the investigations were not shared to the Internal Audit Department. As a result, the Internal Audit Department and the Board Audit Committee were not able to track implementation of recommendations arising from the investigations.

In the circumstances, the adequacy, effectiveness, and oversight of controls on fraud risks could not be confirmed.

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 controls, 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

Conclusion

As required by the Companies Act, I report based on my audit that I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit. In my opinion, I confirm that:

i. Information given in the Directors' report on pages 67 to 68 is consistent with the financial statements; and

ii. The auditable part of the Directors' remuneration report on pages 69 to 71 has been properly prepared in accordance with the Companies Act, 2015.

The Companies Act, 2015 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Company's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the 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 controls 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 controls, risk management and 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 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 comply 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 October, 2024

Power is in your hands
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10 FINANCIAL STATEMENTS

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

	Notes	2024	2023
		Shs'000	**Shs'000**
Revenue from contracts with customers	7(a)	231,123,597	190,974,954
Cost of sales	8	(150,605,904)	(143,575,530)
Gross profit		**80,517,693**	**47,399,424**
Net operating expenses			
Network management	9(a)	(22,972,920)	(20,664,395)
Commercial services	9(b)	(5,956,215)	(2,976,823)
Administration	9(c)	(16,170,315)	(11,269,511)
Expected credit losses on financial assets	9(d)	(1,178,489)	(2,371,088)
		(46,277,939)	**(37,281,817)**
Operating income		34,239,754	10,117,607
Other income	7(c)	7,249,521	9,095,819
Operating profit		**41,489,275**	**19,213,426**
Finance income	11(a)	1,493,956	506,640
Finance costs	11(b)	682,798	(24,153,922)
Profit/ (Loss) before income tax		**43,666,029**	**(4,433,856)**
Income tax (expense)/credit	13(a)	(13,585,659)	1,240,677
Profit for the year		**30,080,370**	**(3,193,179)**
Basic and diluted earnings per share (Shs)	**14**	**15.41**	**(1.64)**
Profit/ (Loss)/ for the year		**30,080,370**	**(3,193,179)**
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss			
Remeasurement of the retirement benefit asset	32	495,043	538,392
Remeasurement of the gratuity arrangement	33(c)	63,459	36,683
Deferred income tax relating to remeasurement of the retirement benefit asset and gratuity arrangement	27	(167,551)	(172,523)
Other comprehensive income, net of taxes		390,951	402,552
Total comprehensive income for the year		**30,471,321**	**(2,790,627)**

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2024	2023
ASSETS		**Shs'000**	**Shs'000**
Non-current assets			
Property and equipment	16	275,774,833	267,974,466
Leasehold land	17	654,085	685,694
Intangible assets	18	2,013,305	1,664,133
Retirement benefit asset	32	734,207	1,116,558
Right of use asset	19	663,797	862,762
Trade and other receivables	21(a)	190,460	380,102
		280,030,687	**272,683,715**
Current assets			
Inventories	20	9,248,406	6,072,995
Trade and other receivables	21(b)	58,532,339	56,737,372
Current income tax	13(c)	-	-
Short-term deposits	22(a)	543,100	501,050
Bank and cash balances	22(b)	9,731,667	17,730,140
		78,055,512	**81,041,557**
TOTAL ASSETS		**358,086,199**	**353,725,272**
EQUITY AND LIABILITIES			
Equity attributable to owners			
Ordinary share capital	23	4,878,667	4,878,667
Share premium	24	22,021,219	22,021,219
Retained earnings	25	60,414,276	29,942,955
TOTAL EQUITY		**87,314,162**	**56,842,841**
Non-current liabilities			
Deferred income tax	27	37,523,737	27,217,478
Deferred income	26	15,700,478	12,775,248
Trade and other payables	28(a)	29,704,178	29,562,693
Lease liabilities	29	410,841	551,582
Borrowings	30	81,895,385	94,456,942
Preference shares	31	43,000	43,000
		165,277,619	**164,606,943**
Current liabilities			
Trade and other payables	28(b)	80,339,230	105,064,922
Deferred income	26	3,840,646	4,227,426
Current income tax	13(c)	2,861,362	12,136
Provisions	33	855,162	958,542
Lease liabilities	29	230,644	309,655
Borrowings	30	16,619,184	20,951,195
Dividends payable	34	748,190	751,612
		105,494,418	**132,275,488**
TOTAL EQUITY AND LIABILITIES		**358,086,199**	**353,725,272**

The financial statements on pages 151 to 238 were approved and authorised for issue by the Board of Directors on 28th October, 2024 and were signed on its behalf by:

Joy Brenda Masinde	**CPA Dr. Caleb B. Manyaga**	**Dr. (Eng.) Joseph Siror, FIEK**
Chairman, Board	**Chairman, Audit Committee**	**Managing Director & CEO**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Ordinary share capital (Note 23)	Share premium (Note 24)	Retained earnings (Note 25)	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 30 June 2023				
Balance at 1 July 2022	4,878,667	22,021,219	32,733,582	59,633,468
Profit for the year	-	-	(3,193,179)	(3,193,179)
Other comprehensive income	-	-	402,552	402,552
Total comprehensive income for the year	-	-	(2,790,627)	(2,790,627)
At 30 June 2023	**4,878,667**	**22,021,219**	**29,942,955**	**56,842,841**
Year ended 30 June 2024				
Balance at 1 July 2023	4,878,667	22,021,219	29,942,955	56,842,841
Profit for the year	-	-	30,080,370	30,080,370
Other comprehensive income	-	-	390,951	390,951
Total comprehensive income for the year	**-**	**-**	**30,471,321**	**30,471,321**
At 30 June 2024	**4,878,667**	**22,021,219**	**60,414,276**	**87,314,162**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024	2023
Cash flows from operating activities		**Shs '000**	**Shs '000**
Cash generated from operations	36(a)	32,581,946	37,544,511
Income tax paid	13(c)	(597,725)	(137,470)
Interest received	36(g)	1,525,722	469,238
Gratuity paid	33(c)	(457,208)	(248,043)
Repayment of interest portion of lease liabilities	29	(76,813)	(102,983)
Interest paid	36(e)	(4,601,706)	(4,873,487)
Net cash flows generated from operating activities		**28,374,216**	**32,651,766**
Cash flows from investing activities			
Purchase of property and equipment	36(h)	(24,382,155)	(12,300,538)
Purchase of intangible assets	18	(557,378)	(1,616,868)
Prepayment of lease relating to leasehold land	17	-	(75,670)
Proceeds from disposal of property and equipment	36(d)	102,123	233,130
Net cash flows used in investing activities		**(24,837,410)**	**(13,759,946)**
Cash flows from financing activities			
Repayment of borrowings	36(b)	(10,982,041)	(10,620,802)
Proceeds from borrowings	36(b)	81,452	2,354,989
Repayment of principal portion of lease liabilities	29	(302,394)	(318,748)
Dividends paid to owners of the Company	36(f)	(5,352)	(8,488)
Net cash flows used in financing activities		**(11,208,335)**	**(8,593,049)**
Net increase in cash and cash equivalents		(7,671,529)	10,298,771
Cash and cash equivalents at the beginning of year		18,430,616	8,081,268
Effect of foreign exchange rate changes on cash and cash equivalents		(405,647)	50,577
Cash and cash equivalents at end of year	**36(c)**	**10,353,440**	**18,430,616**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Kenya Power and Lighting Company Plc, a public company domiciled in the Republic of Kenya, was incorporated on 6 January 1922, as East Africa Power & Lighting Limited. The Company changed its name on 11 October 1983. The core business of the Company continues to be the transmission, distribution and retail of electricity purchased in bulk from Kenya Electricity Generating Company Plc (KenGen), Independent Power Producers (IPPs), Uganda Electricity Transmission Company Limited (UETCL) and Tanzania Electric Supply Company Limited (TANESCO). The shares of the Company are listed on the Nairobi Securities Exchange. The Government of Kenya is the principal shareholder in the Company holding a 50.1% equity interest.

The address of the Company's registered office is as follows:

Stima Plaza
Kolobot Road, Parklands
P.O. Box 30099 – 00100, Nairobi.

2. BASIS OF PREPARATION

The financial statements are prepared on a going concern basis and 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 (see Note 3(i) below), rounded to the nearest thousand (Shs'000), except where otherwise indicated.

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

(a) Going concern assessment

The Company recorded a profit before tax of KShs 43,666 Million for the year ended 30 June 2024 compared to a loss before tax of KShs 4,434 Million the previous year, an increase of KShs 48,100 Million. The improved performance is attributable to decrease in finance cost by Kshs 24,87 Million as a result of significant appreciation of the Kenya Shilling against major world currencies. Electricity sales increased by 3% to 9,855GWh, and the revenue improved by 21% to KShs. 231 Billion. The growth in revenue was supported by the increased sales and the approval of the electricity retail tariff review application by the regulator which was effected in April 2023.

The Company's working capital position continued to improve during the period under review. The negative working capital improved from a low of Ksh 74,849 Million to Ksh 27,439 Million as shown is the improvement path of the over the past 5 years.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

	2020	2021	2022	2023	2024
	KSH M	KSH M	KSH M	KSH M	KSH M
Net Working Capital	(74,849)	(66,851)	(66,429)	(51,234)	(27,439)

This positive trend reflects the Company‘s ongoing commitment to optimizing its financial resources and enhancing its overall financial performance.

The Company launched its Five Year Strategic Plan aimed at redefining our operational paradigm to ensure reliability and efficiency of power distribution and explore new avenues of growth geared at improving the financial results of the Company going forward. The key focus area in the strategy will be improving cash flows, enhancing cost management across all business operations, and ensuring the Company’s financial sustainability. To achieve this, the Company will continue to deploy initiatives that are aimed at bolstering sales, optimizing revenue collection, balance sheet restructuring, new financing options and revenue diversification.

Preparation of financial statements on a going concern basis

Despite the challenging operating environment, the Company has made significant strides in improving its financial performance as evidenced by the increased sales revenue and the improving working capital position, these coupled with the new approved tariff and the initiatives highlighted above will strengthen the Company’s financial position and improve its performance.

The Board of Directors and management are confident that the foregoing initiatives will drive financial turnaround and enhance business sustainability, and wish to assure all stakeholders of their commitment to the stated initiatives that will ensure business continuity and excellence in the delivery of services to our customers.

Based on the above, the directors consider it appropriate to prepare the financial statements on going concern basis.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(b) Changes in accounting policy and disclosures

(i) New and amended standards and interpretations in issue and effective in the year ended 30 June 2024.

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these standards, if applicable, when they become effective:

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

None of the standards and interpretations listed above are expected to have a significant impact on the Company's financial statements when they become effective.

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue

(i) Electricity sales

The Company's contracts with domestic business and other electricity consumers covers the sale of electricity, with a performance obligation on the Company to supply electricity to the customer. The transaction price depends on the customer tariff category as determined by the Energy and Petroleum Regulatory Authority (EPRA). The revenue is recognised based on the fees chargeable from the customer. If automated meter reading is not available, the electricity consumption between the last meter reading and end of the month is estimated.

Electricity sales revenue is recognised when customers on post-paid metering are billed for the power consumed. The billing is done for each monthly billing cycle based on the units consumed as read on the customers' electricity meters and the approved consumer tariffs. Uncollected revenue is included in electricity receivables, net of provision for expected credit losses, to the extent that it is considered recoverable. Electricity sales revenue for customers on prepaid metering is recognised when customers purchase electricity units and then adjusted for the estimated amount of unconsumed power based on the consumption rate over a period of time.

(ii) Fuel cost charge

The Company recognises revenue relating to fuel costs recoveries in the month of approval by the Energy and Petroleum Regulatory Authority (EPRA). The billing to customers is based on their individual consumption in the month and applied as a charge per KWh. Fuel costs recoveries comprise the actual amounts billed to the customers.

(iii) Foreign exchange adjustment

Exchange variations on payments for foreign currency denominated obligations, arising from exchange rate differences beyond the approved rate as factored in the retail tariffs, are recognised and charged or refunded to the consumers of electricity to recover/credit the losses/gains in the foreign exchange rates. The net foreign currency losses/gains are passed on to the customers as a charge per KWh, which is approved each month by the EPRA.

The recovery of fuel costs and the foreign exchange costs is based on supplier invoices and factors in the Regulator's target loss factor in transmission and distribution. For the year ended 30 June 2024, the target loss factor was 18.5% (2023: 19.5%).

(iv) Deferred revenue

The Company has used a weighted average approach to determine the amount of revenue to defer and recognise in the subsequent period(s).

Historical value of transactions and the current month's value of transactions is obtained over each day of the current month.

The historical data is then used to obtain the average number of tokens purchased in a month that is to be applied to the current month's (June 2024) data to obtain the revenue to be deferred.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(b) Other income

(i) Finance revenue

Finance revenue comprises interest receivable from bank and other deposits. Finance revenue is recognised as it accrues in profit or loss, using the effective interest method.

(ii) Rental income

Rental income is recognised on the straight-line basis over the lease term.

(iii) Capital contribution

When the connection provides the customer with a material right to supply of electricity, the connection is allocated to deferred income (contract liabilities) when the customer is connected to the electricity network. The deferred income is recognised in profit or loss within revenue on a straight-line basis over the estimated customer life/relationship period of 5 years as the connection provides the customer with a material right of renewal that extends the revenue recognition period beyond the initial contractual period. A period of 5 years was determined after considering, inter alia, assumptions about the life cycle of the distribution network used to supply electricity to customers.

(iv) Fibre optic income

This represents income from the lease of Company fibre optic cable lines to third parties. The revenue from fibre optic leases is recognised on a straight-line basis over the lease term.

(c) Power purchase costs

Power purchase costs are recognised at the actual amounts charged to the Company by the suppliers of power. These comprise:

(i) Non-fuel costs

These include capacity charges, energy cost and steam charges.

(ii) Foreign exchange costs

These relate to the net foreign currency losses incurred by Kenya Electricity Generating Company Plc (KenGen) which are charged to the Company in accordance with the Power Purchase Agreements (PPAs) and the net foreign currency losses incurred by the Company in the settlement of foreign currency denominated invoices from independent power producers (IPPs).

(iii) Fuel costs

These comprise the cost of fuel incurred in the generation of electricity as invoiced by electricity generators.

The recharge of power purchase costs relating to customers under the Rural Electrification Scheme (RES) is covered in Note 3 (s).

(d) Inventories

Inventories are stated at the lower of cost and net realisable value after due regard for obsolete and slow-moving stocks. The cost of inventories comprises purchase price, import duties, transport and handling charges and is determined on a weighted average price. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for the costs of realisation.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(e) Property and equipment

All property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

No depreciation is charged on freehold land. Leasehold land parcels have a finite useful life. The Company amortises the cost of leasehold land over the duration of the lease term. Depreciation on other assets is calculated to write down their cost to their residual values, on a straight-line basis, over their expected useful lives. The depreciation rates used are as follows:

Buildings	The greater of 2% and 1/the unexpired period of the lease
Transmission and distribution lines	2.5 – 20%
Machinery	2.85 – 6.66%
Motor vehicles & aircrafts	25%
Furniture, equipment and fittings	6.66 – 20%
Computers and photocopiers	30%

The assets' residual values estimated useful lives and methods of depreciation are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for prospectively. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the recognition of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the disposal date) is included in profit or loss for the year. This does not apply to assets acquired by the Company on sale and leaseback transactions.

Properties in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

At the end of each accounting period, the Company conducts impairment tests where there are indications of impairment of an asset.

Capital work in progress

Capital work-in-progress is included under property and equipment and comprises costs incurred on ongoing capital works relating to both customer and internal works. These costs include material, transport and labour cost incurred.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The company's intangible assets currently include software with both finite and indefinite useful lives.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for the Company's intangible assets are reviewed at least at each financial year end. 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.
Software with indefinite useful lives is not amortised but is reviewed periodically to assess whether the indefinite life classification remains appropriate. If it is determined that the useful life is no longer indefinite, the reclassification to a finite life will be treated as a change in accounting estimate and amortised accordingly.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from unforeseeable changes of such intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(g) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred income tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amounts of deferred income tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets 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 and liabilities.

Current and deferred income tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(h) Leases

A contract is or contains a lease if it conveys the right to control the use of an identifiable asset for a period of time in exchange for a consideration.

Company as a lessee

For a contract that contains a lease component and additional lease and non-lease components such as the lease of an asset and provision of a maintenance services, the Company shall allocate the consideration payable on the basis of the relative stand-alone prices, which shall be estimated if observable prices are not readily available.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. These two items will be separately disclosed on the statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs and adjusted for any lease incentives, payments at or prior to commencement of the lease and restoration obligations.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The Lease liability is initially measured at the present value of the lease payments payable over the lease term discounted using the incremental borrowing rate. The incremental borrowing rate is the rate the Company would have to borrow funds necessary (over similar term, with similar security), to obtain similar value asset, in similar economic environment.

The lease liability is subsequently remeasured to reflect changes in the lease term, the assessment of a purchase option, the amounts expected to be payable under residual value guarantees or future lease payments resulting from a change in an index or a rate used to determine those payments.

Company as a lessor

When the Company acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases.

The Company recognises operating lease payments as income on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(i) Functional currency

The financial statements are presented in Kenya Shillings (Shs), which is the Company's Functional and Presentation currency. Transactions in foreign currencies are initially recorded at the Functional Currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the Functional Currency rate of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are dealt with in the statement profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(j) Financial instruments

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.

The Company adopted IFRS 9 Financial Instruments with a date of transition of 1 July 2018.

The Company classifies its financial assets into the ‚amortised cost‘ classification category based on the cash flow characteristics of the asset and the business model assessment. All financial liabilities are classified as subsequently measured at amortised cost.

This is demonstrated in the following table.

Description of financial asset/financial liability	IFRS 9 Classification
Short-term deposits (Note 22 (a))	Amortised cost
Cash and bank balances (Note 22 (b))	Amortised cost
Overdraft (Note 22(b))	Amortised cost
Trade and other receivables (Note 21 (a) and (b))	Amortised cost
Lease liabilities (Note 29)	Amortised cost
Borrowings (Note 30)	Amortised cost
Dividends payable (Note 34)	Amortised cost
Trade and other payables (Note 28 (a) and (b))	Amortised cost
Preference shares (Note 31)	Amortised cost

FINANCIAL ASSETS

Classification and measurement

The Company recognises financial assets when it becomes a party to the contractual rights and obligations in the contract.

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.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Company classifies its debt instruments into amortised 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.

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss
-

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Trade receivables are amounts due from customers for electricity supplied. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established using an ECL model in line with the requirements of IFRS 9 as outlined in the next section below. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company does not have any financial assets classified as debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets classified as equity instruments at fair value through OCI.

Financial assets at fair value through profit or loss

This include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

The Company does not have any financial assets classified under this category.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.
Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without considering any collateral held by the Company).

Except for amounts where the counterparty is the Government or related public sector entities or Government Business Entities, the Company considers that default has occurred when a financial asset is more than 90 days past due

The Company writes off debt only when there is objective evidence that the debt will not be recovered and after it has exhausted its collection avenues.

(iii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.
As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment gain or loss in profit or loss or other comprehensive income for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) 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.

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Provisions

Provisions are recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

(m) Impairment of non-financial assets

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 at reporting date, or when there are indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated, and an impairment loss is recognised in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the asset's or cash-generating unit's (CGU's) fair value less costs to sell and its 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. In determining fair value less costs to sell, an appropriate valuation model is used. Where it is not possible to estimate the recoverable amount of an individual asset, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment of transmission and distribution lines

A decline in the value of the transmission and distribution lines could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of the lines whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could make an impairment review necessary include the following:

i. Significant decline in the market value beyond that which would be expected from the passage of time and normal use.

ii. Evidence from internal reporting which indicates that the performance of the asset is, or will be, worse than expected.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

iii. Significant changes with adverse effect on the Company have taken place during the period, or will take place in the near future, in the technology or market environment in which the Company operates, or in the market to which an asset is dedicated.

iv. Evidence is available of the obsolescence or physical damage of an asset.

v. Significant changes with an adverse effect on the Company have taken place during the period or are expected to take place in the near future, which impact the manner or the extent to which an asset is used. These changes include plans to discontinue or restructure

vi. The operation to which an asset belongs to or an asset is disposed before the previously expected date.

In management's judgment, the impaired carrying values of the lines and substations are reinforced, replaced or upgraded under network strengthening, reinforcement and modernisation programs, after considering the above key indicators of impairment.

(n) Employees' benefits

(i) Company's defined contribution scheme

The Company employees are eligible for retirement benefits under a defined contribution scheme. Payments to the defined contribution scheme are charged to the statement of profit or loss as incurred.

(ii) Company's defined benefit scheme

Pensioners and deferred pensioners (those who have left the employment of the Company but have not attained retirement age to qualify as pensioners) existing at 30 June 2006 are eligible for retirement benefits under a defined benefit scheme.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service costs (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item of pension cost-defined benefit scheme (included in staff costs). Curtailment gains and losses are accounted for as past service costs.

The retirement benefit asset recognised in the Company's statement of financial position represents the actual surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(iii) Statutory defined contribution pension scheme

The employees and the Company also contribute to the National Social Security Fund, a national

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

defined contribution scheme. Contributions are determined by the country's statutes and the Company's contributions are charged to profit or loss as incurred.

(o) Operating segments

The Company's business is organised by regions (reporting segments) comprising Nairobi, Mount Kenya, Coast and West Kenya. Business administration is by geographic region as the Company deals in only supply of electricity. There are no inter-region sales. The Chief Operating Decision Maker (CODM) is the Executive Management Committee.

Regions derive their revenues from the distribution and retail of electricity purchased centrally in bulk by the head office. Region assets and liabilities comprise those operating assets and liabilities that are directly attributable to the region or can be allocated to the region on a reasonable basis.

Capital expenditure represents the total cost incurred during the year to acquire assets for the regions that are expected to be used during more than one period (property and equipment).

(p) Earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares, if any.

(q) Dividends

Dividends on ordinary shares are charged to reserves in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

(r) Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

(s) Recharge of costs to Rural Electrification Scheme

The Rural Electrification Scheme (RES) was established in 1973 by the Government of Kenya

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

following an agreement between the Government and East African Power & Lighting Company (now The Kenya Power and Lighting Company Plc (KPLC). The Scheme was established with the specific objective of extending electricity to the rural areas

Recharge of costs to the RES is based on a formula determined by the Government of Kenya following an agreement between it and East African Power & Lighting Company Limited, the predecessor to The Kenya Power & Lighting Company Plc.

The power purchase costs recharge is calculated as a proportion of RES electricity unit sales to gross electricity unit sales. The distribution costs recharge is calculated based on 2% and 4% of the total high voltage and low voltage assets respectively in the books of RES at the close of the financial year.

Customer service costs recharge is calculated as a proportion of RES metered customers to total number of metered customers. Administration costs recharge are calculated based on the proportion of RES electricity unit sales to gross electricity unit sales.

(t) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the accounting policies adopted by the Company, the Directors make certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

(a) Significant judgements made in applying the Company's accounting policies

The judgements made by the Directors in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

i. Whether it is probable that future taxable profits will be available against which temporary differences can be utilised;

ii. Classification of financial assets: whether the business model in which financial assets are held has as its objective the holding of such assets to collect contractual cash flows or to both collect contractual cash flows and sell the assets; and whether the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest; and whether credit risk on financial assets has increased significantly since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(b) Key sources of estimation uncertainty

The key assumptions about the future, and other sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year include;

Deferred prepaid revenue

Revenue from prepaid customers is recognised when the customer purchases the tokens, before the customer actually consumes the electricity. The amount of unused tokens to be adjusted at year end is estimated based on historical customer trends.

Further details on deferred prepaid revenue are disclosed in Note 28(b).

Impairment losses on trade and other receivables

When measuring expected credit losses (ECL), the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Further details on impairment losses on trade receivables are disclosed in Note 21(c).

Provisions

The Company faces exposure to claims and other liabilities. The claims and other liabilities normally take time to be determined and therefore significant judgement is required in assessing the likely outcome and the potential liabilities for such matters.

Further details on provisions are disclosed in Note 28.

Deferred income tax assets

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of the carrying value of recognised tax losses at 30 June 2022 are provided in Note 27.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. 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. Details of the defined benefit asset at 30 June 2024 are provided in Note 32.

Useful lives of property and equipment

The Company's management determines the estimated useful lives and related depreciation charges for its property and equipment. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down obsolete items of property and equipment that have been abandoned or sold.

Further details on useful lives of property and equipment are provided in Note 16.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay'. The Company estimates the IBR using observable inputs (such as market interest rates).
Further details on the IBR are disclosed in Notes 3 (h) and 29.

Determination of the lease term for lease contracts with renewal and termination options (Company as a lessee)

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Further details on determination of lease term are disclosed in Note 3(h).

Property lease classification – Company as lessor

The Company has entered into fibre optic leases on its property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the property portfolio and the present value of the minimum lease payments not amounting to substantially all of the fair value of the fibre optic, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Amortisation of capital contribution

Capital contribution is the amount contributed by new customers and relates to assets such as cables used in connecting the customer. Management assumes a useful life of five years for capital contribution assets and therefore amortizing them over 5 years. An amortisation period of 5 years is used after considering, inter alia, assumptions about the life cycle of the distribution network used to supply electricity to customers.

Further details on amortisation of capital contribution are disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

Provision for slow moving inventories

Provision for inventories is based on the aged report obtained from the system. This is also determined through physical verification of the inventories during stock counts and also based on experience and the usage of the products.

Further details on provisions for slow moving inventories are disclosed in Note 20.

5. OPERATING SEGMENTS

For management purposes, the Company is currently organised into four administrative regions (reporting segments). These regions are the basis on which the Company reports its primary information. The four regions comprise Nairobi, Coast, West Kenya and Mount Kenya. The Regional Managers monitor the operating results of their business units separately for the purpose of making decisions about resource allocation and performance assessment.

The table below shows the Company's revenue, expenses, assets and liabilities per region. The table also shows capital expenditure and depreciation by region for the year. There are no inter-segment sales and all revenue is from external customers. Energy purchase and head office expenses are apportioned to various regions based on percentage unit sales.

2024	Nairobi Region	West Kenya Region	Coast Region	Mount Kenya Region	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Revenue	105,578,988	44,833,417	41,599,166	39,112,026	231,123,597
Energy purchases	(82,833,247)	(27,109,063)	(27,109,063)	(13,554,531)	(150,605,904)
Operating expenses	(17,474,344)	(14,493,667)	(5,774,628)	(8,535,300)	(46,277,939)
Other income	3,443,824	1,634,249	995,588	1,175,860	7,249,521
Operating profit	**8,715,221**	**4,864,936**	**9,711,063**	**18,198,055**	**41,489,275**
Finance income					1,493,956
Finance costs					682,798
Income tax expense					(13,585,659)
Profit for the year					30,080,370
Assets	120,001,077	127,906,313	41,483,777	68,695,032	358,086,199
Liabilities	122,299,867	62,117,695	45,423,845	40,930,630	270,772,037
Capital expenditure (including intangible assets)	13,729,114	4,837,262	4,253,789	2,272,762	25,092,927
Depreciation/amortization	6,877,620	4,896,341	1,953,105	2,768,433	16,495,499

There were no revenues deriving from transactions with a single external customer that amounted to 10% or more of the Company's revenue. Finance income, finance costs and tax expenses are not segment specific and are largely head office items and therefore have not been apportioned to the operating segments.

2023	Nairobi Region	West Kenya Region	Coast Region	Mount Kenya Region	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Revenue	87,272,894	36,994,831	34,583,651	32,123,578	190,974,954
Energy purchases	(78,996,275)	(25,831,702)	(25,831,702)	(12,915,851)	(143,575,530)
Operating expenses	(13,452,182)	(11,988,377)	(4,564,436)	(7,276,822)	(37,281,817)
Other income	4,252,138	2,062,711	1,418,496	1,362,474	9,095,819
Operating profit	(923,425)	1,237,463	5,606,009	13,293,379	19,213,426
Finance income					506,640
Finance costs					(24,153,922)
Income tax expense					1,240,677
Loss for the year					(3,193,179)
Assets	117,250,433	129,687,522	43,895,302	62,892,015	353,725,272
Liabilities	142,034,939	66,742,879	50,675,660	37,428,953	296,882,431
Capital expenditure (including intangible assets)	7,564,271	2,643,910	2,358,478	1,250,597	13,817,256
Depreciation/amortization	6,849,401	4,852,742	1,983,976	2,705,203	16,391,322

The Company's core business in the four regions (reporting segments) continues to be the transmission, distribution and retail of electricity. There is no distinguishable component of the Company that is engaged in providing an individual service that is subject to risks and returns that are different from those of other business segments.

The information on property and equipment details at net book values is shown below:

2024	Land and buildings*	Lines	Machinery	Motor vehicles	Furniture equipment and other	Intangible assets	Total
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Transmission	370,337	17,233,855	4,142	7,791	294,588	-	17,910,713
Distribution	11,334,079	208,078,646	828,103	1,667,916	16,625,181	2,013,305	240,547,230
Total	**11,704,416**	**225,312,501**	**832,245**	**1,675,707**	**16,919,769**	**2,013,305**	**258,457,943**
2023							
Transmission	378,814	18,284,745	4,375	10,979	231,513	-	18,910,426
Distribution	11,355,696	204,104,980	887,334	1,528,116	15,070,178	1,704,093	234,650,397
Total	**11,734,510**	**222,389,725**	**891,709**	**1,539,095**	**15,301,691**	**1,704,093**	**253,560,823**

*** Includes freehold land and buildings and prepaid leases on leasehold land disclosed in Note 16 and Note 17 respectively.**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

6. FINANCIAL RISK AND CAPITAL MANAGEMENT

Information about the Company's exposure to risks, its objectives, policies and processes for measuring and managing such risks, as well as quantitative disclosure, is discussed in this Note. The management of capital is also discussed.

The Company has an integrated risk management framework. The Company's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement and reporting. Three types of risks are reported as part of the risk profile, namely operational, strategic and business continuity risks.

For the Company, a strategic risk is a significant unexpected or unpredictable change or outcome beyond what was factored into the organisation's strategy and business model which could have an impact on the Company's performance.

Business continuity risks are those events, hazards, variances and opportunities which could influence the continuity of the Company.

One of the key risks for the Kenya Power and Lighting Company Plc, identified both under the operational and strategic risk categories, is financial sustainability of the Company. The financial risks, as defined by IFRS 7, and the management thereof, form part of this key risk area.

The Board of Directors has delegated the management of the Companywide risk to the Finance and Risk Committee. One of the committee's responsibilities is to review risk management strategies in order to ensure business continuity and survival. Most of the financial risks arising from financial instruments are managed in the centralised finance function of the Company.

The Company's exposure to risk, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated.

The Company has exposure to the following risks as a result of its financial instruments:

(a) Credit risk

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Credit risk mainly arises from electricity and other receivables, short-term deposits and bank balances.

Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the period of a transaction. Delivery or settlement risk is the risk that counterparty does not deliver on its contractual commitment on maturity date (including the settlement of money and delivery of securities).

Credit risk arising from short-term deposits and bank balances is low because the counter parties are financial institutions with high credit ratings. Bank balances and bank deposits are thus low credit risk assets.

Management assesses the credit quality of each counterparty, taking into account its financial position, past experiences and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

The tables below detail the credit quality of the Company's financial assets as well as the Company's maximum exposure to credit risk by credit risk rating grade:

	Notes	Gross carrying amount	Loss allowance	Net amount
30 June 2024		**Shs'000**	**Shs'000**	**Shs'000**
Electricity receivables	21(a)	36,066,667	(19,284,855)	16,781,812
Prepaid fixed charge receivable		2,460,567	(2,460,567)	-
Other receivables		38,757,856	(4,828,241)	33,929,615
Short-term deposits	22(a)	550,460	(7,360)	543,100
Bank balances	22(b)	9,068,894	(71,313)	8,997,581
		86,904,444	**(26,652,336)**	**60,252,108**
30 June 2023				
Electricity receivables	21(a)	35,698,986	(17,286,233)	18,412,753
Prepaid fixed charge receivable		2,523,558	(2,523,558)	-
Other receivables		35,438,380	(5,460,964)	29,977,416
Short-term deposits	22(a)	508,141	(7,091)	501,050
Bank balances	22(b)	17,922,476	(192,336)	17,730,140
		92,091,541	**(25,470,182)**	**66,621,359**

The customers under the fully performing category are paying their debts.

The loss allowance represents the debt that is fully provided for in line with the expected credit loss model.

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customer segments with similar loss patterns. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The provision rates are based on days past due for various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

Set out below is the information about the credit risk exposure on the Company's electricity receivables and other receivables using a provision matrix:

Total exposure at 30 June

	0-30 Shs'000	31-90 Shs'000	>90 Shs'000	2024 Shs'000
Electricity receivables	14,688,764	3,223,554	18,154,349	36,066,667
Prepaid fixed charge receivable		-	2,460,567	2,460,567
Other receivables	5,264,538	537,959	32,955,359	38,757,856
Short term deposits	550,460	-	-	550,460
Bank balances	9,068,894	-	-	9,068,894
Total	**29,572,656**	**3,761,513**	**53,570,275**	**86,904,444**

	0-30 Shs'000	31-90 Shs'000	>90 Shs'000	2023 Shs '000
Electricity receivables	16,137,543	3,661,865	15,899,579	35,698,986
Prepaid fixed charge receivables	-	-	2,523,558	2,523,558
Other receivables	9,407,408	574,541	25,456,431	35,438,380
Short term deposits	508,141	-	-	508,141
Bank balances	17,922,476	-	-	17,922,476
Total	**43,975,568**	**4,236,406**	**43,879,568**	**92,091,541**

Total impairment at 30 June

	0-30 Shs'000	31-90 Shs'000	>90 Shs'000	2024 Shs'000
Electricity receivables	639,101	1,330,675	17,315,079	19,284,855
Prepaid fixed charge receivables	-	-	2,460,567	2,460,567
Other receivables	605,970	431,636	3,790,635	4,828,241
Short term deposits	7,360	-	-	7,360
Bank balances	71,313	-	-	71,313
Total	**1,323,744**	**1,762,311**	**23,566,281**	**26,652,336**

	0-30 Shs'000	31-90 Shs'000	>90 Shs'000	2023 Shs'000
Electricity receivables	777,266	1,539,301	14,969,666	17,286,233
Prepaid fixed charge receivables	-	-	2,523,558	2,523,558
Other receivables	1,837,257	545,620	3,078,087	5,460,964
Short term deposits	7,091	-	-	7,091
Bank balances	192,336	-	-	192,336
Total	**2,813,950**	**2,084,921**	**20,571,311**	**25,470,182**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

Expected credit loss rate at:	0-30 days	31-90 days	>90 days
30 June 2024	4%	41%	95%
30 June 2023	5%	42%	94%

Management of credit risk

Financial instruments are managed by the Finance and Commercial Services functions.

Management of electricity receivables

The Company supplies electricity to customers in its licensed areas of supply. A large proportion comprises small commercial and domestic customers who settle their accounts within twenty-one days after receipt of the bill. The Company's exposure to credit risk is influenced by the individual characteristics of each customer.

In monitoring credit risk, customers are grouped according to their credit characteristics, including whether they are large, small or domestic electricity users, profile, security (deposits and guarantees) held and payment history.

The main classes of electricity receivables are industrial, government ministries, local authorities, parastatals, commercial and domestic customers. Electricity supply agreements are entered into with all customers. All customers are required to deposit an amount equivalent to two times their monthly consumption being security in the form of a cash deposit depending on the load supplied, subject to a minimum of two thousand five hundred shillings. Industrial and large commercial customers have the option of providing a bank guarantee in lieu of a cash deposit. Payment is enforced by way of disconnection of the supply if bills are not paid within twenty-one days after billing. No interest is charged on balances in arrears.

The Company has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include the issue of a notice for disconnection of supply, an internal collection process; follow up of the customer by telephone or in person, negotiations of mutually acceptable payment arrangements and letters of demand. Non-payment will result in disconnection of supply and the account's closure if the disconnection is done and there is no payment within three months. The legal collection process is pursued thereafter. The decision to impair overdue amounts is assessed on the probability of recovery based on the customer's credit risk profile.

Progress on the collection process is reviewed on a regular basis and if it is evident that the amount will not be recovered, it is recommended for write-off in terms of the Company's policy. The process of recovery continues unless it is confirmed that there is no prospect of recovery or the costs of such action will exceed the benefits to be derived. Amounts written off are determined after taking into account the value of the security held.

The Company evaluates the concentration of risk with respect to electricity receivables as low, as its customers are located in all regions in Kenya and electricity is supplied to different classes of customers including individual households, private industries, companies and Government institutions. The total cumulative provision for impairment of electricity receivables at 30 June 2024 was Shs 19,284 million (2023: Shs 17,286 million).

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

The Company continues to install prepaid and automatic meters as strategies to minimise the risk of non-collection. In addition, the following strategies are currently in operation and are largely successful in other high-risk areas of non-paying customers. These include:

- disconnections
- increased internal debt management capacity
- use of third party debt collectors
- focus on early identification and requirement for higher security deposits for defaulting customers

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows from revenue and capital and operational outflows.

The objective of the Company's liquidity management is to ensure that all foreseeable operational, capital expansion and loan commitment expenditure can be met under both normal and stressed conditions. The Company has adopted an overall balance sheet approach, which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, profitability and interest rate considerations.

The Company's liquidity management process includes:

- projecting cash flows and considering the cash required by the Company and optimising the short-term requirements as well as the long-term funding;
- monitoring statement of financial position liquidity ratios;
- maintaining a diverse range of funding sources with adequate back-up facilities;
- managing the concentration and profile of debt maturities; and
- maintaining liquidity contingency plans.

The table below summarises the maturity profile of the Company's financial liabilities based on the remaining period using 30 June as a base period to the contractual maturity date and the undiscounted cash flows:

	On demand	Less than 3 months	3 -12 months	1-5 Years	>5 years	Total
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
At 30 June 2024						
Borrowings	-	-	16,619,184	75,152,127	41,537,733	133,309,044
Trade and other payables	330,636	48,575,338	22,767,601	516,424	14,566,800	86,756,799
Lease liabilities	-	-	230,644	417,716	295,272	943,632
Dividends payable	748,190	-	-	-	-	748,190
	1,078,826	**48,575,338**	**39,617,429**	**76,086,267**	**56,399,805**	**221,757,665**
At 30 June 2023						
Borrowings	-	-	20,951,195	43,376,158	78,741,303	143,068,656
Trade and other payables	429,681	71,811,382	24,114,826	971,283	13,290,082	110,617,254
Lease liabilities	-	-	309,655	560,812	396,423	1,266,890
Dividends payable	751,612	-	-	-	-	751,612
	1,181,293	**71,811,382**	**45,375,676**	**44,908,253**	**92,427,808**	**255,704,412**

The Company has an established corporate governance structure and process for managing the risks regarding guarantees and contingent liabilities. All significant guarantees issued by the Company are approved by the Board of Directors and are administratively managed by the treasury department. Updated guarantee schedules are compiled every month.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(c) Market risk

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes in foreign exchange rates, commodity prices and interest rates. The objective of market risk management policy is to protect and enhance the statement of financial position and statement of comprehensive income by managing and controlling market risk exposures within acceptable parameters and to optimise the funding of business operations and facilitate capital expansion. The Company is exposed to the following risks:

(i) Currency risk

Currency risk arises primarily from purchasing imported goods and services directly from overseas or indirectly via local suppliers and foreign borrowings. The Company is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities that are denominated in a currency other than the Functional Currency of the Company.

The following table demonstrates the sensitivity to a reasonably possible change in the respective foreign currency/Shs exchange rate, with all other variables held constant, on the Company's loss/profit before income tax (due to changes in the fair value of monetary assets and liabilities).

Currency	Appreciation/ (depreciation) of exchange rate	Effect on profit/(loss) before tax Shs million	Effect on equity Shs million
Year 2024			
US$	+/-5%	+/- 4,820	+/- 3,374
Euro	+/-4%	+/- 749	+/- 524
Year 2023			
US$	+/-7%	+/- 7,740	+/- 5,418
Euro	+/-6%	+/- 1,542	+/- 1,079

Management of currency risk

Exposure due to foreign currency risk is managed by recovering from customers the realised fluctuations in the exchange rates not factored in the retail tariffs.

(ii) Commodity or price risk

Commodity or price risk arises from the fuel that is used for the generation of electricity.

Exposure due to commodity risk is managed by passing the cost of fuel used in generation to customers. In addition, the Company has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include the issue of a notice of disconnection of supply, an internal collection process; follow up of the customer by telephone or in person, negotiations of mutually acceptable payment arrangements and letters of demand. Non-payment will result in disconnection of supply and the customer's account being closed. The legal collection process is pursued thereafter.

The decision to impair overdue amounts is assessed on the probability of recovery based on the customer's credit risk profile.

(iii) Interest rate risk

Interest rate risk is the risk that the Company's financial condition may be adversely affected as a result of changes in interest rate levels. The Company's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Long-term borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The interest rate risk exposure arises mainly from interest rate movements on the Company's borrowings.

Management of interest rate risk

To manage the interest rate risk, the Company monitors the changes in interest rates in the currencies in which loans and borrowings are denominated. Additionally, the Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Based on the various scenarios, the Company also manages its fair value interest rate risk by using floating –to-fixed interest rate swaps, where applicable.

Sensitivity analysis

The Company analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The calculation excludes borrowing costs capitalised in terms of the Company's accounting policy. The analysis has been performed on the same basis as the prior year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Change in interest rate	Effect on profit / (loss) before tax	Effect on equity
		Shs' 000	**Shs' 000**
2024			
	1%	945,518	661,863
	5%	4,727,592	3,309,314
2023			
	1%	1,057,078	739,954
	5%	5,285,388	3,699,771

The assumed movement in interest rate is based on the currently observable market environment.

(d) Capital management

Capital managed by the Company is the equity attributable to the equity holders. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

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 or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2024 and 30 June 2023.

The Company monitors capital using a gearing ratio. This ratio is calculated as net debt divided by capital. Net debt is calculated as total of interest-bearing loans and borrowings, less cash and cash equivalents.

	2024 Shs' million	2023 Shs' million
Interest-bearing loans and borrowings (Note 36 (b))	98,515	115,408
Cash and cash equivalents (Note 36 (b))	(9,574)	(18,231)
Net debt	88,941	97,177
Equity	87,314	56,842
Gearing ratio	**102%**	**171%**

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. Further information on compliance of debt covenants is disclosed in Note 30 (d).
No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2024 and 30 June 2023.

(e) Fair values of financial assets and liabilities

The management assessed that the fair values of the Company's financial instruments approximate their carrying amounts.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

None of the financial instruments is carried at fair value.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

7. REVENUE

IFRS 15 Revenue from contracts with customers requires disclosure to reflect the nature, timing, amount and uncertainty of its revenue within its disclosure requirements. The Company has determined that the disaggregation using the below segments and the nature of revenues is appropriate for its circumstances.

(a) Revenue from contracts with customers

	2024	2023
	Shs'000	**Shs'000**
Electricity sales*		
• Post-paid	150,969,121	120,186,026
• Prepaid	34,297,848	24,172,173
Foreign exchange adjustment	23,938,217	14,021,413
Fuel cost charge	24,292,059	34,155,050
	233,497,245	**192,534,662**
Revenue apportioned to RES**	(2,373,648)	(1,559,708)
	231,123,597	**190,974,954**

*All electricity sales are recognised at a point in time.
**Revenue apportioned to RES based on electricity retail tariff approved by EPRA.

(b) Unit sales

Analysis of unit sales by broad customer category in gigawatt-hours (GWh) is as follows:

	2024	2023
	GWh	GWh
Type of customers		
Domestic	3,220	3,054
Small Commercial	1,717	1,898
Commercial and Industrial	5,432	5,153
Street Lighting	104	101
Exports	43	28
	10,516	**10,234**
Less:		
RES unit sales	(661)	(667)
KPLC unit sales	**9,855**	**9,567**

(c) Other income

	2024	2023
	Shs'000	Shs'000
GOK support for 15% tariff reduction	-	2,358,333
Amortisation of capital contribution (Note 26)	3,675,584	3,576,513
Fibre optic leases	939,530	812,357
Miscellaneous sales	1,322,782	1,081,051
Capital contribution- KPLC last mile	162,606	180,233
Reconnection charges	1,004,351	961,734
Rent	144,668	125,598
	7,249,521	**9,095,819**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

8. COST OF SALES

	2024 Shs'000	2023 Shs'000
Renewable energy (8 (a))	106,366,490	90,820,431
Thermal energy (8 (b))	43,756,771	46,686,425
Unrealised foreign exchange costs (c)	279,497	5,318,075
Other power purchase costs*	203,146	750,599
	150,605,904	**143,575,530**

2024

(a) Renewable Energy

The non-thermal purchase costs according to technology of generation and the source/ power producer were as follows:

	Units GWh	Energy Shs'000	Capacity Shs'000	Forex Shs'000	Steam Shs'000	Total Shs'000
(i) Hydro						
KenGen						
Major hydros	3,260	1,000,334	7,874,949	938,564	-	9,813,847
Small hydros	75	773,697	-	49,326	-	823,022
	3,335	**1,774,031**	**7,874,949**	**987,890**	**-**	**10,636,869**
Independent Power Producers						
Regen-Terem	23	319,103	-	-	-	319,103
Metumi Power Plant	17	264,178	-	-	-	264,178
Gura	14	156,219	-	-	-	156,219
Hydro Project Services Peters	3	48,796	-	-	-	48,796
Power Technology Solutions Limited	2	22,264	-	-	-	22,264
Chania Power Limited	1	29,949	-	-	-	29,949
Imenti Tea Factory	1	8,296	-	-	-	8,296
	61	**848,805**	**-**	**-**	**-**	**848,805**
Hydros Total	**3,396**	**2,622,836**	**7,874,949**	**987,890**	**-**	**11,485,674**
(ii) Geothermal						
KenGen						
Olkaria I (units 1,2 & 3)	-	-	-	-	-	-
Olkaria II	627	79,879	2,404,278	350,510	-	2,834,667
Olkaria IV	970	1,195,332	4,132,285	594,980	2,801,603	8,724,200
Olkaria I AU (units 4 & 5)	1,020	1,257,907	3,758,096	588,227	3,019,308	8,623,538
Olkaria V	1,164	1,485,429	7,583,782	529,298	-	9,598,509
Olkaria I (unit 6)	583	620,116	3,975,645	470,020	-	5,065,781
Eburru Hill	9	107,132	-	-	-	107,132
Wellheads	260	2,074,317	-	-	1,144,257	3,218,574
	4,633	**6,820,112**	**21,854,086**	**2,533,035**	**6,965,168**	**38,172,401**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

Independent Power Producers

	Units GWh	Energy Shs'000	Capacity Shs'000	Forex Shs'000	Steam Shs'000	Total Shs'000
OrPower 4 Inc.	793	4,204,212	11,501,045	-	-	15,705,257
Sosian Menengai	281	2,092,779	-	-	-	2,092,779
GDC	-	-	-	-	760,181	760,181
	1,074	**6,296,991**	**11,501,045**	**-**	**760,181**	**18,558,217**
Geothermal Total	**5,707**	**13,117,103**	**33,355,131**	**2,533,035**	**7,725,349**	**56,730,618**
(iii) Wind						
KenGen						
Ngong	50	350,145	-	89,931	-	440,076
Independent Power Producers						
Lake Turkana Wind Power	1,326	18,294,625	-	-	-	18,294,625
Kipeto Energy Plc	404	7,159,634	-	-	-	7,159,634
	1,730	**25,454,259**	**-**	**-**	**-**	**25,454,259**
Wind Total	**1,780**	**25,804,404**	**-**	**89,931**	**-**	**25,894,335**
(iv) Solar						
Independent Power Producers						
Strathmore University	0.08	1,463	-	-	-	1,463
Selenkei Solar Farm	94	1,704,844	-	-	-	1,704,844
Cedate Solar Farm	96	1,716,217	-	-	-	1,716,217
Malindi Solar Group	99	1,743,485	-	-	-	1,743,485
Alten Kenya	100	1,822,605	-	-	-	1,822,605
	389	**6,988,614**	**-**	**-**	**-**	**6,988,614**
REREC Garissa Solar Plant	**84**	**674,942**	**-**	**-**	**-**	**674,942**
Solar Total	**473**	**7,663,556**	**-**	**-**	**-**	**7,663,556**
(v) Cogeneration						
Biojoule Kenya Limited	**0.11**	**1686**	**-**	**-**	**-**	**1686**
(vi) Imports						
Uganda Electricity Transmission Company Limited	217	3,559,726	-	-	-	3,559,726
Ethiopia Electricity Power Company (EEP)	977	9,248,359	-	-	-	9,248,359
Ethiopian Electric Utility (EEU) Moyale	5	124,218	-	-	-	124,218
Imports Total	**1,199**	**12,932,303**	**-**	**-**	**-**	**12,932,303**
	12,555	**62,141,888**	**41,230,080**	**3,610,856**	**7,725,349**	**114,708,172**
Less:						
Recharged to RES	(789)	-	-	-	-	(8,341,683)
	11,766	**-**	**-**	**-**	**-**	**106,366,489**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

	Units GWh	Energy Shs'000	Capacity Shs'000	Forex Shs'000	Steam Shs'000	Total Shs'000
(b) Thermal energy						
KenGen						
Kipevu Diesel Power I	-	-	-	-	-	-
Kipevu Diesel Power III	365	375,528	2,315,205	7,935,049	131,038	10,756,820
Muhoroni GT	0.09	-	-	-	-	-
	365	**375,528**	**2,315,205**	**7,935,049**	**131,038**	**10,756,820**
Independent Power Producers						
Rabai Power Limited	441	658,418	3,337,569	8,652,568	-	12,648,555
Thika Power Limited	121	204,228	2,914,922	2,465,364	-	5,584,514
Iberafrica Power (E.A.) Company Limited	38	76,200	2,393,082	866,376	-	3,335,658
Gulf Power Limited	53	76,177	2,836,230	1,176,676	-	4,089,083
Triumph Power Generating Company Limited	26	46,413	3,481,344	525,410		4,053,167
	679	**1,061,436**	**14,963,147**	**13,686,394**	**-**	**29,710,977**
Off grid power stations	**85**	**-**	**-**	**4,981,992**	**-**	**4,981,992**
	1,129	**1,436,964**	**17,278,352**	**26,603,435**	**131,038**	**45,449,789**
Less:						
Recharged to RES	(71)	-	-	(1,693,018)	-	(1,693,018)
	1,058	**1,436,964**	**17,278,352**	**24,910,417**	**131,038**	**43,756,771**

Fuel cost is a pass though cost. During the year, fuel cost amounted to Shs 24,910 million (2023: Shs 28,094 million) against recovery of Shs 24,292million (2023: Shs 34,155 million).

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

2023

(a) Renewable Energy

The non-thermal purchase costs according to technology of generation and the source/power producer were as follows:

	Units GWh	Energy Shs'000	Capacity Shs'000	Forex Shs'000	Steam Shs'000	Total Shs'000
(i) Hydro						
KenGen*						
Major hydros	2,455	929,025	6,003,296	406,614	-	7,338,935
Small hydros	67	712,780		13,909	-	726,689
	2,522	**1,641,805**	**6,003,296**	**420,523**	**-**	**8,065,624**
Independent Power Producers						
Regen-Terem	20	257,036	-	-	-	257,036
Metumi Power Plant	14	175,191	-	-	-	175,191
Gura	11	115,228	-	-	-	115,228
Hydro Project Services Peters	1	21,568	-	-	-	21,568
Power Technology Solutions Limited	1	13,264	-	-	-	13,264
Chania Power Limited	0.25	3,305	-	-	-	3,305
Imenti Tea Factory	0.26	2,098	-	-	-	2,098
	47.51	**587,690**	**-**	**-**	**-**	**587,690**
Hydros Total	**2,570**	**2,229,495**	**6,003,296**	**420,523**	**-**	**8,653,314**
(ii) Geothermal						
KenGen						
Olkaria I (units 1,2 & 3)	113	131,545	-	(204)	-	131,341
Olkaria II	730	89,153	2,894,775	113,123	-	3,097,051
Olkaria IV	1,013	1,199,696	1,436,839	105,007	2,751,731	5,493,273
Olkaria I AU (units 4 & 5)	1,042	1,235,259	3,318,622	181,493	2,507,422	7,242,796
Olkaria V	1,266	1,555,736	7,530,438	271,902	-	9,358,076
Olkaria I (unit 6)	607	620,735	3,667,750	281,234	-	4,569,719
Eburru Hill	8	82,600	-	-	-	82,600
Wellheads	310	2,299,379	-	-	1,072,479	3,371,858
	5,089	**7,214,103**	**18,848,424**	**952,555**	**6,331,632**	**33,346,714**
Independent Power Producers						
OrPower 4 Inc.	940	4,152,861	10,246,685	-	-	14,399,546
Sosian Menengai Geothermal	6	44,929	-	-	-	44,929
Geothermal Development Company (GDC)	-	-	-	-	-	-
	946	**4,197,790**	**10,246,685**	**-**	**-**	**14,444,475**
Geothermal Total	**6,035**	**11,411,893**	**29,095,109**	**952,555**	**6,331,632**	**47,791,189**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(iii) Wind

	Units GWh	Energy Shs'000	Capacity Shs'000	Forex Shs'000	Steam Shs'000	Total Shs'000
KenGen						
Ngong	57	365,179	-	126,108	-	491,287
Independent Power Producers			**-**	**-**	**-**	**0**
Lake Turkana Wind Power	1,678	20,523,716	-	-	-	20,523,716
Kipeto Energy Plc	466	7,345,768	-	-	-	7,345,768
	2,144	**27,869,484**	**-**	**-**	**-**	**27,869,484**
Wind Total	**2,201**	**28,234,663**	**-**	**126,108**	**-**	**28,360,771**
(iv) Solar						
Independent Power Producers						
Strathmore University	0.08	1,347	-	-	-	1,347
Selenkei Solar Farm	86	1,458,990	-	-	-	1,458,990
Cedate Solar Farm	94	1,585,786	-	-	-	1,585,786
Malindi Solar Group	99	1,609,038	-	-	-	1,609,038
Alten Kenya	79	1,290,964	-	-	-	1,290,964
	358	**5,946,125**	**-**	**-**	**-**	**5,946,125**
REREC Garissa Solar Plant	**86**	**616,189**	**-**	**-**	**-**	**616,189**
Solar Total	**444**	**6,562,314**	**-**	**-**	**-**	**6,562,314**
(v) Cogeneration						
Biojoule Kenya Limited	**0.21**	**2,927**	**-**	**-**	**-**	**2,927**
(vi) Imports						
Uganda Electricity Transmission Company Limited	275	3,723,280	-	-	-	3,723,280
Ethiopia Electricity Power Company (EEP)	364	3,247,277	-	-	-	3,247,277
Ethiopian Electric Utility (EEU) Moyale	6	103,102	-	-	-	103,102
Imports Total	**645**	**7,073,659**	**-**	**-**	**-**	**7,073,659**
	11,895	**55,514,951**	**35,098,405**	**1,499,186**	**6,331,632**	**98,444,174**
Less:						
Recharged to RES	(779)	-	-	-	-	(7,623,743)
	11,116	**55,514,951**	**35,098,405**	**1,499,186**	**6,331,632**	**90,820,431**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(b) Thermal energy

	Units GWh	Energy Shs'000	Capacity Shs'000	Fuel Shs'000	Forex Shs'000	Total Shs'000
KenGen						
Kipevu Diesel Power I	93	34,119	421,829	1,819,027	287,390	2,562,365
Kipevu Diesel Power III	231	228,601	2,313,509	4,468,359	44,822	7,055,291
Muhoroni GT	35	21,413	294,246	1,882,343	(200)	2,197,802
	359	**284,133**	**3,029,584**	**8,169,729**	**332,012**	**11,815,458**
Independent Power Producers				-		
Rabai Power Limited	446	579,617	2,992,074	7,956,899	-	11,528,590
Thika Power Limited	194	276,551	2,545,399	3,320,157	-	6,142,107
Iberafrica Power (E.A.) Company Limited	116	199,466	2,149,483	2,044,120	-	4,393,069
Gulf Power Limited	170	199,226	2,560,714	3,455,131	-	6,215,071
Triumph Power Generating Company Limited	35	55,644	3,389,010	810,816	-	4,255,470
	961	**1,310,504**	**13,636,680**	**17,587,123**	**-**	**32,534,307**
Off grid power stations	**75**	**-**	**-**	**4,313,218**	**-**	**4,313,218**
						-
	1,395	**1,594,637**	**16,666,264**	**30,070,070**	**332,012**	**48,662,983**
Less:						**-**
Recharged to RES	(87)	-	-	(1,976,558)	-	(1,976,558)
	1,308	**1,594,637**	**16,666,264**	**28,093,512**	**332,012**	**46,686,425**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(c) Unrealised foreign exchange costs

The unrealized foreign exchange costs according to source/ power producer were as follows:

	2024 Shs'000	2023 Shs'000
KenGen	19,315	645,557
Lake Turkana Wind Power	630,653	1,263,830
OrPower 4 Inc.	(226,445)	977,105
Kipeto Energy Plc	130,076	436,262
Uganda Electricity Transmission Company Limited	41,235	179,193
Rabai Power Limited	(107,106)	495,679
Triumph Power Generating Company Limited	16,728	138,210
Thika Power Limited	135,708	323,896
Gulf Power Limited	58,391	241,024
Iberafrica Power (E.A.) Company Limited	(10,786)	253,267
Cedate	(6,556)	120,193
Selenkei Solar Farm	(2,143)	124,144
Malindi	9,118	86,637
Garissa Solar Power Plant	20,214	56,265
Tsavo Power Company Limited	(8,658)	15,999
Gura	(839)	1,729
Regen-Terem	1,976	2,986
Metumi Power Plant	(97,925)	72,733
Ethiopia Electricity Power Company (EEP)	(238,423)	163,024
Ethiopian Electric Utility (EEU)	(150)	-
Hydro Project Services Peters	(904)	798
Power Technology Solutions Limited	(375)	274
Chania Power Limited	(6,171)	8,118
Geothermal Development Company (GDC)	(2,738)	-
Sosian Menengai Geothermal	(44,477)	-
Biojoule Kenya Limited	40	39
Alten Kenya Solarfarm	(11,219)	81,511
Imenti Tea Factory	(212)	33
Tanzania Electric Supply Company Limited	(24)	50
Strathmore University	(72)	74
	298,231	**5,688,630**
Less:		
Recharged to RES	(18,734)	(370,555)
	279,497	**5,318,075**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

9. NET OPERATING EXPENSES

(a) Network management

	2024 Shs'000	2023 Shs'000
Salaries and wages	8,347,921	7,213,517
Depreciation of property and equipment	12,363,447	12,138,209
Impairment loss on WIP	2,858	26,536
Reversal of impairment loss on WIP	(1,636)	(3,866)
Wheeling charges – KETRACO*	5,215,614	2,720,102
Loss on disposal of fixed assets	498,377	932,628
Losses on transformer repairs	199,143	373,421
Fuel costs	1,337,158	867,468
Consumable goods	903,812	666,156
Staff welfare	415,018	199,439
Repairs & maintenance- vehicles	399,411	242,967
Transport and travelling	(258,547)	(121,442)
Office expenses	1,380	517
Net recharge of distribution and transmission costs to RES	(6,451,036)	(4,591,257)
	22,972,920	**20,664,395**

* These are fees levied by KETRACO for the use of their transmission lines to transport electricity from the generators. The amount is determined by EPRA.

	2024 Shs'000	2023 Shs'000
(b) Commercial services		
Salaries and wages	4,967,294	3,889,276
Depreciation of property and equipment	2,222,840	2,500,382
Advertising and public relations	11,513	-
Staff welfare	225,944	75,795
Transport and travelling	114,099	58,141
Consumable goods	2,644	1,900
Office expenses	805	204
Net recharge of customer service costs to RES	(1,588,924)	(3,548,875)
	5,956,215	**2,976,823**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(c) Administration

	2024 Shs'000	2023 Shs'000
Salaries and wages	5,287,919	4,750,113
Depreciation of property and equipment	1,405,706	867,757
Staff welfare	1,410,010	1,447,317
Depreciation- ROU asset (Note 19)	273,596	291,130
Amortisation of intangible assets (Notes 18, 36 (a))	208,206	559,045
Amortisation of operating lease prepayment (Notes 17,36 (a))	27,696	34,798
Repairs and maintenance	612,013	353,652
Security and surveillance	827,448	806,318
Transport and travelling	849,927	438,826
External services	724,291	401,841
Office expenses	127,821	116,893
Other financial expenses*	53,726	166,744
Licenses	1,646,529	301,093
Legal expenses	185,606	228,971
Insurance	408,838	633,536
Public relations	323,128	96,032
Company electricity expenses	200,076	162,682
Training expenses and consumer services	192,522	157,144
Other consumable goods	287,252	234,426
Movement in leave obligation (Note 33 (a))	155,434	(33,270)
Movement in gratuity provision ((Note 33 (c))	229,938	301,547
Movement in leave allowance provision ((Note 33 (b))	31,914	(8,375)
Consultancy fees	249,918	99,746
Directors' emoluments	19,509	33,391
Auditor's remuneration	20,509	27,596
Other Directors' expenses	19,070	4,169
Allowance for inventories (Note 20)	836	(446,966)
Expense relating to leases of low-value assets (Note 19)	16,375	14,370
Other costs**	112,710	737,944
Retirement benefit plan debits (Note 32)	877,394	(66,514)
	16,785,917	**12,711,956**
Recharge of administration costs to RES***	(615,602)	(1,442,445)
	16,170,315	**11,269,511**

* Other financial expenses mainly relate to bank charges, excise duty on financial services and exchange differences arising from foreign denominated transactions.

** Other costs mainly relate to prepaid vendor commission, wayleaves, representation, AGM costs, local authority taxes, utilities and contracted services including cleaning, service maintenance contracts among others.

*** Recharges to RES relate to operating costs apportioned to RES based on the predetermined formula developed by the Government of Kenya.

(d) Expected credit losses on financial assets

	2024 Shs'000	2023 Shs'000
Provision for electricity debtors (Note 21(c))	1,998,622	2,290,525
(Write back)/Provision for other receivables, bank deposits and bank balances and guarantees	(757,143)	143,164
Write back of provisions for prepaid fixed charge (Note 21(c))	(62,990)	(62,601)
Movement in expected credit losses	**1,178,489**	**2,371,088**

10. EMPLOYEE BENEFITS

	2024 Shs'000	2023 Shs'000
Salaries and wages		
Salaries and allowances of permanent employees	17,768,360	15,059,442
Wages of temporary employees	1,216,122	1,019,414
Recharge of capital works supervision to capital jobs*	(1,515,474)	(1,090,762)
NSSF employer contributions	191,862	65,312
Pension costs – defined contribution	942,265	799,500
Salaries and wages	**18,603,135**	**15,852,906**
Pension credit - defined benefit scheme (Note 32)	877,394	(66,514)
	19,480,529	**15,786,392**
Movement in leave pay provision (Note 33 (a))	155,434	(33,270)
Movement in gratuity and leave allowance provisions (Note 33 (b) and Note 33 (c))	261,852	293,172
	19,897,815	**16,046,294**

* Recharge of recurrent expenditure to capital jobs relates to the labour and transport costs incurred by staff on capital jobs.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

11 NET FINANCE COSTS

(a) Finance income

	2024 Shs'000	2023 Shs'000
Interest income on bank and other deposits (Note 36 (g))	1,493,956	506,640

(b) Finance costs

	2024 Shs'000	2023 Shs'000
Interest incurred on:		
• Loans	(6,038,662)	(5,865,561)
• Bank overdrafts	(83)	(603)
• Lease liabilities (Note 29)	(76,813)	(102,983)
Foreign exchange differences on loans*	7,881,752	(16,867,665)
Interest on late payment of invoices	(981,803)	(1,120,143)
Time value of money of RES receivable (Note 21 (a))	(99,663)	(195,037)
Dividends on cumulative preference shares	(1,930)	(1,930)
	682,798	**(24,153,922)**

* Finance costs include unrealised foreign exchange gain Shs 7,882 million against a loss of Shs 16,868 million in 2023 arising from movement of the Shilling against the USD and EURO in which some of the loans are denominated in.

12. EXPENSES BY NATURE

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

	2024 Shs'000	2023 Shs'000
Employee benefits (Note 10)	19,897,815	16,046,294
Depreciation of property and equipment (Note 16)	15,991,991	15,506,348
Impairment loss on WIP (Note 16)	1,221	26,536
Finance costs (Note 11(b))	(682,798)	24,153,922
Expected credit losses on financial assets (Note 9 (d))	1,178,489	2,371,088
Amortisation of intangible assets (Note 18)	208,206	559,045
Loss on disposal/retirement of assets (Note 36 (d))	(498,377)	(932,628)
Movement in leave provision (Note 33 (a))	155,434	(33,270)
Movement in gratuity provision ((Note 33 (c))	229,938	301,547
Movement in leave allowance provision ((Note 33 (b))	31,914	(8,375)
Amortisation of leasehold land (Note 17)	27,696	34,798
Directors' emoluments:		
• Fees (Note 37 c (ii))	5,145	4,627
• Other (Note 37 c (ii))	14,366	16,485
Other Directors' expenses	18,220	4,169
Auditor's remuneration (Note 9 (c))	20,509	20,509
Movement in provision for inventories (Note 20)	836	(446,966)
Retirement benefit debit (Note 32)	877,394	(66,514)

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

13.(a) INCOME TAX EXPENSE

	2024 Shs'000	2023 Shs'000
Statement of profit or loss		
Income tax:		
Current income tax (Note 13 (c))	3,446,951	293,491
Deferred income tax:		
Adjustment in respect of deferred tax for previous year (Note 27)	156,929	(14,315)
Movement for the year (Note 27)	9,981,779	(1,519,853)
Tax charge/ (credit)	**13,585,659**	**(1,240,677)**

13. (b) RECONCILIATION OF INCOME TAX EXPENSE

Reconciliation of the income tax expense and the accounting profit multiplied by the statutory income tax rate for 2024 and 2023:

	2024 Shs'000	2023 Shs'000
Profit/ (Loss) before income tax	43,666,029	(4,433,856)
Tax calculated at the statutory income tax rate of 30%	13,099,809	(1,330,157)
Tax effect of adjustments on taxable income:		
Expenses not deductible for tax purposes	485,850	89,480
Prior year adjustment (Note 27)		
Adjustment in respect of deferred tax due to tax loss		
Income tax expense/(credit)	**13,585,659**	**(1,240,677)**

(c) CURRENT INCOME TAX RECOVERABLE

	2024	2023
At start of year	(12,136)	143,885
Tax paid	597,725	137,470
Tax charge (Note 13 (a))	(3,446,951)	(293,491)
At end of year	**(2,861,362)**	**(12,136)**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

14. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on continuing operations attributable to the ordinary equity holders of the Company. There were no discontinued operations during the year. There were no potentially dilutive ordinary shares as at 30 June 2024 and 2023. Diluted earnings per share is therefore the same as basic earnings per share.

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2024 Shs'000	2023 Shs'000
Profit/(Loss)for the year attributable to owners of the Company	**30,080,370**	**(3,193,179)**

The total number of shares and the weighted average number of shares for the purpose of calculating the basic and diluted earnings are as follows:

	2024 Shs'000	2023 Shs'000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,951,467,045**	**1,951,467,045**

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the number of ordinary shares.

	2024 Shs'000	2023 Shs'000
Basic earnings per share (Shs)	15.41	(1.64)
Diluted earnings per share (Shs)	**15.41**	**(1.64)**

15. DIVIDENDS PER SHARE

Proposed dividends are accrued after they have been ratified at an Annual General Meeting. No interim dividend was paid in 2024 (2023: Nil). At the Annual General Meeting to be held before 31 December 2024, the Directors will recommend a dividend payment of Kshs 0.70 per ordinary share in respect of the year ended 30 June 2024 (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

16. PROPERTY AND EQUIPMENT

2024	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Distribution lines Shs'000	Machinery Shs'000	Motor Vehicles** Shs'000	Furniture equipment Shs'000	Work in Progress Shs'000	Total Shs'000
Cost									
At 1 July 2023	785,710	13,027,318	33,318,332	284,738,549	1,328,844	8,219,319	61,875,270	16,941,963	420,235,305
Work in progress additions	-	-	-	-	-	-	-	24,382,155	24,382,155
Transfers from work in progress	-	351,607	1,869	14,828,166	2,062	610,003	5,254,996	(21,048,703)	-
Retirements	-	-	-	(829,525)	-	(265,363)	(102)	-	(1,094,990)
At 30 June 2024	**785,710**	**13,378,925**	**33,320,201**	**298,737,190**	**1,330,906**	**8,563,959**	**67,130,164**	**20,275,415**	**443,522,470**
Depreciation									
At 1 July 2023	-	2,747,881	15,033,587	80,561,218	437,571	6,680,224	46,526,366	-	151,986,847
Charge for the year	-	366,423	1,052,759	10,364,844	61,524	462,367	3,684,073	-	15,991,990
Retirements	-	-	-	(267,518)	-	(238,852)	(44)	-	(506,414)
At 30 June 2024	**-**	**3,114,304**	**16,086,346**	**90,658,544**	**499,095**	**6,903,739**	**50,210,395**	**-**	**167,472,423**
Impairment									
At 1 July 2023	-	-	-	-	-	-	-	273,992	273,992
Impairment loss for the year*	-	-	-	-	-	-	-	2,858	2,858
Reversal	-	-	-	-	-	-	-	(1,636)	(1,636)
At 30 June 2024	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**275,214**	**275,214**
Net book value									
At 30 June 2024	**785,710**	**10,264,621**	**17,233,855**	**208,078,646**	**831,811**	**1,660,220**	**16,919,769**	**20,000,201**	**275,774,833**

The Company has not pledged any of its assets as collateral for liabilities and any other restrictions on title.

* This relates to impairment loss on Work in Progress (WIP) relating to projects that have stalled for the last three years.

** Included in motor vehicles is an aircraft with a gross value of Shs 297,700,693 (2023: Shs 297,700,693) and accumulated depreciation of Shs 261,820,384 (2023: Shs 258,632,431)

Included in property and equipment at 30 June 2024 are assets with a gross value of Shs 61,124,759,739 (2023: Shs 57,902,204,567) which are fully depreciated but still in use. The notional depreciation charge on these assets for the year would have been Shs 11,219,289,739 (2023: Shs 10,594,841,137)

2023	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Distribution lines Shs'000	Machinery Shs'000	Motor Vehicles** Shs'000	Furniture equipment Shs'000	Work in Progress Shs'000	Total Shs'000
Cost									
At 1 July 2022	755,432	12,467,228	33,280,954	273,663,216	1,279,128	8,304,351	60,670,856	23,278,876	413,700,041
Work in progress additions	-	-	-	-	-	-	-	12,300,538	12,300,538
Transfers from work in progress	30,278	560,090	39,172	12,935,187	49,716	217,437	4,805,571	(18,637,451)	-
Retirements	-	-	(1,794)	(1,859,854)	-	(302,469)	(3,601,157)	-	(5,765,274)
At 30 June 2023	**785,710**	**13,027,318**	**33,318,332**	**284,738,549**	**1,328,844**	**8,219,319**	**61,875,270**	**16,941,963**	**420,235,305**
Depreciation									
At 1 July 2022	-	2,392,411	13,968,313	71,411,503	376,289	6,544,794	46,394,835	-	141,088,145
Charge for the year	-	355,470	1,065,295	9,899,248	61,282	407,652	3,717,402	-	15,506,349
Retirements	-	-	(21)	(749,533)	-	(272,222)	(3,585,871)	-	(4,607,647)
At 30 June 2023	**-**	**2,747,881**	**15,033,587**	**80,561,218**	**437,571**	**6,680,224**	**46,526,366**	**-**	**151,986,847**
Impairment									
At 1 July 2022	-	-	-	-	-	-	-	251,322	251,322
Impairment loss for the year*	-	-	-	-	-	-	-	26,536	26,536
Reversal								(3,866)	(3,866)
At 30 June 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**273,992**	**273,992**
Net book value									
At 30 June 2023	**785,710**	**10,279,437**	**18,284,745**	**204,177,331**	**891,273**	**1,539,095**	**15,348,904**	**16,667,971**	**267,974,466**

The Company has not pledged any of its assets as collateral for liabilities and any other restrictions on title.

*This relates to impairment loss on Work in Progress (WIP) relating to projects that have stalled for the last three years.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

17. LEASEHOLD LAND

	2024 Shs'000	2023 Shs'000
Cost		
At start of year	871,032	795,362
Additions	-	75,670
Transfer to ROUA	(4,500)	-
Disposal	-	-
At end of year	**866,532**	**871,032**
Amortisation		
At start of year	(185,338)	(150,540)
Charge for the year	(27,696)	(34,798)
Transfer to ROUA	587	-
Charge on disposals	-	-
At end of year	(212,447)	(185,338)
Net book value	**654,085**	**685,694**

18. INTANGIBLE ASSETS

	2024 Shs'000	2023 Shs'000
Cost		
At start of year	9,322,381	8,087,672
Additions	557,378	1,616,868
Disposal	-	(382,159)
At end of year	**9,879,759**	**9,322,381**
Amortisation		
At start of year	(7,658,248)	(7,474,360)
Charge for the year	(208,206)	(559,045)
Charge on disposals	-	375,157
At end of year	**(7,866,454)**	**(7,658,248)**
Net book value	**2,013,305**	**1,664,133**

Included in intangible assets at 30 June 2024 are assets with a gross value of Shs 7,549,234,420.55 (2023: Shs 7,549,234,420.55) which are fully amortised but still in use. The notional amortisation charge on these assets for the year would have been Shs 1,509,846,884.11 (2023: Shs 1,509,846,884.11)

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

19. RIGHT-OF-USE (ROU) ASSET

	2024 Shs'000	2023 Shs'000
Cost		
At start of year	1,801,561	1,694,171
Additions	82,642	215,228
Retirements	(645,622)	(107,838)
At end of year	**1,238,581**	**1,801,561**
Depreciation		
At start of year	(938,799)	(754,378)
Charge for the year	(273,596)	(291,130)
Charge on retirements	637,611	106,709
At end of year	**(574,784)**	**(938,799)**
Net book value	**663,797**	**862,762**
The following are the amounts recognized in profit or loss:		
Depreciation expense of right-of-use assets (Note 9 (c))	270,589	291,130
Interest expense on lease liabilities (Note 29)	105,047	105,047
Expense relating to leases of low-value assets ((Note 9 (c))	16,375	14,370
	392,011	**410,547**

The Company had total cash outflows for leases of Shs 395,582,000 in 2024 (2023: Shs 436,101,000). The Company also had non-cash additions to right-of-use assets and lease liabilities of Shs 82,642,000 in 2024 (2023: Shs 215,228,000). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 41.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

20. INVENTORIES

	2024 Shs'000	2023 Shs'000
General stores	5,489,378	4,350,261
Transformers	2,179,221	1,009,397
Conductors and cables	2,201,550	2,645,057
Metering accessories	1,212,874	26,685
Poles	294,374	620,455
Fuel and oil	244,384	182,961
Motor vehicle spares	127,700	104,461
Engineering spares	12,114	12,481
	11,761,595	**8,951,758**
Provision for impairment	**(2,513,189)**	**(2,878,763)**
	9,248,406	**6,072,995**
Movements in the provisions for inventories were as follows:		
At start of year	**(2,878,763)**	**(3,325,729)**
Correction of incomplete good issues during system transition	170,745	-
Write off	195,665	-
(Additional provision) /write back(Note 9 (c))*	(836)	446,966
At end of year	**(2,513,189)**	**(2,878,763)**

21. TRADE AND OTHER RECEIVABLES

(a) Non-current - Trade and other receivables

	2024 Shs'000	2023 Shs'000
Prepayments-loan origination fee*	**190,460**	**380,102**

This relates to arrangement costs charged upfront on long-term loans extended by Standard Chartered Bank, NCBA Kenya Bank Plc and Rand Merchant Bank. The fee is amortised over the tenure of the loans.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(b) Current - Trade and other receivables

	2024 Shs'000	2023 Shs'000
Electricity receivables (Note 21(c))	36,066,667	35,698,986
Receivable from Government of Kenya-RES recurrent losses******* (Note 37 (b) (ii))	30,886,124	26,928,111
RES – intercompany (Note 37 (b) (ii))	6,104,883	6,117,783
Prepayments- Loan origination fees	189,642	189,642
Receivable from GOK-15% tariff reduction support	-	595,833
Receivable from Government of Kenya***** (Note 37 (b) (ii) and Note 38)	424,549	271,549
Last mile prepaid debtors	1,710,840	1,857,208
Sundry debtors & prepayments	110,582	951,547
Conversion to prepaid debt	510,216	382,008
Non-commercial debt	792,983	1,217,769
Last mile token contribution for RES	597,834	-
Prepaid fixed charge debt	2,460,567	2,523,558
VAT recoverable (Note 37 (b) (ii))	1,784,046	1,439,511
Project funds****	46,103	26,292
Due from KETRACO**	1,715,063	1,715,063
Staff receivables	803,114	684,529
Stima loan deferred payment customers *	200,402	233,133
Rural Electrification Authority current account (Note 37 (b) (ii))	-	248,564
GPOBA prepaid debtors***	36,915	743,646
Other ******	1,932,673	1,350,934
Gross trade and other receivables	**86,373,203**	**83,175,666**
Provision for credit losses		
Electricity receivables	(19,284,855)	(17,286,233)
Prepaid fixed charge	(2,460,567)	(2,523,558)
Last mile debtors	(1,299,727)	(1,441,679)
Receivable from GOK-RES Recurrent	(150,753)	(412,054)
Staff debtors	(349,249)	(324,865)
Other receivables	(3,028,512)	(3,282,366)
	(26,573,663)	**(25,270,755)**
Impairment of RES receivable********	**(1,267,201)**	**(1,167,539)**
Net trade and other receivables	**58,532,339**	**56,737,372**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

Movement in impairment of RES receivable is as follows;

	2024 Shs'000	2023 Shs'000
At start of year	1,167,539	972,502
Increase during year (Note 11 (b))	99,662	195,037
At end of year	**1,267,201**	**1,167,539**

Trade and other receivables are non – interest bearing.

* Deferred payment customers balances represent debts outstanding under the Stima Loan Revolving Fund Programme which was established in 2010 to facilitate credit access to the low-income segments of the market for the purpose of electricity connection. It is funded by Agence Francaise de Development (AFD).

** This represents amounts due from KETRACO for local costs incurred in the construction of Sondu Miriu transmission and distribution line and repayments in relation to 0.75% Japan Bank for International Corporation loan that was transferred to Ketraco in 2018 upon signing of the Novation agreement.

*** GPOBA prepaid debtors relate to the Global Partnership on Output Based Assistance (GPOBA) project for customers with prepaid meters. This project aims to provide safe, legal and affordable electricity to informal settlements. In 2015, the Company entered into an arrangement with the World Bank's International Development Association (IDA), which acts as an administrator of GPOBA. Under the agreement, the Company pre-invests its own resources to provide electricity to informal settlements after which IDA reimburses the Company for every connection done under this project.

**** The Company receives funding from the World Bank through Credit No.5587-KE to support electrification projects. The total amount received as at 30 June 2024 was Shs 15,996,633,000 (2023: Shs 15,950,530,000) and Shs 15,572,000 (2023: Shs 15,976,822,000) has been spent on the projects.

***** Receivable from Government of Kenya (GoK) relates to subsidies due to the Company to enhance universal access to electricity through connectivity to the national grid. During the year, the Company received Shs nil` disbursements (2023: Shs 25, 000,000) of which Shs 153,000,000 (2023: Shs nil) was utilised to improve electricity supply in off grid stations through supply of generators.

****** Included in other receivables is an amount of Shs 247,339,000 (2022: Shs 247,339,000) deposited in Imperial Bank Limited which was placed under receivership in 2015. The balance is fully provided for.

****** KPLC is the management agent for RES on behalf of Ministry of Energy and Petroleum (MOEP). The Schemes of RES are generally sub-economic since their operational and maintenance costs exceed their revenue. The resultant accumulated deficit is recoverable from the Government of Kenya (GOK) as stipulated in the 1973 Mercado agreement signed between KPLC and the GOK through the MOEP.

******** This relates to impairment of the RES receivable as a result of the time value of money. The additional impairment was recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(c) Electricity receivables

	<30 days Shs'000	30-90 days Shs'000	>90 days Shs'000	Total Shs'000
2024				
Gross	14,688,764	3,223,554	18,154,349	36,066,667
Impairment	(639,101)	(1,330,675)	(17,315,079)	(19,284,855)
Net	**14,049,663**	**1,892,879**	**839,270**	**16,781,812**
2023				
Gross	16,137,542	3,661,865	15,899,579	35,698,986
Impairment	(777,266)	(1,539,301)	(14,969,666)	(17,286,233)
Net	**15,360,276**	**2,122,564**	**929,913**	**18,412,753**

Information about the credit exposure is disclosed in Note 6 (a).

(d) Movement in the expected credit losses for trade and other receivables is as follows;

	Electricity receivables Shs'000	Prepaid fixed charge Shs'000	Other receivables Shs'000	Total Shs'000
2024				
At start of year	(17,286,233)	(2,523,558)	(5,460,964)	(25,270,755)
Additional provision	(1,998,622)	-	(377,129)	(2,375,751)
Write back (Note 9 (d))	-	62,990	1,009,853	1,072,843
At end of year (Note 21(b))	**(19,284,855)**	**(2,460,567)**	**(4,828,241)**	**(26,573,663)**
2023				
At start of year	(14,995,708)	(2,586,159)	(5,367,135)	(22,949,002)
Additional provision (Note 9 (d)	(2,290,525)	-	(93,829)	(2,384,354)
Write back (Note 9 (d))	-	62,601	-	62,601
At end of year (Note 21(b))	**(17,286,233)**	**(2,523,558)**	**(5,460,964)**	**(25,270,755)**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

22. SHORT-TERM DEPOSITS, BANK AND CASH BALANCES

a) Short-term deposits

	2024 Shs'000	2023 Shs'000
Housing Finance Company of Kenya Limited	547,848	505,529
The Co-operative Bank of Kenya Limited	2,612	2,612
	550,460	**508,141**
Expected credit losses- charge for the year	(7,360)	(7,091)
	543,100	**501,050**

The average effective interest rate on the short-term deposits for the year ended 30 June 2024 was 7.47% (2023: 7.47%).

Movement in the expected credit losses is as follows;

	2024 Shs'000	2023 Shs'000
At start of year	7,091	12,579
Movement during the year	269	(5,488)
At end of year	**7,360**	**7,091**

b) Bank and cash balances

	2024 Shs'000	2023 Shs'000
Cash at bank	9,799,393	17,922,068
Cash on hand	3,587	408
	9,802,980	**17,922,476**
Expected credit losses	(71,313)	(192,336)
	9,731,667	**17,730,140**

Movement in the expected credit losses is as follows;

At start of year	192,336	132,869
Increase during the year	(121,023)	59,467
At end of year	**71,313**	**192,336**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(c) Detailed analysis of the cash and cash equivalents

	Description	2024 Shs'000	2023 Shs'000
a)	Current Account		
	Other Commercial banks	6,068,279	11,103,400
	Sub- Total	**6,068,279**	**11,103,400**
b)	**On - Call Deposits**		
	Other Commercial banks	1,685,237	5,332,698
	Sub- Total	**1,685,237**	**5,332,698**
c)	**Fixed Deposits Account**		
	Other Commercial banks	-	-
	Sub- Total	**-**	**-**
d)	**Staff Car Loan/ Mortgage**		
	Other Commercial banks	547,848	508,140
	Sub- Total	**547,848**	**508,140**
e)	**Others**		
	Cash in transit	2,048,489	1,485,970
	Cash in hand	68	73
	Mobile money account	3,519	335
	Sub- Total	2,052,076	1,486,378
	Grand Total	**10,353,440**	**18,430,616**

23. SHARE CAPITAL

	2024	2023
Authorised:		
2,592,812,000 ordinary shares of Shs 2.50 each	**6,482,030**	**6,482,030**
Issued and fully paid:		
1,951,467,045 ordinary shares of Shs 2.50 each	**4,878,667**	**4,878,667**

24. SHARE PREMIUM

The share premium arose from the redemption of the 7.85% redeemable non-cumulative preference shares and a rights issue in the year 2011 at a price of Shs 207.50 giving rise to a share premium of Shs 14,367 million.

A further premium was received from the rights issue of 488,630,245 ordinary shares of Shs 2.50 each at a price of Shs 19.50, hence resulting to a share premium of Shs 17 per share or a total share premium of Shs 8,307 million. The transaction costs amounting to Shs 653 million were netted off against the share premium.

25. RETAINED EARNINGS

The retained earnings balance represents the amount available for distribution to the shareholders of the Company.

Further details on retained earnings are provided in statement of changes in equity.

26. DEFERRED INCOME

Deferred income relates to capital contributions received from electricity customers for the construction of electricity assets. The amounts are amortised through profit or loss on a straight-line basis over the useful life of the related asset used to provide the ongoing service.

	2024 Shs'000	2023 Shs'000
At start of year	17,002,674	14,824,857
Additional contributions	6,214,033	5,754,330
Recognised as income (Note 7(c))	(3,675,584)	(3,576,513)
At end of year	**19,541,124**	**17,002,674**
Maturity analysis:		
Non-current	15,700,478	12,775,248
Current	3,840,646	4,227,426
At end of year	**19,541,124**	**17,002,674**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

27. DEFERRED INCOME TAX

	2024 Shs'000	2023 Shs'000
At start of year	27,217,478	28,579,124
Debit/(Credit) to other comprehensive income	167,551	172,523
Prior year adjustment	156,929	(14,315)
(Credit)/Charge to profit or loss (Note 13 (a))	9,981,779	(1,519,854)
At end of year	**37,523,737**	**27,217,478**

Deferred income tax balance is analysed as follows:

2024	At July 2023 Shs'000	Prior year adjustments Shs'000	(Credited)/ Charged to profit or loss Shs'000	Credited to OCI Shs'000	At 30 June 2024 Shs'000
Deferred income tax liabilities					
Property and equipment	51,424,061	-	3,498,544	-	54,922,605
Unrealised foreign exchange loss	(11,135,828)	-	3,346,336	-	(7,789,492)
Right of use asset	258,830	-	(59,689)	-	199,141
Retirement benefit asset	334,968	-	(263,218)	148,514	220,264
	40,882,031	**-**	**6,521,973**	**148,514**	**47,552,518**
Deferred income tax assets					
Lease liabilities	(258,371)	-	65,926	-	(192,445)
Provisions	(9,522,348)	-	(333,025)	19,037	(9,836,336)
Tax losses	(3,883,834)	156,929	3,726,905	-	-
Prior year adjustments	-				
	(13,664,553)	**156,929**	**3,459,806**	**19,037**	**(10,028,781)**
Net deferred income tax liabilities	**27,217,478**	**156,929**	**9,981,779**	**167,551**	**37,523,737**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

2023	At July 2022	Prior year adjustments	(Credited)/ Charged to profit or loss	Credited to OCI	At 30 June 2023
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Deferred income tax liabilities					
Property and equipment	48,792,937		2,631,124	-	51,424,061
Unrealised foreign exchange loss	(5,237,100)		(5,898,728)	-	(11,135,828)
Right of use asset	283,335		(24,505)	-	258,830
Retirement benefit asset	153,496		19,954	161,518	334,968
	43,992,668		**(3,272,155)**	**161,518**	**40,882,031**
Deferred income tax assets					
Lease liabilities	(289,427)		31,056	-	(258,371)
Provisions	(8,967,976)		(551,062)	11,005	(9,508,033)
Tax losses	(6,156,141)		2,272,307	-	(3,883,834)
Prior year adjustments	-	(14,315)	-	-	(14,315)
	(15,413,544)	**(14,315)**	**1,752,301**	**11,005**	**(13,664,553)**
Net deferred income tax liabilities	**28,579,124**	**(14,315)**	**(1,519,854)**	**172,523**	**27,217,478**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

28. TRADE AND OTHER PAYABLES

	2024 Shs'000	2023 Shs'000
(a) Non-current liabilities		
Capital contribution - on-going projects**	12,323,602	12,079,656
Customer deposits*	7,192,801	6,870,637
Capital contributions-projects not commenced	3,732,037	5,012,298
Deferred creditor (Fibre optic)	-	55,878
RES current account - capital (Note 37 (b) (iii))	2,350,513	1,212,884
Donor funds	1,236,783	1,328,126
Kenya Off-Grid Solar Access Project (KOSAP)	110,801	136,163
Electrification of health facilities	15,572	129,956
Sub-Station Installation-GOK Funded Account	150,000	150,000
Nuclear electricity project	4,000	11,847
Other payables	2,588,069	2,575,248
	29,704,178	**29,562,693**

* Customer deposits are held as a non-current liability because the Company will continue to offer services to the customers for the foreseeable future and the customers are not expected to discontinue their use of electricity in the short run. In addition, the customer deposits are a security for the electric meters supplied to the customer for long-term electricity supply.

** Capital contributions for on-going projects relate to customer contributions for capital works not completed.

	2024 Shs'000	2023 Shs'000
(b) Current liabilities		
KenGen (Note 37 (e))	17,327,379	22,560,531
Other suppliers' accounts	4,980,589	5,445,331
Other electricity suppliers	26,264,483	44,567,645
Other payables	11,285,128	10,541,872
RES current account - Last Mile Project (Note 37 (b) (iii))	1,978,051	2,079,239
Last mile token contribution for RES	-	1,382,138
Deferred KPLC last mile	1,658,424	1,798,287
Retention money	479,052	895,256
Rural Electrification Authority Levy** ((Note 37 (b) (iii)))	10,591,274	10,963,339
Ketraco wheeling charge (Note 37 (f))	3,485,769	2,586,194
Ministry of Finance (Note 37 (b) (iii))	875,041	875,041
Prepaid revenue****	330,636	429,681
Street lighting project (Note 37 (b) (iii) and Note 38)	808,619	641,878
Energy Regulatory Levy	236,655	221,300
Deferred creditor (Fibre optic)	35,326	70,721
	80,336,426	**105,058,453**
Provision for impairment (Note 28 (c))	2,804	6,469
	80,339,230	**105,064,922**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(c) Movement in the provision for impairment for the Company guaranteed staff loans is as follows;

	2024 Shs'000	2023 Shs'000
At start of year	6,469	11,114
Increase/(decrease) in provision	(3,665)	(4,645)
At end of year (Note 28 (b))	**2,804**	**6,469**

(d) Aging analysis for trade payables

	2024 Shs'000	% of the total	2023 Shs'000	% of the total
0-30 days	13,233,799	30%	12,987,326	19%
31 -60 days	12,821,144	30%	14,596,267	22%
61 -90 days	7,379,045	17%	12,681,423	19%
Over 90 days	10,040,142	23%	26,620,345	40%
Total	**43,474,130**		**66,885,361**	

29. LEASE LIABILITIES

Lease liabilities include the net present value of the fixed lease payments discounted using the incremental borrowing rate.

	2024 Shs'000	2023 Shs'000
Balance at start year	861,237	964,757
Additions for the year	82,642	215,228
Interest charge (Note 11(b))	76,813	102,983
Payment of interest	(76,813)	(102,983)
Payment of principal	(302,394)	(318,748)
	641,485	**861,237**

The carrying amount of the current portion is Shs 230,644,000 (2023: Shs 309,655,000) while the non-current portion is Shs 410,841,000 (2023:Shs 556,878,000).

The maturity analysis of undiscounted lease liabilities is disclosed in Note 6 (b).

30. BORROWINGS

(a) Borrowings summary

	Currency	Interest rate	Start date	End date	2024 Shs'000	2023 Shs'000
Commercial borrowings						
Standard Chartered Bank Loan	USD	4.15% + Libor	19/06/2016	23/06/2026	14,167,016	23,054,637
Equity Bank USD Medium Term Loan	USD	4.5% + Libor	30/09/2014	30/09/2025	265,948	1,465,021
Rand Merchant Bank Medium Term Loan	USD	7.95%	26/09/2018	26/09/2025	2,266,723	4,098,602
NCBA Bank Kenya Plc	Shs	7% (CBR +2%)	09/10/2020	03/10/2032	6,535,382	6,750,000
Accrued Interest (Note 36 (b))					616,600	559,400
					23,851,669	**35,927,660**
On-lent borrowings						
GOK/IDA Kenya Electricity Expansion Project	USD	3.00%	11/05/2011	01/03/2036	17,692,219	17,158,994
GOK/CHINA EXIM BANK (USD 109,414,646)	USD	3.00%	28/08/2014	28/08/2035	18,693,200	18,556,583
GOK/IDA 3958 & 4572 KE ESRP	USD	4.50%	28/06/2005	01/09/2030	13,132,842	12,363,819
GOK/NORDEA	EUR	3.00%	15/12/2014	15/09/2027	3,243,710	3,099,246
GOK/EIB 23324 KE ESRP	EUR	3.97%	10/10/2007	20/07/2026	2,637,120	2,637,955
GOK/Agence Francaise de Development	EUR	4.50%	23/05/2007	30/03/2026	1,589,908	1,618,074
GOK/ Nordic Development Fund 435 ESRP	EUR	4.50%	22/05/2007	15/09/2027	638,349	621,487
KPLC/AFD Revolving Fund Loan	EUR	2.70%	31/12/2014	31/07/2035	3,096,710	3,411,487
GOK/IDA 5587 KE LOAN	USD	2.00%	27/02/2016	15/11/2053	9,273,038	9,593,000
GOK/IDA 2966 KE loan	Shs	7.70%	30/06/2016	30/06/2023	188,349	188,349
GOK/AFD Transformer Densification	EUR	3.20%	31/12/2014	31/07/2035	1,131,326	1,090,503
Accrued interest (Note 36 (b))					3,346,129	9,140,980
					74,662,900	**79,480,477**
Total borrowings					**98,514,569**	**115,408,137**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

Description	2024 Shs'000	2023 Shs'000
Commercial borrowings		
Balance at beginning of the year	35,927,660	40,967,616
Commercial borrowings during the year	-	-
Repayments of during the year	(10,982,041)	(10,620,802)
Revaluation (gain)/loss	(1,151,150)	5,462,826
Accrued Interest brought forward	(559,400)	(441,380)
Accrued Interest carried forward	616,600	559,400
Balance at end of the year	**23,851,669**	**35,927,660**
On Lent borrowings		
Balance at beginning of the year	79,480,477	63,675,272
On lent borrowings during the year	81,452	2,354,989
Repayments during the year	-	-
Capitalised interest	5,686,521	-
Revaluation (gain)/loss	(4,790,699)	11,455,416
Accrued Interest brought forward	(9,140,980)	(7,146,180)
Accrued Interest carried forward	3,346,129	9,140,980
Balance at end of the year	**74,662,900**	**79,480,477**
Balance at end of the period- commercial and onlent borrowings c = a+b	**98,514,569**	**115,408,137**
Total borrowings	98,514,569	115,408,137
Less: amounts repayable within 12 months	(16,619,184)	(20,951,195)
Non-current	**81,895,385**	**94,456,942**

(b) Analysis of borrowings by currency

	Shs Shs' 000	USD Shs' 000	Euros Shs' 000	Total Shs' 000
2024				
Loans	10,686,461	75,490,985	12,337,123	98,514,569
2023				
Loans	16,638,729	86,290,656	12,478,752	115,408,137

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(c) Maturity of borrowings

	2024 Shs'000	2023 Shs'000
Due within 1 year	16,619,184	20,951,195
Due between 1 and 2 years	23,970,253	13,953,213
Due between 2 and 5 years	28,314,972	26,027,692
Due after 5 years	29,610,160	54,476,037
	98,514,569	**115,408,137**

(d) Compliance with debt covenants

During the year, the Company met all its loan repayment obligations. The Company was in compliance with all financial covenants during the year except for the Current Ratio covenant relating to the below borrowings from Standard Chartered Bank and Rand Merchant Bank. This covenant compares the current assets with the current liabilities.

	Current Shs'000	Non-current Shs'000	Total Shs'000
Standard Chartered Bank USD 350m loan	3,541,754	10,625,262	14,167,016
Rand Merchant Bank USD Medium Term Loan	2,266,723	-	2,266,723
	5,808,477	**10,625,262**	**16,433,739**

	Covenant requirement	As per the financial statements
For Standard Chartered Bank and Rand Merchant Bank		
Current assets (Shs'000)	-	78,055,512
Current liabilities (Shs'000)	-	105,540,333
Current ratio	**1**	**0.74**

Paragraph 74 of IAS 1 'Presentation of financial statements' requires the reclassification of the non-current portion of borrowings with covenant breaches to current. This reclassification has not been performed in the financial statements because the Company obtained waivers before the end of the reporting period, 30 June 2024, which gave consent of extension of the breach from 30 June 2024 to 30 June 2025.

Through a letter from Standard Chartered Bank dated 28 June 2024, the lender communicated consent of extension of the breach from 30 June 2024 to 30 June 2025.

Through a letter from Rand Merchant Bank dated 12 June 2024, the lender communicated that the breach would be condoned from 30 June 2024 to 30 June 2025 while reserving the rights under the facility agreement.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

31. PREFERENCE SHARES

	2024 Shs'000	2023 Shs'000
Authorised, issued and fully paid:		
350,000 - 7% cumulative preference shares of Shs 20 each	7,000	7,000
1,800,000 - 4% cumulative preference shares of Shs 20 each	36,000	36,000
	43,000	**43,000**

The preference shares are treated as financial liabilities because the Company has a contractual obligation to pay preference dividends on the shares.

32. RETIREMENT BENEFIT ASSET

The Company operates a funded defined benefit plan (the "DB Scheme") for its employees that is established under irrevocable trust. The DB Scheme was closed to new members and future accrual of service as from 1 July 2006. Currently, no contributions are payable by employees to the DB Scheme and the Company is on a contribution holiday. DB Scheme assets are invested in a variety of asset classes comprising of government securities, fixed and time deposits, corporate bonds, equities and offshore investments. A separate defined contribution scheme (the "DC Scheme") was setup in respect of service from 1 July 2006. The contributions to the DC Scheme are accounted separately in the Company's statement of profit or loss.

The benefits provided by the DB Scheme are based on a formula taking into account years and complete months of service with the employer since joining the scheme to the closing date. Under the DB Scheme, the employees are entitled to retirement benefits varying between 3 and 5 percent of final pensionable emoluments on attainment of the retirement age.

The DB Scheme is governed by the Retirement Benefits Act, 1997. This requires that an actuarial valuation be carried out at least every three years for the DB Scheme. The most recent actuarial valuation of the DB Scheme was carried out at 31 December 2019 using the Projected Credit Method, by an independent qualified actuary. For the purposes of calculating the actuarial liability under the Scheme as at 30 June 2022 the Company engaged the services of an actuary, Actuarial Services (East Africa) Limited. The Actuary "rolled forward" the results of the actuarial valuation as at 31 December 2022 to 30 June 2024.

The Company is exposed to the following actuarial risks:

a) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently, the plan has a relatively balanced investment in investment properties, government securities, equity investments, corporate bonds and short-term deposits. Due to the long-term nature of the DB Scheme liabilities, management considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the DB Scheme.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

b) Interest risk

A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

c) Longevity risk

Benefits in the DB Scheme are payable on retirement, resignation, death or ill-health retirement. The actual cost to the Company of the benefits is therefore subject to the demographic movements of employees.

d) The benefits are linked to salary and consequently have an associated risk to increases in salary.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2024	2023
Discount rate	18%	15%
Expected rate of return on assets	18%	15%
Future salary increases	5.0%	5.0%
Retirement age	55 years	60 years

The updated position arising from the Company's obligation in respect of its DB Scheme is as follows:

- The current service costs and the net interest expense for the year are included in administration expenses in profit or loss (Note 9 (c)).
- The measurement of the defined benefit liability is included in other comprehensive income. The amounts recognised in profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

	2024 Shs'000	2023 Shs'000
Current service cost	-	-
Past service cost*	1,044,878	-
Interest cost on defined benefit obligation	1,954,470	1,756,434
Interest income on plan assets	(2,289,438)	(2,142,675)
Interest on the effect of the asset ceiling	167,484	319,726
Adjustments for previous years asset values	-	-
Net expense recognised in profit or loss (Note 10)	**877,394**	**(66,515)**

* The past service cost arises from two changes: the revision of the NRA from 60 to 55, and the adjustment of the effective period for the revised accrual rate. Initially, it was assumed that the revised accrual rate would take effect from 1 January 2000, but it is now assumed to take effect from the date of the Amended TDR, 12 June 2003.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

	2024 Shs'000	2023 Shs'000
Net actuarial gains	(2,291,904)	(552,609)
Return on plan assets (excluding amount in interest cost)	2,346,695	1,676,814
Changes in effect of asset ceiling (excluding amounts in interest cost)	(549,834)	(1,662,597)
Recognised in other comprehensive income	(495,043)	(538,392)
Total net actuarial (gains)/losses	**(990,086)**	**(1,076,784)**

The amount included in the statement of financial position arising from the Company's obligation in respect of its defined benefit retirement plan is as follows:

	2024 Shs'000	2023 Shs'000
Fair value of plan assets	14,745,708	15,691,828
Present value of funded defined benefit obligation	(13,277,292)	(13,458,711)
	1,468,416	**2,233,117**
Limit on defined benefit asset	(734,209)	(1,116,559)
Present value of funded defined benefit asset	**734,207**	**1,116,558**

The reconciliation of the amount included in the statement of financial position is as follows:

	2024 Shs'000	2023 Shs'000
Net asset at the start of the year	1,116,558	511,652
Net income recognised in profit or loss (Note 9 (c))	(877,394)	66,514
Amount recognised in other comprehensive income	495,043	538,392
Present value of funded defined benefit asset	**734,207**	**1,116,558**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

Movement in the present value of defined benefit funded obligations in the current year is as follows:

	2024 Shs'000	2023 Shs'000
At start of year	13,458,711	13,954,701
Current service cost	-	-
Past service cost	1,044,878	-
Interest cost on obligation	1,954,470	1,756,434
Actuarial gain	(2,291,904)	(1,337,127)
Benefits paid	(888,862)	(915,297)
At end of year	**13,277,293**	**13,458,711**
Movement in the fair value of defined benefit scheme assets is as follows;		
At start of year	(15,691,828)	(16,925,783)
Interest income on plan assets	(2,289,438)	(2,142,675)
Return on plan assets, excluding amount in interest income	2,346,695	2,461,333
Benefits paid	888,862	915,297
At end of year	**(14,745,709)**	**(15,691,828)**
The fair value of the plan assets at the end of the reporting period for each category, are as follows:		
Property	7,418,718	7,115,350
Debt instruments	4,407,057	4,819,346
Equity instruments	2,251,108	2,449,282
Others	668,825	1,307,850
Total scheme assets	**14,745,708**	**15,691,828**

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties are not based on quoted market prices in active markets. This treatment has been implemented during the current and prior years.

The Company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Company's obligations under the scheme are limited to making specific contributions as mandated by the law, which are currently set at 6% of an employee's pensionable earnings subject to an upper limit of Shs 2,160 for employees earning above Shs 18,000.

Sensitivity analysis

A sensitivity analysis was performed on the model and A 1% p.a. reduction in the discount rate will increase the actuarial liability estimated at 30 June 2024 to around KShs 13.9 billion (with all other assumptions remaining the same). If the discount rate is increased by 1% p.a., then the actuarial liability estimated would fall to around KShs 12.7 billion.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

33. PROVISIONS

This is estimated provision for monetary liability for employees' accrued annual leave entitlement and present value of employee gratuity benefits.

	2024 Shs'000	2023 Shs'000
(a) Leave pay obligation		
At start of year	342,534	375,804
Increase/(decrease) in provisions (Note 9 (c))	155,434	(33,270)
At end of year	**497,968**	**342,534**
(b) Leave allowance provision		
At start of year	163,549	171,924
Increase/(decrease) in provisions (Note 9 (c))	31,914	(8,375)
At end of year	**195,463**	**163,549**
(c) Gratuity provision		
Opening benefit obligation	452,459	435,639
Current service cost	185,023	253,343
Interest cost	44,915	48,204
Actuarial gain	(63,458)	(36,684)
Benefits and expenses paid	(457,208)	(248,043)
Net liability at end of year	**161,731**	**452,459**

Movement in the present value of defined benefit funded obligations in the current year is as follows:

	2024 Shs'000	2023 Shs'000
Present value of the defined benefit obligation at start of year	452,459	435,639
Charge recognised in the profit or loss for the year (Note 9 (c))	229,938	301,547
Benefits paid to the outgoing employees during the year	(457,208)	(248,043)
Actuarial gain on the obligation recognised in other comprehensive income	(63,458)	(36,684)
Present value of the defined obligation at end of year	**161,731**	**452,459**
Total provisions	**855,162**	**958,542**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

34. DIVIDENDS PAYABLE

	2024 Shs'000	2023 Shs'000
Dividends payable on ordinary shares	748,190	751,612

These relate to unclaimed dividends payable to different ordinary shareholders.

The movement in the dividend payable account is as follows:

	2024 Shs'000	2023 Shs'000
At start of year	751,612	758,170
Declared during the year	1,930	1,930
Paid during the year	(5,352)	(8,488)
At end of year	**748,190**	**751,612**

35. CONTRACT BALANCES

	2024 Shs'000	2023 Shs'000
Electricity receivables (Note 21(b))	16,781,812	18,359,670
Contract liabilities (Note 28)	12,323,602	12,079,656

The net carrying amount of electricity receivables stood at Shs 16,782 million (2023: Shs 18,360 million.)

Contract liabilities relate to contributions from customers for connection to the Company's electricity network and the works are ongoing. These contributions are held in trade payables as progress payments until the work on the connection has been completed. Once the customers are connected to the electricity supply, the Company would have satisfied its performance obligation hence transferring the capital contributions to deferred income and released to revenue in the income statement over the estimated useful economic lives of the related assets.

The movement in the contract liabilities is as follows:

	2024 Shs'000	2023 Shs'000
At start of year	12,079,656	12,874,799
Additions during the year	6,457,979	4,959,187
Transferred to deferred income during the year (Note 26)	(6,214,033)	(5,754,330)
At end of year	**12,323,602**	**12,079,656**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

36. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to cash generated from operations

	2024 Shs'000	2023 Shs'000
Profit before taxation	43,666,029	(4,433,856)
Depreciation of property and equipment (Note 16)	15,991,991	15,506,349
Impairment loss on Work in Progress (WIP) (Note 16)	2,858	26,536
Reversal of impairment loss on WIP	(1,636)	(3,866)
Amortisation of intangible assets (Note 18)	208,206	559,045
Amortisation of leasehold land (Note 17)	27,696	34,798
Depreciation of ROU (Right-of-use) asset (Note 19)	273,596	291,130
Amortisation of capital contribution (Note 7 (c))	(3,675,584)	(3,576,513)
Loss on disposal of property and equipment (Note 36 (d))	486,453	931,499
Loss on retirement of ROU (Note 36 (d))	8,011	1,129
Loss on retirement of leasehold to ROU(Note 36 (d))	3,913	-
Finance income (Note 11 (a))	(1,493,956)	(506,640)
Finance costs (Note 11 (b))	(1,165,260)	24,101,516
Interest expense on lease liabilities (Note 11 (b))	76,813	102,983
Movement in provision for leave pay, gratuity and leave allowance (Note 33)	417,286	259,902
Movement in provisions for credit losses on short-term deposits (Note 22 (a))	269	(5,488)
Movement in provisions for credit losses on bank balances (Note 22 (b)	(121,023)	59,467
Movement in provisions for company guaranteed loans (Note 28 (b)	(3,665)	(4,645)
Movement in provisions for credit losses on trade and other receivables	1,178,489	2,321,753
Movement in provision for slow moving inventories (Note 20)	836	(446,966)
Retirement benefit plan credits (Note 9 (c))	877,394	(66,514)
Unrealised foreign exchange losses on cash and cash equivalents (Note 11 (b)	405,647	(50,577)
Working capital changes:		
Inventories	(3,176,248)	690,213
Trade and other receivables	(3,039,662)	(18,593,781)
Deferred income	6,214,034	5,754,330
Trade and other payables	(24,580,541)	14,592,707
Cash generated from operations	**32,581,946**	**37,544,511**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(b) Analysis of changes in borrowings

	2024 Shs'000	2023 Shs'000
At start of year	115,408,137	104,642,888
Proceeds	81,452	2,354,989
Capitalised interest	5,686,520	-
Repayments	(10,982,041)	(10,620,802)
Repayment of previous year's accrued interest	(9,700,380)	(7,587,560)
Foreign exchange losses	(5,941,849)	16,918,242
Accrued interest (Note 30 (a))	3,962,730	9,700,380
At end of year	**98,514,569**	**115,408,137**
Net debt reconciliation		
Cash and bank balances (Note 22 (b))	8,997,581	17,730,140
Short-term deposits (Note 22 (a))	576,368	501,050
Overdrafts (Note 22 (b))	-	-
Borrowings (Note 30)	(98,514,569)	(115,408,137)
Net debt	**(88,940,620)**	**(97,176,947)**
Net debt reconciliation		
Cash, bank balances and short-term deposits	9,573,949	18,231,190
Gross debt – fixed interest rates	(77,001,223)	(83,659,379)
Gross debt – variable interest rates	(21,513,346)	(31,748,758)
Net debt	**(88,940,620)**	**(97,176,947)**

(c) Analysis of cash and cash equivalents

	2024 Shs'000	2023 Shs'000
Short-term deposits (Note 22 (a))	550,460	508,140
Cash and bank balances (Note 22(b))	9,802,980	17,922,476
	10,353,440	**18,430,616**

For the purpose of the cash flow statement, cash and cash equivalents include short-term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired; less advances from banks repayable within three months from date of disbursement or date of confirmation of the advance.

(d) Analysis of proceeds from disposal of property and equipment

	2024 Shs'000	2023 Shs'000
Proceeds from disposal of property and equipment	102,123	233,130
Less: disposed assets at net book value	(588,576)	(1,164,629)
Loss on disposal of property and equipment	**(486,453)**	**(931,499)**
Proceeds of retirement of right of use assets (ROU)		
Proceeds from retirement of ROU	-	-
Less: retired assets at net book value	8,011	1,129
Loss on retirement of ROU	**(8,011)**	**(1,129)**
Proceeds on retirement of leasehold land		
Proceeds from retirement of leasehold land	-	-
Less: retired assets at net book value	3,913	-
Loss on retirement of leasehold land	**(3,913)**	**-**
Loss on disposal/retirement of non-current assets (Note 9 (a))	**(498,377)**	**(932,628)**

(e) Analysis of interest paid

	2024 Shs'000	2023 Shs'000
Interest on loans (Note 11(b))	6,038,662	5,865,561
Overdraft interest (Note 11(b))	83	603
Interest on late payment invoices (Note 11 (b))	981,803	1,120,143
	7,020,548	**6,986,307**
Interest on loans capitalized	-	-
Accrued interest brought forward (Note 30 (a))	9,700,380	7,587,560
Interest on loans capitalised	(5,686,520)	-
Revaluation of Interest capitalised	(2,469,972)	-
Accrued interest carried forward (Note 30 (a))	(3,962,730)	(9,700,380)
Interest paid	**4,601,706**	**4,873,487**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(f) Analysis of dividends paid

	2024 Shs'000	2023 Shs'000
At start of year	751,612	758,170
Preference dividends - 4% and 7% cumulative preference shares	1,930	1,930
At end of year	(748,190)	(751,612)
Dividends paid	**5,352**	**8,488**

(g) Analysis of interest received

	2024 Shs'000	2023 Shs'000
Interest received on bank and other deposits (Note 11 (a))	1,493,956	506,640
Accrued interest brought forward	39,656	2,255
Accrued interest carried forward	(7,890)	(39,656)
Interest received	**1,525,722**	**469,238**

(h) Purchase of property and equipment

	2024 Shs'000	2023 Shs'000
Work in progress additions (Note 16)	24,382,155	12,300,538
Exchange loss on loans for on-going projects capitalised	-	-
Property and equipment purchased	**24,382,155**	**12,300,538**

*The Company capitalises interest on qualifying projects quarterly at the average cost of debt of 5.03% (2023: 5.46%).

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

37. RELATED PARTY DISCLOSURES

The Government of Kenya is the principal shareholder in The Kenya Power & Lighting Company Plc (KPLC) holding a 50.1% equity interest. The Government also holds 70% and 100% of the equity interest in Kenya Electricity Generating Company Plc (KenGen) and Kenya Electricity Transmission Company (KETRACO), respectively. The Company is related to KenGen and KETRACO through common control. During the year, the following transactions were carried out with related parties:

(a) The Company had no individually significant transactions carried out on non-market terms.

(b) Other transactions that are collectively significant are detailed as follows:

	2024 Shs'000	2023 Shs'000
(i) Ministries:		
Electricity sales to Government Ministries	5,321,714	4,906,128
Electricity sales to strategic parastatals	2,221,635	1,974,920
(ii) Outstanding balances at the year-end included in trade and other receivables:		
Receivable from Government of Kenya-RES recurrent losses (Note 21 (b))	30,886,124	26,928,111
Receivable from Government of Kenya (Note 21 (b))	424,549	271,549
VAT recoverable (Note 21 (b))	1,784,046	1,439,848
RES – intercompany (Note 21 (b))	6,104,883	6,117,783
Last mile token contribution for RES	597,834	-
Ministries & County governments- Electricity sales receivable*	5,340,628	4,166,943
Strategic parastatals- Electricity sales receivable	463,957	487,193
Rural Electrification Authority current account (Note 21 (b))	-	248,564
Ministry of Energy and other sector entities	158,393	158,393
	45,760,414	**39,818,384**

* Ministries & County governments amended to include devolved services and public health facilities

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(iii) Outstanding balances at the year-end included in trade and other payables:

	2024 Shs'000	2023 Shs'000
	Shs'000	**Shs'000**
RES current account - Last Mile (Note 28 (b))	1,978,051	2,079,239
Rural Electrification Authority levy (Note 28 (b))	10,591,274	10,963,339
REREC Garissa Solar Plant	160,181	494,600
Ministry of Finance (Note 28 (b))	875,041	875,041
Government of Kenya - Street lighting project (Note 28 (b))	808,619	641,878
RES – capital (Note 28 (a))	2,350,513	1,212,884
	16,763,679	**16,266,981**
Net amount owed by Government of Kenya	**28,996,735**	**23,551,403**

The tariffs applicable to Government institutions are the same as those charged to other ordinary customers.

(c) Staff

	2024 Shs'000	2023 Shs'000
(i) Advances to staff included in trade and other receivables	**803,114**	**684,529**

The Company advances loans to staff at an interest charge of 12% (2022:13%). The loans are mainly classified into salary, motorcycle, laptop and domestic appliances loans. The outstanding amounts are recovered from payroll on a monthly basis. The repayment period is between 12 to 36 months.

(ii) Key management compensation

	2024 Shs'000	2023 Shs'000
Short-term employee benefits	8,131	11,186
Termination benefits	28,327	17,522
	36,458	**28,708**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

Short-term employee benefits include those relating to the Managing Director and Chief Executive Officer who is also a Director are disclosed below:

	2024 Shs'000	2023 Shs'000
Fees for services as Director		
Non-Executive Directors (Note 12)	5,145	4,627
Other emoluments		
Salaries and other short-term employment benefits:		
Non-Executive Directors (Note 12)	14,366	16,485
Executive Directors and key management staff	36,458	28,708
	50,824	45,193
	55,969	**49,820**

(d) Rural Electrification Scheme (RES)

The Company continued to manage the RES under the Rural Electrification Programme (REP), on behalf of the Government of Kenya.

The Rural Electrification Programme (REP) was established in 1973 by the Government of Kenya following an agreement between the Government and East African Power & Lighting Company Limited, the predecessor to The Kenya Power & Lighting Company Plc. The programme was established with the specific objective to extend electricity to the sub-economic rural areas. In order to intensify the expansion of these sub-economic regions, the Government has established the Rural Electrification Authority (REA). However, KPLC continues to operate and maintain the whole network, in addition to implementing projects for the Authority on contract basis.

The Company has entered into a Mutual Co-operation and Provision of Services Agreement with REA to operate and maintain lines owned by REA. In return, the Company will retain revenues generated from RES customers to cover maintenance costs incurred by the Company. However, the Company continues to invoice the Government for the expenditure incurred to complete on-going projects.

The REP is funded by the Government of Kenya. Any property acquired by REP remains the property of the Government of Kenya. KPLC only acts as a management agent on behalf of the Government. The balances due to RES are disclosed in Note 37 (b) (ii) and (iii).

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(e) KenGen

	2024 Shs'000	2023 Shs'000
Electricity purchases (before allocation to RES)	60,006,167	53,570,323
Amounts due to KenGen on electricity purchases (Note 28 (b))	17,327,379	22,560,531
Electricity sales	553,568	485,597
Amounts due from KenGen on account of electricity sales	186,746	164,685
Amounts due from KenGen on account of sector entities media campaign	30,000	30,000
Amounts due from KenGen on account of lease of fiber	29,586	46,448

(f) KETRACO

	2024 Shs'000	2023 Shs'000
During the year, the following transactions were carried out with KETRACO		
Wheeling charge KETRACO (Note 9 (a))	5,215,614	2,720,102
Maintenance costs for Transmission lines (Note 7 (c))	-	-
KEEP/KETRACO 132/33KV substations	-	-
	5,215,614	**2,720,102**
Outstanding balances at the year-end included in trade and other payables:		
KETRACO wheeling charge (Note 28 (b))	3,485,769	2,586,194
Outstanding balances at the year-end included in trade and other receivables:		
KEEP/KETRACO 132KV Transmission lines	47,208	47,208
KEEP/KETRACO 132/33KV substations	107,391	107,391
Interest paid on repayment of 2.5% Exim Bank Loan	27,695	27,695
Amount due from Ketraco on account of local costs*	567,642	567,642
Amount due from Ketraco on 0.75% JICA loan (inclusive of interest)	221,272	221,272
Maintenance costs for Transmission lines	743,855	743,855
	1,715,063	**1,715,063**

*These are local costs incurred by KPLC in the construction of Kisii Chemosit and Kamburu- Meru lines

(g) KPLC Staff Retirement Benefits Scheme

The Company rents property owned by the staff retirement benefits scheme for office space. Rent paid to the scheme in the year amounted to Shs 177 million (2023: Shs 177 million). The outstanding balance to the retirement benefit scheme as at 30 June 2024 was Shs nil million (2023: Shs nil million).

The year-end outstanding balances with related parties are interest free and settlement occurs in cash.

38. GOVERNMENT GRANT

The Company received grants from the Government of Kenya to subsidize electricity connectivity and to finance street lighting projects. The grants amounted to Shs 795,297,000 (2023: Shs 361,500,000).

The movement in the grant accounts in the current year is as follows:

	2024 Shs'000	2023 Shs'000
Connectivity		
At start of year	271,549	296,549
Disbursements received during the year	-	(25,000)
Utilised during the year	153,000	-
New connections during the year	-	-
At end of year	**424,549**	**271,549**
Street lighting		
At start of year	641,878	2,162,548
Disbursements received during the year	795,297	336,500
Completed projects during the year	(628,556)	(1,857,170)
At end of year	**808,619**	**641,878**

The connectivity amount of Shs 425 million (2023: Shs 272 million) receivable for connectivity projects has been disclosed under trade and other receivables, while Shs 809 million (2023: Shs 642 million) for street lighting is accounted for under trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

39. CAPITAL COMMITMENTS

The capital commitments relate to the ongoing capital projects which have been approved and are at various stages of implementation.

	2024 Shs'000	2023 Shs'000
Authorised and contracted for	62,749,332	41,119,789
Less: amount incurred and included in work-in-progress	(10,375,190)	(10,375,628)
	52,374,142	**30,744,161**

40. CONTINGENT LIABILITIES

	2024 Shs'000	2023 Shs'000
Bank guarantees	663,525	-
Claims on the Company	7,917,493	7,008,575
	8,581,018	**7,008,575**

Cases filed against the Company are being handled by legal counsel appointed by the Company. The Directors, based on professional advice and previous courts' pronouncements, are of the opinion that significant loss may arise from these matters.

The following is a highlight of the significant claims against the Company: -

Litigation and claims

I. Case No. 1720 of 2002 is a case for alleged trespass to land.
II. Case No. 3564 of 2003 seeks compensation for the wayleaves trace.
III. Case No. 87 of 2012 (formerly CoA 73 of 2016) is a claim for an alleged trespass to land.
IV. Case No. 1048 of 2014 is a case for alleged trespass to land.
V. Case No. 166 of 2016 seeks for payments, interest, and demurrages charges for an alleged loss occasioned as a result of an alleged breach of contract.
VI. Case No. 311 of 2016 is a claim on account of the alleged losses incurred due to alleged transformer failure.
VII. Case No. 322 of 2017 is a claim for an alleged breach of contract.
VIII. Case No. 412 of 2017 is a suit for an alleged breach of contract.
IX. Cause No. 2120 of 2017 is a suit for alleged unlawful dismissal.
X. Case No. E049 of 2018 claims for alleged breach of contracts for supply of poles.
XI. Case No. 206 of 2018 is a claim for an alleged breach of contract.
XII. Miscellaneous Application No. 331 of 2018 seeks to stop the Company from disconnecting power supply to the Plaintiff arising out of unpaid electricity debt.
XIII. Petition No. 448 of 2018 seeks orders to stop the commissioning of a project.
XIV. Cause No. 17 of 2019 (formerly Case No. 74 of 2003) is an employment matter instituted by former staff.

XV. Case No. E091 of 2020 claims for alleged breach of contracts for supply of poles.
XVI. Case No. E006 of 2021 is a claim for alleged breach of contract.
XVII. Case No. E008 of 2021 is a claim for alleged trespass on land.
XVIII. Case No. E307 of 2021 is a claim for alleged trespass on land.
XIX. Case No. E802 of 2021 is a claim arising out of a procurement.
XX. Case No. E047 of 2022 is a claim for alleged trespass on land.
XXI. Case No. E106 of 2022 is a claim for compensation for an alleged breach of contract.
XXII. Case No. E157 of 2022 claims for alleged breach of contract for supply of wooden poles.
XXIII. Case No. E215 of 2022 is a dispute regarding alleged termination of contracts for supply of transformers.
XXIV. Petition No. E103 of 2023 challenges the implementation of the RTA.

Other claims lodged against the Company relate to civil suits which have arisen in the normal course of business.

41. FUTURE RENTAL COMMITMENTS UNDER OPERATING LEASES

As lessor:

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2024 Shs'000	2023 Shs'000
Not later than 1 year	100,213	67,420
Later than 1 year and not later than 5 years	347,498	412,521
More than 5 years	80,465	143,926
	528,176	**623,867**

As a lessor, the Company has entered into commercial property leases on its property, and it retains all the significant risks and rewards of ownership of these properties and therefore accounts for the contracts as operating leases.

42. WORLD BANK FINANCING

(a) KEEP Loan (IDA Credit No. 4743-KE)

The Company received funding from the World Bank through Credit No.4743-KE to support electricity expansion projects.

Included in the long-term borrowings is an amount of Shs 17,692,219,000(US$136,590,975) (2023: Shs 17,158,994,495,000 (US$ 122,107,651) in respect of the amounts disbursed under the loan to date. The proceeds of the World Bank loan have been expended in accordance with the intended purpose as specified in the loan agreement.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

(b) KEMP (IDA Credit No. 5587-KE) LOAN

The Company received funding from the World Bank through Credit No.5587-KE to support electricity modernization projects. Summary information on transactions under KEMP Loan during the two years ended 30 June 2024 and 2023 were as follows:

	2024 Shs'000	2023 Shs'000
At start of year	102,797	305,607
Amounts received during the year	-	155,730
Net interest income	1,447	5,038
Expenditure during the year	(71,199)	(363,578)
Balance at end of year	**33,045**	**102,797**

The closing balances shown above are included in cash and cash equivalents and represent balances in the World Bank funded Special Account No. 1400266765947 held at Equity Bank Limited. Included in the long-term borrowings is an amount of Shs 9,273,038,000(US$ 71,591,541) (2023: Shs 9,592,999,656 (US$ 68,266,159) in respect of the amounts disbursed under the loan to date. The proceeds of the World Bank through Credit No.5587-KE have been expended in accordance with the intended purpose as specified in the loan agreement.

(c) KEMP (IDA Credit No. 5587-KE) GRANT

The Company received funding from the World Bank through Credit No.5587-KE to support electrification projects. Summary information on transactions under KEMP Grant during the two years ended 30 June 2024 and 2023 were as follows:

	2024 Shs'000	2023 Shs'000
At start of year	55,099	167,901
Amounts received during year	-	258,499
Net interest income	1,068	3,191
Expenditure during year	(17,968)	(374,492)
Balance at end of year	**38,199**	**55,099**

The closing balances shown above are included in cash and cash equivalents and represent balances on the World Bank funded Special Account No1400266766088 held at Equity Bank Limited. The proceeds of World Bank grant have been expended in accordance with the intended purpose as specified in the loan agreement.

NOTES TO THE FINANCIAL STATEMENTS

43. EUROPEAN INVESTMENT BANK (EIB) FINANCING

The Company received financial support from EIB for Grid development. Included in the long-term borrowings is an amount of Shs 2,637,120,000 (Euro 18,990,408) (2023: Shs 2,637,954,754 (Euro 17,243,476) in respect of the outstanding loan balance. The proceeds of the European Investment Bank loan have been expended in accordance with the intended purpose as specified in the loan agreement.

44. EVENTS AFTER THE REPORTING DATE

The Directors are not aware of any other material events after the reporting date that would require adjustment to, or disclosure in, these financial statements.

ANNEXURE I : IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS

<table>
<tr><th>Matter in the 2023 Auditor-General Report</th><th>Status in 2024</th><th>Management Response</th><th>Timeframe</th></tr>
<tr><td>Material Uncertainty Relating to Going Concern</td><td>Not Resolved</td><td>Despite the challenging operating environment, the Company has made significant strides in improving its financial performance as evidenced by the increased sales revenue and the improving working capital position, these coupled with the new approved tariff and the strategic initiatives put in place will strengthen the Company's financial position and improve its performance.

The Company's working capital position has continued to steadily improve over the past five years. The negative working capital improved from a low of ksh 74,849 billion in FY 2020 to Ksh 27,485 million in the year under review.

<table><tr><th></th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th></tr><tr><td></td><td>KSH M</td><td>KSH M</td><td>KSH M</td><td>KSH M</td><td>KSH M</td></tr><tr><td>Net Working Capital</td><td>(74,849)</td><td>(66,851)</td><td>(66,429)</td><td>(51,234)</td><td>(27,485)</td></tr></table>
The Board of Directors and management are confident that the Strategic initiatives put in place will drive financial turnaround and enhance business sustainability.</td><td>30 June 2025</td></tr>
<tr><td>Long Outstanding Receivables from Other Government Entities</td><td>Not Resolved</td><td>• The Company wrote to the MOE requesting the Cabinet Secretary to assist in demanding the sector agencies to honour their commitments and settle the outstanding payments.

• The Company has since stopped invoicing the County Governments and has subsequently sought MOEP approval for any County Street Lighting requirement. MOEP has since given consent for the implementation of Street Lighting projects utilizing funds allocated for the National Street lighting program. The Company is seeking assistance of the National Government in having the county governments pay these amounts.</td><td>30 June 2025</td></tr>
</table>

Matter in the 2023 Auditor-General Report	Status in 2024	Management Response	Timeframe
		• The RES deficit of Ksh. 30,734,586,000 is an accumulation of carried forward deficit ksh.26,926,060,000 plus current deficit of Ksh. 4,618,026,000 less part repayment of Ksh. 809,500,000 by GOK in the year 2023/24. The 19,400,000,000 provided in The MOEP Budget is yet to be disbursed. The Company, on a monthly basis, provides the MOEP with a reconciliation on RES Schemes, hence Ministry is aware of the increasing RES Deficit.	
Foreign Currency Exposure and Uncompensated Forex Losses	Not Resolved	To mitigate this forex risk exposure, the Company is reviewing the current treatment of the unrealised exchange losses through its income statement. This review is informed by Kenya Power's right to recover its unrealised exchange losses through the Foreign Exchange Rate Fluctuation Adjustment (FERFA) model, as provisioned by the Energy and Petroleum Regulatory Authority (EPRA).	
Unmatched Pass through Costs to Revenue	Resolved	The Gazetted Schedule of Tariffs, 2023 Part III (PASS THROUGH CHARGES, TAXES AND LEVIES), provides under the Fuel Energy Cost (FEC) a mechanism to recover power purchase costs associated with future temporary power plants, geothermal steam charge and costs of other power plants to be constructed in respect of which the Company shall enter into a power purchase agreement. In this regard, during the FY 2022/23 there were some power purchase costs that had not been factored in the approved base/non-fuel tariffs (Approved Tariffs in Nov 2018) and therefore these costs were allowed by the EPRA to be recovered through FEC pass-through mechanism. This explains the observed variation.	
Penalties on Overdue Invoices	Not Resolved	The interest in late payment of invoices is aimed at compensating the counterparties for payments made outside the agreed credit period as provided for in the Power purchase agreement. KPLC incurred this interest based on the following; • Owing to the persistent negative working capital position of the business, KPLC had, over the last seven years, accumulated overdue obligations for which payment plans had to be entered into with the counterparties. In the year under review KPLC made payments of over Ksh 24 billion (KenGen Ksh 5.2b, IPPs Ksh	30 June 2025

Matter in the 2023 Auditor-General Report	Status in 2024	Management Response	Timeframe
		18.3b, Ketraco Ksh 0.9b) over and above the annual invoice total in a deliberate effort to reduce the overdue amounts that lead to penalty charges. • Relatedly, if KPLC was to make payment of all outstanding obligations within the credit period, it would have to borrow funds thus incurring a financing cost at the market rate that is much higher than the charges incurred. • The acute shortage of foreign currency in the market over the past two years drove up the outstanding obligations especially considering that a significant part of power purchase is denominated in foreign currency. This was a situation beyond KPLC's control and thus not avoidable.	
Power losses in the system	Not Resolved	The Technical Losses are segregated as Transmission Losses and Distribution Losses. Metering of energy from Power producers is done at source hence they don't bear losses. As at now the existing instruments don't provide for transfer of losses responsibility from KPLC to KETRACO and REREC. All transmission lines and medium voltage feeders are metered so it is practical to ascertain losses associated with specific transmission lines and able to ascertain losses associated with KETRACO Lines.	30 June 2025
Un-procedural purchase of land	Resolved		
Irregular procurement of spare parts for Distribution Automation Systems	Resolved		
Failure to prepare financial statements for a donor funded project	Resolved		

Matter in the 2023 Auditor-General Report	Status in 2024	Management Response	Timeframe
Irregular payment of long outstanding payables	Resolved	The delay in settlement of the trade payables (over60days) arose mainly due to disputed power purchase invoices, Late penalty interest on delayed power purchase payments, cash flow challenges due to unavailability of forex currency and pending court cases. Management had engaged the power generators to accept payment in Ksh equivalent but the uptake was low. Management has intensified efforts through engagement with Power generators to resolve disputed amounts. Availability of foreign currency has since improved in the first quarter of the current year and the settlement of the long outtsatnding payable is ongoing.	
Irregular payment of exit pay	Resolved		
Acting allowance beyond the limit	Resolved	The current Human Resource policies and procedures No.2 part IV provides for payment of acting allowance for employees who have acted for beyond 6 months on approval by the General Manager, H/R & Admin.	
Delays in completion of customer electricity connection projects	Recurring	During the year under review there has been enhanced customer connectivity and schemes over 3 years reduced from 21,231 as reported in last year audit findings to the reported 2,202 schemes in the year under Audit. The rapid response initiative to connect all pending customers are still ongoing in the current financial year.	30 June 2025
Weaknesses in project management	Not Resolved	The projects are at different levels of execution and delays are occasioned by lack of materials in prior years preceding the year under audit. Management is currently tracking all the pending schemes for completion during the current financial year.	30 June 2025
Unpaid electricity bills	Not Resolved	Management has engaged with the various counties and Government organs to settle the outstanding debt which is a significant percentage of the outstanding debt.	30 June 2025

Matter in the 2023 Auditor-General Report	Status in 2024	Management Response	Timeframe
Pre-loaded units debt	Resolved		
Power outages as a result of unstable renewable energy generation	Resolved		
Unmetered connections	Not Resolved	KPLC was indeed facing a shortage of meters and the concerned User departments had already raised requisitions which had been approved by the Accounting Officer through a Business Case dated 1st August 2023. Due to the protracted legal cases KPLC experienced delayed connections and public uproar over the matter. The shortage of meters thus was in KPLC and not in the market which was caused by the delayed court processes.	30 June 2025

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

TEN YEAR FINANCIAL AND STATISTICAL RECORDS

For year ended	30th June 2015 Shs ,000	30th June 2016 Shs ,000	30th June 2017 Shs ,000	30th June 2018 (Restated) Shs ,000	30th June 2019 Shs ,000	30th June 2020 Shs ,000	30th June 2021 (Restated) Shs ,000	30th June 2022 (Restated) Shs ,000	30th June 2023 Shs ,000	30th June 2024 Shs ,000
UNITS SOLD (GWh)	7,130	7,385	7,717	7,905	8,173	8,171	8,571	9,163	9,567	9,855
Average yield of units sold (cents)	1,497.38	1,467.50	1,564.63	1,661.97	1,629.03	1,630.87	1,681.48	1,717.27	1,996.18	2,345.24
Revenue from sale of electricity	106,763,525	108,374,612	120,742,270	131,378,974	133,140,887	133,258,602	144,119,605	157,353,254	190,974,954	231,123,597
Operating Profit	**15,839,478**	**16,930,645**	**13,652,536**	**11,917,723**	**10,530,956**	**5,312,226**	**17,084,918**	**17,146,920**	**19,213,426**	**41,489,275**
TAXATION (CHARGE)/ CREDIT	(4,821,617)	(4,885,834)	(2,376,214)	(1,699,641)	(72,061)	6,102,532	(6,707,968)	(1,520,742)	1,240,677	(13,585,659)
NET PROFIT AFTER TAXATION BEFORE FINANCE INCOME/COSTS	11,017,861	12,044,811	11,276,322	10,218,082	10,458,895	11,414,758	10,376,950	15,626,178	20,454,103	27,903,616
Finance Income	1,380,968	964,957	46,004	100,000	117,900	123,188	162,862	396,940	506,640	1,493,956
Finance Costs	(4,964,942)	(5,811,275)	(6,039,971)	(7,047,526)	(10,315,242)	(12,477,428)	(9,050,124)	(12,760,259)	(24,153,922)	682,798

TEN YEAR FINANCIAL AND STATISTICAL RECORDS

For year ended	30th June 2015 Shs ,000	30th June 2016 Shs ,000	30th June 2017 Shs ,000	30th June 2018 (Restated) Shs ,000	30th June 2019 Shs ,000	30th June 2020 Shs ,000	30th June 2021 (Restated) Shs ,000	30th June 2022 (Restated) Shs ,000	30th June 2023 Shs ,000	30th June 2024 Shs ,000
Preference dividends (gross)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)
NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	7,431,957	7,196,563	5,280,425	3,268,626	261,553	(939,482)	1,489,688	3,262,859	(3,193,179)	30,080,370
ORDINARY DIVIDENDS (gross)	(975,733)	(975,733)	(585,440)	(975,734)	-	-	-	-	-	-
OTHER COMPREHENSIVE INCOME	(1,995,966)	(168,673)	(740,849)	(68,486)	(1,165,286)	(395,560)	787,454	(498,836)	402,552	390,951
RETAINED PROFIT FOR THE YEAR	**4,460,258**	**6,052,157**	**3,954,136**	**2,224,406**	**(903,733)**	**(1,335,042)**	**2,277,142**	**2,764,023**	**(2,790,627)**	**30,471,321**
FUNDS GENERATED FROM OPERATIONS										
Profit/(Loss) for the year after dividends	4,460,258	6,052,157	3,954,136	2,224,406	(903,733)	(1,335,042)	2,277,142	2,764,023	(2,790,627)	30,471,321

TEN YEAR FINANCIAL AND STATISTICAL RECORDS

For year ended	30th June 2015 Shs ,000	30th June 2016 Shs ,000	30th June 2017 Shs ,000	30th June 2018 (Restated) Shs ,000	30th June 2019 Shs ,000	30th June 2020 Shs ,000	30th June 2021 (Restated) Shs ,000	30th June 2022 (Restated) Shs ,000	30th June 2023 Shs ,000	30th June 2024 Shs ,000
Depreciation	7,943,421	9,434,511	11,951,350	15,284,953	17,253,356	17,869,493	18,218,443	17,641,988	16,391,321	16,501,488
	12,403,679	**15,486,668**	**15,905,486**	**17,509,359**	**16,349,623**	**16,534,451**	**20,495,585**	**20,406,011**	**13,600,694**	**46,972,809**
CAPITAL EMPLOYED										
Fixed Assets less depreciation	196,301,330	233,714,593	262,347,609	273,376,882	277,066,960	276,859,904	277,333,014	272,360,574	267,974,466	275,774,833
Intangible assets	1,418,599	2,602,033	2,593,483	3,842,816	3,491,263	2,380,739	1,480,429	613,312	1,664,133	2,013,305
Leasehold land	131,543	868,519	868,463	813,423	883,126	667,014	659,686	644,822	685,694	654,085
Investment	-	-	-	-	-	-	-	-	-	-
Other non current assets	8,372,135	5,079,411	4,133,291	4,001,887	2,342,637	2,732,763	3,177,952	2,017,954	2,359,422	1,588,464
Net current assets/ (Liabilities)	20,463,293	(2,793,900)	(17,535,199)	(56,012,987)	(70,969,861)	(74,848,822)	(66,937,941)	(56,534,952)	(51,233,931)	27,438,906
	226,686,900	**239,470,656**	**252,407,647**	**226,022,021**	**212,814,125**	**207,791,598**	**215,713,140**	**219,101,710**	**221,449,784**	**307,469,593**

TEN YEAR FINANCIAL AND STATISTICAL RECORDS

For year ended	30th June 2015 Shs ,000	30th June 2016 Shs ,000	30th June 2017 Shs ,000	30th June 2018 (Restated) Shs ,000	30th June 2019 Shs ,000	30th June 2020 Shs ,000	30th June 2021 (Restated) Shs ,000	30th June 2022 (Restated) Shs ,000	30th June 2023 Shs ,000	30th June 2024 Shs ,000
FINANCED BY:										
Ordinary shareholders' equity	57,969,656	59,379,481	63,333,617	60,622,423	56,230,862	54,896,799	56,869,445	59,633,468	56,842,841	56,842,841
Non cumulative preference shares	-	-	-	-	-		-			
Cumulative preference shares	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Deferred Income	16,612,332	18,154,796	19,562,051	16,999,103	15,103,027	12,900,609	11,187,465	11,131,733	12,775,248	15,700,478
Loan capital	99,289,403	105,017,783	111,075,216	96,929,050	92,615,401	94,957,232	91,042,791	87,230,904	94,456,942	81,895,385
Deferred taxation	24,699,789	26,702,741	28,683,216	28,904,087	26,886,643	20,590,805	27,415,359	28,579,124	27,217,478	37,523,737
Non current liability	28,072,720	30,172,855	29,710,547	22,524,358	21,935,192	24,403,153	29,155,080	32,483,481	30,114,275	30,158,019
	226,686,900	**239,470,656**	**252,407,647**	**226,022,021**	**212,814,125**	**207,791,598**	**215,713,140**	**219,101,710**	**221,449,784**	**222,163,460**
CAPITAL EXPENDITURE	41,567,840	48,815,284	41,516,132	28,668,423	21,533,352	17,073,419	18,661,904	12,275,327	13,817,256	24,939,533
Average cost of units sold (cents)	1,365.10	1,339.41	1,493.09	1,627.34	1,607.31	1,656.27	1,564.35	1,675.24	1,890.43	1835.184

TEN YEAR FINANCIAL AND STATISTICAL RECORDS

For year ended	30th June 2015 Shs ,000	30th June 2016 Shs ,000	30th June 2017 Shs ,000	30th June 2018 (Restated) Shs ,000	30th June 2019 Shs ,000	30th June 2020 Shs ,000	30th June 2021 (Restated) Shs ,000	30th June 2022 (Restated) Shs ,000	30th June 2023 Shs ,000	30th June 2024 Shs ,000
Profit for the year before taxation as a percentage of average capital employed	6.99%	7.07%	5.41%	5.27%	4.95%	2.56%	7.92%	7.83%	8.68%	13.49%
ORDINARY DIVIDENDS RATES	20%	20%	20%	0%	0%	0%	0%	0%	0%	0%
Earnings per share	**3.81**	**3.69**	**2.71**	**1.67**	**0.13**	**(0.48)**	**0.76**	**1.67**	**(1.64)**	**15.41**
Customers/ employees ratio	333	439	615	615	643	723	814	925	920	923
Sales (KWh) per employee	657,446	663,343	682,800	719,094	743,473	837,198	904,294	1,017,524	1,021,561	1,004,585

TABLE 1A: POWER SYSTEM OPERATION STATISTICS FOR 5 YEARS

COMPANY	Capacity (MW) as at 30.06.2024		Energy Purchased GWh				
	Installed	Effective*/ Contracted	2019/20	2020/21	2021/22	2022/23	2023/24
KenGen							
Hydro:							
Gitaru	225.0	216.0	879	884	709	456	806
Kamburu	94.2	90.0	350	443	368	236	407
Kiambere	168.0	164.0	905	977	796	516	806
Kindaruma	72.0	70.5	203	184	165	102	188
Masinga	41.2	40.0	48	176	154	77	116
Tana	25.7	20.0	133	123	87	82	118
Turkwel	106.0	105.0	426	715	539	486	413
Sondu Miriu	60.7	60.0	509	431	339	375	280
Sang'oro	21.2	20.0	166	144	110	122	126
Small Hydros	11.35	11.08	19	16	34	67	75
Hydro Total	**825**	**797**	**3,636**	**4,091**	**3,300**	**2,520**	**3,335**
Thermal:							
Kipevu Diesel Power I	0.0	0.0	80	55	141	93	0
Kipevu Diesel Power III	120.0	115.0	162	147	399	231	365
Muhoroni GT	60.0	0.0	37	43	40	35	0
Thermal Total	**180**	**115**	**279**	**245**	**580**	**360**	**365**

TABLE 1A: POWER SYSTEM OPERATION STATISTICS FOR 5 YEARS

COMPANY	Capacity (MW) as at 30.06.2024		Energy Purchased GWh				
	Installed	Effective*/ Contracted	2019/20	2020/21	2021/22	2022/23	2023/24
Geothermal:							
Olkaria I (Units 1,2&3)	0.0	0.0	291	70	204	113	0
Olkaria II	104.5	101.0	583	500	488	730	627
Eburru	2.4	2.1	7	8	4	8	9
OW37 - WellHead 373	22.0	17.5	118	101	65	70	56
OW 43 - WellHead 43	14.0	10.0	56	55	40	29	44
OW 914 - WellHead	52.5	42.5	285	231	215	211	161
Olkaria IV	149.9	140.0	1,006	960	1,007	1,013	970
Olkaria IV	149.9	140.0	1,006	960	1,007	1,013	970
Olkaria I AU (Units 4&5)	150.5	140.0	985	861	774	1,042	1,020
Olkaria V	172.3	158.0	945	1,268	1,066	1,266	1,164
Olkaria I (Unit 6)	86.9	80.0			113	607	583
Geothermal Total	755	691	4,276	4,053	3,977	5,089	4,633
Wind							
Ngong	25.5	25.5	46.6	53.6	53.6	57	50
KenGen Total	**1,786**	**1,628**	**8,237**	**8,443**	**7,911**	**8,027**	**8,383**

TABLE 1A: POWER SYSTEM OPERATION STATISTICS FOR 5 YEARS

COMPANY	Capacity (MW) as at 30.06.2024		Energy Purchased GWh				
	Installed	Effective*/ Contracted	2019/20	2020/21	2021/22	2022/23	2023/24
Government of Kenya (Rural Electrification Programme)							
Off-grid Diesel	41.0	24.2	60.1	64.8	71	74	85
Off-grid Solar	2.3	1.7	0.00	0.26	0.25	0.34	0.28
Off-grid Wind	0.6	0.0	0.33	0.00	0.00	0.00	0.00
Total Offgrid	**44**	**26**	**60**	**65**	**71**	**75**	**85**
Independent Power Producers (IPP) - Thermal & Geothermal							
Thermal:							
Iberafrica	52.5	52.5	55	45	86	116	38
Rabai Power	90.0	88.6	252	266	502	446	441
Kipevu II (Tsavo)	0.0	0.0	152	183	48	0	0
Thika Power	87.0	87.0	50	93	211	194	121
Gulf Power	80.3	80.3	18	21	81	170	53
Triumph Power	83.0	83.0	15	22	70	35	26
Thermal Total	**393**	**391**	**543**	**630**	**997**	**961**	**678**

TABLE 1A: POWER SYSTEM OPERATION STATISTICS FOR 5 YEARS

COMPANY	Capacity (MW) as at 30.06.2024		Energy Purchased GWh				
	Installed	Effective*/ Contracted	2019/20	2020/21	2021/22	2022/23	2023/24
Geothermal:							
OrPower 4 -Geothermal (1st plant)	63.8	63.8	460	390	392	399	332
OrPower 4 -Geothermal (2nd plant)	39.6	39.6	277	269	265	245	210
OrPower 4 -Geothermal (3 rd plant)	17.6	17.6	136	128	128	116	104
OrPower 4 -Geothermal (4th plant)	29.0	29.0	202	194	190	180	147
Sossian Menengai Geothermal	35.0	35.0				6	282
Geothermal Total	**185**	**185**	**1,076**	**981**	**976**	**946**	**1,075**
Wind							
Lake Turkana Wind Power	310.0	300.0	1,237	1,559	1,573	1,678	1,326
Kipeto Energy PLC	100.0	100.0		88	426	466	404
Wind Total	410	400	1,237	1,647	1,999	2,144	1,730
Small Hydro:							
Imenti Tea Factory	0.3	0.3	1.0	0.4	0.2	0.3	1
Gikira small hydro	0.5	0.5	1.8	1.8	0.9	1.0	2
Regen-Terem	5.0	5.0	31.6	22	15	20	23
Gura KTDA	2.8	2.8	21.2	11.3	20	11	14
Chania KTDA	0.5	0.5	1.1	1	1	0.2	1
North Mathioya (Metumi) KTDA	3.6	3.6		13.8	9.9	14	17
Kianthumbi Small hydro	0.5	0.5		0.36	2.0	1.5	3
Small Hydro Total	**13.2**	**13.2**	**56.6**	**50.3**	**48.5**	**48.9**	**60.7**

TABLE 1A: POWER SYSTEM OPERATION STATISTICS FOR 5 YEARS

COMPANY	Capacity (MW) as at 30.06.2024		Energy Purchased GWh				
	Installed	Effective*/ Contracted	2019/20	2020/21	2021/22	2022/23	2023/24
Cogeneration:							
Biojoule Biogas	2.0	2.0	0.3	0.3	0.4	0.2	0.1
Cogeneration Total	**2.0**	**2.0**	**0.3**	**0.3**	**0.4**	**0.2**	**0.1**
Solar:							
Strathmore Solar	0.3	0.3	0.14	0.09	0.05	0.08	0.08
Selenkei Solar Farm	40.0	40.0		1.50	89	86	94
Cedate Solar Farm	40.0	40.0			88	94	96
Malindi Solar Group	40.0	40.0			54	99	99
Alten Kenya SolarFarm	40.0	40.0				79	100
Solar Total	**160.3**	**160.3**	**0.1**	**1.6**	**230.4**	**357.8**	**389.0**
IPP Total	**1,163**	**1,152**	**2,913**	**3,310**	**4,251**	**4,458**	**3,933**
REREC Garissa Solar Plant							
Garissa Solar Plant	50.0	50.0	91	86	82	86	84
REREC Garissa Total	50	50	91	86	82	86	84
Imports							
UETCL			156	192	332	275	217
TANESCO			0.0	0.0	0.0	0.0	0.0
EEU (MOYALE)			4.5	4.8	5.5	5.5	5.5
EEP 500 HVDC	200.0	200.0				364	977
Total Imports	**200**	**200**	**161**	**197**	**338**	**644**	**1,199**
SYSTEM TOTAL	**3,243**	**3,056**	**11,462**	**12,101**	**12,653**	**13,290**	**13,684**

TABLE 1A: POWER SYSTEM OPERATION STATISTICS FOR 5 YEARS

COMPANY	Capacity (MW) as at 30.06.2024		Energy Purchased GWh				
	Installed	Effective*/ Contracted	2019/20	2020/21	2021/22	2022/23	2023/24
SUMMARY OF KEY STATISTICS							
SALES - KPLC System (GWh)			8,154	8,553	9,147	9,539	9,813
- REP System (GWh)			602	632	650	667	660
- Export to Uganda (GWh)			18	17	16	27	43
- Export to Tanesco (GWh)			0.00	0.00	0.00	0.00	0.00
TOTAL SALES (GWh)			8,773	9,203	9,813	10,233	10,516
System Losses (GWh)5			2,689	2,898	2,839	3,057	3,169
System Peak Demand (MW)6			1,926	1,994	2,057	2,149	2,177
System Load Factor			67.9%	69.3%	70.2%	70.6%	71.8%
Sales % of Energy Purchased			76.5%	76.1%	77.6%	77.0%	76.8%
Losses as % of Energy Purchased			23.46%	23.95%	22.44%	23.00%	23.16%
Annual Growth: - Energy Purchased			-0.26%	5.57%	4.56%	5.04%	2.97%
- Total Sales			0.05%	4.90%	6.63%	4.28%	2.76%
- KPLC Sales			0.08%	4.90%	6.94%	4.28%	2.87%
- REP Sales			1.12%	5.02%	2.89%	2.58%	-1.06%
- System Peak Demand			2.33%	3.51%	3.18%	4.49%	1.30%

Notes:

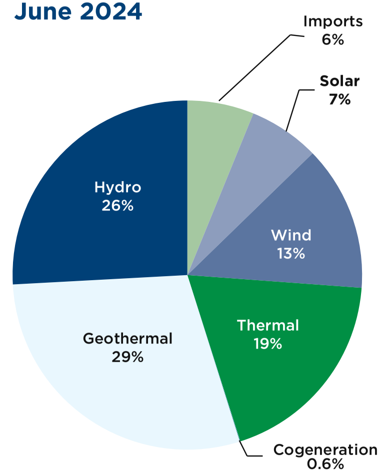
1) PPA Effective Capacity - Contracted Capacity for the Power Plant on Energy PPA
2) PPA Contracted Capacity – Contracted Capacity for the Power Plant on Capacity PPA
3) Includes OW37, OW 37 kwg 12, OW 37 kwg 13 and OW 39 Olkaria Mobile Wellheads centrally metered at OW 37
4) Includes OW905,OW914 ,OW915 and OW 919 Olkaria Mobile Wellheads centrally metered at OW 914
5) System losses comprise of technical and non-technical losses.
6) The peak demand shown includes export to Uganda.

Energy Purchased GWh

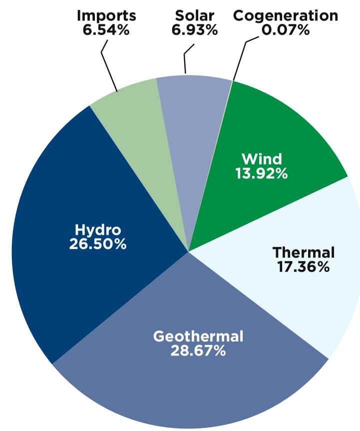
	2019/20	2020/21	2021/22	2022/23	2023/24
Hydro	3,693	4,141	3,349	2,569	3,396
Geothermal	5,352	5,034	4,953	6,035	5,708
Thermal	882	940	1,648	1,396	1,127
Cogeneration	0.29	0.33	0.38	0.21	0.11
Solar	91	88	313	444	474
Wind	1,284	1,700	2,052	2,202	1,781
Imports	161	197	338	644	1,199
Total	**11,462**	**12,101**	**12,653**	**13,290**	**13,684**

	2019/20	2020/21	2021/22	2022/23	2023/24
Hydro	32.22%	34.22%	26.47%	19.33%	24.81%
Geothermal	46.69%	41.60%	39.15%	45.41%	41.71%
Thermal	7.69%	7.77%	13.02%	10.50%	8.24%
Cogeneration	0.00%	0.00%	0.00%	0.00%	0.00%
Solar	0.79%	0.73%	2.47%	3.34%	3.46%
Wind	11.21%	14.05%	16.22%	16.57%	13.01%
Imports	1.40%	1.63%	2.67%	4.85%	8.76%

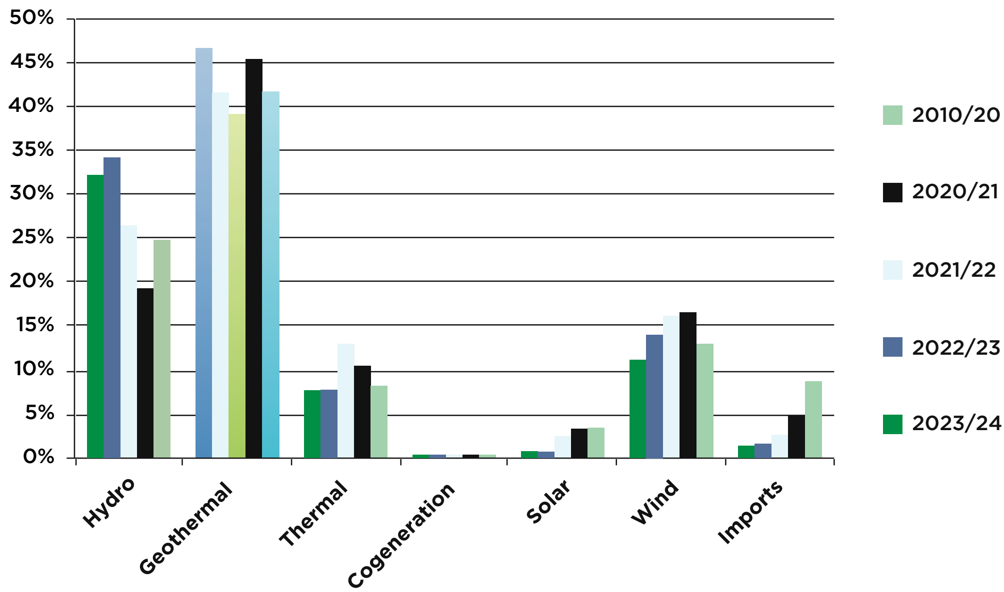
Installed Capacity (MW) June 2024



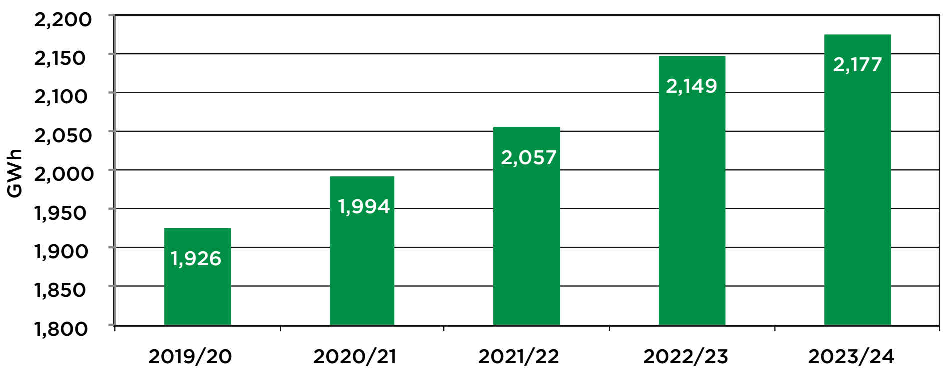
Contribution to Effective Capacity



Generation Mix



Peak Demand (MW)



Electricity Sales (GWh)

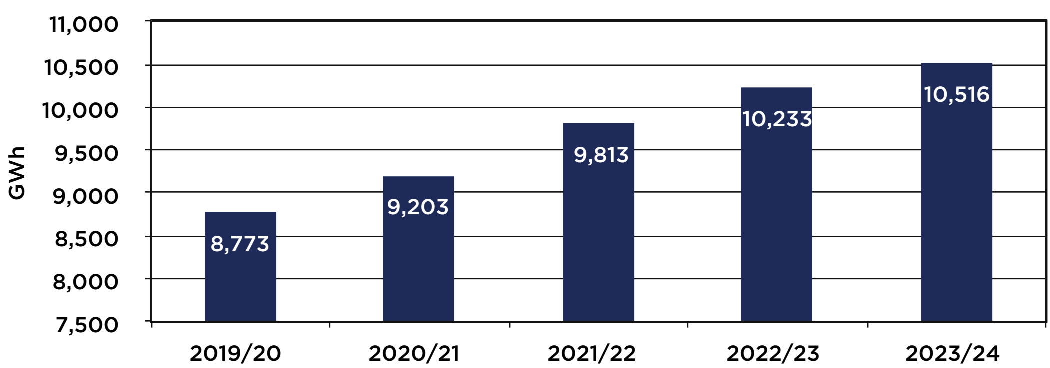


TABLE 2: REGIONAL MAXIMUM DEMAND (MW)

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	905	993	1,008	1,032	1,141
Coast	337	382	402	380	323
West Kenya	445	456	466	507	466
Mt. Kenya	263	251	231	304	243
TOTAL SYSTEM (SIMULTANEOUS)	**1,926**	**1,994**	**2,057**	**2,149**	**2,177**
% INCREASE P.A.	**2.3%**	**3.5%**	**3.2%**	**4.5%**	**1.3%**

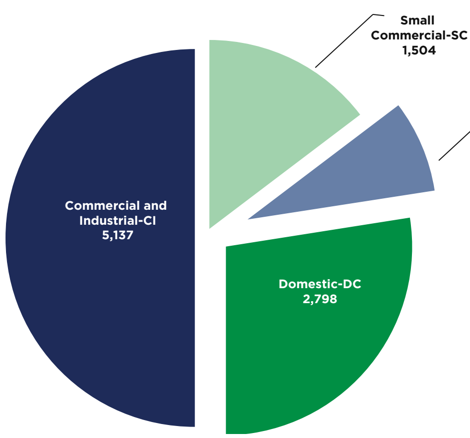
TABLE 3: KPLC SALES BY CUSTOMER CATEGORY IN GWh

CUSTOMER CATEGORY	2019/20	2020/21	2021/22	2022/23	2023/24
Domestic-DC	2,508	2,630	2,728	2,798	2,769
Small Commercial-SC	1,262	1,326	1,474	1,504	1,526
Commercial and Industrial-CI	4,308	4,514	4,851	5,137	5,415
Street lighting-SL	76	84	95	99	102
E-Mobility					1.24
TOTAL	**8,154**	**8,553**	**9,147**	**9,539**	**9,813**
% INCREASE P.A.	**0.1%**	**4.9%**	**6.9%**	**4.3%**	**2.9%**

TABLE 4: TOTAL UNIT SALES BY REGION IN GWh

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	3,901	4,009	4,241	4,346	4,470
Coast	1,464	1,573	1,674	1,800	1,873
Central Rift	680	722	811	840	850
North Rift	302	317	357	349	485
South Nyanza	123	127	134	137	386
West Kenya	376	395	429	479	145
Mt Kenya	439	496	531	548	558
North Eastern	869	914	969	1,039	1,046
KPLC Sales	8,154	8,553	9,147	9,539	9,813
R.E.P. Schemes	602	632	650	667	660
Export Sales	18	17	16	27	43
TOTAL	**8,773**	**9,203**	**9,813**	**10,233**	**10,516**
%INCREASE P.A.	**0.05%**	**4.90%**	**6.63%**	**4.28%**	**2.76%**

KPLC Sales by Customer Category



Total Sales by Regions

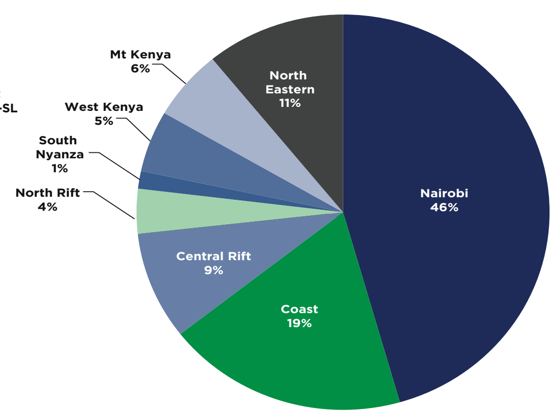


TABLE 5: REGIONAL SALE OF ELECTRICITY FOR CATEGORY "DC" DOMESTIC LOAD IN GWh

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	1,274	1,312	1,354	1,406	1,407
Coast	384	386	395	390	397
Central Rift	225	244	254	256	250
West Kenya	172	181	182	181	177
North Rift	139	155	164	167	169
South Nyanza	69	74	78	80	83
Mt Kenya	241	260	266	272	265
North Eastern	403	453	472	493	473
TOTAL	**2,908**	**3,065**	**3,166**	**3,245**	**3,221**
% INCREASE P.A.	**5.4%**	**5.4%**	**3.3%**	**2.5%**	**-0.8%**

TABLE 6: REGIONAL SALE OF ELECTRICITY FOR CATEGORY "SC" SMALL COMMERCIAL LOAD IN GWh

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	554	570	637	641	648
Coast	191	195	214	212	217
Central Rift	176	183	203	211	209
West Kenya	108	113	124	128	125
North Rift	85	93	100	102	101
south Nyanza	47	47	54	57	57
Mt Kenya	152	160	179	181	185
North Eastern	140	147	159	175	173
TOTAL	**1,452**	**1,508**	**1,670**	**1,707**	**1,716**
% INCREASE P.A.	**0.6%**	**3.8%**	**10.7%**	**2.2%**	**0.5%**

TABLE 7: REGIONAL SALE OF ELECTRICITY FOR CATEGORY "CI1" LARGE COMMERCIAL AND INDUSTRIAL LOAD (415V) IN GWh

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	723	681	739	766	767
Coast	225	209	235	237	244
Central Rift	232	226	248	257	277
West Kenya	70	65	72	74	73
North Rift	97	91	104	100	108
South Nyanza	45	46	45	44	47
Mt Kenya	134	150	165	171	177
North Eastern	163	144	144	149	152
TOTAL	**1,688**	**1,611**	**1,753**	**1,799**	**1,845**
% INCREASE P.A.	**-2.6%**	**-4.5%**	**8.8%**	**2.6%**	**2.6%**

TABLE 8: REGIONAL SALE OF ELECTRICITY CATEGORY "CI2" LARGE COMMERCIAL AND INDUSTRIAL LOAD(11kV) IN GWh

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	825	835	867	886	957
Coast	173	107	114	116	123
Central Rift	39	38	43	39	40
West Kenya	40	41	50	39	33
North Rift	18	15	21	19	23
South Nyanza	10	10	9	10	9
Mt Kenya	18	26	26	26	29
North Eastern	168	173	183	194	213
TOTAL	**1,291**	**1,245**	**1,313**	**1,330**	**1,428**
% INCREASE P.A.	**-6.1%**	**-3.6%**	**5.5%**	**1.3%**	**7.4%**

TABLE 9: REGIONAL SALE OF ELECTRICITY CATEGORY "CI3" LARGE COMMERCIAL AND INDUSTRIAL LOAD (33KV) IN GWh

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	37	45	46	54	60
Coast	199	306	333	394	393
Central Rift	89	101	108	108	102
West Kenya	35	45	46	94	121
North Rift	23	29	29	28	49
South Nyanza	0	0	0	0	0
Mt Kenya	3	9	6	6	5
North Eastern	3	3	5	9	6
TOTAL	**388**	**538**	**573**	**694**	**736**
% INCREASE P.A.	**3.5%**	**38.5%**	**6.6%**	**21.1%**	**6.0%**

TABLE 10: REGIONAL SALE OF ELECTRICITY CATEGORY "CI4" LARGE COMMERCIAL AND INDUSTRIAL LOAD (66KV) IN GWh

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	510	591	613	615	654
Coast	0	0	0	0	0
Central Rift	7	6	7	7	8
West Kenya	0	0	0	0	0
North Rift	0	0	6	0	0
South Nyanza	0	0	0	0	0
Mt Kenya	0	0	0	0	0
North Eastern	48	59	68	81	88
TOTAL	**565**	**656**	**694**	**703**	**749**
% INCREASE P.A.	**-5.7%**	**16.0%**	**5.8%**	**1.4%**	**6.5%**

TABLE 11: REGIONAL SALE OF ELECTRICITY CATEGORY "CI5" LARGE COMMERCIAL AND INDUSTRIAL LOAD (132KV) IN GWh

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	32	32	35	38	43
Coast	319	399	413	485	533
Central Rift	14	26	56	64	70
West Kenya	15	17	20	29	21
North Rift	0	0	1	0	0
South Nyanza	0	0	0	0	0
Mt Kenya	2	1	4	7	2
North Eastern	3	2	2	2	2
TOTAL	**385**	**476**	**531**	**625**	**669**
% INCREASE P.A.	**-0.5%**	**23.9%**	**11.3%**	**17.7%**	**7.2%**

TABLE 12: REGIONAL SALE OF ELECTRICITY CATEGORY "CI6" LARGE COMMERCIAL AND INDUSTRIAL LOAD (220KV) IN GWh

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	0	0	0.09	0.11	0.21
Coast	0	0	0.49	0.46	0.45
Central Rift	0	0	0	1.10	1.32
West Kenya	0	0	0	0	0
North Rift	0	0	0	0.93	2.62
South Nyanza	0	0	0	0	0
Mt Kenya	0	0	0	0	0.08
North Eastern	0	0	0	0	0
TOTAL	**0**	**0**	**0.84**	**2.60**	**4.68**
% INCREASE P.A.				**207.6%**	**80.0%**

TABLE 13: REGIONAL SALE OF ELECTRICITY FOR CATEGORY "SL" STREET LIGHTING IN GWh

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	34.9	37.6	40.5	41.6	36.5
Coast	10.4	11.0	11.9	9.2	10.1
Central Rift	7.7	9.0	13.7	18.5	13.3
West Kenya	5.3	5.9	6.4	6.8	7.0
North Rift	4.5	6.5	7.4	8.0	7.8
South Nyanza	1.4	1.0	1.8	2.6	3.4
Mt Kenya	7.3	10.1	10.6	9.6	16.3
North Eastern	6.0	4.3	4.6	4.7	9.3
TOTAL	**77.4**	**85.4**	**96.8**	**101.0**	**103.6**
% Increase P.A.	**13.7%**	**10.3%**	**13.4%**	**4.3%**	**2.6%**

TABLE 14: REGIONAL SALE OF ELECTRICITY FOR CATEGORY "EM" E-MOBILITY IN GWh

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi					0.80
Coast					0.27
Central Rift					0.00
West Kenya					0.00
North Rift					0.00
South Nyanza					0.00
Mt Kenya					0.00
North Eastern					0.16
TOTAL					**1.24**

TABLE 15: REGIONAL SALES OF ELECTRICITY FOR R.E.P. SCHEMES IN GWh

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	90	96	92	102	102
Coast	37	40	42	43	44
Central Rift	110	111	121	121	120
West Kenya	68	73	73	73	71
North Rift	64	73	75	76	74
Soutn Nyanza	50	51	54	57	56
Mt Kenya	118	118	124	124	122
North Eastern	65	70	70	71	71
TOTAL	**602**	**632**	**651**	**667**	**660**
% Increase P.A.	**1.1%**	**5.0%**	**3.0%**	**2.5%**	**-1.1%**

TABLE 16: NUMBER OF CUSTOMERS BY REGION

REGION	2019/20	2020/21	2021/22	2022/23	2023/24
Nairobi	2,482,707	2,663,594	2,775,550	2,820,392	2,942,223
Coast	580,873	598,005	640,935	657,401	697,562
Central Rift	571,900	569,960	681,448	676,673	718,617
West Kenya	507,726	512,437	544,400	553,932	565,414
North Rift	349,635	360,881	409,034	401,965	430,210
South Nyanza	191,690	193,804	208,636	215,150	233,492
Mt Kenya	565,945	628,861	642,016	678,590	733,263
North Eastern	822,726	838,215	916,687	993,941	989,884
KPLC Customers	6,073,202	6,365,757	6,818,706	6,998,044	7,310,665
R.E.P. Customers	1,502,943	1,912,447	2,100,734	2,214,710	2,349,340
TOTAL	**7,576,145**	**8,278,204**	**8,919,440**	**9,212,754**	**9,660,005**
% Increase P.A.	**7.3%**	**9.3%**	**7.7%**	**3.3%**	**4.9%**

TABLE 17: NUMBER OF CUSTOMERS BY TARIFF CATEGORY

TARIFF	MAIN TYPE OF CUSTOMERS COVERED BY THIS TARIFF	2019/20	2020/21	2021/22	2022/23	2023/24
DC only	Domestic					
	KPLC	5,775,839	6,059,698	6,475,912	6,646,169	6,940,975
	REP	1,380,590	1,792,353	1,979,638	2,092,341	2,226,617
SC only	Small Commercial					
	KPLC	277,989	285,277	319,665	327,293	343,401
	REP	121,794	119,619	120,619	121,855	122,212
C11	KPLC	2,951	2,871	3,108	3,301	3,162
	REP	32	34	42	55	44
CI2	Large Commercial and Industrial					
	KPLC	480	507	540	565	585
CI3	Large Commercial and Industrial					
	KPLC	75	86	91	95	102
CI4	Large Commercial and Industrial					
	KPLC	52	45	51	51	52
CI5	Large Commercial and Industrial					
	KPLC	45	51	57	49	49
CI6	Large Commercial and Industrial					
	KPLC	0	0	5	20	23
SL	Street lighting					
	KPLC	15,771	17,221	19,277	20,501	22,275
	REP	527	441	435	459	466
EM	E-Mobility					
	KPLC					41
	REP					1
	TOTAL (KPLC)	**6,073,202**	**6,365,756**	**6,818,706**	**6,998,044**	**7,310,665**
	TOTAL (R.E.P.)	**1,502,943**	**1,912,447**	**2,100,734**	**2,214,710**	**2,349,340**
	GROSS TOTAL	**7,576,145**	**8,278,203**	**8,919,440**	**9,212,754**	**9,660,005**
	% INCREASE P.A.	**7.3%**	**9.3%**	**7.7%**	**3.3%**	**4.9%**

TABLE 18: REVENUE (Shs ,Mllion) BY CUSTOMER CATEGORY

TARIFF	MAIN TYPE OF CUSTOMERS COVERED BY TARIFF	2019/20	2020/21	2021/22	2022/23	2023/24
DC	Domestic	43,916	43,210	46,105	57,057	69,155
SC	Small Commercial	25,553	25,953	29,799	34,811	41,998
CI	Commercial Industrial	62,818	73,887	80,261	97,596	117,692
SL	Street Lighting	766	821	923	948	1,318
EM	E-Mobility					24
	TOTAL	133,053	143,871	157,087	190,412	230,187
	Export	206	249	266	562	936
	TOTAL KPLC	133,259	144,120	157,353	190,974	231,124
	R.E.P.	10,071	10,369	10,551	12,473	12,429
	TOTAL REVENUE	**143,330**	**154,489**	**167,904**	**203,447**	**243,553**
	%INCREASE P.A.	**-0.4%**	**7.8%**	**8.7%**	**21.2%**	**19.7%**

REVENUE BY CUSTOMER CATEGORY

	2023/24
Domestic	69,155
Small Commercial	41,998
Commercial Industrial	117,692
Street Lighting	1,318
E-Mobility	24

Revenue by Customer Category

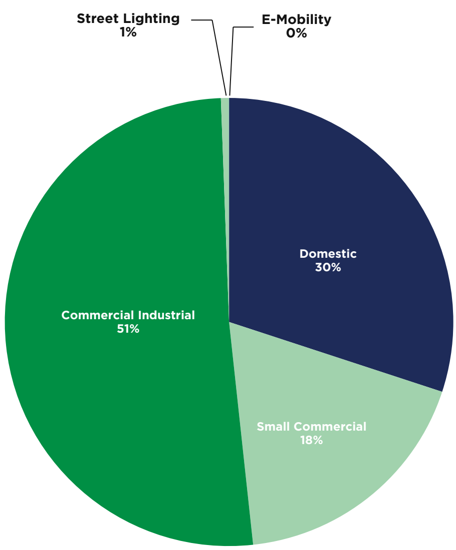


TABLE 19: STAFF ANALYSIS

Number of Staff in Each Region	2019/20	2020/21	2021/22	2022/23	2023/24
Central Office	1,818	1,649	1,554	1,502	1,426
Nairobi	2,358	2,322	2,176	2,289	2,386
Coast	1,026	988	937	949	982
West Kenya	884	850	802	852	909
South Nyanza	444	440	409	426	488
Central Rift	1,124	1,104	1,054	1,125	1,195
North Rift	792	785	740	767	838
Mt Kenya	1,086	1,069	1,022	1,101	1,157
North Eastern	947	970	961	1,007	1,056
Total Number of Staff*	**10,479**	**10,177**	**9,655**	**10,018**	**10,437**
% INCREASE P.A.	-4.0%	-2.9%	-5.1%	3.8%	4.2%
Gender:					
Male	8,201	7,913	7,457	7,829	8,217
Female	2,278	2,264	2,198	2,189	2,220
Ratio- Male/Female	**3.6**	**3.5**	**3.4**	**3.6**	**3.7**

Gender Balance 2023/24

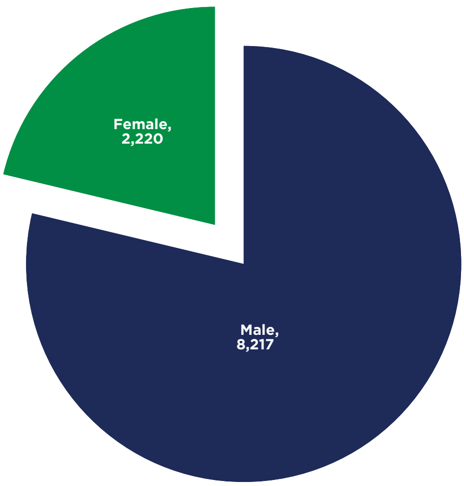


TABLE 20: TRANSMISSION AND DISTRIBUTION LINES, CIRCUIT LENGTH IN KILOMETRES

VOLTAGE	2019/20	2020/21	2021/22	2022/23	2023/24
500kV HVDC Ketraco				1,254	1,254
400 kV Ketraco	1,981	1,981	2,031	2,031	2,031
220kv Ketraco & KenGen links	454	454	724	724	792
132kv Ketraco	**1,022**	**1,094**	**1,094**	**1,264**	**1,358**
KPLC					
220 kV	1,352	1,352	1,352	1,352	1,352
132 kV	2,350	2,350	2,350	2,350	2,350
66 kV	1,187	1,187	1,188	1,227	1,313
33 kV	35,703	36,570	38,051	39,168	39,940
11 kV	40,616	41,553	42,971	44,077	44,959
Total HV and MV	84,665	86,541	89,761	93,447	95,349
415/240V or 433/250V	158,527	168,595	200,050	217,784	225,413
TOTAL	**243,192**	**255,136**	**289,811**	**311,231**	**320,762**
% INCREASE P.A.	**3%**	**5%**	**14%**	**7%**	**3%**

TABLE 21: TRANSFORMERS IN SERVICE, TOTAL INSTALLED CAPACITY IN MVA

	2019/20	2020/21	2021/22	2022/23	2023/24
Generation Substations					
33/220	388	528	608	648	648
15/220KV	95	95	95	95	95
11/220kV	1,212	1,212	1,292	1,327	1,327
33/132	95	95	95	145	145
15/132	175	175	175	175	175
11/132kV	1,095	1,095	1,095	945	945
11/66kV	516	516	516	516	516
11/33kV	238	238	238	238	238
3.3/33kV	4	4	4	4	4
TOTAL	**3,818**	**3,958**	**4,118**	**4,093**	**4,093**
Transmission Substations					
132/220 and 220/132kV	1,350	1,350	1,350	1,350	1,350
220/66kV	1,165	1,655	1,655	1,655	2,055
220/33 kV	69	69	69	69	92
132/66kV	600	600	600	600	600
132/33kV	1,743	1,766	1,766	1,766	1,789
132/11kV	15	15	15	15	15
TOTAL	**4,942**	**5,455**	**5,455**	**5,455**	**5,901**
Distribution Substations					
66/11kV	2,817	2,817	2,883	2,929	3,021
66/33kV	161	161	161	161	161
33/11kV	1,585	1,625	1,625	1,757	1,774
TOTAL	**4,563**	**4,603**	**4,669**	**4,847**	**4,956**
Distribution Transformers					
11/0.415kV and 33/0.415kV	**8,174**	**8,778**	**9,170**	**9,444**	**10,193**

SHAREHOLDING STRUCTURE

The Top Twenty (20) Shareholders as at 30th June 2024						
No.	Name of Shareholder	Ordinary Shares (Shs. 2.50 Each)	4% Pref. Shares (Shs. 20/= Each)	7% Pref. Shares (Shs. 20/= Each)	Total	%
1	Cabinet Secretary to the Treasury	977,641,695	656,808	193,531	978,492,034	50.09
2	Standard Chartered Kenya Nominees Ltd A/C 131550500013	38,894,400	-	-	38,894,400	1.99
3	Standard Chartered Nominees Resd A/C Ke11450	32,518,589	-	-	32,518,589	1.66
4	Standard Chartered Nominees Non-Resd A/C Ke11794	24,076,800	-	-	24,076,800	1.23
5	Hirani, Naran Khimji & Hirani, Virji Khimji	23,845,364	-	-	23,845,364	1.22
6	Kenya Commercial Bank Nominees Limited A/C 915b	22,887,288	-	-	22,887,288	1.17
7	Nyoro, Samson Ndindi	20,079,800	-	-	20,079,800	1.03
8	Varsani, Suresh Naran Ratna	17,221,325	-	-	17,221,325	0.88
9	Hydery (P) Limited	15,168,500	-	-	15,168,500	0.78
10	Kaleb Investments Limited	12,000,100	-	-	12,000,100	0.61
11	SBM Bank Nominees Ltd Ac 0037	10,908,200	-	-	10,908,200	0.56
12	Maiyo, Wilson Kimeli	10,355,100	-	-	10,355,100	0.53
13	Ruhari, Nehemia Ikuah	9,471,355	-	-	9,471,355	0.48
14	Kale, Kipkales Chetalam	9,416,655	-	-	9,416,655	0.48
15	Ngugi, John Njuguna	8,396,700	-	-	8,396,700	0.43
16	Stanbic Nominees Limited AC R7551918	8,064,279	-	-	8,064,279	0.41
17	Ooko, James Ochieng	7,528,700	-	-	7,528,700	0.39
18	SIB A/C Nominee	7,197,700	-	-	7,197,700	0.37

SHAREHOLDING STRUCTURE

The Top Twenty (20) Shareholders as at 30th June 2024						
No.	**Name of Shareholder**	**Ordinary Shares (Shs. 2.50 Each)**	**4% Pref. Shares (Shs. 20/= Each)**	**7% Pref. Shares (Shs. 20/= Each)**	**Total**	**%**
19	Tapioca Limited	7,112,500	-	-	7,112,500	0.36
20	Standard Chartered Nominees A/C 1256b	5,728,709	-	-	5,728,709	0.29
Sub - Totals		**1,268,513,759**	**656,808**	**193,531**	**1,269,364,098**	**64.98**
Other Shareholders		**682,953,286**	**1,143,192**	**156,469**	**684,252,947**	**35.02**
Total Issued Shares		**1,951,467,045**	**1,800,000**	**350,000**	**1,953,617,045**	**100**

Distribution of Ordinary Shares as at 30th June 2024

Range	No. of Shareholders	Shares
1-1,000	16,488	5,172,771
1,001-10,000	11,766	39,080,157
10,001-50,000	3,196	69,839,018
50,001-100,000	695	49,910,696
100,001-1,000,000	834	237,231,795
Over 1,000,000	156	1,550,232,608
Totals	**33,135**	**1,951,467,045**

SHAREHOLDING STRUCTURE

Distribution of 4 Percent Cumulative Preference Shares as at 30th June 2024

Range	No. of Shareholders	Shares
<1,000	360	62,984
1001–10,000	56	152,202
10,001–50,000	13	328,399
50,001–100,000	2	134,164
Over 100,000	3	1,122,251
Total	**434**	**1,800,000**

Distribution of 7 Percent Cumulative Preference Shares as at 30th June 2024

Range	No. of Shareholders	Shares
<1,000	81	21,702
1001–10,000	15	44,301
10,001–50,000	3	86,432
50,001–100,000	1	57,617
Over 100,000	1	139,948
Total	**101**	**350,000**

Shareholders Analysis as at 30th June 2024

Category	Ordinary Shares	%	4% Pref. Shares	%	7% Pref. Shares	%	Total Shares	%
East African Individual Shareholders	604,671,426	30.99%	608,420	33.80%	99,319	28.38%	605,379,165	30.99%
East African Institutional Shareholders	1,261,522,141	64.64%	1,086,810	60.38%	235,153	67.19%	1,262,844,104	64.64%
Foreign Shareholder	85,273,478	4.37%	104,770	5.82%	15,528	4.44%	85,393,776	4.37%
Total	**1,951,467,045**	**100%**	**1,800,000**	**100%**	**350,000**	**100%**	**1,953,617,045**	**100%**

NOTICE OF THE ANNUAL GENERAL MEETING (AGM)

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:

1. To read the Notice convening the Meeting and note the presence of a quorum.

2. 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.

3. 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.

4. Directors:

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.

5. 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 Muhu
(iv) Ezekiel Saina

6. To approve payment of fees to non-executive Directors for the year ended 30th June 2024.

7. 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.

8. To authorise the Directors to fix the Auditors' remuneration.

SPECIAL BUSINESS

9. 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.

10. 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:

i. Registration for the AGM

Shareholders wishing to participate in the meeting should register for the AGM using either of the following means:

a. Dialling ***483*903#** on their mobile telephone and following the various prompts on the registration process or;

b. 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.

c. Shareholders with email addresses will receive a registration link via email through which they can use to register.

d. 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.

e. 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.

ii. 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

a. Copy of this Notice and the Proxy Form.

b. The Company's Annual Report & Audited Financial Statements for the year ended 30th June 2024.

iii. 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.

iv. Shareholders wishing to raise any question or clarifications regarding the AGM may do so by sending their written questions:

a. To **kplcagm@image.co.ke;** or

b. 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 Account Number) when submitting their questions 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.

NOTISI YA MKUTANO MKUU WA MWAKA (AGM) 2024

NOTISI INATOLEWA kwa wenyehisa kwamba, Mkutano Mkuu wa 103 wa Kila Mwaka wa **Kenya Power and Lighting Company Plc,** utafanyika kwa njia ya mtandao **siku ya Ijumaa, tarehe 29 Novemba 2024 saa tano kamili asubuhi** na shughuli zifuatazo zitaendeshwa:

AJENDA/SHUGHULI MAALUMU

1. Kusoma notisi ya kuitisha Mkutano na kubaini ikiwa kuna idadi ya wanachama inayohitajika ili kuendelea na mkutano huo.

2. Kupokea, kuzingatia na zikiidhinishwa, kuanza kutekeleza Taarifa za Kifedha za Kampuni hii zilizokaguliwa katika mwaka uliokamilika Juni 30, 2024 pamoja na Ripoti za Mwenyekiti, Wakurugenzi na Wakaguzi wa hesabu za fedha.

3. Kuidhinisha malipo ya mgao wa kwanza na wa mwisho wa faida ya Ksh0.70 kwa kila hisa ya kawaida, ikitegemea Kodi au Ushuru wa Zuio (Withholding Tax) inakohitajika, kwa mujibu wa mwaka uliokamilika Juni 30, 2024.

4. Wakurugenzi:

Mhandisi James Rege ambaye anastaafu kwa zamu kwa mujibu wa Kifungu cha 26 cha Katiba ya Kampuni hii, na kwa kuwa anastahiki, anajitokeza kuchaguliwa tena na kudumishwa kama mkurugenzi, akiwa na umri wa zaidi ya miaka sabini (70).

5. Kwa mujibu wa vipengele vya sehemu ya 769 ya Sheria ya Kampuni, Wakurugenzi wafuatao watahitajika kuchaguliwa kuhudumu kama wanachama wa Kamati ya Bodi ya Ukaguzi:

(i) Caleb Manyaga

(ii) Albert Mugo

(iii) Humphrey Muhu

(iv) Ezekiel Saina

6. Kuidhinisha ripoti ya malipo ya Wakurugenzi wasio na mamlaka kwa kipindi kilichokamilika Juni 30, 2024.

7. Wakaguzi:

Wafahamu kwamba ukaguzi wa vitabu vya hesabu vya Kampuni hii utaendelea kufanywa na Mkaguzi Mkuu wa Serikali au kampuni ya ukaguzi atakayoiteua kwa mujibu wa Kifungu cha 23 cha Sheria ya Ukaguzi wa Umma ya mwaka 2015.

8. Kuwapa Wakurugenzi hao mamlaka ya kuamua malipo ya Wakaguzi.

SHUGULI MAALUM

9. Kuwapa Wakurugenzi mamlaka ya kuidhinisha na kutekeleza sera za Kampuni ambazo zimeandaliwa kwa mujibu wa Kanuni za Masoko ya Mtaji (Uuzaji wa Hisa na Ufichuzi) 2023 kama ifuatavyo: Sera ya Malipo ya Bodi; Sera ya Mawasiliano mahususi na washikadau; Sera na taratibu za Ufichuzi wa Kampuni; Sera za utatuzi wa mizozo ya ndani na nje; na Sera ya kuvutia na kudumisha wanachama wa Bodi.

10. Kufanya shughuli nyingine yoyote ile ambayo notisi kuihusu imetolewa ipasavyo.

Kwa Agizo la Bodi

Imelda Bore
Katibu wa Kampuni
Novemba 7, 2024

MAELEZO:

i. Usajili kwa Mkutano Mkuu wa Mwaka (AGM)

Mwenyehisa yeyote ambaye angependa kufuatilia mkutano huo ambao utafanyika mtandaoni anapaswa kujiandikisha kwa ajili ya Mkutano huo Mkuu wa Kila Mwaka kwa kufanya yafuatayo:

a. Kubonyeza na kupiga kwenye rununu yake *483*903# kwa laini yoyote ya kampuni za simu kisha kufuata maelekezo kuhusu mchakato wa kujisajili; au

b. Kutuma ombi la kusajiliwa kupitia baruapepe kplcagm@image.co.ke na kutoa maelezo yake kama vile Jina, Nambari ya Pasipoti/Kitambulisho, Nambari ya CDS na Nambari ya rununu akiomba kusajiliwa. Kampuni ya Image Registrars itamsajili mwenyehisa na kumtumia ujumbe kupitia baruapepe pindi baada ya kusajiliwa.

c. Wenyehisa ambao wana anwani za baruapepe watapokea kiungo cha kujisajili ambacho wanaweza kutumia kujiandikisha.

d. Ili kukamilisha mchakato wa kujisajili, wenyehisa watahitajika kukumbuka na kutoa Nambari zao za Vitambulisho vya Kitaifa/Pasipoti ambazo zilitumika kununua hisa zao na/au Nambari zao za Akaunti ya CDSC. Ili kupata usaidizi, wenyehisa wanapaswa kupiga simu zifuatazo: **+254 709 170 000/ 709 170 041** kati ya saa mbili kamili asubuhi na saa kumi na moja kamili jioni kila siku ya kazi kutoka Jumatatu hadi Ijumaa. Wenyehisa nje ya Kenya wanaweza kupiga nambari ya usaidizi wakati wa kujisajili.

e. Usajili kwa ajili ya Mkutano Mkuu wa Kila Mwaka utafunguliwa Novemba 7, 2024 saa tatu kamili asubuhi na kufungwa tarehe 27 Novemba 2024 saa tano kamili asubuhi. Mwenyehisa hawataweza kujiandikisha tena baada ya hapo.

ii. Kwa mujibu wa Kifungu cha 85 cha Katiba ya Kampuni, stakabadhi zifuatazo zinaweza kupekuliwa na kutazamwa kwenye tovuti ya Kampuni hii **https://www.kplc.co.ke/img/full/AGM2024.zip**

a. Nakala ya Notisi hii na Fomu ya Uwakilishi.

b. Ripoti ya Kila Mwaka ya Kampuni na Taarifa za Kifedha za Kampuni zilizokaguliwa katika mwaka uliokamilika Juni 30, 2024.

iii. Mwenyehisa yeyote ambaye anastahili kuhudhuria na kupiga kura katika Mkutano Mkuu wa Mwaka anaweza kuteua mwakilishi kuhudhuria na kupiga kura kwa niaba yake. Mwakilishi kama huyo si lazima awe mwanachama wa Kampuni. Tafadhali ingia kwenye tovuti ya Kampuni kwa maelezo zaidi kuhusu utaratibu wa kupiga kura na/au namna ya kupata Fomu ya Uwakilishi.

Fomu ya Uwakilishi inaweza kupatikana kwenye tovuti ya Kampuni **https://www.kplc.co.ke/img/full/AGM2024.zip** au kutoka kwa Image Registrars Limited, Absa Towers, Orofa ya Tano, Loita Street, S.L.P. 9287 – 00100, Nairobi, Kenya. Wenyehisa ambao hawataweza kuhudhuria Mkutano Mkuu wa Mwaka wanaweza kujaza Fomu ya Uwakilishi na Kuirudisha kwa Image Registrars Limited, au kwa Afisi ya Hisa ya KPLC, Orofa ya Pili, Stima Plaza, Parklands kufikia Novemba 27, 2024 saa tano kamili asubuhi.

Fomu za Uwakilishi zilizojazwa kikamilifu pia zinaweza kutumwa kwa kplcagm@image.co.ke katika muundo wa PDF. Fomu ya Uwakilishi inapasa kutiwa saini na mteuzi au wakili wake aliyeidhinishwa ipasavyo kwa maandishi. Ikiwa mteuzi ni shirika, barua ya uteuzi ni lazima iwe na mhuri na nembo ya shirika au kuidhinishwa ipasavyo na wakili wa shirika kama hilo.

iv. Wenyehisa ambao wangependa kuuliza maswali au kupata ufafanuzi wowote kuhusiana na Mkutano Mkuu wa Mwaka wanaweza kufanya hivyo kwa:

a. Kutuma maswali yao yaliyoandikwa kupitia baruapepe **kplcagm@image.co.ke; au**

b. Kubonyeza na kupiga nambari za USSD ***483*903#** na kuchagua (Uliza Swali) kwenye maelezo; au

c. Pale inapowezekana, kuwasilisha moja kwa moja maswali yao yaliyoandikwa na anwani ya mahali ya S.L.P. au ya baruapepe ya kurejesha majibu, kwa ofisi rasmi ya Kampuni (Afisi ya Hisa ya KPLC) au S.L.P. 30099 – 00100, Nairobi, au kwa ofisi za Image Registrars kupitia S.L.P. 9287 – 00100, Nairobi, Kenya.

Wenyehisa lazima watoe maelezo yao kamili (Majina Kamili, Nambari ya Kitambulisho cha Kitaifa/Pasipoti/Nambari ya Akaunti ya CDSC) wanapowasilisha maswali na maombi yao ya kutaka ufafanuzi zaidi.

v. Baada ya kupokea maswali na maombi ya ufafanuzi, Wakurugenzi wa Kampuni watatoa majibu yaliyoandikwa kwa maswali yaliyopokelewa kupitia mbinu iliyotumiwa na Mwenyehisa kutuma maswali yake; yaani SMS (kwa chaguo la USSD), baruapepe, anwani ya mahali (S.L.P.) au simu. Maswali pia yatajibiwa wakati wa mkutano.

vi. Shughuli kwenye Mkutano Mkuu wa Kila Mwaka zitapeperreshwa moja kwa moja mtandaoni kupitia kiungo ambacho kitatolewa kwa wenyehisa wote ambao watakuwa wamefanikiwa kujiandikisha ili kushiriki katika Mkutano huo Mkuu wa Mwaka. Wenyehisa na wawakilishi waliosajiliwa kikamilifu watapokea ujumbe mfupi (SMS)/USSD kwenye nambari zao za simu zilizosajiliwa, saa ishirini na nne (24) kabla ya Mkutano huo Mkuu wa Mwaka kama njia ya kuwakumbusha kuhusu Mkutano huo. Ujumbe wa pili wa SMS/USSD utatumwa saa moja (1) kabla ya Mkutano huo, kuwakumbusha wenyehisa na wawakilishi waliosajiliwa kikamilifu kwamba Mkutano utaanza baada ya saa moja na kutoa kiungo cha kufuatilia shughuli mtandaoni moja kwa moja.

vii. Wenyehisa na wawakilishi waliosajiliwa ipasavyo wanaweza kupata ajenda ya Mkutano na kufuatilia shughuli za Mkutano huo kupitia jukwaa la kufuatilia mtandaoni moja kwa moja. Wenyehisa na wawakilishi hao wanaweza kupiga kura (wakiombwa na mwenyekiti) kupitia nambari ya USSD ***483*903#** na pia kupitia (kichupo cha) VOTE tab kwenye kiungo cha kufuatilia mtandaoni moja kwa moja. Kura itapigwa kuhusu mapendekezo yote yaliyotolewa kwenye notisi.

viii. Matokeo ya Mkutano huo na majibu ya maamuzi yaliyopigiwa kura yatachapishwa kwenye tovuti ya Kampuni hii: **https://www.kplc.co.ke/img/full/AGM2024.zip** ndani ya saa ishirini na nne (24) baada ya kumalizika kwa Mkutano Mkuu wa Mwaka (AGM).

PROXY FORM

Kenya Power

The Company Secretary
Kenya Power and Lighting Company Plc
P.O. Box 30099-00100
Nairobi, Kenya

I/WE ____ CDSC No ____________________________

of P.O. Box ____ being a shareholder of the above Company.

HEREBY APPOINT ____ of P.O. Box _________________

and Mobile No. ___________________________________ or failing him/her the Chairman of the Meeting as my/our proxy to attend, represent and vote for me/us on my/our behalf at the Annual General Meeting (AGM) of the Company to be held electronically on 29th November 2024 at 11.00am and at any adjournment thereof.

Signed this __________________ day of ________________________________ 2024

Signature ____

I/WE direct my/our proxy to vote on the following resolutions as I/WE have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or withhold his or her vote at his or her discretion and I/WE authorise my/our proxy to vote (or withhold his or her vote) as he or she thinks fit in relation to any other matter which is properly put before the Meeting.

THE KENYA POWER AND LIGHTING COMPANY PLC

Please clearly mark the box below to instruct your proxy how to vote:

Item	Business	For	Against	Withheld
1	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.			
2	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.			
3	Directors: 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.			
4	Election of Board Audit Committee Members: 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 Muhu (iv) Ezekiel Saina			
5	To approve payment of fees to non-executive Directors for the year ended 30th June 2024.			
6	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.			
7	To authorise the Directors to fix the Auditors' remuneration.			
8	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.			

THE KENYA POWER AND LIGHTING COMPANY PLC

ELECTRONIC COMMUNICATIONS CONSENT FORM

Please complete in BLOCK CAPITALS

Full name of member (s): ______________________________

Address: ______________________________

CDSC No ______________________________

Mobile No. ______________________________

Date: ______________________________

Signature: ______________________________

Please tick the boxes below and return to Image Registrars at P.O. Box 9287- 00100 Nairobi, 5th floor, Absa Towers, Loita Street or to KPLC's Shares' Registry on 2nd floor, Stima Plaza, Parklands, P.O. Box 30099 – 00100 Nairobi.

Approval of Registration	
I/WE approve to register to participate in the virtual Annual General Meeting to be held on 29th November 2024.	

Consent for use of the Mobile Number provided	
I/WE would give my/our consent for the use of the mobile number provided for purposes of voting at the AGM.	

Notes:

1. In accordance with Section 298 (1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company.
2. This proxy must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be under the hand of an officer or duly authorized attorney of such body corporate.
3. To be valid the form of proxy should be completed, signed and delivered (together with a power of attorney or other authority (if any) under which it is assigned or a notarized certified copy of such power or authority to kplcagm@image.co.ke or delivered to Registered Office of the Company or posted to the Company Secretary P.O. Box 30099 – 00100 Nairobi, or to Image Registrars Limited, 5th Floor, Absa Towers, Loita Street, P.O. Box 9287 – 00100, Nairobi, so as to be received not later than 27th November 2024 at 11.00am.
4. Any person appointed as a proxy should submit his/her mobile telephone number to the Company not later than 27th November 2024 at 11.00am. Any proxy registration that is rejected will be communicated to the shareholder concerned not later than 27th November 2024 at 11.00am.
5. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder's right to attend, speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint as a proxy any other person, delete the words "the Chairman of the Meeting" and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company.
6. 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.
7. A "vote withheld" option has been included on the form of proxy. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

Integrated Report Writing Lead Team

Kevin Sang
Manager, Corporate Communications

Wilson Kopondo
Ag. Manager, Enterprise Risk Management

Richard Biwott
Chief Accountant, Corporate Finance

James Thiaine
Chief Officer, Occupational Health & Public Safety

Batistar Kingori
Ag. Chief Planning Officer, Electricity Tariffs

Dominic Kirii
Senior Shares Registrar

Felister Mukuri
Ag. Senior Planning Officer, Demand Planning & Forecasting

Caroline Nyamweya
Legal Officer, Board & Regulatory Affairs

Technical Support Team

Duncan Ndungu
Manager, Human Resource Services

Eng. Stanley Ngetich
Deputy Manager, Distribution

Eng. Charles Maweu
2nd Assistant Engineer, Infrastructure Development

Judy Gituma
Senior Accountant, Corporate Finance

Catherine Namu
Customer Service Officer

Karambu Kubai
Communications Officer

Bryan Gitonga Micheni
1st Assistant Engineer, NCC

Esther Mwangi
Senior Shares Assistant


Kenya Power

Integrated Annual Report & Financial Statements 2023/24

Energising a Sustainable Future

The Kenya Power and Lighting Company Plc

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