KenGen

Energy for the nation.

Integrated Annual Report
& Financial Statements for the
Year ended 30 June 2022

SUSTAINING A **RENEWABLE ENERGY FUTURE**

OUR PROMISE

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

OUR MISSION

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

OUR VISION

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

OUR CORPORATE THEME

Build, Bring Out the Best, Be Present with Excellence

OUR CORE VALUES

- Team Spirit
- Integrity
- Professionalism
- Safety Culture

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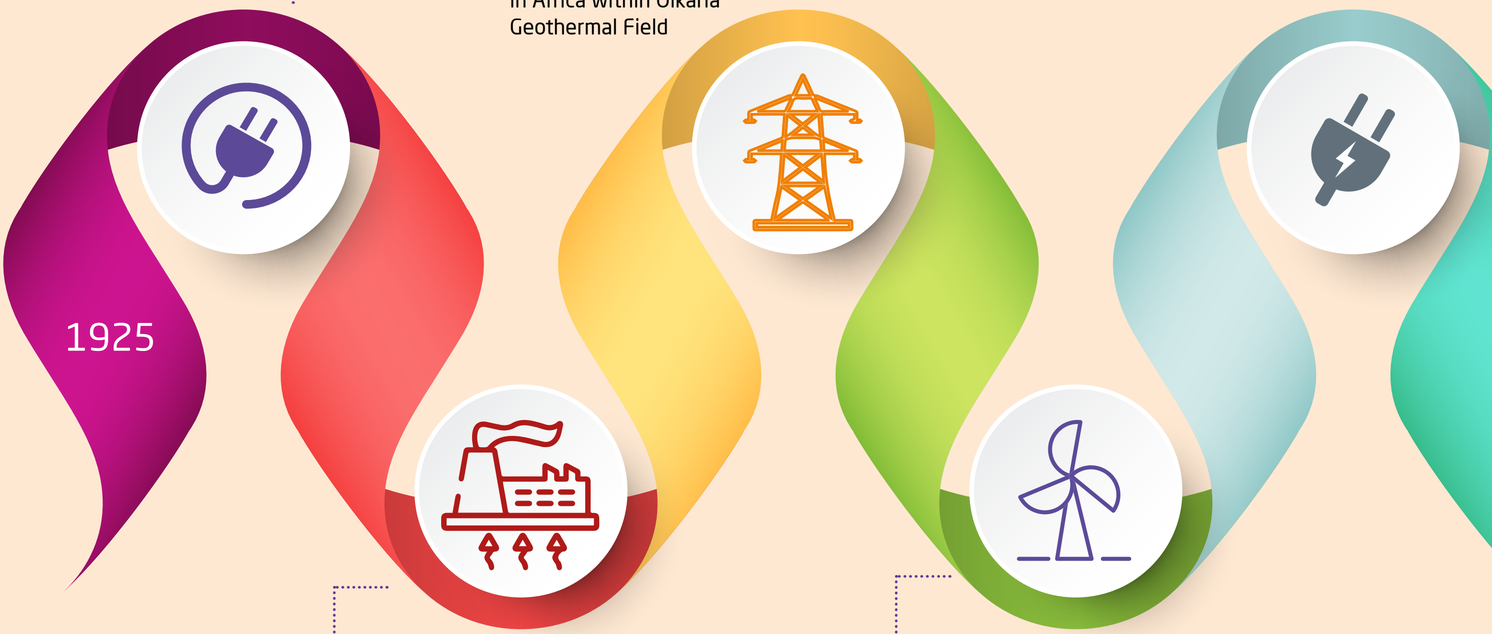
This report is also available online.For greater insight into the Company, visit our corporate website: **www.kengen.co.ke**

Ngong Wind Power Plant

OUR HISTORY



1925 - 1944

- Ndula Power Plant commissioned (2MW)
- Mesco Hydro power Plant (0.38MW), rehabilitation & upgrade to 0.433MW in 2013

1945 - 1954

- Kenya Power Company (KPC) incorporated in 1954

1955 - 1964

- Completed the first three geothermal exploration wells in Africa within Olkaria Geothermal Field
- Gogo 2MW Hydro Power Plant commissioned

1965 - 1974

- Completed the first post-independence Power Plant on the Tana River: Kindaruma 40MW Hydro Plant
- Completed the first three Geothermal Wells in Africa within Olkaria Geothermal Field

1975 - 1984

- First 15MW Geothermal Unit in Olkaria I installed and a total of 45MW completed in 1985
- 144MW Gitaru Units 2 & 3 installed; 80MW Unit 1 installed in 1999, making it the largest Hydro
- Plant in Kenya at 225MW

1985 - 1994

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

HUMAN CAPITAL

For succession planning and business continuity:

- Youths constitute about 29% of the total employees
- Rolled out Competencies E-Lab online learning platform

2005 - 2009

- Takeover of the operation and maintenance of 120MW Kipevu III from Wartsila to KenGen
- Largest contributor to the +5000MW in 40 months GoK initiative: with 375MW already installed out of the allocated 844MW to KenGen

2015 - 2017

- Olkaria V 173MW Commissioned in 2019
- Maturity and full Redemption of KenGen Infrastructure Bond of 2009 in 2019
- Largest Rights Issue in East Africa 2016
- Embakasi GT moved to Muhoromi 60MW in 2016
- First of a kind nature Geothermal Spa in Africa completed in 2014

1995 - 2004

- Kenya Power Company rebranded as KenGen following a restructuring in the Power Subsector
- Becomes the first Kenyan parastatal to be ISO: 9001 Standard certified

2010 - 2014

- Innovation of the Wellheads 83.5MW
- Olkaria Resettlement Action Plan (RAP)
- Completed the single largest geothermal power project in the world: Olkaria IAU and Olkaria IV power plants with a combined capacity of 280MW

2018 - 2022

- Takeover of the operation and maintenance of 120MW Kipevu III from Wartsila to KenGen
- Largest contributor to the +5000MW in 40 months GoK initiative: with 375MW already installed out of the allocated 844MW to KenGen
- Operation and Maintenance of the REREC owned 50MW Garissa Solar Power Plant
- Construction of Kshs 300Million Naivasha Level 5 Outpatient Hospital
- Rehabilitation of Wanjii Power Station
- Completed the Single Largest Geothermal Power Unit in the world: 86.3MW Olkaria I Unit 6

ABOUT KenGen

"We are listed on the Nairobi Securities Exchange with the Government of Kenya owning 70% shareholding and the public 30% following a successful Initial Public Offer in 2006.

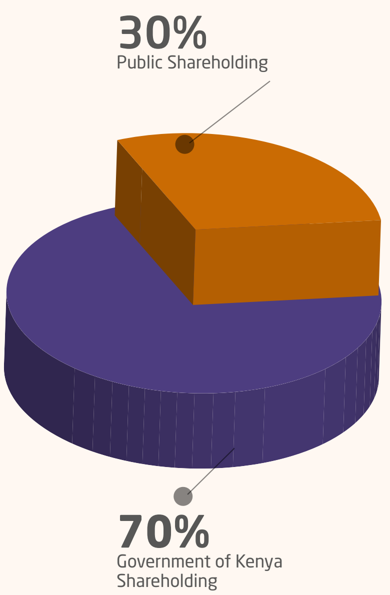
Kenya Electricity Generating Company PLC (KenGen) is the leading electric power generating Company in East Africa. The Company was incorporated in 1954 under the laws of Kenya with a mandate of generating electricity through the development, management, and operation of power plants. The Company's corporate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

Our role in geothermal power generation continues to propel Kenya into the league of the top ten geothermal power producers in the world and the first in Africa owing to our expertise gained over the years. As at 30th June 2022 Kenya's installed Geothermal capacity was 962 MW ranking the Country at position 6 among the top geothermal producers in the world.
We are listed on the Nairobi Securities Exchange with the Government of Kenya owning 70% shareholding and the public 30% following a successful Initial Public Offer in 2006.

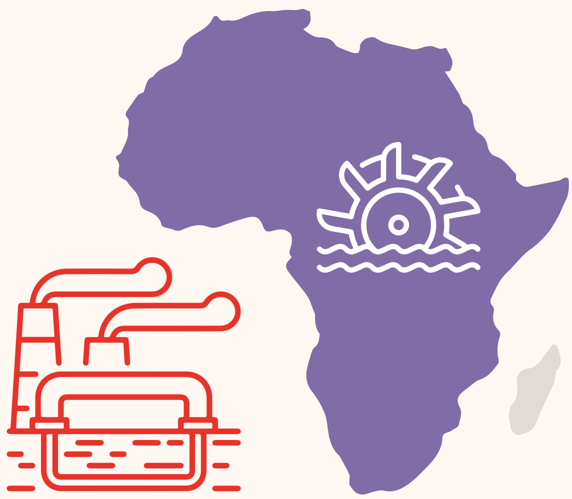
To establish a strong footprint in Africa, KenGen is implementing multi-million shillings projects supporting the development of geothermal energy capacity in Ethiopia and Djibouti.

Our installed capacity stands at 1,904 MW representing 62% of Kenya's installed capacity, that comprises of four generation modes namely, Geothermal (799MW), Hydro (825MW), Thermal (254MW) and Wind (26MW).

KenGen listing at the nairobi securities exchange



KenGen is **Africa's leading Geothermal power producer** and has an unrivalled track record of over **66 years of expertise in running hydro power plants**.



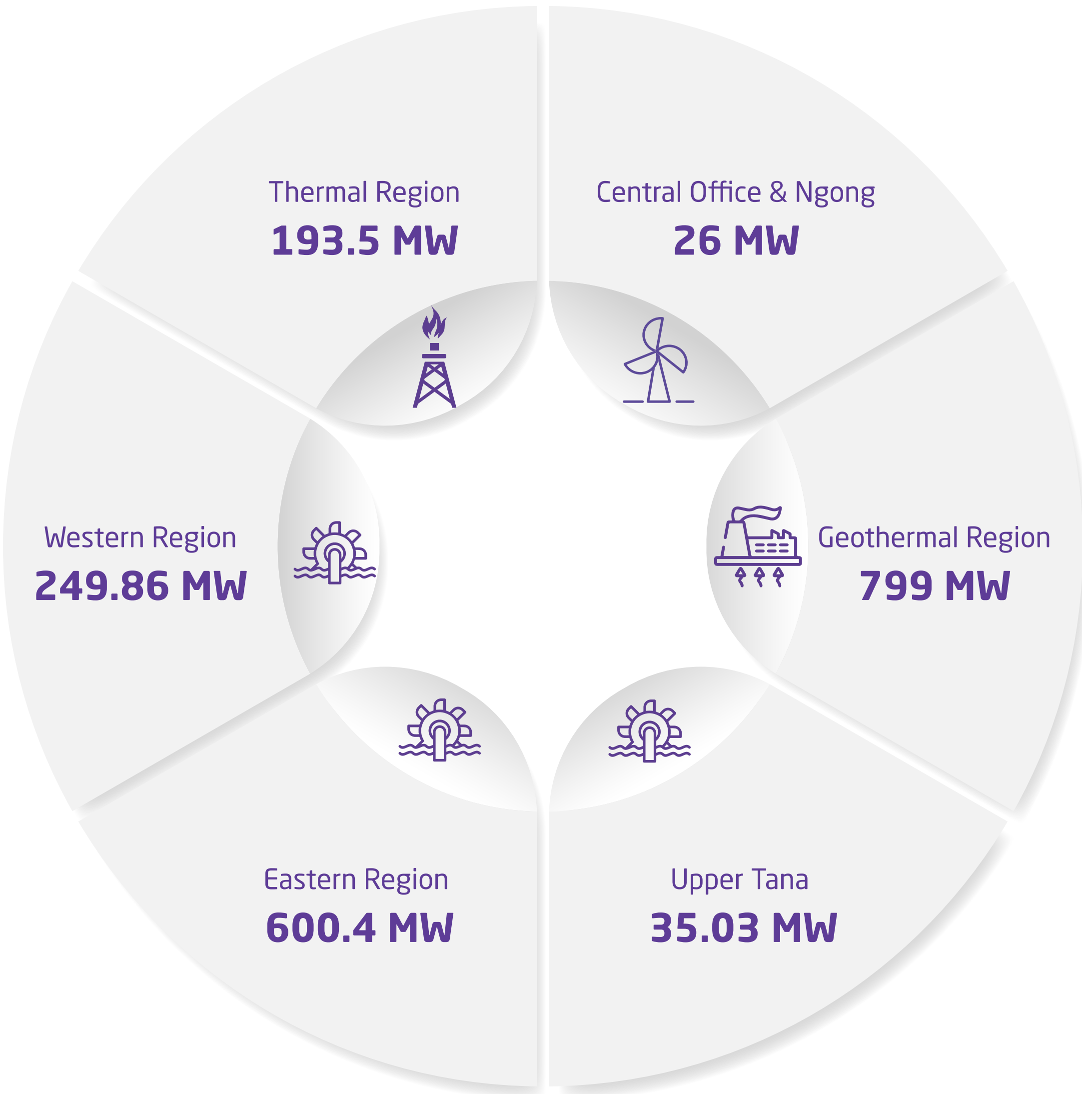
OUR Generating Fleet

Our installed capacity stands at **1,904 MW** representing **62%** of Kenya's installed capacity.

KenGen' s generation footprint spans across six operational regions, these being:

- The Western region - 249.86MW comprising of Turkwel, Sondu Miriu, Sang'oro, Gogo hydro plants and Muhoroni Gas Turbine.
- The Geothermal region in the Rift Valley - 799MW.
- Thermal region - 193.5 MW comprising Kipevu I and Kipevu III diesel thermal power plants in the coastal region of Kenya.
- The Eastern region - 600.4 MW comprising of Masinga, Kamburu, Gitaru, Kindaruma and Kiambere power stations along the Tana River.
- Upper Tana region - 35.03MW comprising of Mesco, Wanjii, Sagana and Tana hydro power stations.
- Central Office region - Ngong Wind farm with an installed capacity of 25.5MW.

The Western region - 249.86MW comprising of Turkwel, Sondu Miriu, Sang'oro, Gogo hydro plants and Muhoroni Gas Turbine.



Key Performance Highlights

SUSTAINABILITY

7 AFFORDABLE AND CLEAN ENERGY

92% of electric energy generated from **renewable sources**

15 LIFE ON LAND

188,228
trees planted
contributing to the removal of 43,936 tonnes of CO_2 from the atmosphere

13 CLIMATE ACTION

Certified Emissions Reductions (CERs) of 4,617,309 tonnes of carbon dioxide equivalent (tCO2e) registered from Clean Development Mechanism projects. KenGen joined the "UN-backed Global Campaign Business Ambition for 1.50C"

BUSINESS AMBITION FOR 1.5°C OUR ONLY FUTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTIO

ISO

Achieved **ISO Recertification Quality Management System (ISO 9001:2015)** and **Environmental Management System (ISO 14001:2015) up to 2024**

Realized total energy savings of
1,622,950kW
in the year amounting to CO_2 **reductions of**
535,574Kg

4 QUALITY EDUCATION

EDUCATION - SCHOLARSHIPS

208 students
sponsored and mentored through their secondary and university education

6 CLEAN WATER AND SANITATION

WATER AND SANITATION

Water tanks distributed totalling to a capacity of
300,000 litres

8 DECENT WORK AND ECONOMIC GROWTH

HUMAN CAPITAL

For succession planning and business continuity:

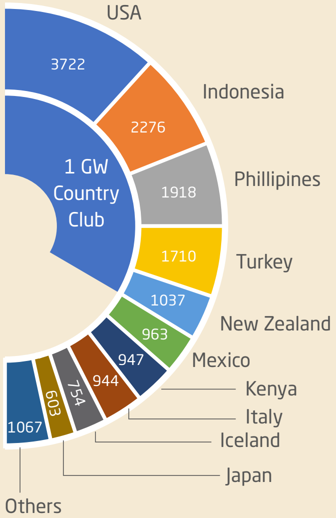
- Enhanced Performance and productivity for management with increased employee performance at 80% with Good scores
- Optimized organizational capability with over 70% of employees trained
- Talent management - 96% retention of employees
- Work environment- Provided Post Covid conducive work environment for staff productivity

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

INFRASTRUCTURE

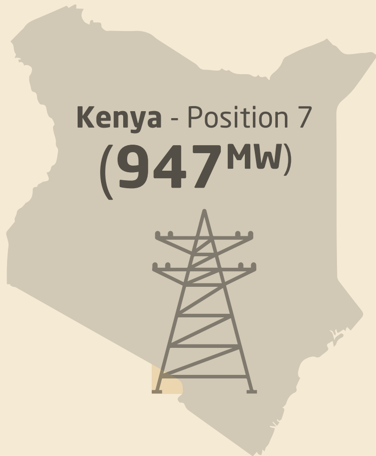
- Construction of Naivasha level 5 hospital
- Maintenance - 36km between Kivaa-Kiambere, 12km Kaewa- Masinga Road, Kainuk- Turkwel road 3.8km, 6km of road at Gogo
- Masinga Ogee spillway rehabilitation
- 2 classrooms (Ngong and Seven Forks) and 1 library at Ngong

Awards



TOP 10 GEOTHERMAL COUNTRIES 2022

Installed Capacity in MWe
Total 15,938 MW



KenGen trophy for being the top first aider in the country awarded by the Director of Occupational Safety and Health Services (DOSHS).

KenGen recognition in the 2021 Climate Action Awards East Africa by IGAD Climate Prediction and Applications Centre (ICPAC)- Regional awards.

KenGen award on New Media Public Relations (PR) Campaign of the Year award by Public Relations Society of Kenya 2021.

KenGen continues to be an award-winning institution. The Company collected several accolades during the year.

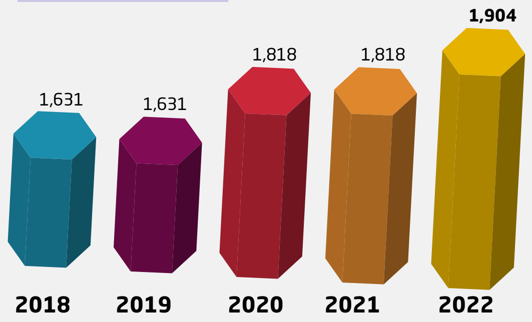
a. KenGen presented with a trophy for being the top first aider in the Country by the Directorate of Occupational Safety and Health Services (DOSHS) for the sterling performance and demonstration of high skill in first aid
b. KenGen honorary recognition in the 2021 Climate Action Awards East Africa by IGAD Climate Prediction and Applications Centre (ICPAC)for showcasing successful solutions that can accelerate the transition to low carbon economies in Eastern Africa.
c. New Media Public Relations (PR) Campaign of the Year Award in the Public Relations Society of Kenya (PRSK) 2021 Annual Excellence Awards - December 10, 2021
d. Organization Applying Sustainable Supply Chain Management practices in the KISM SPURS SCM 2021 Excellence Awards - December 16, 2021
e. Government Agencies Category in the Kenya National Innovation Agency (KeNIA) National Innovation Award - December 8, 2021.

Financial Highlights

HIGHLIGHTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

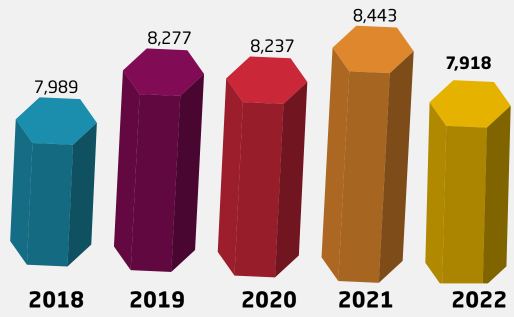
INSTALLED CAPACITY [MW]

CAGR 4%



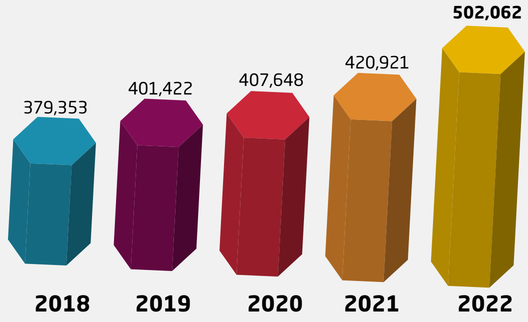
ENERGY SOLD [GWH]

CAGR 0%



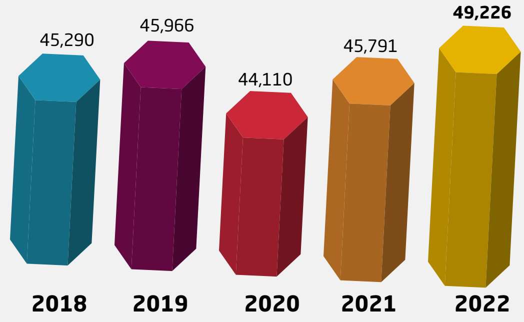
TOTAL ASSETS [Kshs Millions]

CAGR 7%



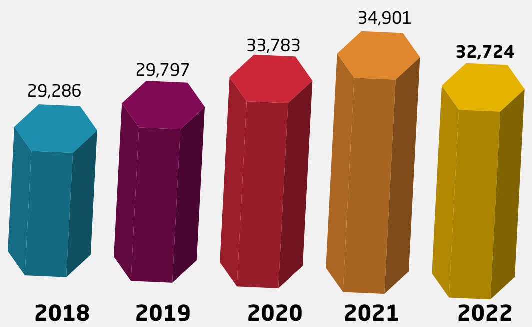
TOTAL REVENUE [Kshs Millions]

CAGR 2%



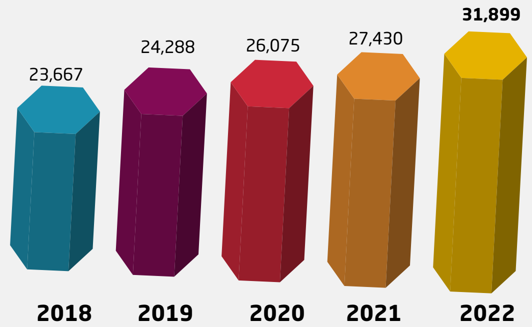
ELECTRICITY REVENUE [Kshs Millions]

CAGR 3%



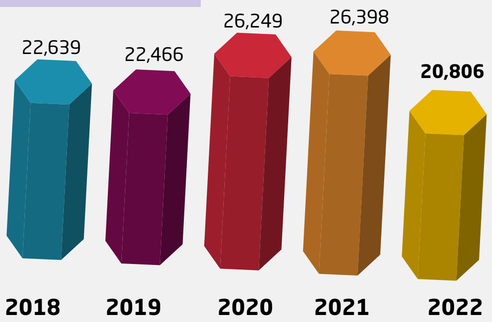
OPERATING EXPENSES [Kshs Millions]

CAGR 8%



EBITDA [Kshs Millions]

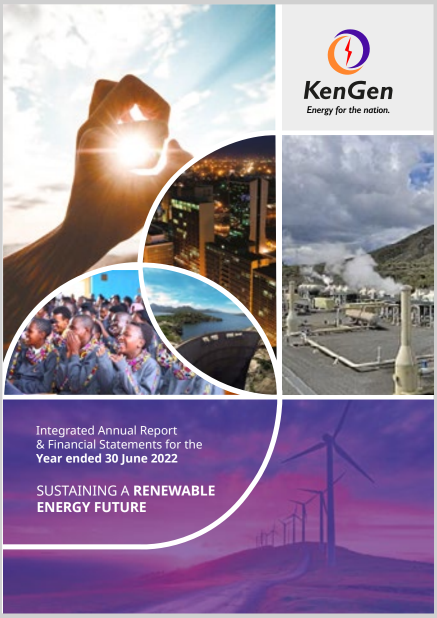
CAGR -2%



*CAGR - Compound Annual Growth Rate

About the Report

We apply International Financial Reporting Standards **(IFRS)** and comply with Capital Markets Authority **(CMA)** and Nairobi Securities Exchange **(NSE)**.



"This Integrated Report is KenGen's primary communication to shareholders and stakeholders on our performance and prospects. The report provides a review of the material matters we face; our key operational, financial, economic, social and environmental aspects; our governance; our engagements; as well as our risks and opportunities.

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This is our value creation story.

Scope and Boundary

Our strategy as well as material matters arising during the period in focus form the basis for the report and determine its content.

The report covers the period 1 July 2021 to 30 June 2022 and gives commentary, performance measures and prospects for the important operations. The structure and layout of this report draws on the International Integrated Reporting Framework (IIRF). Material events up to the date of approval have been included. Unless otherwise indicated, the information presented is comparable to that of prior years, with no significant restatements.

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

Assurance and Audit Approach

The Company has put in place a robust governance oversight and risk management framework. Our combined assurance model takes a three-pronged approach comprising a review by management, supplemented by internal and external auditors. The Audit, Risk & Compliance Committee as delegated by the Board relies on the combined assurance informing their view of the adequacy of our risk management and internal controls. The annual financial statements are audited by the Auditor-General who has issued a qualified opinion.

Financial and Non-Financial Information

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

Board Responsibility and Approval

The Board is accountable for the integrity and completeness of the integrated report and any additional information. The Audit Risk & Compliance Committee ensures the integrity of the report and has applied its collective mind to its preparation and presentation.

In considering the completeness of the material items dealt with and the reliability of information presented, based on the combined assurance process followed, the Board Audit Risk & Compliance Committee approved the 2022 Integrated Annual Report and Financial Statements and additional information on 3rd January 2023.

Corporate Information

Board of Directors

Samson Mwathethe	Chairman of the Board
Abraham Serem	Ag. Managing Director & CEO (Appointed on 28 October 2022)
Rebecca Miano	Managing Director & CEO (Served until 27th October 2022)
Njuguna Ndung'u	Cabinet Secretary, The National Treasury (Appointed 27 October 2022)
Ukur Yatani	Cabinet Secretary, The National Treasury, (Served until 26 October 2022)
Alex Wachira	Principal Secretary, State Department for Energy (Appointed 1 December 2022)
Gordon O. Kihalangwa	Principal Secretary, State Department for Energy (Served until 30 November 2022)
Maurice Nduranu	
Phyllis Wakiaga	
Joseph Sitati	
Peris Mwangi	
James Opindi	
Winnie Pertet	
Samuel Kimani	
Bernard Ndungu	Alternate Director to CS, The National Treasury
Stephen Njue	Alternate Director to Principal Secretary, State Department for Energy (Appointed on 3rd March 2022)
William Mbaka	Alternate Director to Principal Secretary, State Department for Energy (Served until 17th February 2022)
Peter Nyutu	Representative, Inspectorate of State Corporations

Company Secretary

CS Lawrence Kibet (Served until 6th September 2022)
FCS Austin A. O. Ouko (Appointed on 6th September 2022)
Certified Public Secretary (Kenya)
KenGen Pension Plaza 2
Kolobot Road
P.O. Box 47936-00100 GPO
Nairobi, Kenya.

Registered Office

Head Office
KenGen Pension Plaza 2
Kolobot Road
P.O. Box 47936-00100 GPO
Nairobi, Kenya

Registrars

Image Registrars Limited
ABSA Towers, 5th Floor
Loita Street
P.O Box 9287-00100 GPO
Nairobi, Kenya.

Principal Auditor

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

Corporate Information

Delegated Auditor

Deloitte & Touché
Certified Public Accountants (Kenya)
Delta Towers, Waiyaki Way/Chiromo Road, Westlands
P. O. Box 40092 - 00100 GPO
Nairobi, Kenya.

Principal Bankers

NCBA Bank Kenya Plc
Wabera Street
P.O. Box 30437- 00100
Nairobi

KCB Bank Kenya Limited
Moi Avenue Branch
P.O. Box 24030 - 00100
Nairobi

Co-operative Bank of Kenya Limited
Stima Plaza
P.O Box 38764-00600
Nairobi

Standard Chartered Bank Kenya Limited
Harambee Avenue
P.O. Box 30003 - 00100
Nairobi

Citibank NA Kenya
Upper Hill
P.O. Box 30711 - 00100
Nairobi

Absa Bank Kenya Plc
Westend Building, Off Waiyaki Way
Corporate Banking Center
P.O. Box 30120 – 00100
Nairobi

Stanbic Bank Kenya Limited
Kenyatta Avenue Branch
P.O. Box 30552-00100
Nairobi

Bank of Africa Kenya Limited
Sameer Business Park, Unit C. 1st Floor
P.O. Box 69562 - 00400
Nairobi

Equity Bank Kenya Limited
Westlands Supreme Centre,
P.O. Box 14253 – 00800
Nairobi

MANAGEMENT TEAM

	Abraham Serem	Ag. Managing Director & CEO (Appointed on 28 October 2022)
	Rebecca Miano	Managing Director & CEO (Served until 27th October 2022)
Departmental	**John Mudany**	General Manager, Finance & ICT
	Austin Ouko	Company Secretary & General Manager Legal Affairs (Appointed on 6th September 2022)
	Jennifer Oduor	Ag. Company Secretary & General Manager Legal Affairs (Served administratively until 6th September 2022)
	David Muthike	General Manager, Strategy & Innovation
	Philip Yego	General Manager, Supply Chain
	Mary Maalu	General Manager, Corporate & Regulatory Services
	Elizabeth Njenga	General Manager, Business Development
	Peketsa Mangi	General Manager, Geothermal Development
	Julius Odumbe	General Manager, Operations (Appointed on 1 July 2022)
	Solomon Kariuki	General Manager, Operations (Retired on 30 June 2022)

BOARD COMMITTEES

Audit, Risk & Compliance Committee	**Samuel Kimani**	Chairperson
	Bernard Ndungu	Alternate Director to CS-National Treasury
	Phyllis Wakiaga	
	Peris Mwangi	
	Winnie Pertet	
Strategy Committee	**Maurice Nduranu**	Chairperson
	Phyllis Wakiaga	
	James Opindi	
	Stephen Njue	Alternate Director to PS-State Department of Energy
	Rebecca Miano	
HR & Nomination Committee	**Winnie Pertet**	Chairperson
	Maurice Nduranu	
	James Opindi	
	Samuel Kimani	
	Rebecca Miano	
Governance Advisory Committee	**Peris Mwangi**	Chairperson
	Maurice Nduranu	
	Winnie Pertet	
	Joseph Sitati	
	Rebecca Miano	
Finance Committee	**Joseph Sitati**	Chairperson
	James Opindi	
	Stephen Njue	Alternate Director to PS-State Department of Energy
	Bernard Ndungu	Alternate Director to CS-National Treasury
	Rebecca Miano	

Message from the Chairman

Gen. (Rtd) Samson Mwathethe EGH, MBS, DCO
Chairman of the Board, Independent & Non-Executive Director

Dear Shareholders,
On behalf of the Board of Directors, I am happy to present to you the 2022 Integrated Annual Report and Financial Statements for Kenya Electricity Generating Company (KenGen) PLC.

The year under review started on a promising note following the relaxation of COVID-19 restrictions that had earlier been put in place to help manage the COVIID-19 pandemic. This move was informed by a decrease in positivity rate in the country and across the world.

The same trend was experienced at KenGen. Thanks to an aggressive and sustained behavior change campaign coupled with a vaccination drive, we were able to secure the safety and wellbeing of our employees, families and other stakeholders and we believe that it is through these measures that we were able to contain the effects of the pandemic both on the business and our people. Apart from saving lives, we are proud to have achieved a 92% employee vaccination rate across the business.

Looking back, i can comfortably say that it is our continued resilience and agility as a Company that enabled us to navigate the difficult economic business environment, the strong business fundamentals, prudent cost management, agile workforce, and digital driven processes which are indeed the driving force of our business. I am therefore happy to report that we have recorded another profitable year while maintaining a steady success in delivering on our mandate of providing clean, renewable and affordable electricity for Kenyans.

Business Context

According to the Kenya Economic Survey 2022, the economy grew by 7.5% in 2021 after 0.3% contraction in 2020. Growth was driven by services on the

"KenGen's focus remains being a pillar for the nation's energy access and transition towards full economic reliance on renewable sources of energy. This is driven by our ethos to be the market leader, and indeed a global example in provision of affordable, reliable and sustainable electric energy globally."

supply side and by private consumption on the demand side, both benefiting from supportive policies and eased COVID-19 restrictions. Activities that were affected more severely by the pandemic in 2020 such as education, accommodation, and food services grew faster than those that were less severely affected. Demand for electricity continued on a growth trajectory with the country recording a new national peak demand of 2,057MW in June 2022 up from 2,036MW recorded in November 2021. This continued growth in electricity demand promises an even stronger performance for our business in the years to come.

Generating Clean Energy for the Nation and Planet

I am proud that the strides made by KenGen in addressing climate change have had a great impact in reducing carbon emissions and goes a long way in making the world better for our current and future generations.

KenGen has addressed the global climate change crisis by setting science-based reduction targets through deployment of renewable energy sources, aimed at halving greenhouse gas emissions by 2030 and hitting Net-Zero emissions by 2050.

We remain cognizant of the growing need for sustainable production of electricity to meet the ever-growing demand for energy. With over 86% of our energy coming from renewable energy sources, our goal remains to transition to 100%, in line with the Government's goals on renewable energy deployment in Kenya.

Indeed, sustainability is at the heart of everything we do - that is meeting the needs of the present without compromising the needs of future generations. We are championing for green energy across Africa with our ongoing geothermal drilling in Ethiopia, Djibouti, and geothermal consultancy services in Rwanda, Democratic Republic of Congo and the Comoros.

KenGen at COP26

At the COP26 World Leaders Summit held on 2nd November, 2021, in Glasgow, Scotland, the former KenGen Managing Director and CEO, Rebecca Miano, was the only African panelist in a session themed, Accelerating Clean Technology Innovation and Deployment. During the discussion, Mrs. Miano reiterated KenGen's commitment to the fight against Climate Change and its support to the Government of Kenya's ambition to achieve 100 per cent utilization of renewable energy by 2030.

Key dignitaries in attendance included: Kenya's President Uhuru Kenyatta, US President, Joe Biden, former United Kingdom Prime Minister, Boris Johnson, India Prime Minister, Narendra Modi, among other Presidents and world leaders, including the Duke of Cambridge, Prince William, and other world leaders and global philanthropists.

KenGen hosts Sustainable Energy Conference

KenGen in partnership with the Ministry of Energy organized the first ever Sustainable Energy Conference that took place at KenGen's Olkaria Geothermal Spa in Naivasha on 16th and 17th June 2022. The Chief Guest was the Cabinet Secretary Ministry of Energy, Amb. Dr. Monica Juma, EGH.

The Conference brought together stakeholders in the energy sector to share knowledge, experiences, and the latest developments in the industry towards COP27 that will be held in November 2022 in Egypt. It provided insights to support the attainment of

7.5%

the economic growth in 2021 after 0.3% contraction in 2020.
*Kenya Economic Survey 2022.

2,057MW

Demand for electricity continued on a growth trajectory with the country recording a new national peak demand in June 2022.

86%

of our energy coming from renewable energy sources, our goal remains to transition to **100%.**

KenGen has addressed the global climate change crisis by setting science-based reduction targets through deployment of renewable energy sources, aimed at halving greenhouse gas emissions by 2030 and hitting Net-Zero emissions by 2050.

Gen (Rtd) Samson Mwathethe, EGH, MBS,DCO
Chairman of the Board

Message from the Chairman

Africa's medium-term and long-term economic goals as well as attainment of the UN Sustainable Development Goals by the year 2030. The Conference was a good platform for Kenya and Africa to drive conversations on Africa's energy transition and security to leapfrog the continent to the next level of socio-economic development in a sustainable manner.

KenGen at the African Energy Forum 2022

The African Energy Forum (AEF) is a global platform that brings all stakeholders in the African energy scene in one place, to chart the way forward towards a sustainable, accessible, affordable, and valuable sector. The 2022 event took place in Brussels, Belgium between the 21st and 24th of June. KenGen was ably represented by our board led by Mrs. Phyllis Wakiaga, Mr. Maurice Nduranu and Myself.

KenGen's presence at the event was firstly secured on the basis of being a government entity at the centre of energy generation and provision of power for one of Africa's largest economies. Secondly, KenGen's geothermal power production directly contributes to Kenya's world top 10 ranking for geothermal capacity. Beyond this, KenGen represented a global example of an entity that facilitates a nation's economic growth, powered primarily by renewable sources of energy; an admirable trend amidst worldwide calls for transition to clean energy.

Key highlights of the showpiece included the sharing of an animated series that starred alongside former KenGen MD & CEO Mrs. Rebecca Miano, telling the story of a young African girl that grew in the midst of the continental energy access challenge, to become a leading voice in Africa's renewable energy charge. Secondly, Kenya's seat at the event's ministerial roundtable themed "Africa for Africa: Building Energy for the Just Transition", was held by myself, sitting on behalf of the former Cabinet Secretary Ministry of Energy, Amb. Dr. Monica Juma, EGH. These discussions, which involved eighteen Ministers from across the continent, showcased Kenya's and indeed KenGen's greatness in having an economy that is primarily dependent on renewable sources of energy. The final highlight of the event was the participation of membership from KenGen's youth forum (Y-Gen) at the inaugural Youth Energy Summit, which is a platform launched by the AEF to bring together future energy experts, leaders, and entrepreneurs.

We look forward to the AEF in 2023, which shall be hosted in Nairobi, Kenya.

Refreshed Corporate Strategy

In our plan to adjust to business and environmental changes, KenGen has refocused its corporate strategy to leverage on the opportunities that have emerged from global and technological trends, enactment of the Energy Act 2019.

The Refreshed Horizon II Strategy focuses on a robust diversification approach and creation of strong partnerships for sustainable growth to enable the Company to commercialize various revenue streams. The Strategy will continue to be the catalyst for KenGen to explore expansion opportunities in Kenya and beyond.

Revenue increased by **7.5%** from **KShs 45,791M** in 2021 to **KShs 49,226M**

Effective Service Delivery through Performance Contracting

The culture of accountability and transparency in public service management through unfettered institutionalization of performance contracting has been critical to our success. We have continued to deliver on our commitment to power the nation while creating value for you. The KenGen Board fully appreciates the role of strong corporate governance in maximising shareholder value. We continue to monitor any risks that could hinder the achievement of our strategy. It is for this reason that during the year under review, the Company attained a score of Good following the performance appraisal by the Public Service Performance Management and Monitoring Unit.

Stakeholder Engagement

During the year under review, the Company remained alive to the importance of engaging stakeholders to understand their needs and concerns. Building on the successes of our community engagement strategy, we continued to positively impact on the communities around us through the diverse stakeholder coordination committees.

Financial Performance

Growing our revenue sources is our main priority and the Company remains on the path for greater improved financial performance. Revenue increased by 7.5% from KShs 45,791 million in 2021 to KShs 49,226 million while profit after tax rose by 157% from KShs 1,830 million in the prior year to KShs 4,719 million for the period ending 30th June 2022. The Company's financial position remains firm with the focus on shareholder value creation and preservation.

Dividends

Your Board is happy to propose a first and final dividend of Kshs 0.20 per share for the financial year ended 30th June 2022. If approved at the Annual General Meeting, the dividend will be paid out on or about 30th March 2023.

Appreciation

I would like to thank my colleagues on the Board for their diligence and commitment during the year, in providing effective assessments and guidance for management to act upon. Their skill, wisdom and experience have added a great deal of value to the company and contributed to the achievements in the financial year that ensured protection of shareholders' interests and value.
I thank the Government of Kenya and our parent ministry, the Ministry of Energy and Petroleum, The National Treasury and the State Corporation Advisory Committee for the unwavering support and confidence they have accorded the Board of Directors. Their willingness to engage KenGen as we support the nation building efforts with provision energy for the nation which is a critical enabler for national prosperity.

I commend our Managing Director & CEO and the management team for their outstanding leadership and capable steering of the business to deliver value through the sterling performance that we have recorded. KenGen has continued to grow from strength to strength due to the commitment and dedication of Management and staff. They have not lost sight of the strategic objectives of the Company, and I thank them for their continued diligence.

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

Finally, I urge you all to keep safe and as we move forward and work together to make the future better for all.

Gen (Rtd) Samson Mwathethe, EGH, MBS,DCO
Chairman of the Board

Taarifa ya Mwenyekiti

Gen. (Rtd) Samson Mwathethe EGH, MBS, DCO
Mwenyekiti wa Bodi

Wapendwa Wenyehisa,
Kwa niaba ya Bodi ya Wakurugenzi, ninafuraha kuwapa Ripoti Jumlishi ya Kila Mwaka ya 2022 na Taarifa za Kifedha za Kampuni ya KenGen PLC.

Mwaka huu ulianza kwa wingi wa matumaini hususan kufuatia kulegezwa kwa vikwazo vya UVIKO-19 ambavyo viliwekwa hapo awali ili kudhibiti tandavu ya UVIKO-19" Uamuzi huu ulisababishwa na kupungua kwa viwango vya maambukizi nchini na kote duniani.

Hali sawa na hiyo ilishuhudiwa hapa KenGen. Kutokana na kampeni kali na iliyodumu iliyohimiza watu kubadilisha tabia pamoja na kampeni ya utoaji chanjo, tuliweza kulinda usalama na ustawi wa wafanyakazi wetu, familia na washikadau wengine na tunaamini kwamba ni kupitia hatua kama hizi ndipo tunaweza kukabiliana na athari ya tandavu hii katika biashara na kwa watu wetu. Kando na kuokoa maisha, tunajivunia kuwa tulifikisha kiwango cha 92% cha utoaji chanjo kwa wafanyakazi wetu kwenye biashara.

Nikiangalia nyuma, ninaweza kusema bila shaka kwamba ni ustahimilivu na kujituma kwetu kama Kampuni ndipo tumetuweza kukabiliana na mazingira magumu ya kibiashara na uchumi, bila kusahau misingi thabiti ya kibiashara, usimamizi mzuri wa gharama, kani kazi inayojituma na michakato inayoendeshwa kidijitali ambayo hakika ndiyo kani inayoendesha biashara yetu. Kwa hivyo ninafurahi kuripoti kwamba tumerekodi mwaka mwingine wa faida huku tukidumisha ufanisi katika kutimiza wajibu wetu wa kuzalisha umeme safi, wa vyanzo mbadala na wa bei nafuu kwa Wakenya.

Muktadha wa Biashara

Kulingana na Utafiti wa Kiuchumi wa Kenya 2022, uchumi ulikua kwa 7.5%

Mwaka huu ulianza kwa wingi wa matumaini hususan kufuatia kulegezwa kwa vikwazo vya UVIKO-19 ambavyo viliwekwa hapo awali ili kudhibiti tandavu ya UVIKO-19".

mwaka wa 2021 baada ya kupungua kwa 0.3% mwaka wa 2020. Ukuaji huu ulisababishwa na huduma upande wa usambazaji na matumizi ya kibinafsi upande wa hitaji, hali zote mbili zikinufaika kutokana na sera nzuri na kulegezwa kwa vikwazo dhidi ya UVIKO-19 Shughuli ambazo ziliathirika vibaya sana na tandavu hii mwaka wa 2020 kama vile, elimu, huduma za malazi na chakula zilikua haraka kuliko zile ambazo hazikuathirika sana. Hitaji la umeme liliendelea kukua huku nchi ikirekodi kiwango cha juu kipya cha hitaji cha 2,057MW mwezi Juni 2022 hii ikilinganishwa na 2,036MW iliyorekodiwa mwezi Novemba 2021. Kuendelea kukua kwa hitaji la umeme kunaweka matumaini ya utendaji thabiti hata zaidi kwa biashara yetu katika miaka ijayo.

Kuzalisha kawi safi kwa ajili ya Taifa na Sayari

Ninajivunia kwamba hatua ambazo KenGen imepiga katika kutatua mabadiliko ya tabianchi zimekuwa na athari kubwa katika kupunguza utoaji wa gesi za kaboni na itachukua nafasi kubwa katika kufanya ulimwengu kuwa mahali bora kwa vizazi vya sasa na vijavyo.

KenGen imeshughulikia janga la mabadiliko ya tabianchi kwa kuweka malengo yanayotegemea sayansi ya kupunguza utoaji wa gesi kupitia matumizi ya vyanzo mbadala vya kawi, kwa lengo la kufikia nusu ya utoaji wa gesi chafu kufikia 2030 na kutotoa gesi hata kidogo almaarufu Net Zero kufikia 2050.

Tunasalia kutambua mahitaji yanayoendelea kukua ya uzalishaji endelevu wa umeme ili kukidhi mahitaji yanayoendelea kukua ya kawi. Huku zaidi ya 86% ya kawi ikiwa inatokana na vyanzo mbadala vya kawi, lengo letu linasalia kuwa na mpwito wa 100% kulingana na malengo ya Serikali kuhusu utoaji wa kawi ya vyanzo mbadala nchini Kenya.

Hakika, uendelevu ni nguzo kuu katika kila kitu tunachofanya, yaani kukidhi mahitaji ya sasa bila kuhitilafiana na mahitaji ya vizazi vijavyo. Sisi ni mabalozi wa kawi asili kote barani Afrika tukiwa na mradi unaoendelea wa kupekecha kawi ya mvuke nchini Ethiopia, Djibouti na huduma za ushauri kuhusu kawi ya mvuke nchini Rwanda, Jamhuri ya Kidemokrasia ya Kongo na Komoros.

KenGen katika COP26

Katika Kongamano la Viongozi wa Dunia la COP26 lililofanyika mnamo Novemba 2, 2021 kule Glasgow, nchini Scotland, aliyekuwa Mkurugenzi Mtendaji na Afisa Mkuu Mtendaji wa KenGen, Bi. Rebecca Miano, alikuwa mwanajopo pekee kutoka Afrika katika kipindi ambacho kauli mbiu yake ilikuwa, Kuendeleza Uvumbuzi na Matumizi ya Teknolojia Safi. Katika majadiliano hayo, Bi Miano alisisitiza kujitolea kwa KenGen kupigana na Mabadiliko ya Tabianchi na kuunga mkono ari ya Serikali ya Kenya ya kufikia matumizi ya kawi ya vyanzo mbadala kwa asilimia 100 kufikia 2030.

Wajumbe wakuu waliokuwepo ni pamoja na: Rais wa Kenya Uhuru Kenyatta, Rais wa Marekani, Joe Biden, aliyekuwa Waziri Mkuu wa Uingereza, Boris Johnson, Waziri Mkuu wa India, Narendra Modi, miongoni mwa Marais na viongozi wengine wa dunia, ikiwa ni pamoja na mwana wa Kifalme wa Cambridge, Prince William, na viongozi wengine wa dunia na wasamaria wema kutoka kote ulimwenguni.

KenGen iliandaa Kongamano la Kawi Endelevu

KenGen kwa ushirikiano na Wizara ya Kawi ilipanga Kongamano la Kwanza

7.5%

ukuwaji wa uchumi mwaka 2021 baada ya kupungua kwa 0.3% mwaka 2020.

*Utafiti wa Kiuchumi wa Kenya.

2,057MW

Hitaji la umeme liliendelea kukua huku nchi ikirekodi kiwango cha juu kipya cha hitaji cha mwezi Juni 2022.

86%

kawi ikiwa inatokana na vyanzo mbadala vya kawi, lengo letu linasalia kuwa na mpwito wa **100%.**

"KenGen imeshughulikia janga la mabadiliko ya tabianchi kwa kuweka malengo yanayotegemea sayansi ya kupunguza utoaji wa gesi kupitia matumizi ya vyanzo mbadala vya kawi, kwa lengo la kufikia nusu ya utoaji wa gesi chafu kufikia 2030 na kutotoa gesi hata kidogo almaarufu Net Zero kufikia 2050.

Generali (Rtd) Samson Mwathethe, EGH, MBS, DCO
Mwenyekiti wa Bodi

Taarifa ya Mwenyekiti

Kabisa la Kawi Endelevu lililofanyika katika kituo cha Olkaria, Geothermal Spa kule Naivasha tarehe 16 na 17 Juni 2022. Mgeni Mheshimiwa alikuwa ni Waziri wa Kawi, Balozi Dkt. Monica Juma, EGH.

Kongamano hilo lilileta pamoja washikadau katika sekta ya kawi wenye maarifa, uzoefu na mambo ya hivi punde katika sekta hii kabla ya COP27 itakayofanyika Novemba 2022 nchini Misri. Ili kutoa maarifa ya kusaidia kufikia malengo ya kiuchumi ya muda wa wastani na muda mrefu ya Afrika, na vilevile kufikia Malengo Endelevu ya Maendeleo ya Umoja wa Mataifa kufikia mwaka wa 2030. Kongamano hilo lilikuwa ni jukwaa nzuri kwa Kenya na Afrika kuchochea mazungumzo kuhusu mpwito wa kawi ya Afrika na usalama ili kupiga jeki bara hili kufikia kiwango kingine cha maendeleo ya kijamii na kiuchumi kwa njia endelevu.

KenGen katika Majadiliano kuhusu Kawi ya Afrika 2022

Majadiliano ya Kawi ya Afrika (AEF) ni jukwaa la kimataifa linaloleta pamoja washikadau katika nyanja ya kawi barani Afrika, ili kujadili njia za kufikia sekta endelevu, inayoweza kufikiwa, ya bei nafuu na yenye thamani. Tukio la 2022 lilifanyika nchini Brussels, Ubelgiji kati ya tarehe 21 na 24 Juni. KenGen iliwakilishwa vyema na bodi yetu ikiongozwa na Bi. Phyllis Wakiaga, Bw. Maurice Nduranu na Mimi mwenyewe.

Kuwepo kwa KenGen katika tukio hilo kulifanikishwa kwanza kabisa kwa msingi wa kuwa sisi ni shirika la serikali lililo katika mstari wa mbele katika uzalishaji na utoaji wa kawi kwa mojawapo ya uchumi kubwa zaidi barani Afrika. Pili, uzalishaji wa kawi ya mvuke na KenGen inachangia moja kwa moja kwa ukadiriaji wa Kenya kati ya nchi 10 bora duniani zilizo na uwezo wa kutoa kawi ya mvuke. Kando na haya, KenGen iliwakilisha mfano wa kimataifa wa shirika linalowezesha ukuaji wa kiuchumi wa taifa, kwa kutoa umeme ambao kimsingi unatokana na vyanzo mbadala vya kawi, hali ambayo ni ya kupigiwa mfano wakati ambapo kuna mwito kote duniani wa matumizi ya kawi safi.

Mambo makuu ya onyesho hilo ilikuwa ni pamoja na kuonyesha msururu uliohuishwa ambao ulishirikisha Afisa Mkuu Mtendaji wa KenGen Bi Rebecca Miano, uliokuwa ukisimulia hadithi ya msichana mdogo Mwafrika ambaye alikua wakati wa changamoto ya kufikia kawi barani, na kuwa sauti iliyoongoza harakati za kupigania kawi ya vyanzo mbadala barani Afrika. Pili, Kenya kushiriki katika majadiliano ya kiwizara chini ya kauli mbiu ya "Africa for Africa: Building Energy for the Just Transition", ilifanywa na mimi, nikiwa kama mwakilishi wa Waziri wa Kawi, Balozi. Dkt. Monica Juma, EGH. Majadiliano haya, ambayo yalihusisha Mawaziri kumi na nane kutoka kote barani, yalionyesha ukuu wa Kenya na KenGen katika kuwa na uchumi ambao unategemea kimsingi kawi ya vyanzo mbadala. Jambo kuu la mwisho katika tukio hilo lilikuwa ni kushiriki kwa wanachama kutoka jukwaa la vijana wa KenGen (Y-Gen) katika Mkutano wa kwanza wa Vijana kuhusu Kawi, ambao ni jukwaa lililozinduliwa na AEF ili kuleta pamoja wataalamu, viongozi na wajasiriamali wa kawi wa siku za baadaye.

Tunatazamia mkutano wa AEF mwaka wa 2023, ambao utaandaliwa jijini Nairobi, Kenya.

Mkakati Mpya wa Shirika

Katika mpango wetu wa kufanya marekebisho kutokana na mabadiliko ya kibiashara na kimazingira, KenGen imeweka malengo mapya ya mkakati wake wa kishirika ili kutumia fursa ambazo zimeibuka kutoka kwa mambo yanayovuma kote duniani na ya

Mapato yaliongezeka kwa **7.5%** kutoka **KShs 45,791M** kwa **KShs 49,226M** mwaka wa 2021

kiteknolojia, kupitishwa kwa Sheria ya Kawi 2019, na mapendekezo ya Jopo Kazi la Rais kuhusu Ukaguzi wa Makubaliano ya Ununuzi wa Kawi.

Mkakati Uliowekwa Upya wa Horizon II unalenga mbinu pana ya upanuzi na uundaji wa ushirikiano thabiti kwa ajili ya ukuaji endelevu ili kuwezesha Kampuni hiyo kufanya mikondo yake kadhaa ya mapato kuwa ya kibiashara. Mkakati huu utaendelea kuwa kichocheo kwa KenGen kuchunguza fursa za upanuzi nchini Kenya na mbali.

Utoaji Huduma kwa Ufanisi kupitia Kandarasi za Utendaji

Utamaduni wa uwajibikaji na uwazi katika usimamizi wa huduma ya umma kupitia uwekaji wa kandarasi za utendaji katika taasisi zetu umekuwa muhimu kwa ufanisi wetu. Tumeendelea kutimiza ahadi yetu ya kuipa taifa hili kawi huku tukibuni thamani kwa ajili yako. Bodi ya KenGen inatambua kikamilifu nafasi ya utawala thabiti wa shirika katika kufikia upeo wa juu wa thamani kwa wenyehisa. Tunaendelea kufuatilia hatari zozote zinazoweza kuwa kikwazo dhidi ya kufikia mkakati wetu. Ni kwa sababu hii ambapo katika mwaka unaokaguliwa, Kampuni hii ilipata alama ya Vyema kufuatia utambuzi wa utendaji uliofanywa na Kitengo cha Kusimamia na Kufuatilia Utendaji wa Huduma kwa Umma.

Uhusishwaji wa Washikadau

Katika mwaka unaokaguliwa, Kampuni hii iliendelea kutambua umuhimu wa kuhusisha washikadau ili kuelewa mahitaji na wasiwasi wao. Kwa kujenga kwenye ufanisi wa mkakati wetu wa kuhusisha jamii, tumeendelea kuwa na athari chanya kwa jamii inayotuzunguka kupitia kamati za kushirikisha washikadau wa kila aina.

Matokeo ya Kifedha

Kukuza vyanzo vyetu vya mapato ni jambo tunalolipa kipaumbele na Kampuni hii iko mbioni kuboresha utendaji wa kifedha kwa kiwango kikubwa. Mapato yaliongezeka kwa 7.5% kutoka milioni Kshs 45,791 mwaka wa 2021 hadi milioni Kshs 49,226 huku faida baada ya kodi ikikua kwa 157% kutoka milioni Kshs 1,830 katika mwaka uliotangulia hadi milioni Kshs 4,719 kwa kipindi kilichokamilika tarehe 30 Juni 2022. Nafasi ya kifedha ya Kampuni imesalia thabiti huku maanani yakiwekwa katika uundaji na uhifadhi wa thamani ya washikadau.

Migao

Bodi yako ina furaha kupendekeza malipo ya mgao wa kwanza na wa mwisho wa KShs.0.20 kwa kila hisa kwa mwaka wa kifedha unaokamilika tarehe 30 Juni 2022. Washikadau wakiidhinisha katika Mkutano Mkuu wa Kila Mwaka, mgao wa mapato ya hisa utalipwa mnamo au karibu tarehe 30 Machi 2023.

Shukrani za Mwenyekiti

Ningependa kushukuru wenzangu kwenye Bodi kwa ustahimilivu na kujitolea kwao katika mwaka mzima, katika kutoa tathmini za ufanisi na mwongozo kwa usimamizi kushughulikia. Ujuzi, hekima na uzoefu wao umeongeza pakubwa thamani kwa kampuni hii na kuchangia kwa mafanikio katika mwaka wa kifedha hali iliyohakikisha masilahi na thamani ya washikadau imelindwa. Ninashukuru Serikali ya Kenya na wizara yetu mama, Wizara ya Kawi kwa kutoa msaada usiotetereka na ujasiri walioutoa kwa Bodi ya Wakurugenzi. Nia yao ya kushirikisha KenGen huku tukipiga jeki juhudi za kujenga nchi kwa kutoa kawi kwa taifa ambayo ni kigezo muhimu kinachowezesha ustawi wa taifa.

Kadhalika, ninashukuru sana Afisa wetu Mkuu Mtendaji Bi Rebecca Miano na timu yake ya usimamizi kwa uongozi wao wa kipekee na kuendesha biashara vyema na kutoa thamani kupitia utendaji bora ambao tumeurekodi. KenGen imeendelea kukua kutoka kiwango kimoja cha uwezo hadi kingine kutokana na kujitolea na umakinifu wa Usimamizi na wafanyakazi. Hawajakosa kumakinikia malengo ya kimakakati ya Kampuni hii, na ninawapa shukrani kwa kuendelea kufanya kwa bidii.

Ninashukuru washirika wetu wa maendeleo ya kifedha ambao wameendelea kusaidia mkakati wetu kwa kutoa ufadhili unaofaa ambao umehakikisha kwamba KenGen imesalia kuwa mbioni kufanikisha miradi iliyopanga. Hatimaye, ninawahimiza nyote kujilinda tunapopiga hatua mbele na kufanya kazi pamoja kuhakikisha mustakabali mwema kwetu sote.

Generali (Mstaafu) Samson Mwathethe, EGH, MBS, DCO
Mwenyekiti wa Bodi

Message from the Managing Director & CEO

Abraham Serem
Ag. Managing Director & CEO

Dear Shareholders,
I am pleased to present to you the 2022 performance which was delivered as the economy is recovering from the reeling effects of COVID-19 pandemic. KenGen stepped into the year with renewed optimism to do better.

We remained focused on our strategic initiatives and continued to deliver on our mandate. With an accelerated growth and recovery in national electricity demand, we were committed to ensuring steady and reliable supply of competitively priced electricity to support Kenya's economy. This contributed to our overall improved performance.

Our Strategy

Our goal is to continue to propel renewable energy agenda in line with our Good-to-Great (G2G) Corporate strategy focusing on powering the economy through increasing capacity and value creation to our stakeholders.

The ever-changing operating environment demands that we keep reviewing our strategy to leverage on new opportunities while mitigating evolving risks. We refreshed our corporate strategy with a focus on commercialization of our diversification plans and a focus on creating strong partnerships for growth.

In pursuing our strategy, the company identified key priority projects that include Tier IV Data Centre, Central Engineering Workshop, Solar Panel Manufacturing and KenGen Energy Park to drive our revenue streams.

To build a competitive business that leverages on digital technology, we launched our ICT strategy to drive our digital transformation in the Company to reengineer existing and new business processes, culture, and customer

"Our goal is to continue to propel the renewable energy agenda to ensure the Kenyan economy is powered by a baseload of clean and renewable power in line with our refreshed Good-to-Great (G2G) Strategy."

experiences to increase efficiency, usability, and cost effectiveness.

As a responsible corporate citizen, our strategy is geared towards supporting Kenya's long term development plans to transform Kenya into a globally competitive, newly industrialized, middle income and prosperous country.

Delivering at Critical Times

We remained committed to our responsibility to provide the nation with a secure supply of competitively priced renewable energy. Our Corporate discipline committed workforce, enabled us to navigate the challenging business environment over the past 12 months which ensured consistent availability of our generation fleet. KenGen supplied 7,918GWh out of the 12,598.8GWh of electricity energy consumed in the country. 86% of this energy was from renewable energy of hydros, geothermal and wind and remained the most reliable affordable generator.

Efficiency Enhancement Initiatives

KenGen is pursuing several efficiency enhancement initiatives and innovations which are currently at various stages of development and implementation. These include but are not limited to the following:

i) 280MW geothermal Power plants Uprating project. This will improve the efficiency of geothermal steam resource utilization and reduce breakdowns associated with pressure Let-down Stations.
ii) Raising Masinga Dam to enhance affordable energy availabilities which will displace expensive thermal energy.
iii) Implementation of Internet of Things (IOT) technology. This will lead to more efficient operations and maintenance practices which in turn improves our generating fleet availabilities.
iv) Adoption of Framework Arrangement procurement method. This will ensure timely availabilities of critical spares.
v) Adoption of Reliability Centered maintenance practices. This will improve reliability and hence availabilities of KenGen Fleet.
vi) Specific steam efficient steam turbines- Prospective suppliers are incentivized to supply efficient steam turbines by gaining points for more efficient turbines.
vii) Improved geothermal wells siting technologies and strategies has led to very high success rates and higher power outputs

Growing the Business

During the year we completed the construction of 86MW Olkaria I Unit 6 Geothermal Power Plant that will supply the nation with clean affordable and reliable electricity. This now brings our Geothermal installed capacity to 799MW from 713MW in 2021.

We completed the upgrading of Wanjii Hydro Power Station to increase its capacity from 7.4MW to 8.2MW. Further, we completed the two-year rehabilitation of Masinga Hydro Power Plant that had derated to 24MW and restored it to its optimum capacity of 40MW.

We continued to cement our geothermal regional footprint through implementation of drilling contracts in Ethiopia and Djibouti while prospecting new growth areas in Rwanda, Democratic Republic of Congo and Comoros.

We are proud that the former President Uhuru Kenyatta commissioned our 86MW Olkaria I AU 6 geothermal power plant, since its groundbreaking in 2019, the construction of the plant went well despite the COVID-19 pandemic the Board and employees worked tirelessly

During the year we completed the construction of

86 MW

Olkaria I Additional Unit 6 Geothermal Power Plant

Geothermal installed capacity

799 MW

713MW in 2021.

We completed the upgrading of Wanjii Hydro Power Station to increase its capacity from **7.4MW** to

8.2 MW

We completed the upgrading of Wanjii Hydro Power Station to increase its capacity from 7.4MW to 8.2MW. Further, we completed the two-year rehabilitation of Masinga Hydro Power Plant that had derated to 24MW and restored it to its optimum capacity of 40MW.

Abraham Serem
Ag. Managing Director & CEO

Message from the Managing Director & CEO

to ensure that the project was on course and delivered within the projected timeline. This demonstrates our resilience and spirit to succeed.

Broadening Our Revenue Sources

To secure our sustainable future, we continue to focus on expanding our operations to include additional markets and service offering that is geared towards broadening our revenue sources. Diversification remains a key strategy to our business sustainability and will not disrupt our core mandate of generation of affordable electric energy for the nation. During the year we continued to implement geothermal drilling contracts in Ethiopia where we have drilled 10 wells. The Company has leveraged on its expertise and identified several priority diversification projects which we can quickly actualise and gain added shareholder value. The Solar PV Assembly Plant, the KenGen Energy Park, the Central Engineering Workshop and the Tier 4 Data Centre will enhance our diversification agenda.

Regulatory Environment

During the year, the Energy Sector experienced a raft of changes in the regulatory environment driven by the Report on the Presidential Task Force Recommendations on Review of Power Purchase Agreements (PPAs) and the Energy Act, 2019. There were both institutional and operations sectoral changes:

- The Least Cost Power Development Plan was reviewed to align with the current projected power demand.
- The appointment of an independent new system operator away from the Offtaker to optimise economic order of merit in electricity dispatch.
- Use of KenGen electricity pricing as the benchmark for tariff setting in the industry
- KenGen was granted the first right of refusal for geothermal power plant development whenever drilled steam is on offer by Geothermal Development Company.
- KenGen Takeover of the Operations & Maintenance of the REREC-owned 50MW Garissa Solar Power Plant.
- Lowering of the electricity tariffs by the sector.

Financial Performance

2022 has been a year of recovery and strategic progress for KenGen. The business returned positive performance reflecting Kenya's economic recovery. We have reported growth in profitability.

Revenue increased by 7.5% from KShs45,791 million in 2021 to KShs49,226 million in 2022, while Profit After Tax rose by 157% from KShs1,830 million in the prior year to KShs4,719 million for the period ending 30th June 2022.

Earnings per share grew from Kshs 0.28 to KShs0.72 in the current period ending 30th June 2022. The Company's financial position remains firm with the focus on shareholder value creation.

People and Culture

I acknowledge the tenacity of our employees during the pandemic which enabled KenGen remain focused on its strategic mandate and deliver uninterrupted electric energy to Kenyans. We continued to build future ready skills and provided employees with a differentiated experience to strengthen our corporate culture of innovation, inclusion and performance excellence.

KenGen launched a youth empowerment program dubbed Y-Gen, that seeks to promote career development of young employees as part of the Company's diversity mainstreaming agenda. The youth constitute 30% of the total staff complement in KenGen making them a key component in the delivery of the company's growth strategy and in succession management.

Climate Action

KenGen with a generation portfolio of 86% renewable energy sources is taking deliberate steps to reduce carbon emissions with actions and commitments locally and internationally. As a company, we have committed to the Caring for Climate Working Group of the United Nations Global Compact (UNGC) and the UN-backed global campaign to combat global warming.

Our actions in carbon emission reduction towards a net-zero future has earned KenGen a global status of climate champion and accorded us a prestigious position of industry leader in climate change action.

In June 2022, the Commonwealth appointed KenGen to lead a Commonwealth Action Group on Geothermal Energy in efforts to stem climate change after recommendation by Government of Kenya through the Ministry of Energy. The Action Group will assist member states to adopt clean energy through inclusive transition, technology, innovation and creating an enabling framework towards achieving a just and inclusive clean energy shift across the Commonwealth.

This year, KenGen was invited to be part of United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP26) President Business Leaders Group to help accelerate private sector commitment to the zero-carbon economy across sectors and supply value chains. This is in support of the COP26 Presidency effort to achieve significant progress in the lead to COP27.

Brand Visibility

KenGen brand has grown overtime and today, our brand visibility across media and social media platforms is more pronounced. This is attributed to

KenGen with a **generation** portfolio of **renewable** energy **86%**

Ngong Wind Farm

our deliberate efforts through various continued campaigns to educate a global audience on our mandate as well as our strategic focus.

As part of enhancing the media relations, the Company organized a High-Level Media Stakeholder Engagement and Focus Group Discussion with Business Reporters and Editors to boost their capacity in energy reporting and accurate coverage of KenGen as a brand.

We are proud of our employee brand advocacy program that seeks to increase visibility of the KenGen brand. This program has significantly bolstered the Company brand visibility and strengthened KenGen's reputation online. For this, KenGen has earned recognition and won the 2021 New Media Public Relations Campaign by the Public Relations Society of Kenya. The campaign #EnergyChampion had an overall social media reach of 66 million in 2020 from an average of 36 million in 2019.

Future Outlook

We remain confident that our corporate Strategy, strategic priorities, and the emerging regional renewable energy opportunities will continue to deliver value and benefits to our stakeholders in the years to come. Our goal is for KenGen to be recognised as an innovative and market-leading player in harnessing of renewable energy globally. We are an organisation that has the proven ability to adapt to environmental and climatic challenges, lead the development of new renewable energy solutions and achieve great outcomes for our stakeholders and the country. We are beginning another year ahead with excitement and optimism, having laid out plans to continue ramp-up of our diversification projects in Ethiopia, Djibouti and other new business opportunities that are consistent with our renewable energy focus. In particular we look forward to:

- Redevelopment of the forty-year-old 45MW Olkaria I geothermal power plant to give it a new lease of life and boost its capacity to 51MW.
- Uprating of Olkaria I Additional Unit 4&5 and Olkaria IV from the current combined 280MW to 320MW.
- Construction of a 42.5MW ground mounted grid connected Solar PV power plant at Kamburu.
- Redevelopment of Gogo power station to increase its capacity from 2MW to 8.6MW.
- Partnership with the Nairobi County to develop a Waste-to-Energy power plant which is set to not only clean the city of garbage but in addition generate 45MW of electricity.
- Feasibility study for a 250MW Battery Energy Storage System (BESS).

Appreciation

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

My gratitude also goes to the entire KenGen family for their resilience and dedication to our corporate theme of "Build, Bring out the Best and Be Present with Excellence" as we continued to deliver on our strategic aspirations.

Abraham Serem
Ag. Managing Director & CEO

Ujumbe wa Mkurugenzi Mkuu na Afisa Mtendaji

Abraham Serem
Kaimu Mkurugenzi Mkuu na Afisa Mtendaji

Wapendwa Wenyehisa,
Ninafurahi kuwapa ripoti ya utendakazi wa 2022 uliopatikana huku uchumi ukiendelea kurudi katika hali ya kawaida baada ya athari mbaya za janga tandavu la UVIKO-19. KenGen ilianza mwaka mpya ikiwa na matumaini mapya ya kufanya vyema zaidi.

Tuliendelea kutilia maanani mipango yetu ya kimkakati na kujitahidi ili kufanikisha wajibu wetu. Kutokana na uchapukaji wa maendeleo pamoja na kurejea kwa uhitaji mkubwa wa umeme kwenye ngazi ya kitaifa, tuliendelea kujitolea ili kuhakikisha kwamba kuwa usambazaji thabiti na unaotegemewa wa umeme wenye bei nafuu ili kusaidia uchumi wa Kenya. Hii ilichangia pakubwa katika kuimarika kwa utendaji wetu kwa ujumla.

Mkakati Wetu

Lengo letu ni kuendelea kushughulikia ajenga kuhusu kawi ya vyanzo mbadala kulingana na mkakati wetu wa Shirika wa Good-to-Great (G2G) unaolenga kusambaza umeme kwenye uchumi wetu kupitia kuongeza uwezo na kuunda thamani ya washikadau wetu.

Mazingira ya kuendesha biashara ambayo hubadilika kila mara yanatushurutisha kufanyia mabadiliko mkakati wetu kila mara ili kutumia fursa mpya huku tukikabiliana na hatari zinazobadilika kila mara. Tuliweka mkakati mpya wa shirika letu kwa kupania kufanya mipango yetu ya kutoa huduma anuwai kuwa ya kibiashara na kulenga kuunda ushirikiano thabiti ili kuwezesha ukuaji.

Katika kutekeleza mkakati wetu, kampuni hii ilitambua miradi muhimu ya kupewa kipaumbele ambayo ni pamoja na Kituo cha data cha Kiwango cha IV, Warsha Kuu ya Uhandisi, Utengenezaji wa Paneli ya Sola na Kambi ya Kawi ya KenGen ili kuendesha mikondo yetu ya mapato.

Ili kujenga biashara yenye ushindani inayotumia teknolojia ya kidijitali,

"

Lengo letu ni kuendelea kushughulikia ajenga kuhusu kawi ya vyanzo mbadala kulingana na mkakati wetu wa Shirika wa Good-to-Great (G2G) unaolenga kusambaza umeme kwenye uchumi wetu kupitia kuongeza uwezo na kuunda thamani ya washikadau wetu.

tulizindua mkakati wetu wa TEHAMA ili kuendesha mageuzi yetu ya kidijitali katika Kampuni hii kwa lengo la kuunda upya michakato iliyopo na mipya ya biashara, desturi, na hali ya matumizi ya wateja ili kuongeza ufanisi, uwezo wa kutumika na ufaafu wa gharama.

Kama mwananchi anayewajibika kibiashara, mkakati wetu unalenga kuwezesha mipango ya maendeleo ya muda mrefu ya Kenya ili kufanya Kenya kuwa na ushindani wa kimataifa, kuwa nchi mpya ya viwanda, mapato ya kati na inayostawi.

Mafanikio katika Kipindi kigumu

Tuliendelea kujitolea kufanikisha jukumu letu la kusambaza kawi ya vyanzo mbadala ya bei nafuu kwa taifa letu. Wafanyakazi wetu wenye nidhamu ya Kibiashara, walituwezesha kukabiliana na mazingira yenye changamoto nyingi za kibiashara katika miezi 12 iliyopita hali iliyohakikisha upatikanaji wa uzalishaji wetu kila wakati. KenGen ilisambaza 7,918 GWh kati ya 12,598.8GWh ya kawi ya umeme uliotumika nchini. 92.6% ya kawi hii ilitokana na kawi ya vyanzo mbadala kutoka kwenye maji, kawi ya mvuke na upepo na kawi hiyo ilisalia kuwa chombo kikuu cha kuzalisha kawi ya bei nafuu na ya kutegemewa zaidi.

Mipango ya Kuimarisha Ufanisi

KenGen inashughulikia mipango kadhaa ya kuimarisha ufanisi na uvumbuzi ambao kwa sasa iko katika viwango tofauti vya maendeleo na utekelezaji. Hii ni pamoja na lakini haijifungi tu kwa miradi ifuatayo:

i) Mradi wa Kuimarisha vituo vya Kawi ya mvuke vya 280MW. Hii itaboresha ufanisi wa matumizi ya rasilimali ya mkondo ya kawi ya mvuke na kupunguza hitilafu zinazohusishwa na Vituo Visivyofanya Vyema vya shinikizo.
ii) Kuinua Bwawa la Masinga ili kuimarisha upatikanaji wa kawi ya bei nafuu ambayo itachukua nafasi ya kawi ya joto ambayo ni ghali.
iii) Utekelezaji wa teknolojia ya Mtandao wa Masuala (IOT). Hii itasababisha utendakazi wenye ufanisi zaidi na matendo ya udumishaji ambayo pia itaboresha upatikanaji wa bidhaa zetu za uzalishaji.
iv) Kutumia mbinu ya ununuzi ya Upangaji wa Mfumo. Hii itahakikisha upatikanaji wa sehemu muhimu za maunzi.
v) Matumizi ya matendo ya udumishaji Yanayolenga Utegemezi. Hii itaboresha utegemezi na hivyo upatikanaji wa Bidhaa za KenGen.
vi) Mitambo mahususi ya magurudumu yenye ufanisi wa mvuke- Mashirika yenye uwezo wa kuwa wasambazaji wanawezeshwa ili kusabambaza mitambo ya ufanisi wa mvuke kwa kupata alama kwa ajili ya mitambo yenye ufanisi zaidi.
vii) Teknolojia na mikakati iliyoboreshwa ya chimbo za kawi imesababisha viwango vya juu vya ufanisi na matokeo ya juu zaidi ya kawi.

Kukuza Biashara

Katika mwaka huu, tulikamilisha ujenzi wa Kituo cha Ziada cha Kawi ya Mvuke Kitengo cha 6 cha Olkaria I chenye uwezo wa 86MW ambacho kitasambaza umeme wa bei nafuu na wa kutegemewa nchini. Hii inafanya uwezo wetu tuliosakinisha wa Kawi ya Mvuke kuwa 799MW kutoka 713MW mnamo 2021.

Tulikamilisha kuboresha Kituo cha Kawi ya Maji cha Wanjii ili kuongeza uwezo wake kutoka 7.4 MW hadi 8.2MW. Pia, tulikamilisha ukarabati uliodumu miaka miwili wa Kituo cha Kawi ya Maji cha Masinga ambacho kilishuka hadi 24MW na kukirejesha kwa kiwango chake bora cha 40MW.

Tuliendelea kudumisha uwepo wetu kikanda kupitia utekelezaji wa mikataba ya kupekecha kawi nchini Ethiopia na Djibouti huku tukitarajia nyanja mpya za ukuaji nchini Rwanda, Jamhuri ya Kidemokrasia ya Kongo na Komoros.

Tunajivunia kwamba Rais Uhuru Kenyatta alizindua kituo chetu cha kawi ya mvuke cha 86MW Olkaria AU 6, tangu tuanzishwa kwake mwaka wa 2019, ujenzi wa kituo hiki uliendelea vyema licha ya tandavu ya UVIKO-19,

Katika mwaka huu, tulikamilisha ujenzi wa Kituo cha Ziada cha Kawi ya Mvuke Kitengo cha 6 cha Olkaria I chenye uwezo wa

86MW

Uwezo tuliosakinisha wa Kawi ya Mvuke

799MW

kutoka **713MW** mnamo 2021.

Tulikamilisha kuboresha Kituo cha Kawi ya Maji cha Wanjii ili kuongeza uwezo wake kutoka **7.4MW** hadi

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"

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Tulikamilisha kuboresha Kituo cha Kawi ya Maji cha Wanjii ili kuongeza uwezo wake kutoka 7.4 MW hadi 8.2MW. Pia, tulikamilisha ukarabati uliodumu miaka miwili wa Kituo cha Kawi ya Maji cha Masinga ambacho kilishuka hadi 24MW na kukirejesha kwa kiwango chake bora cha **40MW.**

Abraham Serem
Kaimu Mkurugenzi Mkuu na Afisa Mtendaji

Ujumbe wa Mkurugenzi Mkuu na Afisa Mtendaji

Bodi na wafanyakazi walifanya kazi bila kuchoka ili kuhakikisha kwamba mradi huo uliendelea na kuwasilishwa ndani ya makataa ya muda yaliyotazamiwa. Hii inaonyesha ustahimilivu wetu na nia ya kufanikiwa.

Kupanua Vyanzo Vyetu vya Mapato

Ili kufikia mustakabali wetu endelevu, tunaendelea kulenga kupanua utendakazi wetu ili kujumuisha soko na huduma za ziada zinazolenga kupanua vyanzo vyetu vya mapato. Upanuzi inasalia kuwa mkakati muhimu katika uendelevu wa biashara yetu na hautavuruga wajibu wetu kuu wa kuzalisha kawi ya umeme ya bei nafuu kwa taifa. Katika mwaka huu, tuliendelea kutekeleza upekecho wa kawi ya mvuke nchini Ethiopia ambapo tumepekecha chimbo 10. Kampuni hii imetumia utaalamu wake na kutambua miradi kadhaa ya kupewa kipaumbele katika upanuzi ambayo yanaweza kufanikisha na kupata thamani iliyoongezwa ya wenyehisa. Kituo cha Solar PV Assembly, KenGen Energy Park, Central Engineering Workshop na Kituo cha Data cha Kiwango cha 4 zitaimarisha ajenda yetu ya upanuzi.

Mazingira ya Kiudhibiti

Katika mwaka huu, Sekta ya Kawi ilipitia mabadiliko kadhaa katika mazingira ya kiudhibiti yaliyosababishwa na Ripoti kuhusu Mapendekezo ya Jopo Kazi la Rais kuhusu Ukaguzi wa Makubaliano ya Ununuzi wa Kawi (PPA) na Sheria ya Kawi, 2019. Kulikuwa na mabadiliko ya kitaasisi na utendakazi wa sekta:

- Mpango wa Maendeleo ya Gharama Nafuu ya Kawi ilikaguliwa ili kuuambatanisha na hitaji la sasa la kawi.
- Uteuzi wa mwendesha mfumo huru na mpya ambaye si Mnunuzi Mshirika ili kuboresha utaratibu wa kiuchumi wa wanaostahiki katika usambazaji wa umeme.
- Matumizi ya bei ya umeme ya KenGen kama kielelezo cha kuweka bei katika sekta hii
- KenGen ilipewa haki ya kwanza ya kukataa maendeleo ya kituo cha kawi ya mvuke kila mvuke uliopekechwa ukitolewa na Kampuni ya Maendeleo ya Kawi ya Mvuke.
- KenGen kuchukua udhibiti wa Utendakazi na Udumishaji wa Kituo cha Kawi ya Sola cha Garissa chenye uwezo wa 50MW kinachomilikiwa na REREC.
- Kupunguzwa kwa bei za umeme na sekta.

Matokeo ya Kifedha

2022 umekuwa mwaka wa urejesho na kupiga hatua ya kimikakati kwa KenGen. Biashara ilikuwa na utendaji chanya unaoakisi urejesho wa kiuchumi wa Kenya. Tumeripoti ukuaji katika faida:

- Mapato yaliongezeka na asilimia 7.5% Kshs 45,791 Milioni Mwaka jana 2021 hadi Kshs 49,227 Milioni mwaka wa 2022 na faida baada ya kodi iliongezeka kwa asilimia 157% ya Kshs 1,830 Milioni mwaka jana hadi 4,917 Milioni mwaka wa kifedha wa 30 Juni 2022.
- Kipato kwa hisa kiliongezeka kutoka Kshs 0.28 hadi Kshs 0.72 kwa mwaka wa kifedha 30 Juni 2022.

Nafasi ya kifedha kampuni imendelea kuwa dhabiti huku ikizingatia kukuza thani ya wanahisa.

Watu na Utamaduni

Ninakubali kuwepo kwa ustahimilivu wa wafanyakazi wetu wakati wa tandavu ambao uliwezesha KenGen kuendelea kuwa na malengo ya kutimiza wajibu wake wa kimkakati na kutoa kawi ya umeme kwa Wakenya bila kukatiza. Tuliendelea kukuza ujuzi utakaofaa siku za baadaye na kuwapa wafanyakazi uzoefu wa aina mbalimbali ili kuimarisha utamaduni wetu wa kibiashara wa uvumbuzi, ujumuishaji na ufanisi katika utendaji.

KenGen ilizindua mpango wa kuwawezesha vijana almaarufu Y-Gen, unaolenga kuendeleza ukuaji wa kitaaluma wa wafanyakazi wadogo kama sehemu ya ajenda ya kulainisha uanuwai wa Kampuni. 30% ya jumla ya wafanyakazi ni vijana katika KenGen, hii ikiwafanya kuwa sehemu muhimu katika kufanikisha mkakati wa ukuaji wa kampuni katika usimamizi wa urathi.

Hatua kuhusu Mabadiliko ya Tabianchi

KenGen ikiwa na uwezo wa 86% wa vyanzo vya kawi ya vyanzo mbadala inachukua hatua kwa hiari ili kupunguza utoaji wa gesi za kaboni kwa hatua na kujitolea nchini na kimataifa. Kama kampuni, tumejitolea kwa Kundi Linalofanya kazi la Utunzi kutokana na Mabadiliko ya Tabianchi la United Nations Global Compact (UNGC) na kampeni inayoungwa mkono na Umoja wa Mataifa ua kukabiliana na mabadiliko ya tabianchi.

Hatua zetu katika kupunguza utoaji wa gesi za kaboni ili kufikia mustakabali usio na uchafuzi wa hewa hata kidogo zimeipa KenGen hadhi ya kimataifa kama balozi wa tabianchi na kutupatia nafasi yenye hadhi kama kiongozi katika sekta kuhusu masuala ya kuchukua hatua ya mabadiliko.

Mnamo Juni 2022, Jumuiya ya Madola iliteua KenGen kuongoza Kundi la Hatua la Jumuiya ya Madola kuhusu Kawi ya Mvuke katika juhudi za kukabili mabadiliko ya tabianchi baada ya kupendekezwa na Serikali ya Kenya kupitia Wizara ya Kawi. Kundi hilo la Hatua litasaidia nchi wanachama wake kutumia kawi safi kupitia mpwito jumuishi, teknolojia, uvumbuzi na kuunda mfumo unaowezesha katika kufikia mageuzi ya haki na jumuishi ya kawi safi kote katika Jumuiya ya Madola.

Mwaka huu, KenGen ilialikwa ili kuwa sehemu ya Kongamano la washikadau wa Mfumo wa Umoja wa Mataifa kuhusu Mabadiliko ya Tabianchi (UNFCCC) wa Kundi la Viongozi wa Biashara walioteuliwa na Rais ili kusaidia kuendesha kujitoa kwa sekta ya kibinafsi kwenye uchumi usio na kaboni katika sekta mbalimbali na misururu ya usambazaji wa thamani. Hii inasaidia juhudi ya Rais ya COP26 za kufikia hatua muhimu tunapoelekea COP27.

Uonekanaji wa Rajamu

Rajamu ya KenGen imekuwa kwa muda na leo, uonekanaji wa rajamu yetu kwenye majukwaa ya vyombo vya habari na mitandao ya kijamii umekuwa mkubwa zaidi. Hii inatokana

KenGen ikiwa na uwezo wa **86%** wa **vyanzo** vya kawi ya vyanzo **mbadala**

Shamba la Upepo la Ngong

na juhudi zenye nia kupitia kampeni zetu mbalimbali ambazo tumeendelea kufanya ili kuelimisha hadhira ya kimataifa kuhusu wajibu wetu sawa na lengo letu la kimkakati.

Kama sehemu ya mahusiano na vyombo vya habari, Kampuni hii ilipanga Uhusishwaji wa Washikadau wa Ngazi ya Juu wa Mashirika ya Habari na Majadiliano ya Makundi ya Malengo na Maripota wa makala ya Biashara pamoja na Wahariri ili kupiga jeki uwezo wao katika kuripoti kuhusu kawi na kuripoti kwa usahihi taarifa kuhusu KenGen kama rajamu.

Tunajivunia mpango wa utetezi wa rajamu wa wafanyakazi wetu unaolenga kuongeza uonekanaji wa rajamu ya KenGen. Mpango huu uliongeza uonekanaji wa rajamu ya Kampuni hii na kuimarisha hadhi ya KenGen mtandaoni. Kutokana na hili, KenGen imepata kutambuliwa na kushinda Kampeni Mpya ya Mahusiano ya Umma na Vyombo vya Habari 2021 inayoendeshwa na Jamii ya Mahusiano ya Umma ya Kenya. Kampeni hiyo #EnergyChampion ilifikia watu milioni 66 kwenye mitandao ya kijamii kwa ujumla mwaka wa 2020 kutoka kiwango cha wastani cha milioni 36 mwaka wa 2019.

Matarajio ya Siku Zijazo

Tunazidi kuamini kwamba muundo wa biashara yetu, vipaumbele vya kimkakati na fursa ibuka kikanda za kawi ya vyanzo mbadala itaendelea kuwasilisha thamani na manufaa kwa washikadau wetu katika miaka ijayo. Lengo letu ni kwamba KenGen itambuliwe kama mshikadau wa uvumbuzi na anayeongoza sokoni katika uvunaji wa kawi ya vyanzo mbadala katika ukanda huu. Sisi ni shirika ambalo limethibitisha uwezo wa kukabiliana na changamoto za kimazingira na tabianchi, linaloongoza uvumbuzi wa suluhu mpya za kawi ya vyanzo mbadala na kufikia matokeo makuu kwa washikadau wetu na nchi yetu. Tunaanza mwaka mwingine tukiwa na bashasha na matamanio, baada ya kuweka mipango ya kuendelea kuboresha miradi yetu ya upanuzi nchini Ethiopia na Djibouti na fursa mpya za kibiashara ambazo zinaambatana na lengo letu la kufikia kawi ya vyanzo mbadala. Haswa, tunatazamia yafuatayo:

- Kuundwa upya kwa kituo cha kawi ya mvuke cha 45MW cha Olkaria I ambacho kimekuwepo kwa miaka 45 ili kukifufua na kuimarisha uwezo wake hadi 51MW.
- Kuboreshwa kwa Olkaria I, Kitengo cha Ziada cha 4&5 na Olkaria IV kutoka uwezo wa sasa wa jumla wa 280MW hadi 320MW.
- Ujenzi wa gridi ya ardhini ya 42.5MW iliyounganishwa na kituo cha Solar PV kule Kamburu.
- Kuundwa upya kwa kituo cha kawi cha Gogo ili kuongeza uwezo wake kutoka 2MW hadi 8.6MW.
- Ushirikiano na Kaunti ya Nairobi ili kuunda kituo cha kawi cha Uchafu-Kawi ambacho kinalenga si tu kusafisha jiji kutokana na uchafu bali pia kuongeza kawi kwa 45MW.
- Utafiti wa nyanjani kuhusu Mfumo wa Uhifadhi wa Kawi ya Betri yenye Uwezo wa 250MW.

Shukrani

Ninashukuru kwa dhati Bodi ya Wakurugenzi kwa mwongozo wao wenye busara katika utekelezaji wa mkakati wetu. Uongozi wao wa shirika umekuwa wa thamani na muhimu kwa ufanisi wetu.

Shukrani zangu pia zinaendea familia nzima ya KenGen kwa ustahimilivu wao na kujitolea kwako kwa kauli mbiu yetu ya shirika ya "Build, Bring out the Best na Be Present with Excellence" huku tukiendelea kufikisha matamanio yetu ya kimkakati.

Abraham Serem
Kaimu Mkurugenzi Mkuu na Afisa Mtendaji

OUR STRATEGY

GROWTH PLAN

In progressing our strategy, generation capacity growth is a paramount to the survival of KenGen. Energy is a key enabler in driving the Government Agenda and the Vision 2030 which have been identified by the Government of Kenya to drive the economy and the industrialization agenda of the country.

Kiambere Dam

Our success is dependent on how we address the ever-changing regulatory environment and emerging risks. KenGen has entrenched strategic risk monitoring and risk management toward the realisation of its strategy by identifying, analysing, monitoring and mitigating the potential risks.

OUR STRATEGY

To grow our market share to 70+%, KenGen plans to increase its generation capacity in the next ten years mostly from geothermal generation.

KenGen is alive to its vision of being a market leader in the provision of reliable, safe, quality, competitively priced electric energy in the Eastern Africa region. Our strategy builds on our strength and focuses the Company on renewable energy growth and progression of our key strategic areas: Capacity Expansion, Lower Tariffs and Value Creation for our Shareholders.

To grow our market share to 70+%, KenGen plans to increase its generation capacity in the next ten years mostly from geothermal generation. The Company's project pipeline from renewable sources have been included in the Least Cost Power Development Plan that guides national generation planning.

Our strategy focuses on the seven priority initiatives:

i. Improve returns of current plants (OPEX).
ii. Effectively Deliver Geothermal Led Generation Projects Pipeline.
iii. Improve PPAs & Navigation of the Power Market.
iv. Deliver and Commercialize Diversification Projects Pipeline.
v. Reset for Digital Transformation.
vi. Enhance Capital Excellence.
vii. Improve organizational health and build required capabilities

Our success is dependent on how we address the ever-changing regulatory environment and emerging risks. KenGen has entrenched strategic risk monitoring and risk management toward the realisation of its strategy by identifying, analysing, monitoring and mitigating the potential risks.

OUR GROWTH PLAN

In progressing our strategy, generation capacity growth is a paramount to the survival of KenGen. Energy is a key enabler in driving the Government Agenda and the Vision 2030 which have been identified by the Government of Kenya to drive the economy and the industrialization agenda of the country.

The Least Cost Power Development Plan (LCPDP) is the joint energy sector plan which informs the national power development plan. The LCPDP outlines the projected demand and vis-a-vis the expected supply by prioritizing the energy projects to be completed over a twenty-year period. To address any emerging industry issues, a medium-term review is done every two years.

KenGen project pipeline is aligned to the LCPDP and undergoes a rigorous due diligence process to guarantee viability and value for our shareholders from project inception to implementation. In formulating our project pipeline, the project's key value drivers and risk profile are assessed through a feasibility study. The project is only admitted if it has sufficient potential for value addition and financial viability. Our strategy to drive our business growth is to increase generation capacity from renewable energy sources. We have lined up several projects to be delivered in the medium and long-term.

Projects Pipeline

	Project	Capacity (MW)	Commissioning Date
1	Olkaria 1 Rehabilitation	60	2024
2	Olkaria IAU & IV Turbine Uprating	40	2024
3	Seven Forks Solar PV Power Plant	42.5	2025
4	Olkaria VI	140	2026
5	Gogo Power Station Upgrade	8.6	2025
6	LNG Plant & Conversion of Kipevu III	200	2026
7	Raising Masinga Dam	83 GWh energy stored	2024
8	Olkaria I Unit 6	86.3	2022
9	Olkaria VII	140	2027
10	Floating Solar Pre- Feasibility Study	40	2029
11	Battery Energy Storage System (BESS)	250	2025

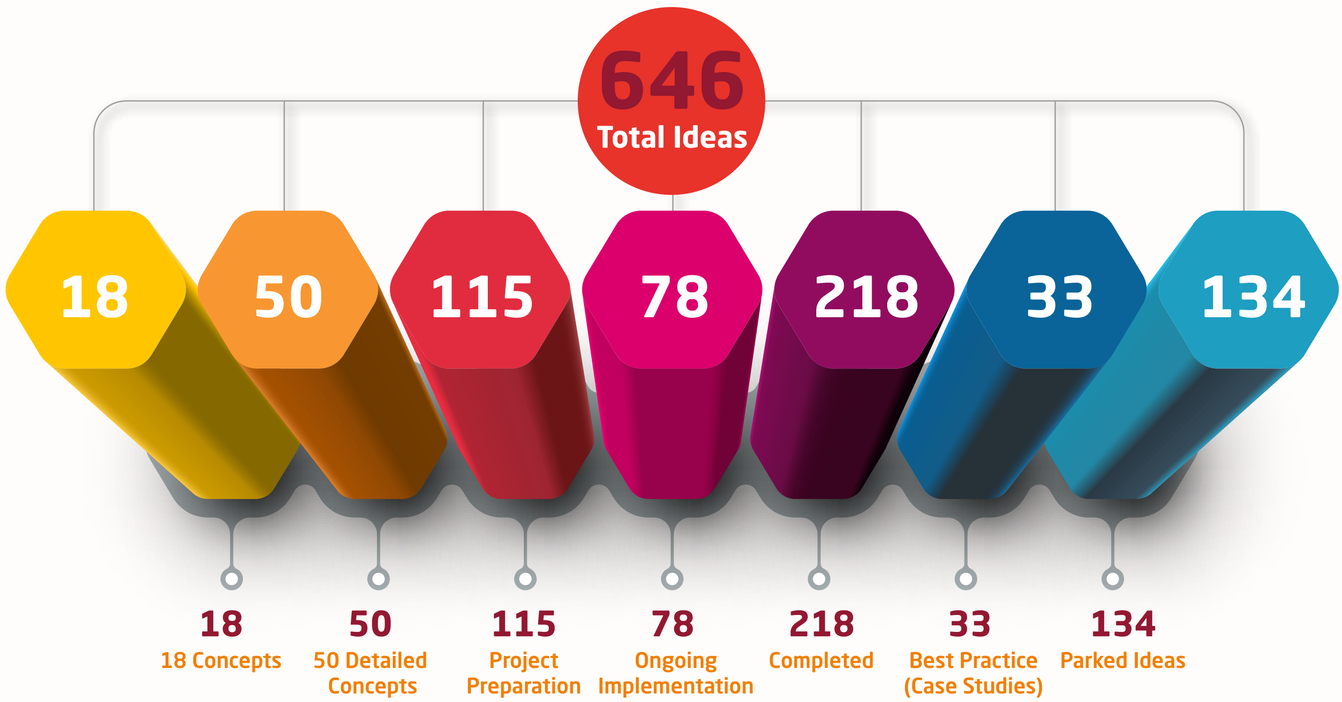
KenGen has plans to **grow** its market share to **70+%** through **geothermal** generation

INNOVATION JOURNEY

Innovation is essential for KenGen sustainability and is a chance for our continual improvement. The Company has created different platforms to inculcate an innovation culture that include the Annual Global Innovation Seminar, Communities of Practice & Innovation (COPI) forums, monthly IGNITE Friday forums. To hone innovation KenGen has established IGNITE digital platform for submission, evaluation and tracking, and implementation of innovative ideas. During the year two COPI Forums were held where eight (8) innovation ideas were presented for incubation. This year the Company will be celebrating the 10th Anniversary of it's Innovation journey.

Turkwel Dam

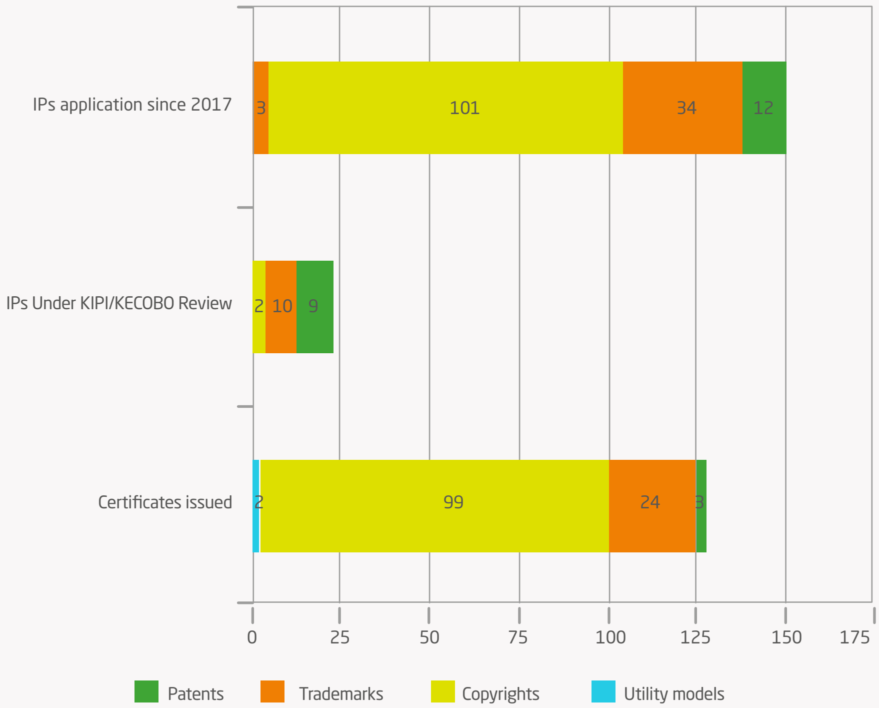
KenGen Innovation Funnel of Ideas submitted since 2012



OUR STRATEGY

Intellectual Property Protection

The Company is keen to ensure its innovations and intellectual capital is protected. To date KenGen Intellectual Property include:



R&D Center and Corporate Archive

Research and Development (R&D) is a strategic, proactive, and capacity building set of activities designed to advance a Company's growth. Rapid development of technology and increasingly competitive environment necessitated the Company to set up a R&D Centre within the Tana Power Station. The Centre will enable employees to carry out trials, tests, experiments, piloting of new business opportunities. The facility will also host a state-of-the-art Corporate Archive to secure corporate records of vital long-term value with critical information and knowledge.

Construction of the Corporate Archive and R&D Center

KenGen has **installed 2** EV **charging stations** at Head Office and Geothermal Plaza in Naivasha

Implementation of Innovation pipeline

Some of the innovative ideas under implementation include:

Installation of E-Mobility Charging Points

To leverage on the increased demand of electric vehicles globally, the Company has installed two EV charging stations at Head Office and Geothermal Plaza in Naivasha to pilot the roll out of EV Charging infrastructure across the country. The EV market will provide KenGen with a new retail business model for vending electricity to motorists and create more demand for electricity.

Head Office Charging Station

Installation of Optical Ground Wire (OPGW) for Geothermal Division

To support the ongoing Internet of Things (IoT) project within the business we have completed laying of the Optical ground wire (OPGW) that will enhance connectivity of the power stations in Olkaria Geothermal Field.

Head Office Charging Station

OUR STRATEGY

Other innovative ideas under Research and Development include; Solar Panel Manufacturing Plant, Lithium Battery Pilot, Geothermal Wellhead Turbine Manufacture, Green Hydrogen Gas Production Pilot.

Knowledge Harvesting & Transfer

In making the best use of knowledge, the Company has invested heavily on knowledge harvesting and transfer initiatives aimed at re-engineering the business processes. Some of the projects include publication of KenGen History Book, digitization of Company records and development of a 10 Year Knowledge Management Strategy.

The KenGen Board Chairman, Gen (Rtd.) S. Mwathethe being taken through the operations of one of the newly acquired electric vehicles to be used in the Company

KenGen Company electric vehicles in use at the Head Office

7th Globally and **leader** in **Africa** geothermal prowess

OUR GEOTHERMAL SUSTAINABILITY STORY

To meet the challenges of climate change, the geothermal renewable energy source will have to replace fossil fuels. KenGen as is the leading geothermal power developer in Africa is at the centre stage to drive this sustainable green energy revolution. Our journey towards the enviable position began with the drilling of the first well at the Olkaria geothermal field in the 50s. With time, the Company has perfected the science and engineering of geothermal development.

The KenGen Board Chairman and Board Strategy Committee Members inspecting drilling sites at Galla Le Koma Geothermal field in Djibouti

Our drilling prowess is evidenced by our most recent, production well, OW-742 A. It was drilled to a depth of 2,880meters with a capacity of 15MW, the well is three times the average capacity of singular wells drilled at Olkaria and seven times the average output of wells drilled in the early days of drilling at Olkaria. Such resultant cost savings significantly contribute to overall reduction of cost of power generation in the country.

This latest well brings the total number of wells drilled in Olkaria and Eburru to 322.

We have invested way ahead to continue developing geothermal energy. The uniqueness of geothermal development is that sufficient proven steam is needed from drilled wells before conceptualising and financing of a conventional geothermal power plant. Innovatively, we have continued to use our pioneering wellhead technology as a means of early generation and faster revenue recovery before construction of conventional power plants.

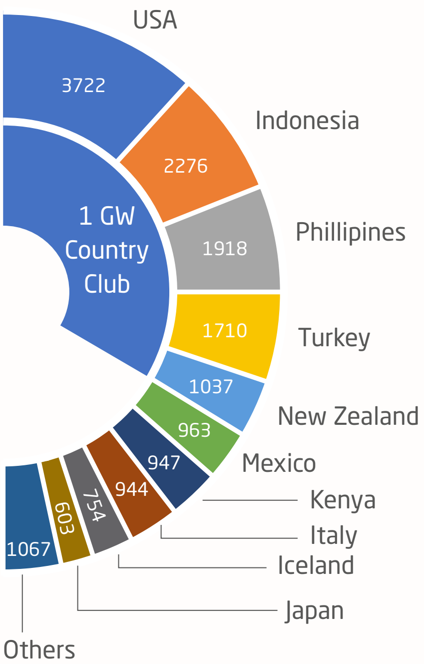
Our Geothermal Global Positioning

KenGen's total generation from geothermal sources currently stands at 799MW, which is 84% of installed geothermal power in the country. Our single biggest geothermal unit, Olkaria 1 Unit 6 with a capacity of 86MW was connected to the national grid in May 2022. The connection to the national grid is consistent with Kenya's long-term plan of increasing renewable energy that is affordable to Kenyans while safeguarding the environment.

Olkaria Wellhead Plant

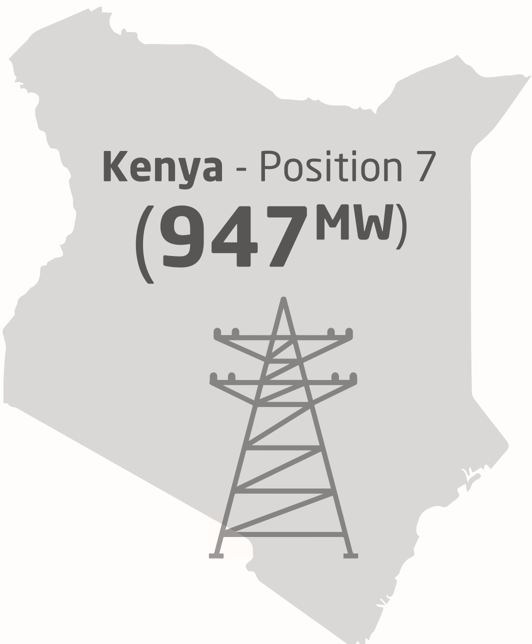
OUR STRATEGY

Aerial view of the Olkaria I



TOP 10
GEOTHERMAL COUNTRIES
2022

Installed Capacity in MWe
Total 15,938 MW



In 2020, Olkaria V registered an **injection** of **172.13**MW into the **national grid**

Our Regional Footprint

KenGen continues to play a pivotal role in sharing its expertise in the African region. This has earned the company bespoke heritage and showcased Kenya's achievement in the development of renewable energy. African countries keen in harnessing geothermal energy have approached KenGen for partnership in drilling and geo-scientific exploration works. We have had the privilege to engage with several countries such as Comoros, Rwanda, Sudan, Ethiopia, Djibouti and the Democratic Republic of Congo.

At the moment, we are actively providing geothermal drilling services in Ethiopia and Djibouti. In Ethiopia, KenGen is working with Ethiopia Electric Power in Aluto, Langano and Tulu Moye Geothermal Operations in Tulu Moye. We have also commenced a drilling project with l'Office Djiboutien de Développement de l'Energie Geothermique in Djibouti.

KenGen Senior Management team meeting state officials from the Ministry of Energy and Hydrological Resources of the Democratic Republic of Congo in Kinshasa.

Geothermal Center of Excellence

In Kenya, KenGen has been approached by several local companies with concessional geothermal blocks for geothermal development.

We are committed to provide solutions. We drive the transition to more sustainable, reliable, and affordable energy systems in Africa and around the world. With our innovative technologies, clear focus on the needs of our customers, and dedicated professional employees, we are determined to energize the society. That's our aim. That's our purpose. Making tomorrow different today! This commitment comes with a special responsibility which we are ready to do and go beyond because there is much to be hopeful about.

UNU-GTP Training students on field session at our Olkaria field

Geothermal Spa has three cascaded lagoons. The first lagoon is a receiving pond for the hot brine with a temperature of more than 90oC that is gathered from various wells in the Olkaria Geothermal field. The Second lagoon is an overflow from the first lagoon and offers temperatures of up to 50oC . Designed in an aesthetic manner, this lagoon has both shallow and deep ends. The third and largest lagoon whose temperature is 35oC offers warm/hot water bathing for up to 400 persons.

Olkaria Geothermal Spa

Safari Rally Leg in KenGen Olkaria

KenGen co-exists within the tourism ecosystem of Naivasha. We were privileged that the World Rally Championship (WRC) chose our Geothermal field to be part of the 2022 Safari Rally Circuit.

Safari Rally circuit held in the Olkaria Geothermal area

KenGen has acquired state of the art **Unmanned Aerial Vehicles** (UAV) also known as drones to be deployed in the vast Olkaria Geothermal fields for **surveillance**

Showcasing How KenGen Uniquely coexists with Flora and Fauna

The unique location of our geothermal fields in Hells Gate National Park has become a marvel attracting both local and international attention. We showcase how our geothermal development is done in synergy with nature and without disrupting the existing ecosystem.

The Olkaria geothermal power plant has become a major resource center and attraction for high powered delegations seeking to understand how to explore geothermal potential in their countries. Among the high-profile visitors included the cabinet secretary for Energy and JICA Head Advisor.

A visit by JICA Head Advisor to Olkaria Geothermal plants

Drones and Certification by Kenya Civil Aviation Authority (KCAA)

The Company has acquired state of the art Unmanned Aerial Vehicles (UAV) also known as drones to be deployed in the vast Olkaria Geothermal fields for surveillance. These drones have thermal and zoom imaging to collect information used for preventive maintenance of steam lines.

The drones were licensed by KCAA and Ten KenGen employees were trained and certified as drone pilots by KCAA.

Commonwealth Geothermal Action Group

The Government of Kenya was in the financial year nominated to join and lead an Action Group on Geothermal Energy which was launched in the margins of the Commonwealth Heads of Government Meeting (CHOGM) held in June2022 in Kigali, Rwanda. This nomination was a culmination of the meetings and discussions already held with the Kenya Ministry of Energy, Kenya Electricity Generating Company (KenGen), and Kenya High Commission in the UK in which Kenya expressed interest in championing geothermal resources development in the Commonwealth.

During the Commonwealth Heads of Government Meeting in Kigali, Rwanda, Commonwealth deputy-secretary general Arjoon Suddhoo announced Kenya and the Kingdom of Eswatini as the champions of geothermal energy and literacy in the Commonwealth Sustainable Energy Transition (CSET) agenda.

The Geothermal Action Group is member led coalition formed to accelerate inclusive and sustainable energy transition across the Commonwealth under the Commonwealth Sustainable Energy Transition (CSET) Agenda. The CSET Agenda encourages and promotes collaboration amongst Commonwealth member countries in the transition to sustainable energy systems and action towards achievement of the Sustainable Development Goals. It builds on the

Olkaria II Geothermal Power Plant

recognition of the critical importance of sustainable energy to economic development and the imperative to transition to cleaner forms of energy in view of commitments by member countries under the Paris Agreement.

The purpose of the Action Groups is to facilitate cooperation and collaboration among member countries for concerted and accelerated actions in the transition to low-carbon energy systems and achievement of SDG7 in the Commonwealth. Their main objective being to help accelerate the pace and scale of inclusive and sustainable energy transition in Commonwealth member Countries (CMCs) towards achievement of SDG7 and their Nationally Determined Contributions under the Paris Agreement.

Leveraging resources and capacity within the Secretariat and partner organisations, the Action Group offers a key platform for KenGen to share in best practices, mature solutions, and business opportunities for development and deployment of geothermal energy resources for clean energy production.

OUR MARKET CONTEXT

Securing our Revenues

In the sustainable development of our renewable generation fleet, we have negotiated long term contracts with the electricity Offtaker that provide the mechanism to unlock potential value and mitigate the market risk. PPAs provide KenGen with the mechanism to recover its investment in energy generating facilities. We have several PPAs are at different stages of negotiations.

The Energy Sector Task Force

The Presidential Taskforce on the Review of Power Purchase Agreements presented its final Report to the President of the Republic of Kenya. The Report detailed several recommendations impacting on the energy sector including KenGen. The President appointed a Steering Committee vide Gazette Notice Vol. CXXIII- 209 dated 8th October 2021 to drive the implementation of the recommendations of the Report for a term of six (6) months.

KenGen Board Chairman and Board Strategy Committee Members make a courtesy call at the Embassy of Kenya in Djibouti

KenGen Board Chairman and Board Strategy Committee Members with KenGen staff members during the inspection of progress of drilling sites at the Aluto Longano Geothermal Field in Ethiopia

Olkaria V Power Plant

WHO GOVERNS US

SEATED L-R: Ms. Peris Mwangi, Board Chairman - Gen (Rtd.) Samson Mwathethe and Ms. Winnie Pertet
STANDING L-R: Mr. Joseph Sitati, Company Secretary - FCS Austin Ouko, Mr. Samuel Kimani, Mr. Bernard Ndungu, Mr. Stephen Njue and Mr James Opindi

NOT in the Photo:

Abraham Serem
Ag. Managing Director & CEO

Mrs. Phyllis Wakiaga
Non-Executive Director

Mr. Maurice Nduranu
Non-Executive Director

Mr. Peter Nyutu
Representative, Inspectorate of State Corporations

WHO GOVERNS US

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Under Gen. Mwathethe's leadership, KenGen is committed to strengthening its stakeholder relations as we continue to build a responsive and dynamic business that takes into account the emerging technological advancements and social trends."

Gen. (Rtd) Samson Mwathethe, EGH, MBS, DCO
Chairman of the Board, Independent & Non-Executive Director

General (Rtd) Samson Mwathethe, the Chairman of the Board of Directors, is the immediate former Chief of Defence Forces of the Republic of Kenya. He retired from the Kenya Defence Forces in May 2020 after serving as the Chief of the Kenya Defence Forces for years. He currently heads the Oceans and Blue Economy Office. He has held various command appointments, including Vice Chief of the Defence Forces, Commander, Kenya Navy, Deputy Commander Kenya Navy, Kenya Navy Logistics Commander, Base Commander Mtongwe and Fleet Commander. His other appointments included Chief of Systems & Procurement, Department of Defence, Command of individual Kenya Navy Ships, Staff Officer Operations at Navy Headquarters, 86 Squadron Commander and Staff Officer I Coordination at the Department of Defence. His other professional and military training includes International Sub-Lieutenants Course (UK), International Principal Warfare (IPWO) Course (UK), Missiles Course (Italy) and the Royal Naval Staff College, Greenwich, (UK) in 1989. He also attended the Defence Resource Management Course in Monterey, USA in 1998, and the National Defence College in Nairobi, Kenya in 2000.

He also served with the United Nations as a Military Observer in Kuwait/Iraq and Yugoslavia in 1991/92. His decorations include Elder of the Golden Heart of Kenya (EGH), Distinguished Conduct Order (DCO), Moran of the Burning Spear (MBS), among others.

General (Rtd) Samson Mwathethe born in 1958 and went to Sacred Heart High School in Mombasa, before joining the Kenya Navy in April 1978. He was commissioned in 1980 as a Seaman Officer after attending Britannia Royal Naval College, Dartmouth.

General (Rtd) Mwathethe has brought to the KenGen Board immense wealth of experience in strategy and leadership which will steer KenGen on our noble mandate to generate reliable, safe and competitively priced electric energy for the nation and diversify the business to expand the revenue streams. Under General Mwathethe's leadership, KenGen is committed to strengthening its stakeholder relations as we continue to build a responsive and dynamic business that takes into account the emerging technological advancements and social trends.

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

Prior work experience includes Heineken East Africa Ltd where he held the position of HR Director, East Africa Breweries Ltd, Nampak East Africa and Reckitt Benckiser East Africa, where he held various senior managerial positions. Mr. Serem joined KenGen management team on 1st March, 2016 as the Human Resource and Administration Director.

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

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Abraham Serem is focused on growing KenGen's footprint in geothermal development across the African continent and she has successfully implemented several large geothermal projects in the continent.

Abraham Serem
Ag. Managing Director & CEO

WHO GOVERNS US

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

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

He has been a member of the Global Advisory Council of the World Economic Forum, Visiting Fellow of Practice at Blavatnik School of Government, Oxford University, Director of Training at AERC, Programme specialist at IDRC and Team Leader in Macro-modelling at the Kenya Institute for Public Policy Research and Analysis. He holds a PhD in economics from University of Gothenburg, Sweden. He is a Member of Brookings Africa Growth Initiative, Member of the Advisory Committee of the Alliance for Financial Inclusion and a senior advisor for the UNCDF-based Better Than Cash Alliance.

Mr. Alex Wachira
Principal Secretary, State Department for Energy, Non-Executive Director

Mr. Alex Wachira was appointed the Principal Secretary, State Department for Energy in 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.

Mr. Maurice Nduranu
Independent & Non-Executive Director

Mr. Maurice Nduranu born in 1974, has twenty plus years of work experience, over ten of which have been at senior management / leadership level in several world class organizations. He has worked for one of the top public infrastructure consulting firms in the U.S. West, DPFG, one of the largest African investment bank / asset management firms, African Alliance, and the pioneer impact investment fund, Acumen. He has led experienced multi-disciplinary, multi-cultural teams in various sectors & geographies from structuring public infrastructure financing to managing public pension & deposit protection assets. He has also overseen and managed investments into businesses in the region ranging from agri-business to financial services and from manufacturing to retail.

He graduated magna cum laude from the California State Polytechnic University at Pomona with a BSc in Business Administration - Finance, Real Estate, & Law. He also holds a Master of Financial Engineering degree from the Haas School of Business at the University of California, Berkeley. He is a member of the Institute of Directors (Kenya), Chairman of CPF financial Services in addition to serving on several other boards.

Mrs. Phyllis Wakiaga
Independent & Non-Executive Director

Mrs. Phyllis Wakiaga born in 1981, she is a dynamic, results oriented legal professional with a strong track record of over 15 years in Organizational Strategy Development and Implementation, Corporate Governance, Public Policy Advocacy and Formulation, Legislative Reform, Stakeholder Relations, Human Capital Management, Trade Negotiations and Sustainability. She is a transformational leader who is keen to contribute to the sustainable development and economic growth of society.

Mrs. Wakiaga was the Chief Executive of the Kenya Association of Manufacturers (KAM) and is an Advocate of the High Court of Kenya who holds a masters in International Trade and Investment Law and a Master's in Business Management. She is an alumni of the Swedish Institute Management Program on Sustainable Business Leadership and Corporate Social Responsibility. She is currently pursuing a PHD in Leadership and Governance.

Mrs. Wakiaga is the UN Global Compact Network, Kenya Chapter Board Chair, Kenya Industrial Water Alliance Chair and a member of the Kenya COVID-19 Fund Board. She represents KAM in several institutions including COMESA Business Council, EAC Manufacturers Network, Anti-Counterfeit Agency, and Anti-Illicit Trade Multi-Agency Forum amongst others.

She was recognized as a Top Africa Economic Leader for Tomorrow by Choiseul 100 Africa list 2018 and one of the 2019 Most Influential People of African Descent, Global 100 under 40. She is a member of the Law Society of Kenya, Institute of Human Resource Management, Institute of Directors and the Institute of Economic Affairs.

WHO GOVERNS US

Mr. Joseph Sitati
Independent & Non-Executive Director

Mr. Joseph Sitati, born in 1973, holds a Bachelor of Science (Mechanical Engineering) from the University of Nairobi. He is a Fellow of the Association of Chartered Certified Accountants and a platinum member of the Information System Audit and Control Association. He has attended various professional development training programs.

He has previously been Chief Finance and Administration Officer at Deacons East Africa PLC, Commercial Finance Manager - Central, East & West Africa Business Unit at the Coca-Cola Company, Nairobi, Group Finance Director at Old Mutual Group, Nairobi, and Finance Manager at Shell BP Kenya Limited amongst other positions. He is a member of the Institute of Directors (Kenya).

Ms. Peris Mwangi
Independent & Non-Executive Director

Ms. Peris Mwangi, born in 1990, holds a Bachelor of Laws degree (LLB) from Kabarak University and a Postgraduate Diploma from the Kenya School of Law. She is currently pursuing a post graduate degree (LLM Intellectual Property Law) at the University of Leeds.

Ms. Mwangi has worked in several law firms and institutions.

She is currently a Partner at H. Kago & Co. Advocates.

Ms. Winnie Pertet
Independent & Non-Executive Director

Ms Winnie Pertet born in 1965 holds an MBA in Human Resource Management and a Bachelor of Education Degree, both from Kenyatta University, a Higher Diploma in Human Resource Management and a Diploma in Executive Coaching from the Academic of Executive Coaching (AEOC).

Ms. Pertet is a seasoned Human Resource Practitioner with a rich career spanning over 25 years at various management and leadership levels in leading local and global multinational organizations. Her career includes over 10 years in the Banking Industry and a further 7 years in leading multinational manufacturing organizations(FMCG) as well as 3 years in financial services that include Insurance, Asset Management, Banking and Property.

Ms. Pertet was the founding Chairperson of the National Employment Authority as well as a past Chairperson of the Association of Retirement Benefits Schemes. She is credited with the successful setup of the National Employment Authority, a government corporation.

During her tenure as Chairperson of the Association of Retirement Benefits Schemes (ARBS), she facilitated the design and launch of Trustee accreditation training.She currently serves as the Chief Executive Officer of Serian Consulting Limited, and a Trustee of the Management University of Africa (MUA).

Ms. Pertet has been instrumental in designing and implementing Culture and People Change strategies and practices in most of the organizations she has worked for. She also has credible experience in restructuring, mergers and acquisitions and related people practices. She brings to the KenGen Board an immense wealth of experience in strategy, leadership and Human Capital skills.

Mr. James Opindi
Independent & Non-Executive Director

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

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

Mr. Opindi has vast knowledge and broad business experience in matrix and multifunctional organizations and is a widely acknowledged Expert and Consultant.

Born in 1951, he holds a Bachelor of Science Degree in Mechanical Engineering from the University of Nairobi.

WHO GOVERNS US

Mr. Samuel Kimani
Independent & Non-Executive Director

Mr. Samuel Kimani born in 1962 holds a Bachelor of Science Degree in Civil Engineering and an MBA in Strategic Management both from the University of Nairobi. He is an alumnus of the Harvard Business School's Advanced Management Program. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

Mr. Kimani is a seasoned financial expert with an illustrious career in banking spanning over 20 years. He is the immediate former Chief Executive Officer of Jamii Bora Bank Limited (now Kingdom Bank Limited). Prior to that, he served in various capacities at the KCB Bank Group Plc including Finance Director, Financial Controller and rose through the ranks to the position of the Deputy Chief Executive Officer of the bank and group.

He has also served at the Central Bank of Kenya in various capacities including Deputy Chief Banking Manager, Deputy Director Financial Markets, Principal Financial Accountant, and the Chief Internal Auditor. He has also headed the Surveillance Division of the Deposit Protection Fund. He has also served as a Senior Auditor at PricewaterhouseCoopers (PwC).

He sits on various boards including the Nairobi Securities Exchange which he chaired for four years.

FCPA Bernard Ndungu, MBS
Non-Executive Director, Alternate Director to the Cabinet Secretary, National Treasury

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

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

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

Mr. Stephen Njue

Non-Executive Director, Alternate Director to the Permanent Secretary, Ministry of Energy

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

He is a member of the Institute of Directors (Kenya) and Institute of Human Resource Management.

He is the Alternate Director to the Principal Secretary, Ministry of Energy (MoE). Mr. Stephen Njue is currently the Senior Deputy Director, Budget at the MoE.

Mr. Peter Nyutu

Representative, Inspectorate of State Corporations

Mr. Peter Nyutu sits on the KenGen Board representing the Inspectorate of State Corporations. He is currently the Deputy Inspector-General of State Corporations under the Executive Office of the President. Some of his major responsibilities include Conducting value for money audits in the public sector, investigating misappropriation of public resources, abuse of public office & other improprieties in the public sector, ensuring compliance of law in State Corporations, Advising the State Corporations to make decisions within the stipulated laws of Kenya and Making recommendations on remedial measures.

Mr. Nyutu has over 32 years' experience in the public sector in various leadership positions. He holds an undergraduate degree of Bachelor of Education in Double Business (Accounting and Economics) from Kenyatta University and an MBA in Strategic Management from Jomo Kenyatta University of Agriculture and Technology. He has attended several programs including the Strategic Leadership Development Program and the Project Management & Planning Program.

WHO LEADS US

Turkwel Dam

KenGen is alive to its vision of being a market leader in the provision of reliable, safe, quality, competitively priced electric energy in the Eastern Africa region. Our strategy builds on our strength and focuses the Company on renewable energy growth and progression of our key strategic areas: Capacity Expansion, Lower Tariffs and Value Creation for our Shareholders.

Abraham Serem
Ag. Managing Director & CEO

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

Prior work experience includes Heineken East Africa Ltd where he held the position of HR Director, East Africa Breweries Ltd, Nampak East Africa and Reckitt Benckiser East Africa, where he held various senior managerial positions. Mr. Serem joined KenGen management team on 1st March, 2016 as the Human Resource and Administration Director.

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

Dr. FCPA John Mudany
General Manager-Finance & ICT

Dr. FCPA John Mudany is a zealous financial management expert with over 30 years' experience across Manufacturing, Aviation and Energy Sectors. He holds a Doctor of Philosophy in Management and Leadership from the Management University of Africa, a Master of Business Administration in Marketing and Master of International Business Administration (MIBA) from USIU, and a Bachelor of Commerce degree in Accounting from the University of Nairobi. He is a member of the Kenya Institute of Management (KIM) and a fellow of the Institute of Certified Public Accountants of Kenya FCPA (K).

Prior experience includes: Coca Cola (Finance and Performance Manager), Orbit Distributors (MD & CEO), Kenya Airways, World Vision International and PricewaterhouseCooopers. Dr. Mudany joined KenGen in November 2008 as the Finance and ICT Director.

His key responsibilities include: Capital raising, management of finances and banking relations, financial reporting, budgets process management and control, balance sheet restructuring and cost saving mechanisms. He is also responsible for development of Cutting-Edge Information Technology infrastructure.

Divisions: Corporate Finance, Finance and Information Communication & Technology

Who Leads Us

FCS. Austin Ouko
Company Secretary & General Manager Legal Affairs

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

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

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

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

Divisions: Insurance, Legal, Shares & Board Services and Property

Mr. David Muthike
General Manager-Strategy & Innovation

Mr. David Muthike is a distinguished business strategist with tested experience in power sector strategy-formulation and implementation. He holds a Bachelor of Science degree in Electrical and Electronic Engineering, Master of Business Administration in Strategy, Post-Graduate diploma in Project Appraisal and Management and a certificate in Advanced Management and Leadership Programme. He is a graduate Engineer with Institution of Engineers of Kenya (IEK), a member of Engineers Board of Kenya (EBK), Kenya Institute of Management (KIM), and Geothermal Association of Kenya (GAK).

He joined KenGen in 1998. He was appointed to the Company's Strategy and Business Performance Division in September 2014. His major role is to support the Company in maintaining "thought leadership" in power generation and related services.

His responsibilities include: development and management of the Company's strategy by identifying and driving execution of strategic initiatives and growth opportunities; driving the innovation process that develops new ways of meeting the Company's goals; leading and managing the Company's result-based performance and accountability system and driving knowledge harvesting and transfer across the business. He previously worked in various divisions and departments within the Company, including: Managing Director's Office, Corporate Planning, Technical Audit and Institutional Strengthening.

Divisions: Strategy and Innovation.

Mr. Philip Yego

General Manager, Supply Chain

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

He joined KenGen in October 2014 and is responsible for providing oversight in the efficient and effective operations of the Supply Chain Division, which is a key enabler and driver of the KenGen business spectrum.

He oversees the overall management of Tenders, Contracts administration, management and monitoring, Logistics and Inventory operations within the Company, key stakeholder Relationship management, Supply Chain compliance to the relevant Laws and policies.

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

Divisions: Tenders, Contracts, Logistics and Inventory

Mrs. Mary Maalu

General Manager, Corporate and Regulatory Services

Mrs. Mary Maalu is a versatile leader with vast and extensive experience in Financial Management, Corporate Finance, Corporate Affairs, Business Sustainability, Organisational Development, Audit, and Business Process Improvement and Management. She holds a Master of Business Administration (MBA) and Bachelor of Commerce (B. Com) Degrees from the University of Nairobi. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

She also holds a Certificate in Senior Leadership Management Programme (SLMP) from Strathmore University and a Certificate in Utility Regulation and Strategy from the University of Florida.

Prior experience includes Ernst & Young where she held the position of Assistant Manager in charge of Audit and at Kenya Airways where she held several Management positions including Manager Credit Control, Manager Outstations, and Manager Treasury.

She joined KenGen in January 2011 as the Corporate Finance Manager. Her key responsibilities included raising capital for power generation projects, securing working capital facilities, Project Finance and Accounting, Treasury Management financial modelling, cash flow forecasting, funds management, investments and foreign currency dealing, Tax planning, and compliance, Revenue Billing and Collection, Power Purchase Agreements (PPAs) development and Investor Relations management.

She was appointed as the Corporate and Regulatory Services Director on August 1, 2020, where she is responsible for Regulatory Management, Stakeholder Management, Development and Negotiation of Power Purchase Agreements (PPAs), Quality & Safety Management programs, Communication, Community Engagement, Environment & Sustainable Development and Business Process Improvement.

Divisions: Regulatory Affairs, Quality & Safety, Communication, Environment & Sustainable Development, Business Process Improvement, and Community Relations

Who Leads Us

Ms. Elizabeth Njenga

General Manager, Business Development

Elizabeth is building on over 15 years in strategic and project planning in the Energy Sector while working with KenGen in various positions. Elizabeth is a well skilled Energy strategy and power projects planning, appraisal and financing expert with a keen interest in Public Policy.

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

Before her appointment as the General Manager, Business Development, she served as the Capital Planning and PPP Manager since 2014, and previously as Capital Planning and Strategy Manager between 2009 and 2014.

Her current responsibilities include implementing KenGen's power generation capacity expansion strategy from ideation of suitable power projects and appraisal of the same through feasibility studies, procurement of power plant consultants and contractors, managing construction of power projects as well as driving the implementation of KenGen's first Public Private Partnership (PPP) project while also looking at new non-power generation business opportunities.

Divisions: Capital Planning & PPP Projects Execution and New Business

Mr. Peketsa Mangi

Ag. Geothermal Development General Manager

Mr. Mangi is an astute Geothermal Energy expert with vast experience spanning over 20 years both locally and regionally. He holds a Master of Science (Information Science) from Moi University and is currently pursuing PhD. in Information Science from the same University. He is a Certified Project Manager (IPMA Level C).

He holds various certifications including: Earth Sciences, Reservoir Management, Drilling technology, Master negotiation skills, Public procurement, Geothermal projects management and financing, among others. He is currently the Vice Chairman of the Geothermal Association of Kenya (GAK), a member of the Geological Society of Kenya (GSK) and International Geothermal Association (IGA).

He has risen through the ranks to the position of Geothermal Development Director, having served as the Resource Development and Infrastructure Manager, a position he has held since August 2016. Key achievements include: successful negotiation of geothermal drilling contracts in Kenya, Djibouti and Ethiopia; project manager for geoscientific studies for consultancy services, capacity expansion at Olkaria through identification of geothermal potential areas; negotiated MoU between KenGen PLC and ITC, Netherlands; the Olkaria Geothermal Spa and Demonstration Centre, successful negotiation for the grant for upgrading of Geothermal Training Centre facilities. Key responsibilities comprise: human resource management and administration, power plant availability, steam availability, reservoir management, drilling operations and management, resource exploration, projects planning and management, infrastructure development, budget management, and coordinating environmental and social impacts assessment frameworks.

Divisions:
Geothermal Resource Development, Geothermal Operations, Drilling & Logistics, Reservoir & Steamfield Management

Eng. Julius Odumbe
General Manager, Operations

Eng. Julius Odumbe is a licensed Consulting Engineer with an illustrious career in Operation and Maintenance (O&M) of equipment spanning over 30 years.

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

He holds several professional leadership certificates in Corporate Senior Leadership Management Program (SLMP) from Strathmore Business School & Nanyang Technological University - Singapore, Executive Leadership (Georgetown Engendering Executive Program) from George Town University, Self-Awareness and Effective Leader from Rice University and Balanced score card from Strathmore Business School among many others.

His eminence in engineering field propelled him to the highest Engineering category of a Fellow in the Institute of Engineers of Kenya (IEK) and licensed consulting Engineer by Engineers Board of Kenya (EBK).

Prior to his appointment as General Manager Operations, he was the Regional Manager, Eastern Region. His key responsibilities included: overseeing Operations and Maintenance of power plants to ensure high plant availability at optimized operational costs, rehabilitation, and upgrade of plants through uptake of latest technology to improve operation and extend effective plant life.

He was appointed as the General Manager Operations on 1st July 2022 where he is responsible for overseeing Operations and Maintenance (O&M) of all KenGen power plants, ensuring attainment of PPA target availability at optimized costs, Rehabilitation and upgrade of plants through uptake of latest technology to improve operation and extend effective plant life, Continuous improvement and automation of systems to align with best practice, optimum power dispatch and scheduling of major plant outages through effective collaboration with the off taker, facilitate design and implementation of optimum power evacuation arrangements, Involvement in power purchase agreement negotiations, coordination of bulk energy billing and collaborating with key sector players to ensure a stable and secure national grid.

Divisions:
Eastern Region, Western Region, Upper Tana, Geothermal Operations, Central Office Operations, Thermal Region, Technical Services and Electricity Dispatch

Mrs. Beatrice Kandie
Ag. General Manager, Human Resource & Administration

Mrs. Beatrice Kandie is a seasoned Human Resource Management professional with a wealth of knowledge and experience in all aspects of human capital management spanning over 24 years. Her areas of expertise and passion include, but are not limited to: Organizational Design, Employee Resourcing, Performance and Reward Management, Organizational Development, Employee Engagement, Learning & Development, Career Planning and Succession Management, and Change Management.

She is currently pursuing PhD studies at the University of Nairobi in Human Resources Management focused on Leadership and Organizational Design, and holds a Master's degree in Human Resource Management from Kenyatta University and a Bachelor's degree in Social Work from the University of Nairobi. She is also a Certified Human Resource Professional CHRP (K) and a Certified Change Manager from Prosci International. She also holds Post-graduate Diploma in Human Resources Management from the Kenya Institute of Management and has attended numerous local and international trainings in Human Resource Management.

Ms. Beatrice is a Full Member of the Institute of Human Resource Management with a valid practicing certificate and is a Member of the Kenya Institute of Management.

She is currently Acting General Manager, Human Resource and Administration responsible for execution of Human Resource Strategy to optimize Human Capital contribution and provide work environment that continuously adds value to stakeholders in provision of electric energy and business sustainability.

Divisions:
Administration, Human Resources Services and Human Resource Development.

CORPORATE GOVERNANCE STATEMENT

GOVERNANCE PRINCIPLES

Our Corporate Governance is anchored in the framework that defines how we are governed, provides transparency and accountability for decision making process. It provides the basic principles that enable the Board to provide requisite oversight in the running of the Company.

Gitaru Dam

KenGen has a code of conduct relating to lawful and ethical conduct of business which is supported by the Company's core values of integrity, professionalism, team spirit and emphasis on safety culture to steer our Company's organizational health and decision-making processes.

KenGen continuously assesses the governance operating model to ensure that systems/processes in line with our internal governing bodies.

Corporate Governance is the framework that defines how we are governed, providing transparency and accountability for decision making. It provides the basic principles that enable the Board to provide requisite oversight in the running of the Company. This ensures that our business has appropriate ethical decision-making processes and controls to balance the interests of all stakeholders.

Statement of Compliance

KenGen being a public listed company strictly adheres to the continued obligations to be compliant. The Board has signed the "Code of Governance for Government Owned Entities (Mwongozo Code)" which aligns with the Capital Markets Authority (CMA) Corporate Governance Guidelines - Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

KenGen continuously assesses the governance operating model to ensure that systems/processes in line with our internal governing bodies. With the support of the Board and Management, KenGen drives the Company's Strategic plan and subscribes to the tenets of governance as well as comply with the provisions of relevant statutes including but not limited to Energy Act 2019, Public Finance Management Act, 2012, Employment Act 2007 and all other laws.

Board Charter

The Board Charter is a policy that guides the Board members by defining their respective roles, responsibilities, and authority in setting the direction, and control of the company.

The provisions of the Board Charter include:
- The Board's primary responsibility of determining the Company's purpose and value, providing governance, and adopting strategic plans
- Defining the delegated power to all the Committees of the Board
- One third of the Directors shall be non-executive and independent, and the Chairman of the Board shall always be a non-executive director
- The Board shall appoint the Managing Director & CEO
- The roles of the Chairman and Chief Executive Officer are separate and distinct
- The Board shall ensure the Company complies with all relevant laws, regulations, and codes of business practice, and that it communicates with its shareholders and relevant stakeholders (internal and external) openly and promptly
- The Directors declare any conflicts of interest at the beginning of each meeting of the Board and its committees
- Meetings of the Board will be held as frequently as the Board considers appropriate, but not less than four times a year
- Board committees will assist the Board and its Directors in discharging their duties and responsibilities, however the Board remains accountable
- The Board may take independent professional advice in furtherance of its duties

The Charter does not in any way purport to replace or supersede any laws or regulation that govern the company.

Independent Director

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

Board Composition

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

KenGen Board **complies** with the **1/3** **gender parity** requirement

During the last Annual General Meeting and as per the Company's Articles of Association on Rotation of Directors, three board members retired and they were all re-elected. The Biography of the Board are on page 48 to 55.

Gender Parity

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

The Office of the Inspectorate of State Corporations

In accordance with Section 18 (2) (c) of the State Corporations Act. The Inspector General (Corporations) has the power to attend meetings of any state corporation including the meetings of the Board and its committees.

Board Diversity

The Board has the following diverse set of skills

Board Effectiveness

Induction

Each new director on appointment is provided with a comprehensive and tailored induction programme covering the Company's business, operations and regulatory framework is done.

An induction pack which contains the Articles of Association, Board Charter, Director's guide, Organisational structure, and information on overview of the company and its strategy is unveiled to the Director.

The new Board members make physical visits to all power stations to familiarize themselves with different modes of power production.

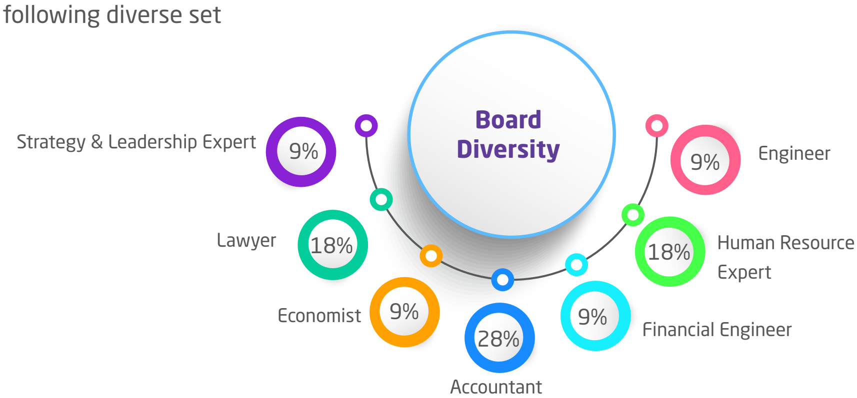
The Board also holds a Strategy retreat to deliberate on the strategic direction of the Company.

Board Development Programme

The KenGen Board members undergo regular capacity development programs every year to enhance their knowledge in areas such as corporate governance, leadership, and specialized relevant special courses. They also attend energy related forums and conferences on best industry practices and continuous professional development program.

Board Evaluation

The State Corporations Advisory Committee does a rigorous performance evaluation for the Board every year. This involves a 360-degree evaluation of the Chairman by the individual Directors, each Director by the Chairman, MD & CEO by all Directors and peer evaluation of each Director. The feedback process is used to identify opportunities to improve the performance of the Board and Directors.



CORPORATE GOVERNANCE STATEMENT

Role of the KenGen Board

- Monitoring business performance
- Putting in place appropriate governance structures
- Having the right team in place to execute the company strategy
- Maintaining as effective framework of controls to mitigate risks facing the business
- Control exercise oversight and administer the assets of KenGen in a manner that best promotes the purpose for which the company was established
- Enter into partnership with other bodies or organisations within or outside Kenya as it may deem appropriate
- Authorise the opening of bank accounts for the Company's funds
- Act responsibly towards the Company's stakeholders
- Approve material transactions
- Approve the Company's budget as proposed by management
- Review the effectiveness of risk management and internal control systems
- Review periodic financial and governance statements
- Approve Annual Reports, Company Financial results and all public announcements

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

In line with best practice of corporate governance, the positions of Chairman and Managing Director & CEO are separate, facilitating the balance of power and authority.

The Chairman is responsible for the leadership of the Board and ensuring its effectiveness. The Chairman is also responsible for ensuring that the interests of the Company's shareholders, including minority shareholders are safeguarded, promotes good corporate governance, and the highest standards of integrity and probity throughout the company.

The Managing Director & CEO has overall responsibility for the performance of the business and provides leadership to management in the day-to-day operations and implements strategies, plans, objectives, and budget approved by the Board.

The Company Secretary

The Company Secretary is the Secretary to the Board and offers the critical role of supporting the Board on procedural and regulatory matters while ensuring the Company adheres to the Board Policies and Procedures.

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

KenGen carries out a Legal & Compliance **Audit** every **2** years to establish with **compliance** with statutory, regulatory and policy requirements

Board Remuneration

The KenGen Non-Executive Directors are paid fees and allowances as remuneration for conducting official company business that they may be called upon to undertake.

The Directors' remuneration rates are as outlined in the State Corporations Act, the Salaries and Remuneration Commission and periodic government circulars. The fees are paid upon shareholders' approval at the Annual General Meeting. It is proposed that each Director receives a taxable fee of Kenya Shillings six hundred thousand (Kshs. 600,000.00) per annum for the financial year ended 30th June 2022.

Conflict of Interest and Declaration of Interest

The Directors are obligated to fully disclose to the Board any real or potential conflict of interest whether direct or indirect. Directors are required to give advance notice of any conflict issues to the Chairman or Company Secretary, and these are considered during the Board meeting.

A Director must refrain from discussion or voting on matters of potential conflict of interest. Directors are guided by a Board Conflict of Interest Policy.

Executive Committee (ExCo)

The Executive Committee comprises all the General Managers and is led by the Managing Director & CEO.

This Committee serves as a link between the Board and Management. ExCo has a mandate and responsibility to ensure implementation of the strategic objectives of the company, compliance with the statutory and regulatory framework, guidelines and adherence to company policies and procedures.

Meetings are convened on a weekly basis or as the business may dictate to discuss strategy formulation and implementation, policy matters and financial performance.

Corporate Governance Audit

A Corporate Governance Audit is currently being conducted by an accredited external governance auditor in compliance with the applicable rules and regulations set out by the CMA for listed companies.

The audit focused on understanding of KenGen's business and governance issues. It consisted of an assessment of the following elements of corporate governance: -

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

Legal and Compliance Audit

Enforcement of legal compliance is a key component of KenGen's risk management strategy which seeks to mitigate the Company's exposure to potential risks.

The Company carries out a Legal & Compliance Audit every two years to establish with compliance with statutory, regulatory and policy requirements as well as providing updates on how the Company and the Board observe and uphold Good Corporate Governance practices in all its activities.

Non-compliance with the law can be costly to the Company not only in terms of resources but also its right standing as a responsible corporate citizen. KenGen's last legal and compliance audit was carried out in 2020.

Responsibilities of the Directors

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

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

Individual Directors Shareholding

A Board member should not own more than 1% of company's shareholding in his or her personal capacity. Below is the breakdown of the Director's personal shareholding in the Company as of 30th June 2022.

CORPORATE GOVERNANCE STATEMENT

Name	No. of Shares	% Holding
Gen. (Rtd) Samson Mwathethe	-	-
Mr. Abraham Serem	-	-
Hon. Amb. Ukur Yatani	-	-
Maj. Gen. (Rtd) Dr. Gordon Kihalangwa	-	-
Mr. Maurice Nduranu	-	-
Mr. Joseph Sitati	10,000	0.000152
Mrs. Phyllis Wakiaga	336	0.000005
Ms. Peris Mwangi	-	-
Ms. Winnie Pertet	9	0.0000004
Mr. James Opindi	-	-
Mr. Samuel Kimani	-	-
Mr. Bernard Ndungu	-	-
Mr. Stephen Njue	-	-
Mr. Peter Nyutu	-	-

Board Meetings

As per the annual workplan the Board meets quarterly or additionally when necessary to consider matters relating to the overall control of the business. The Board workplan and calendar are prepared at the beginning of the year and adequate notice, agenda and Board papers are circulated within the stipulated timelines.

The main Board held 12 meetings attended as follows: -

No.	Name	Attendance
1.	Gen. (Rtd) Samson Mwathethe	12
2.	Mrs. Rebecca Miano	12
3.	Mr. Maurice Nduranu	10
4.	Mr. Joseph Sitati	10
5.	Mrs. Phyllis Wakiaga	10
6.	Ms. Peris Mwangi	10
7.	Ms. Winnie Pertet	11
8.	Mr. James Opindi	11
9.	Mr. Samuel Kimani	12
10.	Alternate Director to the CS National Treasury, PS Ministry of Energy	12
11.	Mr. Peter Nyutu	11

Board Committees

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

Following the 2021 Annual General Meeting and to enhance best practice in Corporate Governance, the Board Committees were reconstituted in December 2021 and March 2022.

The membership is summarised as follows:

Audit, Risk & Compliance Committee	Strategy Committee	Human Resource & Nomination Committee	Governance Advisory Committee	Finance Committee
Samuel Kimani - Chairperson	**Maurice Nduranu** - Chairperson	**Winnie Pertet** - Chairperson	**Peris Mwangi** - Chairperson	**Joseph Sitati** - Chairperson
Bernard Ndungu	Phyllis Wakiaga	Maurice Nduranu	Maurice Nduranu	James Opindi
Phyllis Wakiaga	James Opindi	James Opindi	Winnie Pertet	Stephen Njue
Peris Mwangi	Stephen Njue	Samuel Kimani	Joseph Sitati	Bernard Ndungu
Winnie Pertet	Rebecca Miano	Rebecca Miano	Rebecca Miano	Rebecca Miano

Kiambere Dam

Mr. Samuel Kimani -
Chairperson

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

Mandate

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

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

Membership

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

No.	Audit, Risk & Compliance Committee	Attendance
1.	Samuel Kimani - Chairperson	8
2.	Bernard Ndungu (Alternate Director to the CS The National Treasury)	5
3.	Phyllis Wakiaga	6
4.	Peris Mwangi	8
5.	Winnie Pertet	3

Ms. Winnie Pertet was appointed a member of the Committee on 3rd March 2022

Maurice Nduranu -
Chairperson

Report from the Chairperson of the Strategy Committee

Mandate

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

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

Membership

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

No.	Strategy Committee	Attendance
1.	Maurice Nduranu - Chairperson	8
2.	Phyllis Wakiaga	11
3.	James Opindi	11
4.	Stephen Njue (Alternate Director to PS State Department for Energy)	3
5.	Rebecca Miano	12

Mr. Stephen Njue was appointed a member of the Committee on 3rd March 2022

Winnie Pertet -
Chairperson

Report from the Chairperson of the Human Resource & Nomination Committee

Mandate

The committee is responsible for the appointment and reappointment of directors to the Board and its committees. It is also responsible for the recruitment and performance of senior management. The role of the Committee is to review, monitor and make recommendations to the Board of Directors on the organization's human resources strategy and policies that pertain to staffing, compensation, benefits, and related issues of strategic importance that directly affect Kengen's ability to recruit, develop and retain the highly-qualified staff needed for it to achieve its mandate. The functions include: -

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

Human Resources Function

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

Nominating function

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

Remuneration function

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

Membership

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

No.	Human Resource & Nomination Committee	Attendance
1.	Winnie Pertet - Chairperson	8
2.	Maurice Nduranu	8
3.	James Opindi	8
4.	Samuel Kimani	4
5.	Rebecca Miano	8

Mr. Samuel Kimani twas appointed a member of the Committee on 3rd March 2022

Peris Mwangi -
Chairperson

Report from the Chairperson of the Governance Advisory Committee

Mandate

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

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

Membership

The Governance Advisory Committee comprises of five (5) members of the Board with four (4) independent & non-executive Directors and one (1) executive Director.

No.	Governance Advisory Committee	Attendance
1.	Peris Mwangi - Chairperson	12
2.	Maurice Nduranu	11
3.	Winnie Pertet	12
4.	Joseph Sitati	12
5.	Rebecca Miano	12

Joseph Sitati -
Chairperson

Report from the Chairperson of the Finance Committee

Mandate

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

- Oversee the Balance restructuring activities of the company
- Oversee the activities of any Financial Arranger and Advisor in particular, adherence to the terms of reference of the contract
- Provided oversight over the implementation of the overall investment plan for the PIBO funds, as per the information Memorandum, Ministerial approvals and asset allocations for cash and cash equivalents with respect to fixed-income securities and equities
- Monitor on a quarterly basis the Company's key financial ratio
- Review Shareholders issues
- Review Strategic Finance matters
- Review PPPs, Joint Ventures and other capital raising strategies for financing of projects
- Review Policies on finance matters such as treasury policies and forex policies
- Oversee any financial strategies
- Oversee any capital restructuring
- Oversee Recurrent Operational Finance matters
- Monitor the Treasury management strategies of the Company
- Review debt service and cash flow management of the Company
- Review the borrowings of the Company
- Oversee ongoing capital raising matters of the Company
- Monitor taxation & planning strategies of the Company
- Review financial delegations and recommend amendments
- Review all insurance strategies
- Review all pension reports
- Track material contracts of the Company

Membership

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

No.	Finance Committee	Attendance
1.	Joseph Sitati - Chairperson	2
2.	James Opindi	1
3.	Stephen Njue (Alternate Director to PS State Department for Energy)	1
4.	Bernard Ndungu (Alternate Director to CS The National Treasury)	3
5.	Rebecca Miano	3

Mr. Stephen Njue was appointed a member of the Committee on 3rd March 2022.
Mr. Joseph Sitati joined the Committee on 3rd March 2022.
Mr. James Opindi joined the Committee on 3rd March 2022.

The Board, Management and Employees are required to **observe** the code and high standards of **integrity**.

KenGen has a code of conduct relating to lawful and ethical conduct of business which is supported by the Company's core values of integrity, professionalism, team spirit and emphasis on safety culture to steer our Company's organizational health and decision-making processes.

The Company carries out an biennial **legal & compliance audit** to ensure compliance with all applicable **laws and identify** any gaps and advise the company on the impact.

Internal Controls & Risk Management

The internal control and risk management system is the set of procedures, organizational structures and related activities aimed at ensuring, through an adequate process of identification, measurement, management and, monitoring of the main risks that a company adequately mitigates any identified risks. The purpose of internal control and risk management is to ensure that the company's operations are effective, that financial and other information is reliable and that the company complies with the relevant regulations and operating principles.

The Board is committed to managing risk and to control the company's business and financial activities in a manner which enables profitable business opportunities, manage and ensure compliance with applicable laws and regulations and enhance resilience to external forces.

The Company carries out an biennial legal compliance audit to ensure compliance with all applicable laws and identify any gaps and advise the Company on the impact.

KenGen has a risk management policy that helps management identify, measure, and manage threats to achieving the Company objectives and reviews the appropriateness of management's mitigation response to these risks.

The Audit, Risk & Compliance Committee of the Board through its delegated mandate from the Board regularly reviews the effectiveness of the internal control system. The head of the Internal Audit & Risk Department reports directly to the Board Audit, Risk and Compliance Committee.

Code of Conduct and Ethics

A Code of Ethics is a guide of principles designed to help professionals conduct business honestly and with integrity. A code of ethics document outlines the mission and values of the Business or organisation, how the Board and Staff are supposed to approach problems, the ethical principles based on the organisation's core values, and the standards to which the company upholds.

KenGen has a code of conduct relating to lawful and ethical conduct of business which is supported by the Company's core values of integrity, professionalism, team spirit and emphasis on safety culture to steer our Company's organizational health and decision-making processes. The code of conduct provides fundamental principles and guidelines that govern the ethical and legal obligations of all employees at all levels.

All employees are bound by the provisions of the Public Officers Ethics Act 2003, the Company Code of Conduct and any other statutory regulations issued from time to time.

The Board, Management and Employees are required to observe the code and high standards of integrity. These standards are applied in all dealings with customers, suppliers, and other stakeholders.

Going Concern

Going Concern is an accounting term for a company that has the resources needed to continue operating indefinitely until it provides evidence to the contrary.

The Board affirms that it is satisfied that the Company even amidst the pandemic has adequate resources to continue in business for the foreseeable future. For going concern basis when preparing the financial statements.

Insider Trading

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

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

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

Whistle Blowing Policy

Whistle blowing basically is done by an employee who finds that the ethical rules are broken knowingly or unknowingly posing an imminent danger for the company, consumers or the public.

KenGen has a whistle blowing policy that provides for ethics hotline managed by independent external institution. Through the hotline, anonymous reports on unethical behaviour can be made without fear of retaliation of the suspected individuals.

Engagement with Shareholders

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

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

Shareholding

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

Top Ten Shareholders as at June 30 2022

No.	Names	No. of Shares	Shareholding
1	Cabinet Secretary - The National Treasury	4,615,424,088	69.99%
2	Stanbic Nominees Limited	495,348,189	7.51%
3	Stanbic Nominees Limited	172,150,600	2.61%
4	Standard Chartered Nominees Ltd A/C Ke002339	120,000,000	1.82%
5	Standard Chartered Nominees Resd A/C Ke11450	64,702,437	0.98%
6	Stanbic Nominees Limited R6631578	60,000,000	0.91%
7	Standard Chartered Nominees Resd A/C Ke11443	40,163,194	0.61%
8	Standard Chartered Nominees Resd A/C Ke11401	33,300,380	0.50%
9	Mavji, Ramila Harji	31,410,100	0.48%
10	Shah Mansukhlal Khetshi Dharamshi;Shah Vijayaben Mansukhlal Khetshi	15,184,600	0.23%
	Others - 190,501	946,838,751	14.36%
	Grand Total	**6,594,522,339**	**100.00%**

Distribution of Shareholders

	Range	No. of Shareholders	No. of Shares	Shareholding
1	1 to 500	82,435	19,672,587	.30%
2	501 to 1000	34,361	27,388,623	.42%
3	1001 to 5000	48,951	109,117,909	1.65%
4	5001 to 10000	16,402	110,408,599	1.67%
5	10001 to 50000	6,862	138,368,484	2.10%
6	50001 to 100000	744	52,759,509	.80%
7	100001 to 500000	565	115,426,502	1.75%
8	500001 to 1000000	80	56,706,393	.86%
9	Above 1000,000	111	5,964,673,733	90.45%
	Total	**190,511**	**6,594,522,339**	**100.00%**

Investor Pools

Range	No. of Shareholders	No. of Shares	Shareholding
Local Institutions	7,946	5,054,307,786	76.644%
Foreign Investors	938	877,912,290	13.313%
Local Individuals	181,627	662,302,263	10.043%
Grand Total	**190,511**	**6,594,522,339**	**100.00%**

SUSTAINABILITY

SUSTAINABILITY AGENDA

At KenGen, sustainability means doing business responsibly, empowering future generations and building a resilient business that weathers turbulent times, impacts positively on the environment and society.

The therapeutic Olkaria Geothermal Spa

Our membership in the UN Global Compact (UNGC) exemplifies KenGen's leadership commitment to accelerate attainment of the Ten Principles of the United Nations Global Compact (UNGC) and the UN Sustainable Development Goals (SDGs).

SUSTAINABLE DEVELOPMENT GOALS

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

Our Sustainability Agenda focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs. We are committed to meeting the Environmental, Social and Governance (ESG) standards and expectations.

At KenGen, sustainability means doing business responsibly, empowering future generations and building a resilient business that weathers turbulent times, impacts positively on the environment and society. We invest in people living around our operational areas through sustainable social and environmental activities and partnerships.

Sustainability is at the core of our various modes of energy generation through responsible environmental management, biodiversity conservation, project monitoring, appraisal and climate change action.

As part of our sustainability practices, we have in place an Enterprise Risk Management System that takes a net risk approach which ensures that our leadership is fully and timely informed about significant risks. This informs our response to manage risks and seize opportunities that arise.

Further, our membership in the UN Global Compact (UNGC) exemplifies KenGen's leadership commitment to accelerate attainment of the Ten Principles of the United Nations Global Compact (UNGC) and the UN Sustainable Development Goals (SDGs). To cement our commitment, KenGen has made the second disclosure of its sustainability performance through a Communication on Progress Report (CoP) to UNGC.

We are proud of this journey which is critical in our contribution towards protecting the planet while meeting the growing energy demand.

Gen (Rtd) Samson Mwathethe,
EGH, MBS, DCO
Chairman of the Board

Abraham Serem
Ag. *Managing Director* & CEO

Product Stewardship

OPERATIONAL EXCELLENCE

Optimisation of Maintenance Practices

KenGen plans and implements plant preventive maintenance schedules for all its fleet in line with industry best practices. Various types of maintenance, time based (monthly, semi-annuals and annuals), running hours and condition-based maintenance are utilised to keep the fleet in top notch state. This is the ethos of our Operational Excellence that guarantees fleet availability and reliability to provide the much-needed electricity at an affordable cost.

To guarantee availability of critical and strategic spares and to minimize lead-time, KenGen has entered into framework contracts with the Original Equipment Manufacturers (OEMs) and other reputable suppliers. The Company has also invested heavily in the acquisition of both standard and specialized tools in readiness for either planned or breakdown maintenance. In addition, staff attend internal and external trainings to upskill their knowledge in various aspects of plant operations and maintenance.

Plant Automation

Technology plays a pivotal role in the operation and maintenance of our fleet. The SAP Plant Maintenance, Supervisory, control and data acquisition (SCADA) systems, Distributed Control Systems (DCS) have given us an edge in plant availability and reliability. There has been continuous improvement and replacement of obsolete technology in the management of our fleet.

Internet of Things (IoT)

Internet of Things (IoT) is a digital transformation technology of connected things that allows people, digital

machines, devices and other objects to be connected through networks or internet and exchange information with minimal human interaction. In power generation the sensors are installed in power generators and turbines to capture data for different parameters like the wet bulb temperature, voltage, current, frequency, speed, vibrations etc. The data extracted from the process is analyzed by computers to give models and predictions that are used to make decisions that can increase and sustain revenue through increased plant performance and efficiency.

In order to make the best of geothermal energy resource, the United Nations Industrial Development Organization (UNIDO) is partnering with the Government of Japan to improve the efficiency of geothermal electricity production in the region.

The plan is to install sensors in power generators and turbines which will detect temperature and vibrations. The data extracted from the process will be analyzed by computers in order to increase the plants' efficiency. The technology allows companies to remotely monitor and manage the production and distribution of energy in real time.
"We have seen a great leap in technological advances over last couple of decades," said Naotsugu Ikeda, from West Japan Engineering Consultants (West JEC)."Computer technologies reduce costs and increase our chances to succeed," he added.

The technology will also make the plants' operation much safer. Geothermal power plants are usually built in areas with some tectonic activity, meaning that they are prone to earthquakes. And, along with heat, the plants also often release chemicals such as mercury, hydrogen sulfide, and ammonia. In such situations, the possibility of managing the plants remotely has clear advantages for avoiding employees' exposure. In the future, geothermal power plants could be managed by artificial intelligence, increasing their efficiency even more.

JICA through the IoT project will offer a six months training for engineers, a six weeks training for drilling manager and one week for executives. On top of that, they will offer fellowships at a Japanese University in combination with an internship programme at Japanese companies.

7 AFFORDABLE AND CLEAN ENERGY

With all plans in place, UNIDO and JICA are partnering up with Kenya Electricity Generating Company Plc (KenGen) in order to establish the first demonstration project, meant to encourage the adoption of the technology in the region. This project will be key in digital transformation of the business processes in line with the KenGen strategy.

The photo shows the reverbed Wanjii powerhouse, penstocks, winch track and trolly. The evacuation substation was done anew to improve the substation performance. The Winch allows ease of access for staff and equipment to the powerhouse. A road was constructed to the powerhouse to improve access.

Rehabilitation and Upgrades

Major rehabilitation and upgrades are carried out on the fleet that is approaching the end of its useful life, while those that have seriously deteriorated in their performance are restored to a good working state.

Upgrading of Wanjii Power Station

Wanjii Power Plant was commissioned in 1954 and had been in operation for over 65 years, after which a decision was made in 2019 to upgrade the plant. The performance of the plant had declined over the years and there was a need to upgrade the generating units and rehabilitate the associated system of the plant.

The works commenced in June 2019 and the upgraded plant was commissioned in January 2022. Using modern technology, all the mechanical and electrical systems were renewed ensuring safety, reliability and improved performance of the plant. This yielded an increase in plant capacity from 7.4MW to 8.2MW. KenGen employees were integrated in the project to guarantee skills and knowledge transfer from the contractors.

Rehabilitation of Masinga Power Plant

As part of our operational excellence, KenGen staff utilising the experience gained over time successfully executed the rehabilitation works for Masinga Power Plant. Major works included: Unit Runner Correlation Works, Generator Transformer and Generator Protection System Rehabilitation and commenced in February 2020 and ended in September 2020 for Unit 1 inspite of the Covid-19 disruptions. The Unit 2 works commenced in July 2021 and successfully commissioned in October 2021. Each Unit had been derated to 12MW from 20MW. After the overhaul, the capacity of each Unit was restored to 20MW. The additional capacity tests achieved 41MW against a contracted capacity of 40MW.

Product Stewardship

Masinga unit 2 runner works

MProtection system panels

Replacing Damaged Generator and Gear Box At Ngong Wind Farm

Ngong wind farm has an installed capacity of 25.5MW from 30 wind turbines each rated 0.85MW. Two of these turbines AG07 & AG08 had a generator & gearbox failure respectively. For the first time in KenGen history of wind generation, there has never been such a failure. Working with wind energy experts, KenGen successfully replaced and re-installed the generator & gearbox while upskilling its employees in O&M for wind turbines.

Opex Improvement

Lack of organization in the stores wastes retrieval time and slows operational efficiency. For process improvement using KAIZEN philosophy, KenGen piloted the use of the lean 5S system (sort, set in order, shine, standardize, sustain) at the Ngong Wind Farm stores to create a clean, well ordered and disciplined work environment. The success at Ngong will be rolled out in phases to all other KenGen stores.

Ancillary Services

Solar and Wind power output depend on the intensity of the sun and wind speeds respectively. The solar and wind sources are intermittent because their output is irregular and not steady. With the continued increase in integration of intermittent generation from solar and wind power in the Kenyan national grid, KenGen has continued to provide the much-needed stabilizing power from hydro generation to ensure stability and reliability of the grid. This grid stabilization role by KenGen is an ancillary service which includes provision of stabilizing spinning reserve, frequency control when there is loss/ increase of power in the grid. Mainly the hydro machines have the capability of quick responses to these sudden changes in supply and demand of electricity. However, this stabilization role has an adverse wear and tear effect on our machines.

Industry Collaboration

For effective National grid management and to guarantee continuous provision of power to the Kenyan people, KenGen works closely with other stakeholders like the communities living near our installations, Kenya Power, KETRACO, EPRA, Ministry of Energy among others. Together they develop mitigation measures against power black outs.

Cost Improvement

KenGen has implemented several technical and non-technical support

initiatives in all our fleet to ensure that they improve their operations at minimum costs. This has improved the efficiency of the fleet performance. Some of the cost reduction measures that have been carried out are: proposal to sink a borehole in Ngong to reduce cost of clean water provision by use of water boozers, minimizing back feed energy chargeable at commercial rates by KP through use of manual change over operations.

KenGen encourages its staff to be creative and innovative in all their operational and maintenance processes through continuous process improvement. An example is the resent Installation and commissioning of transformer deluge systems in all the substations and modernization of Sagana intake gate.

Reliability Centered Maintenance (RCM)

Operations and Maintenance activities are being assessed for optimization in the development of an RCM roadmap for all the KenGen fleet. Staff skills and knowledge capacity, Spares parts, tools, and consumables remain a key hindrance which is being addressed through alternative suppliers, frameworks, procurement of tools, and stocking of consumables in all the areas.

Central Mechanical and Electrical Engineering Workshops

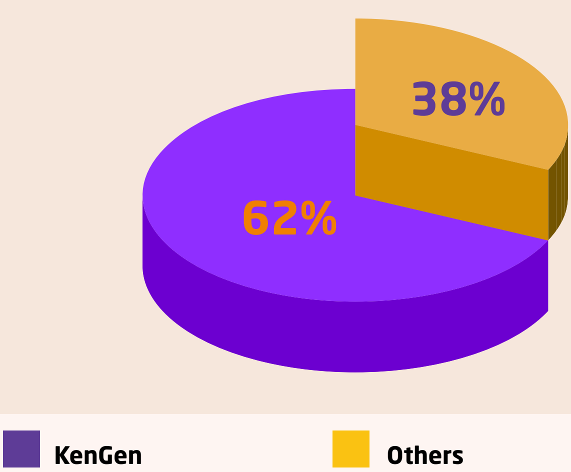
Mechanical and Electrical workshops offer services that are critical in the maintenance of these power plants. Since 2001, KenGen has operated a central Electrical engineering workshop for electrical works that serves all the KenGen installations and external customers. The Central Engineering Workshop was relocated from Mombasa Road to the Old Tana Powerhouse in January 2019. Since then, major strides have been made to convert the old powerhouse into a modern electrical workshop.

On the other hand, there is no central mechanical workshop. Occasionally KenGen has had to outsource mechanical workshop services from the external workshops due to lack of specialized equipment in the existing KenGen decentralised mini workshops located in our various power stations. Outsourced services have had various challenges including long lead times and repeat jobs due to poor workmanship. This has resulted in prolonged plant outages, higher maintenance costs and loss of revenue. The establishment of a central mechanical workshop will improve the turnaround time in provision of workshop services and quality control in our operations.

Contribution of KenGen's energy sales to the grid from July 2021 to June 2022

During the year, KenGen contributed 7,918 GWh out of the 12,598.8GWh of electricity energy consumed in the country. 86% of this energy was from renewable energy of Hydros, geothermal and wind.

Contribution of KenGen's energy sales to the grid (%)



Product Stewardship

KenGen operates in a highly competitive business environment. To ensure our profitability is sustainable, the Company adapts and evolves through continuous and consistent process improvement while dealing with emerging obstacles. It's on this premise that KenGen has committed to business improvement as key aspect of its sustainability by proactively interrogating process performance, carrying out root cause analysis with a goal to identify opportunities for improvement. During the year, 155 employees were trained on Lean Six Sigma Problem Solving methodology across the Business.The trained Problem-Solving Champions will lead cross functional Lean Six Sigma Problem Solving Projects in their areas of placement. Also to improve the back-end structures and system of Karibu Centre, an assessment of the services offered was done to ensure seamless execution and operationalization of customer service processes.

Digitalisation

The advancement in the automation front and increased digitization in the economy has opened opportunities to increase use of data to drive business for competitive advantage. Digitalization remains an important lever in the execution of KenGen's strategy and the basis for generating additional value over the long-term. Our objective is to quickly become more adoptive to technology trends, such as Big Data analytics, artificial intelligence (AI), machine learning, the Internet of Things (IoT), mobility and cloud computing.

Supply Chain Recovery from COVID 19

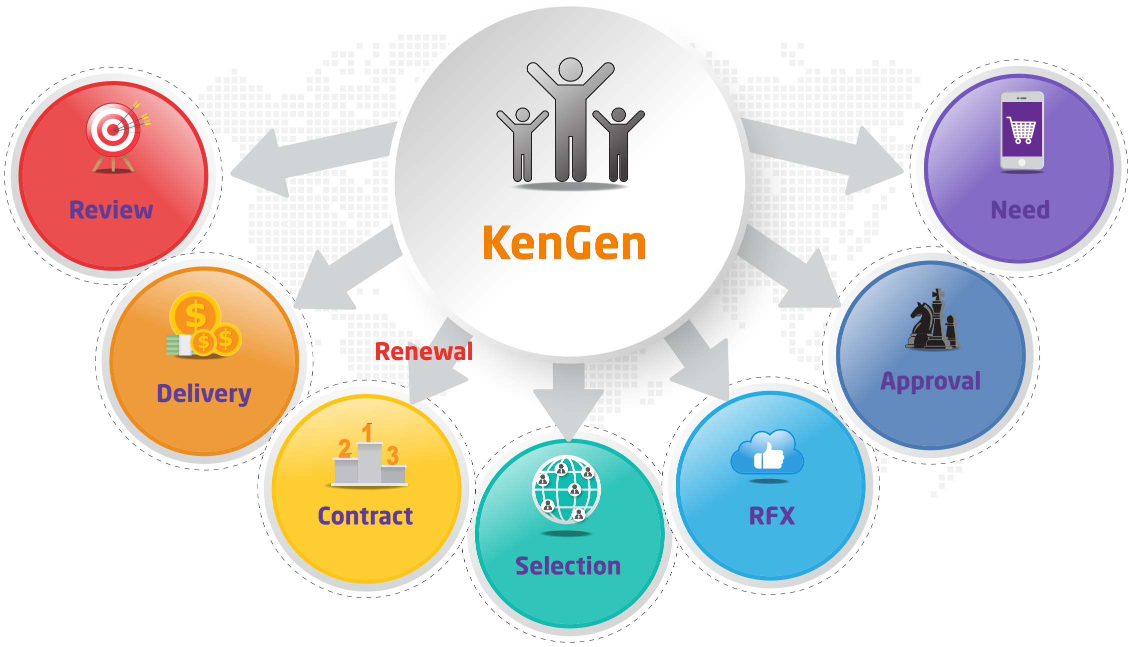
Supply Chain instituted measures to ensure steady flow of spares to the power plants even as COVID 19 pandemic continued in the year. Among the key strategy was forwarding planning specifically use of framework agreements. The long-term symbiotic interaction enabled the survival of suppliers, creating an environment that is conducive to sustainable investment geared to creating employment. This win - win situation has helped waste reduction in the value processes.

Support for the Special Groups

Special groups are referred to youth, Women and Persons with Disabilities (PWD) who are categorised with the Government of Kenya for ease of access to procurement opportunities.

During the year, the Special Groups were supported by awareness and training to ensure the up take in continuously improved in the year under review.

The empowerment of the Special Groups through the Access to Government Procurement Opportunities (AGPO) was done by the Company through allocation KShs 5.927 billion to promote AGPO agenda. Despite the uncertainties brought about by COVID 19 pandemic, KenGen utilized lessons learnt in the year before and remained optimistic that AGPO meets the allocation threshold. This helped in getting the supply and services needed to steer growth and satisfy the special group's appetite in the business.



Comparative Allocation to AGPO

The effort for support of AGPO in the company was impressing and during the year the uptake of AGPO allocation doubled which was encouraging.

7 AFFORDABLE AND CLEAN ENERGY

17 PARTNERSHIPS FOR THE GOALS

Category	2021 (Awards in Kshs Million)	2022 (Awards in Kshs Million)
Youth	373	767
Women	637	4,397
PWDs	186	499
Total Awarded	**1,196**	**5,663**
Allocated	**2,740**	**5,927**
Absorption Level	44%	95 %

Among the initiatives are:-

- Initiatives to improving absorption of allocation to special groups.
- Sensitization on more AGPO registration and on capacity uptake.
- Training on Supplier Relationship Management.
- Continued support at our Karibu Centre and other avenues of communication.
- Facilitation on PO financing through Stima SACCO and Micro Finance.

Product Stewardship

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

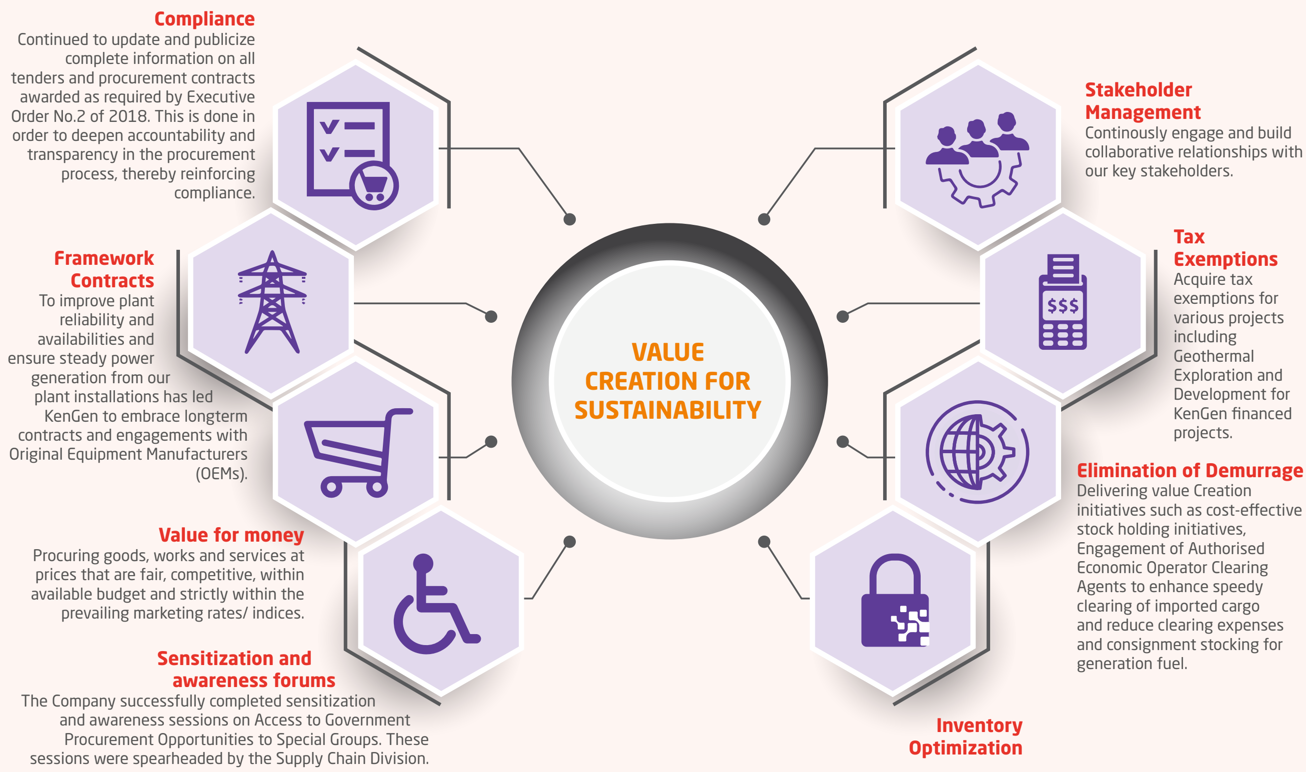
Buy Kenya Build Kenya

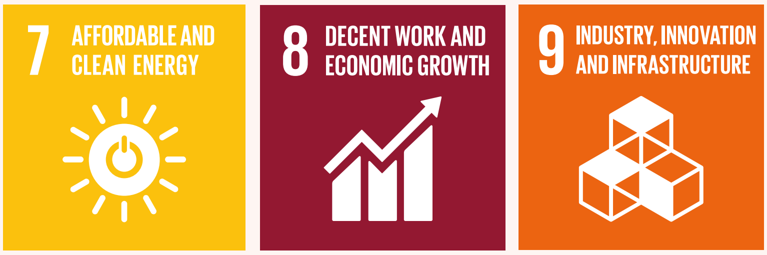
KenGen strategy to Buy Kenya Build Kenya is to promote and enhance consumption of Kenya's own product and services to improve on business and improve GDP for the economy. In this spirit KenGen continued to support the promotion of locally manufactured goods and in the year under review the Buy Kenya Build Kenya initiatives generated Kshs. 13.70 billion that was absorbed by citizen contractors.

Buy Kenya Build Kenya Absorption

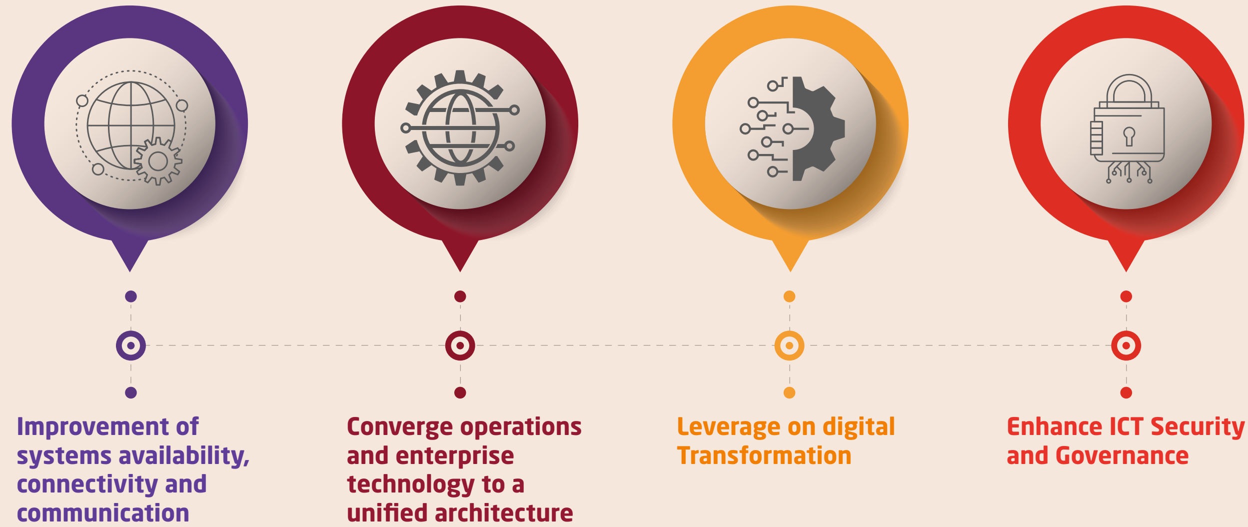
Financial Year	Allocation (Kshs. Million)	Awarded (Kshs. Million)	Compliance Level YTD
2021	18,842	23,732	125.95%
2022	15,487	13,701	88.50%

Value Creation for Sustainability





OUR DIGITAL TRANSFORMATION STRATEGIC PATHWAYS



Accelerated adoption of technology has continued to guarantee business continuity amidst Covid-19 disruptions and it provides an enabling environment for delivery of operations and increased digitalization across the business. During the year, we attained several achievements some of which include.

- A Digital Transformation Committee has been formed to prioritise implementation of ICT Strategy over the next three years;
- Implemented procure-to-pay (P2P) process that aims to eliminate need for manual interventions in the Medicare System, Finance and Supply Chain processes;
- Deployed Automatic Metering Infrastructure in the Eastern region and Upper Tana to ensure real time monitoring of data across the hydro plants for a centralized monitoring and billing;
- ICT clinics were held across our business areas and provided opportunity for knowledge sharing by subject matter experts on cybersecurity, emerging threats and equipped users with sufficient know-how on optimizing ICT functionalities.


Turkwel Dam

KenGen At COP26

13 CLIMATE ACTION

OUR APPROACH TO ENVIRONMENTAL MANAGEMENT

KenGen implemented its environment sustainability agenda, which is anchored on Environmental Social Governance (ESG), in an emerging economy gravely affected by a global pandemic, and heavily regulated by climate change policies and conflict adherence programs.

Responsible environment management drives our sustainable approach to natural resource use in our business while avoiding threats of future generations' ability to meet their needs.

Our environmental programs include environmental compliance, ecosystem conservation, projects monitoring & appraisal and climate change actions.

KenGen business lifeline is dependent on natural resources which are located within protected and fragile ecosystem and as such it is critical for the company to conserve the environment for sustainable energy generation.

ENVIRONMENTAL COMPLIANCE

Projects Appraisals and Monitoring: Preliminary Environmental and Social Impact Assessments (PESIA)

To ensure compliance with the National and international standards and requirements KenGen carried out elaborate project appraisal and monitoring. In the year under review the following activities were carried out on various proposed projects.

SOLAR PHOTOVOLTAIC (PV) PANEL ASSEMBLY PLANT IN TANA STATION:
The Environmental & Social Impact Assessment for the proposed is ongoing and is expected to be completed by end of July 2022.

FORKS SOLAR PV PROJECT:
During the year, consultations were held with the Consultant to discuss the Livelihood Restoration and Biodiversity Compensation plan implementation for the stakeholders of the Forks Solar PV Project.

MARSABIT WIND PROJECT
A second rapid assessment for birds and bats study for the Project was successfully completed on 4th April 2022 for the proposed Marsabit Wind Project.

WASTE TO ENERGY POWER PROJECT:
Environmental and Social impact asssessment for waste to Energy Power Project done and the report is currently being reviewed by NEMA.

GOGO POWER STATION:
Conducted an Environmental & Social Impact Assessment for the proposed transmission line from Gogo Power Station to 33/132kV Awendo Substation in Migori.

GOGO POWER STATION:
Obtained the NEMA license for the Environmental Impact Assessment (EIA) for the proposed Redevelopment of Gogo Hydro project.

Environment

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

01
Update of ESIA for Rehabilitation of Olkaria I 45 MWe Geothermal Power Plant. The EIA license was issued on 1st December 2021 and has a validity period of 24 months, during which the project is expected to commence.

03
Conducted ESIA for the proposed Internet of Thing (IoT) Project at Olkaria. The report is under review by NEMA.

02
Conducted ESIA for the proposed desilation and removal of hippo grass at Sondu intake weir, using inhouse capacity. The report is under review by NEMA.

15 LIFE ON LAND

Ecosystem Conservation

KenGen ecosystem consist of dam buffer zones, geothermal steam fields, forest and marine environment. The main ecosystem conservation activities includes, preservation of catchment areas, protection of resource areas, restoration of degraded environment, monitoring and implementation of mitigation measures.

During the year KenGen distributed 188,228 tree seedlings to our main ecosystems around Mau complex, Ngong forest and Tana Catchment areas. The Company has created buffer zones in various locations to protect its land from encroachment and for forest restoration:

- The establishment of 35,000 bubils for the sisal buffer zone in Kindaruma;
- Protection of Maragua river riparian area in Murang'a County which is one of the main tributaries of River Tana, 11,600 assorted planting materials made up of fruit trees, vetiver grass and bamboo already distributed to the local community to incentivize them to protect the riparian while at the same time get food, income and fodder for their animals.
- The growing of 5,000 indigenous trees for restoration of Eburru forest.
- Growing of 7,000 indigenous trees at Ngong forest has been completed and handed over to Kenya Forest Service on 3rd June 2022, while Phase II which involves growing of 10,000 indigenous trees to restore a ten hectare degraded site has been launched.
- KenGen partnered with Eldoret Golf Club by donating and planting 5,000 tree seedlings towards the Club's environment conservation drive.

Eburru forest restoration project

Energy Saving Jiko distribution in Samburu County

Pupils from Lelanthi Primary School Machakos who won the GIC phase V competition were rewarded with an educational tour at Haller Park Mombasa

Strategy and Innovation Manager representing the MD and CEO during the launch of GIC VII in Kitui County

Participation in the Kenya Energy Sector Environment Program (KEEP) Catchment Conservation initiatives

KenGen is committed to implementation of conservation activities under the KEEP program which is run by the Ministry of Energy. The Company plays a key role as the secretariat and provides technical support for the restoration of 150 Hectares in Aberdare Forest and 106 Hectares in Londiani forest.

In pursuit of our Environmental Pillar, KenGen Foundation plans to grow 6,950 Bamboo towards the rehabilitation of Saba Saba River in Muranga County. In April 2022, 3,100 bulbils were distributed and planted by the local community and project monitoring was done on 27th and 28th April 2022. The remaining 3,850 bulbils are will be distributed in the next rainy season.

Through the KenGen Foundation Employees Giver Initiative (EGI), KenGen employees actively participated in various programs including:

- Collaborating with Community Based Organisations and other corporates to address vegetation cover loss at Koguta Forest by planting 20,000 trees.
- Distribution of 500 energy saving jikos to Turkana, West Pokot, Samburu, and Nyandarua communities to curb deforestation.

Environment

Schools Green Initiative Challenge

KenGen's commitment to sustainable environmental management extends to developing partnerships with organizations that share similar goals. The KenGen Foundation's collaboration with Better Globe Forestry Foundation for the Green Initiative Challenge (GIC) Program schools' afforestation project, which was launched in 2015, targets schools in Embu, Machakos, and Kitui counties. The GIC was rolled out as a 10-year program in the Seven Forks Area. Structured as a competition, the best performing schools recording the highest seedlings survival rates in the program stand to benefit from education scholarships, infrastructural developments, educational tours, water tanks, rainwater-harvesting structures, and cash awards after a period of two years. Recently, the top school from GIC Phase V, Ielanthi Primary School, Machakos County embarked on a week-long educational tour of Mombasa County as part of their reward.

Phases I to V have been completed and so far greened over 450 acres in 700 school compounds with approximately 210,000 drought resistant tree species. For Phase VII, two hundred new 'green' teachers have been trained on the basics of environmental conservation for dissemination to over 2,000 primary and secondary school students.

The Foundation has piloted the GIC program in West Pokot and Turkana counties. This is in partnership with Tullow Oil, and involves 28 primary and secondary schools with growing of 8,400 trees.

GIC students at their woodlot in West Pokot County

KenGen contribute to the 2 Billion Tree Growing Campaign by NETFUND

In line with our business sustainability strategy KenGen PLC has made a commitment towards the 2 billion Tree Growing Campaign being championed by Ministry of Environment and Forestry through the National Environment Trust Fund (NETFUND). KenGen contribution will be realised by growing two million tree seedlings by year 2025. This commitment involves issuing of 400,000 tree seedlings in every financial year.

KenGen Staff together with the PS Ministry of Environment, Dr. Kiptoo and world renowned athlete, Eliud Kipchoge

13 CLIMATE ACTION

KenGen's Commitments to the Global Sustainable Development and Climate Goals

Energy remains an enabler to socio-economic growth. However, energy sector has been identified as the greatest contributor of Greenhouse Gas (GHG) emissions globally and is responsible for three quarters of human caused GHG emissions through fossil fuels generation modes. In quest for energy access to all, KenGen continues to reduce the emissions by deploying more renewable and clean energy sources to meet the ever-growing energy demand in a sustainable manner. Our climate action commitments include:

i) On June 8, 2021, KenGen joined Business Ambition for 1.5°C Campaign and committed to establish emission reduction targets that are consistent with the level of decarbonization required to limit warming to 1.5°C or well-below 2°C as per the Paris Agreement of 2015 within 24 months. This commitment will eventually lead to Net Zero by 2050 and maintain it across the global supply chain.

ii) Currently, KenGen Generation mix constitutes 86% from renewable sources and our project pipeline targets to move it to 100 % green by 2030 in line with Kenya's Nationally Determinate Commitments (NDC) that seeks to reduce Green House Gases emission by 32%.

Clean Development Mechanism (CDM)

In 1992, The United Nations Framework Convention on Climate Change (UNFCCC) under the Kyoto Protocol established the Clean Development Mechanism (CDM) that stimulates sustainable development and emission reduction for participation by industrialized and developing countries. KenGen commenced the development of green energy projects under CDM in 2006 when the Company entered into a partnership with the World Bank.

KenGen Staff planting a tree at Kaptagat Forest, Elgeyo Marakwet County

KenGen has to date registered six (6) Clean Development Mechanism projects (CDM) under the United Nations Framework Convention on Climate Change (UNFCCC). These projects are;

i. 35 MW Olkaria II Geothermal Project
ii. Redevelopment of Tana Hydropower project
iii. Optimization of Kiambere Hydropower project
iv. Olkaria IV Unit 1 & 2 Geothermal Project
v. Olkaria I AU 4 & 5 Geothermal Project
vi. 5.1 MW Ngong Wind Project

The projects have undergone successful verification that has resulted in issuance of a total of 4,991,936 tCO_2e of CERs to date:

CDM Projects	MW	Total CERs Isssued	Date of Issuance
Kiambere	20+	160,160.00	26-Mar-20
Tana	19.6	57,458.00	13-Mar-20
5.1MW Ngong	5.1	23,868.00	12-Jun-20
35 MW Olkaria II	35	309,495.00	16-Jun-21
*Olkaria I Unit 4 & 5 Geothermal Project	140	2,040,515.00	17-Aug-21
*Olkaria IV Geothermal Project	140	2,025,813.00	27-Aug-21

**During the year, the UNFCCC confirmed issuance of our Olkaria IV and Olkaria I Unit 4 & 5 geothermal projects*

Environment

Sharing Value with the Community through the Community Development Carbon Fund (CDCF)

Under the CDM World Bank project, 10% of the funds received from the sale of Certified Emission Reductions (CERs) is allocated to Community Benefits Plan (CBP). With the sales of our CERs in 2012, KenGen allocated CBPs to the Tana, Kiambere and Olkaria communities. We are proud to have used the funds in the Rehabilitation of Mirira Primary School, Muranga County construction of Ngurunga earth dam in Kiambere, and Construction and equipping of three nursery classrooms in Nkaampani Primary School in Narok County and Rehabilitation Maiella waterline in Nakuru County.

Eburru forest restoration project

Our Commitment to United Nations Global Compact (UNGC)

KenGen PLC joined the Global Compact Network Kenya in May 2019 as a Tier II participant to accelerate sustainability efforts and scale up its impact across the globe. The 2030 United Nations Agenda, including the 17 SDGs, resonates with KenGen's Corporate Strategy that focuses on generation capacity increase, value creation to shareholders and lowering of electricity tariffs. KenGen sits on the Executive Board of the UN Global Compact Kenya network.

The Company has been steadfast in its commitment and in respect for the Ten Principles of United Nations Global Compact.

Strategy and Innovation Manager representing the MD and CEO during the launch of GIC VII in Kitui County

RESPECT and support internationally recognized human rights in your area of influence.

ENSURE that your company does not participate in any way in the violation of human rights.

SUPPORT freedom of association and recognize to open collective bargaining.

ELIMINATE all forms of forced or compulsory labour.

ERADICATE all forms of child labour in your productive chain.

STIMULATE all practices that eliminate any form of discrimination at the workplace.

ASSUME a responsible, preventive and proactive posture towards environmental challenges.

DEVELOP initiatives and practices to promote and divulge socioenvironmental responsibility.

PROMOTE the development and dissemination of environmentally responsible technologies.

FIGHT corruption in all of it's forms including extorsion and bribery.

KenGen signed up and participates in the following United Nations Global Compact programs:

KenGen UNGC Programs

01 Target Gender Equality program

02 Anti-corruption program

03 Young SDG Innovators

04 Climate Action

05 SDG ambition accelerator program

Environment

17 PARTNERSHIPS FOR THE GOALS

KenGen's commitment to achievement of SDGs includes partnering with other like-minded institutions and stakeholders to mark global commemorative events on climate action.

World Habitat Day

KenGen partnered with other stakeholders to host the 2021 World Habitat Day celebration on 4th October 2021. KenGen hosted the event at the Company's Olkaria Geothermal Spa in Naivasha, convening top leadership from the Ministry of Environment, the Ministry of Transport, Infrastructure, Housing Urban Development and Public Works, the UN Habitat, as well as members of the Diplomatic Corps. The theme for the celebration was 'Accelerating Urban Action for a Carbon-Free World.' This was aimed at fostering discussions aimed at addressing the effects of climate change on urban centres. This is in line with SDG 11 on sustainable cities and communities which makes cities and human settlements inclusive and safe.

World Environment Day Commemoration

This year's World Environment Day was held under the theme "Only One Earth", highlighting the need to live sustainably in harmony with nature by bringing transformative changes – through policies and our choices – towards cleaner, greener lifestyles.

KenGen in partnership with National Environment Management Authority (NEMA) commemorated the World Environment Day at Dedan Kimathi University of Technology, Nyeri County where KenGen Board and Management was represented.

The Cabinet Secretary-Ministry of Environment and Forestry, Mr. Keriako Tobiko and the KenGen Team during the World Habitat Day on 3rd October 2022

World Desertification And Drought Day (WDDD)

World Desertification Day recognizes the linkages of land degradation and its implication to desertification and drought and its implications on the achievement of the Sustainable Development Goals. The event slogan "Rising from Drought Together" is connected to the understanding that land restoration is connected to economic recovery and sustainability

KenGen partnered with NEMA in commemorating the World Desertification and Drought Day with pre-activity of clean- up of Marigat town.

KenGen Board Member, Mr. James Opindi, plants trees during the World Environment Day on 5th June 2022 in Nyeri County

Students at KenGen exhibition stand during the World Environment Day celebrations at Dedan Kimathi University in Nyeri County

The Cabinet Secretary-Ministry of Environment and Forestry, Mr. Keriako Tobiko and the KenGen Team during the World Desertification Day held in Baringo County on 17th June 2022

Social Impact

3 GOOD HEALTH AND WELL-BEING

Sustainable Energy Conference

KenGen partnered with the Ministry of Energy and Nation Media Group to hold the first ever continental Sustainable Energy Conference on 16th and 17th June 2022 in Olkaria. The conference was a hybrid and attended by 3,558 delegates (404 physical and 3,154 virtually) with 43 speakers and attained a social media reach of 378 million. The Conference provided a platform for Kenya and Africa to stir conversations on Africa's energy transition and security to leapfrog the continent to the next level of socio-economic development in a sustainable manner.

COMMUNITY WELLBEING THROUGH CORPORATE SOCIAL INVESTMENTS

KenGen is cognisant of the impact that the business activities have on the environment, living conditions, economic and social development, and the overall wellbeing of society, as well as the importance of generating social goodwill in the markets where we operate.

We have established and maintain a mutually beneficial relationship with our neighbouring communities. To this end, KenGen takes an active interest in the well-being of its stakeholders who grant us the social license through support, loyalty, and goodwill. Stakeholder Coordination Committees (SCC) are channels for community engagement in our business.

To upscale the Company's stakeholder engagement initiatives, KenGen established the KenGen Foundation in 2012 to promote community wellbeing through sustainable long-term projects focused on environmental conservation and quality education.

2022 KenGen Annual Education Scholarships Mentorship program at St. George's Primary School, Nairobi

Meeting Community Water and Sanitation Needs

Water is the medium through which society experiences the most dramatic and direct manifestations of climate change. Water is also essential for fulfilling the objectives set out in Kenya Vision 2030 and the global Sustainable Development Goals, as well as for adapting to climate change and ensuring the nation's water security.

In order to fulfill the fundamental human right to water and reach the most disadvantaged, water and sanitation projects must be inclusive, and KenGen's CSI approach sets the standard for inclusion in other community-based initiatives. The company has been providing communities neighbouring its power stations with clean water as a major corporate social investment. During the year, 198,597 m3 of water was utilized by communities across the company's operational areas.

Through the KenGen Foundation, an extra 300,000 m3 worth of water tanks were distributed to vulnerable households at Olkaria. Ninety waste bins were also distributed in Naivasha to encourage proper waste disposal at the community level through waste segregation and recycling.

Education Scholarships and Positive Youth Development

Education is a critical component in the increasingly urgent global fight against climate change, as well as the achievement of SDG 4, which focuses on the global provision of quality education.

KenGen Education Scholarships is the company's response to addressing the country's educations shortfalls and aims to bring about personal and societal transformation required to ensuring quality education.

Established in 2005, the Scholarship Program supports students to pursue secondary school and university education in Kenya's public learning institutions. The scholarship recipients who are top performers are selected from social groups in our neighbouring communities that face significant barriers in accessing quality education.

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The Company currently sponsors 208 students in their pursuit of better education, with 96 in secondary schools and 112 in universities. To date, KenGen has invested over KShs 400 million in education development in terms of infrastructure development projects in both primary and secondary schools, scholarship awards, mentorships and stipends for university scholars. In addition, first class university graduates in relevant courses are offered employment opportunities in the Company.

While it is essential to cultivate positive values among the youth so that they can lead more sustainable lives, mentoring plays a key role in enhancing academic performance, character and leadership development. Through 2022 Annual Mentorship, KenGen Foundation engaged youth and students for a 3-day behavioral transformation program that hosted 178 secondary school going and university students. The program has so far benefitted more than 1,000 students since inception in 2013.

With an explicit mandate to support national infrastructure, the company continued its investments in improving learning conditions by constructing classrooms at Wikithuki Primary School, Kitui County, and Mashamba Primary School in Embu County.

Bahari Girls Secondary School, Kilifi, receives a donation for the upgrading of their dining hall

KenGen partnered with National Fund for the Disabled of Kenya (NFDK) to equip a dormitory at Kipsaina Integrated Mixed Day and Boarding Primary School in Elgeyo Marakwet County

Kimuka Primary School in Ngong, and Amani Primary School in Mombasa benefitted from the construction of ablution blocks, while Thua Primary School in Kitui County benefitted from a new fence.   Bahari Girls Secondary School in Kilifi County received a grant of KShs. 1 million for the upgrading of the school's dining hall.

During the year, KenGen partnered with National Fund for the Disabled of Kenya (NFDK) to equip a dormitory at Kipsaina Integrated Mixed Day and Boarding Primary School in Elgeyo Marakwet by providing specialised facilities for the children living with disabilities. The dormitory will ensure the retention of the students with special needs in the school and improve their social and community relationship and giving them a decent shelter while learning.

THE STRENGTH OF OUR HUMAN CAPITAL

The resilience and commitment of our Human Capital demonstrated our robust corporate culture and was the driving force of our success during the Covid-19 pandemic. This corporate focus resulted in smooth running of our company operations, thereby ensuring uninterrupted power supply which was critical to the nation in supporting health facilities and jumpstarting the economy.

Evidence is abound that the pandemic ravaged economies of the world and radically shifted the contemporary business models. One of the lessons we gained, was how to further leverage on

Social Impact

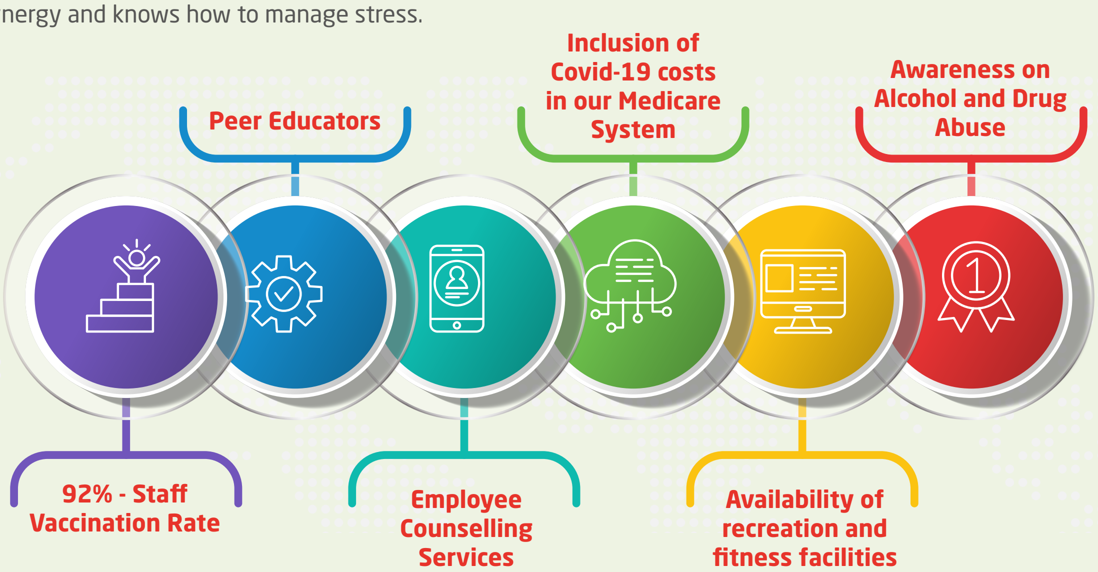
technology in the workplace. We shifted from remote working for employees during the pandemic and embraced various virtual platforms to save on time and money. We reintegrated our employees back to the workplace with minimal interruption. Hybrid and virtual meetings are now part of our way of doing business.

WorkPlace Safety

Workplace safety is a key priority for our organisation to ensure all employees are safe and healthy. Whereas there was a general drop in reported cases globally, we ensured that we never dropped our guard at KenGen. Following relaxation of World Health Organisation (WHO) Covid-19 health protocols by the Government of Kenya, KenGen continued to strictly take measures to limit reinfection. The measures included social distancing in the offices, restriction of physical access interactions to only critical and essential services, restricted physical access of office premises by external parties, provision of hand sanitizers & face masks to employees and frequent deep-cleaning & fumigation of all office premises.

Employee Wellbeing and Wellness

Our employee wellbeing initiatives are at the heart of our business. A well balanced employee is productive, innovative, builds positive synergy and knows how to manage stress.



8 DECENT WORK AND ECONOMIC GROWTH

Upskilling of Employees

To ensure the Company gains and retains top talent, increase job satisfaction and spur productivity, training programmes are rolled out across the business to address present and future skill gaps. During the year, 1,764 employees attended various training programs, conferences, Continuous Professional Development (CPD) programs and webinars. This included the Strategic Leadership Development Programme at the Kenya School of Government and partnership with National Industrial Training Authority for technical trainings and proficiency certification.

To inculcate sustainability among our employees, KenGen as a member of the UN Global Compact Network, facilitated a companywide in-house training program on the 2030 United Nations Agenda on SDGs.

Following the enactment of Structural Eurocodes for Kenya, aimed at bringing on board Local material and local practice, the Company trained all Civil Engineers on structural Eurocodes to comply with the shift from British standards and codes of practice.

KenGen has partnered with the United States Agency for International Development (USAID) to offer Engendering Utilities Workforce Gender Equality Accelerated Program to 51 employees. This is a leadership program that identifies gender equality gaps within organizations and develops a business case for gender equality benefits.

Performance Management is a dynamic and strategic approach to sustain a high performance culture in KenGen. By consistently monitoring and managing workplace performance, KenGen employees participate in a bi-annual performance appraisal. This process is holistic, measures corporate targets, behavioural attributes, productivity and sets target for the next performance period.

Succession Management

Succession planning is an important part of our talent management process to identity key roles, people with right skills and positions to be filled. As part of the natural cycle of a company, natural attrition largely contributes to the exit of employees. At KenGen over 500 employees will retire from the company in the period leading to 2024. To bridge the expected exit of experienced technical employees, we have a robust succession management program that coordinates assignment of understudies in the organisation for experienced employees retiring between 2022 and 2025. Technical talent pool has been identified and profiled, ready for suitability and readiness assessment.

The Human Resource Policies provide a clear roadmap for day-to-day management of our human capital. The policies ensure compliance with the Constitution of Kenya, the various laws and regulations. This policies also provide guidance for decision making and streamline internal processes.

Inclusivity and Diversity

We are continuing our efforts to improve the equality and inclusivity across the business. The overall gender split was 25% female and 75% male. To address gender equality and diversity, the Company has embraced various platforms such as the Pink Energy, the Blue Energy and Y-Gen that empower the female employees, the male employees and the young employees respectively.

Social Impact

The Ag. Managing Director & CEO, Mr. Abraham Serem presiding over a famine relief donation in Turkwel

Industrial Relations

KenGen maintains a cordial relationship with the Kenya Electrical Trade & Allied Workers Union (KETAWU). Negotiations of the 2021-2024 Collective Bargaining Agreement continued during the year.

Health and Safety

Safety is one of the core values of KenGen and requires commitment at all levels within the organisation. The Company complies with the Occupational Safety and Health Act that encompasses safety, health and welfare of employees at the workplace.

In ensuring that safety is part of our day to day operations, we undertook various initiatives during the year to promote sustained economic growth and decent work for all.

- We conducted a fire risk assessment in four (4) of our power stations covering Kamburu, Olkaria II, Olkaria IAU and Kipevu III power plants.
- Forty (40) employees were trained on fire risk assessment methodologies to empower them in identifying and mitigating risks associated with fire in our business areas.
- KenGen First Aid team participated in the First Aid corporate championships held by Department of Occupation Safety and Health Services (DOSHS) within the Ministry of Labour and emerged as the overall winner in the competition on Emergency Responsiveness.
- Other First Aid activities held within the year in line with the partnership between KenGen and St John Ambulance included participation in the St. John National Annual Parade at State House and St. John Walk on Road Safety Campaign held at Ngong Forest.

KenGen first aid team being awarded overall winner of the First Aid corporate Championships on May 28th Cabinet Secretary, Ministry of Labour, Hon Simon Chelugui

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

KenGen won the Top First Aider in the Corporate Country Award

KenGen holds safety weeks to coincide with the World Safety Day. This year, the World Safety Day under the theme "Act Together to Build a Positive Safety and Health Culture", was held on 28th April 2022 and focused on enhancing social dialogue towards a culture of safety and health. Safety week activities were conducted in our Western Region, Eastern Region and Upper Tana to create awareness on safety processes within our operations and improve staff safety performance.

Drowning Mitigation and Diving Operation Support

For our hydrogeneration KenGen operates from several dam reservoirs which hold massive volumes of water. For maintenance of the underwater generation infrastructure such as floodgates and water pumps, KenGen undertakes continuous training for the staff divers.

During the year, KenGen conducted refresher training for fourteen trained divers, twelve trainee divers and six swimming pool attendants at Sondu Miriu Power Station.

Western Region Safety week Community environmental clean-up

Social Impact

3 GOOD HEALTH AND WELL-BEING

KenGen Staff Divers during a Diving training at Sondu Miriu Power Station

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Financial Stewardship

Our financial focus continued to play a leading role in supporting the Company's mandate in the provision of uninterrupted electricity supply amidst Covid-19 pandemic. Through managing our financial activities in an effective and prudent manner, we set the foundation for our track record in sound financial performance.

Creating Value for our Stakeholders

KenGen remains on course to meet our strategic objectives while creating long-term value for our stakeholders. We create added value to various stakeholders by providing solutions that meet their needs and expectations. These include the development and generation of renewable energy that reduces carbon emission, building long-term partnerships with suppliers, employees as well as contributing to the well-being of the local communities in which KenGen operates. Our value-added statement is a summary of how much wealth was created during the year and how it has been distributed amongst our stakeholders.

VALUE ADDED	2020 KShs million		2021 Restated KShs million		2022 KShs million	
Electricity Revenue	33,783		34,901		32,724	
Steam Revenue	5,550		5,227		5,119	
Revenue from branch	440		1,784		1,547	
Other income and net gains	6,905		1,936		(2,936)	
Net Financing costs	(6,813)		(1,115)		3,387	
Wealth Created	39,865		42,733		39,840	
Distribution of Wealth	**KShs million**	**Distribution**	**KShs million**	**Distribution**	**KShs million**	**Distribution**
Employees -Salaries, Wages, and other benefits	7,082	17.77%	7,685	17.98%	8,247	20.70%
Government-Taxes	(4,587)	(11.51%)	13,573	31.53%	3,222	8.09%
Shareholders' Dividends	1,978	4.96%	1,978	4.63%	1,319	3.31%
Retention to support future Business Growth:						
Retained Earnings	16,399	41.1%	(147)	(0.35%)	3,400	(8.53%)
Depreciation and Amortization	12,030	30.18%	11,520	26.96%	12,462	31.28%
Suppliers and other expenses	6,756	16.95%	7,938	18.57%	10,859	27.62%
Corporate Social Responsibility	207	0.52%	287	0.67%	332	0.83%
Wealth Distributed	**39,865**	**100.00%**	**42,733**	**100.00%**	**39,840**	**100.00%**

Financial Stewardship

Effective Financial Structure

Maintaining a well-balanced capital structure plays a significant role in our ability to raise financing on reasonable terms for our continued investment in renewable energy. The Company continuously monitors financial ratios in line with lender thresholds. The financial covenant thresholds of the long-term debt portfolio vary for each lender but converge around:

- Keeping total leverage below a ratio of 2.3 (i.e., 30% equity, 70% debt)
- Maintaining a Debt Service Coverage Ratio above 1.3x
- Maintaining a Current Ratio of 1.3x
- Self-Financing Ratio: 25% minimum contribution by KenGen to project costs

Financial Covenant	Threshold	Current	Compliance
Current ratio	>1.2	1.79	Yes
Leverage ratio	<2.3 (70%)	32.78%	Yes
DSCR	>1.3	2.44	Yes
Self-Financing Ratio	>25%	115.03%	Yes

Measuring our Financial Performance

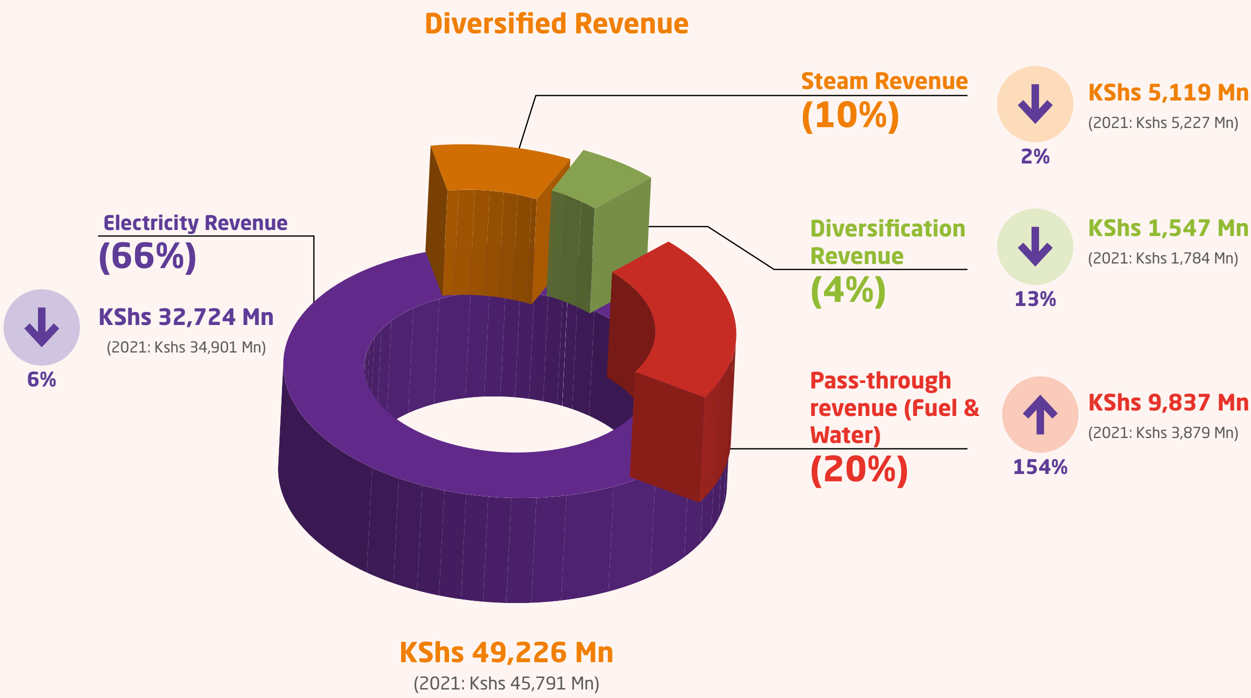
Energy Generated

As the country's largest generator of clean energy, we continued to ensure reliable access to clean energy for the nation. Our fleet of hydro, geothermal, wind, and thermal with a combined capacity of 1,904MW delivered 7,918GWh during the year compared to 8,443 GWh in the prior year. The decline in units generated was attributable to technical challenges experienced in some of our geothermal power plant units and low hydrology in our water reservoirs brought about by the prolonged drought. The below table summarizes the energy generation mix during the year.

	2022	2021	Change
Source			
Hydro	3,307	4,092	(19%)
Geothermal	3,977	4,052	(2%)
Thermal	580	245	137%
Wind	54	54	0%
Total	7,918	8,443	(6%)

Revenue

Revenue increased by 7.5% from Kshs 45,791 million in 2021 to KShs 49,226 million for the period ended 30th June 2022. The increase was attributable to the fuel pass-through charge for diesel thermal power plants whose output increased by 137% from 245 GWh in 2021 to 580 GWh, to substitute for reduced generation from hydropower plants. Our revenue comprised of the following sources:



Other Income and Gains

Other income increased by 13.7% from KShs 677 million to KShs 769 million compared to previous year, attributable to income from clubs following the relaxation of COVID-19 restrictions, disposal of scrap items, Carbon Credits, and management of REREC Garissa Solar power plant. Other gains relate to foreign exchange valuations and fair value measurements of financial assets. The amount decreased by 346.1% from a gain of KShs 1,540 million to a loss of KShs 3,789 million during the period, mainly attributable to fair value gain on a financial asset through profit or loss as a result of appreciation of the Shilling against other major currencies, specifically JPY and Euro. An assessment of the financial asset recoverable from KPLC led to an unrealised fair value loss of KShs 3,275 million and an unrecoverable amount of KShs 1,580 million being the difference between PPA base rate and loan base rate.

Financial Stewardship

Expenses

Reimbursable expenses increased by 134.4% from KShs 4,160 million to KShs 9,753 million, attributable to increased dispatch from the thermal power plants to substitute for reduced generation from geothermal and hydropower plants. Depreciation expense increased by 8.2% from KShs 11,520 million to KShs 12,462 million partly due to revaluation of assets, completion of Olkaria I Unit 6 and Wanji power station among other assets. Employee expenses increased by 7.3% from KShs 7,686 million to KShs 8,247 million mainly attributable to costs for staff engaged in the drilling operations in Ethiopia. Plant Operation & maintenance expenses increased by % largely driven by machinery spares and consumables for Ethiopia Drilling Operations. The increase in other expenses relate to provisions and impairment of assets in respect of financial feasibility studies and some geothermal wells.

Operations, maintenance and administrative ("OM&A") and pass-through costs reported for the years ended 30th June 2022 and 2021 are summarized in the following table:

	2022 KShs Million	2021 KShs Million	% Change
Reimbursable expens-es	9,753	4,160	134%
Depreciation	12,462	11,520	8%
Employee expenses	8,247	7,685	7%
Plant operation and maintenance costs	3,151	1,881	68%
Steam costs	3,093	3,029	2%
Other expenses	4,344	2,822	54%
Total	**41,050**	**31,097**	**32%**

Olkaria I Unit 6 Power Plant

Liquidity and Capital Resources

Cash and cash equivalents as of June 30, 2022, was KShs 14,006 million compared to KShs 13,860 million on June 30, 2021.

The leverage ratio in the year ended 30th June 2022 was 33% compared to 39% in 2021. The ratio decreased mainly because of the debt repayment and increased shareholder equity following revaluation of property plant and equipment. Based upon financial covenants with the various lenders for our capital structure, the Company has access to sufficient capital as required to support its future operating and project pipeline.

Capitalization Table

	30 June 2022 KShs Million	30 June 2021 KShs Million
Equity attributable to shareholders	275,082	206,982
Current debt	11,917	10,798
Non-current debt	122,216	134,778
Total debt	134,133	145,575
Total capitalization	409,214	352,558

Cash Provided by Operating Activities

In 2022, operating activities reported under IFRS generated KShs 20,781 million compared with KShs. 28,709 million in 2021, a decrease of KShs 7,928 million, mainly attributed to decrease in electricity revenue and higher operating costs during the period.

Cash Used in Investing Activities

Cash used in investing activities in 2022 and 2021 was KShs 14,755 million and KShs 15,023 million respectively, a decrease of KShs 267 million which includes investment in Olkaria I Unit 6 that commenced generation in the month of June 2022 and was officially commissioned on 26th July 2022.

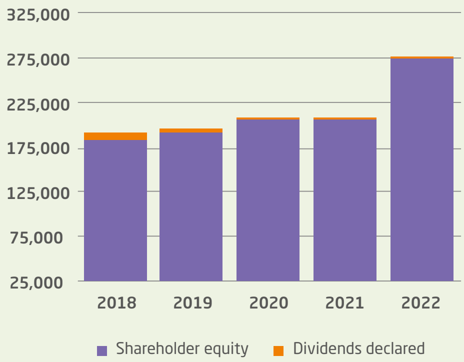
KenGen continues to invest in capacity generation mainly from renewable energy to maintain its market leadership and create more long-term value for its shareholders.

Cash Provided by Financing Activities

Cash utilized for financing activities was KShs 6,569 million in 2022 compared with KShs 4,912 million in 2021. The decrease in 2022 was mainly due to net debt repayment (KShs 7,458 million) that was partly offset by the net forex differences on borrowings and cash balances (KShs 4,822 million). Included in cash used in financing activities were dividend payments made to the Company's shareholders in the amount of KShs 1,187 million for 2020 and KShs 1,385 million for 2021, both paid out in 2022.

Shareholder Value

Shareholder value is a term used to define the Company's shareholder equity plus cumulative dividends paid. Cumulative shareholder value as of 30th June 2022, has increased to KShs 276,401 million which represents a compound annual growth rate ("CAGR") of approximately 9.4% since 2013. The following chart is the cumulative shareholder value since 2018 and portrays a consistent focus on maximizing shareholder value.



ENTERPRISE RISK MANAGEMENT (ERM)

At KenGen, we have embedded a robust risk management framework as an integral part of strong governance and good management. This is evident by the top-down approach taken by the Board through its Audit, Risk & Compliance Committee, which exercises an oversight role on the Enterprise Risk Management (ERM) processes implemented by Management and thereby driving a positive risk culture across the organisation.

KenGen operates a risk management framework aligned to ISO 31000 International Risk Management Standard, including Committee of Sponsoring Organizations control activities, that ensures our strategic and operational risks are identified, measured, managed and monitored across the business. We continuously review our risk management framework to ensure continuous improvement and enhancement of our risk management processes so as to remain responsive to our business environment.

Our focus is to identify and embed mitigation actions for key risks that could impact our performance and our reputation. We regularly review and refresh our key risks and our approach to risk management, which is holistic and integrated and brings together risk management, internal controls and business integrity to ensure that our activities in this area focus on the risks that could have the greatest impact.

Key risks are analysed more deeply regarding their causes, and risk mitigating actions are defined. Risk transfer through insurance solutions and the internal control systems forms an integral part of the risk management process. Risks are monitored and their status reported to the ARC Committee & the Board on a quarterly basis.

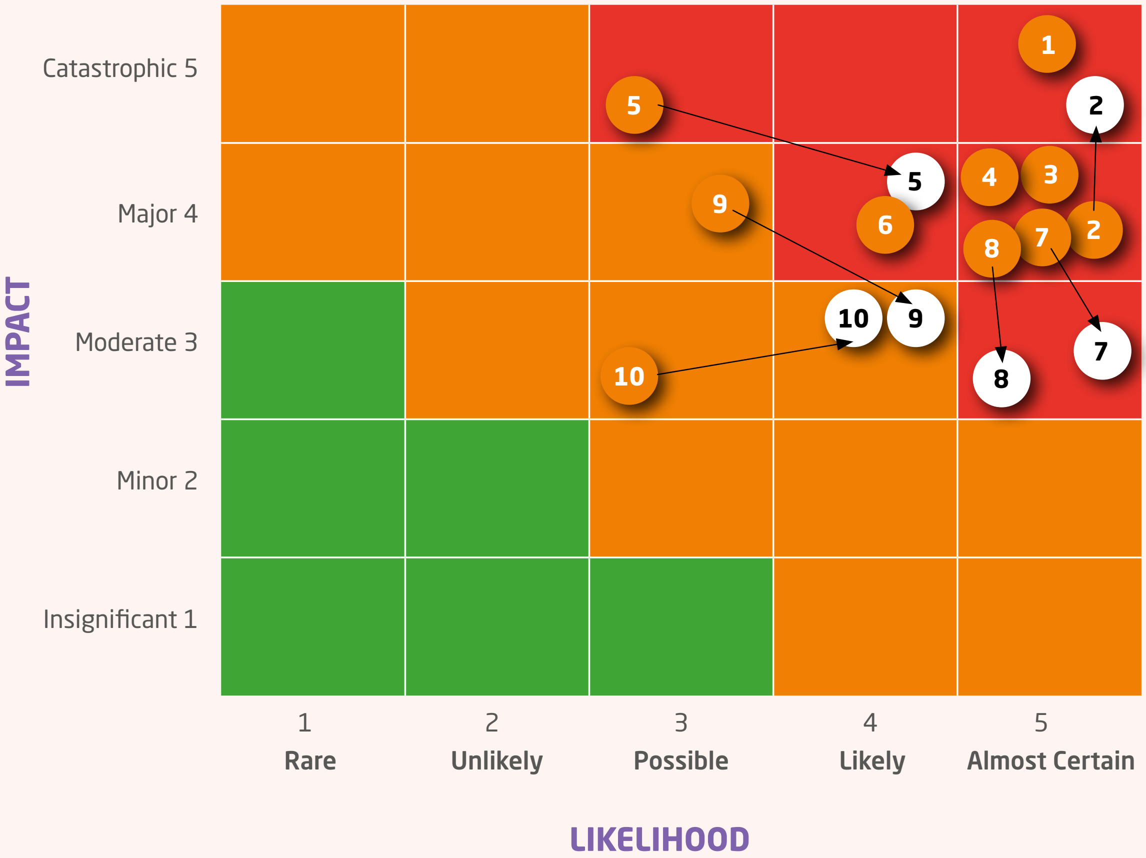
We are also continuously embedding risk management in our business systems, processes and projects, so that our responses to risk remain current and dynamic.

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

Our Key Risks and Mitigation Strategies

During the year, key risks related to our strategic business objectives were assessed, evaluated and are closely monitored by the Board and Management. There also continues to be a focus on identifying and assessing potential emerging risks.

Our Heat Map shows the key risks as identified through the risk management process and the residual risk rating after mitigating controls have been implemented.



Ranking	Risk	
1.	Globalization Risk	↔
2.	Market Risk	↑
3.	Counter Party Risk	↔
4.	Cyber Security Risk	↔
5.	Project Financing & Execution Risk	↓
6.	Generation Resources & Sustainability Risk	↔
7.	Regulatory Risk	↓
8.	Single Revenue Stream Risk	↓
9.	Stakeholder Management Risk	↓
10.	Leadership & Governance Risk	↑

Key:
This table shows the movement of risks:

↔	There was no change in the Risk rating
↓	Risk rating moved lower
↑	Risk rating moved higher

RISK MATRIX

	Risk	Mitigation Measures
1.	**Globalization** KenGen operates in a business environment that is inter-dependent on other regional & international markets. Any disruption in the global space has an impact on our business. The disruptions include increased global warming & climate change, Covid-19 pandemic and the Russia-Ukraine war.	(a) Continuously monitor global macro-economic factors. (b) Enhance strategic advocacy to promote collective bargaining on policies that are favorable to KenGen business.
2.	**Market Risk** The energy sector has seen a push in both price regulation and Return on Equity (RoE) regulation in the electricity market resulting in reduced revenues and margins for KenGen. The electricity sector is evolving through open access and regional integration, which could further shrink our market share with increased competition from IPPs and other regional players.	(a) Need for regulations on Electricity Market, Bulk supply and Open Access to be enacted and operationalized (b) Strategic advocacy to steer the development of regulatory and institutional framework impacting the business
3.	**Counter Party Risks** With diversification, we project an increase in the number of counter parties within our portfolio. This could give rise to increased credit risk & an increase in the number of commercial disputes and litigations arising from contractual obligations which could have adverse effects on KenGen's cash flow & revenues.	(a) Develop guarantees and advance payment strategies. (b) Develop a debt recovery strategy with a view of reducing the account receivable days.
4.	**Cyber Security Risks** KenGen resetting for Digital transformation brings with it cybersecurity risks occasioned by increased reliance on technology in the workplace and modern methods of working. In addition, our computer systems are at risk of cyber-attacks leading to unauthorized access, loss of data and the complete shutdown of KenGen's industrial systems.	(a) Implementation of the General Data Protection Regulations enacted in 2018 as well as the Kenya Data Protection Act, 2019, to raise data protection bar. (b) Perform regular checks on KenGen's ICT systems for vulnerabilities and take corrective action i.e., Penetration testing exercise. (c) Have a dedicated team and built-in infrastructure for security control applied across the business.
5.	**Project Financing & Execution Risk** Energy generation & Diversification projects bear significant Project risks including cost, time and scope variations from planned. The KenGen balance sheet may not support the loans required to finance the projects as has been the practice.	(a) Develop and implement ways to optimize the Contract Management process. (b) Scaling up the internally generated revenues to finance some of the lined-up project (c) Explore innovative financing approaches such as Private Equity, Public Private Partnerships (PPPs) and Special Purpose Vehicles (SPVs)/ project finance.

	Risk	Mitigation Measures
6.	**Generation Resource Sustainability Risk** Uncontrolled water usage, Unfavorable hydrological conditions, uncertainty in geothermal resource sustainability (steam decline) and fossil fuel supply disruption could adversely affect the generating capacity of the company resulting in revenue losses.	(a) Adopt new technologies for geothermal resource sustainability e.g. Steam reinjection and geothermal well pressure. (b) Champion climate change risk management across our key generation resources (c) Develop a stakeholder collaboration Framework for resource conservation e.g., Water catchment, wildlife etc. (d) Prudent deployment of hydro resources to minimize depletion
7.	**Regulatory Risk** KenGen operates in a regulated business environment. Changes in policies, regulations and laws could expose the company to compliance risk. The risk impact includes constrain on growth due to new policies, fixed RoE (NOT adjusting to market) thus inability to attract investors.	(a) Continious engagement with National government, Semi- Autonomous State Agencies (SAGAs) and Energy sector entities. (b) Continuously participate in discussions on emerging legislation and regulations to ensure that new regulations developed are NOT unfavorable to company business.
8.	**Single Revenue Stream Risk** Kenya Power currently contributes approximately 96% of current KenGen's Revenues thus leaving KenGen exposed in the event of major financial distress of the off taker. As much as we are currently implementing various projects with the view of reducing the dependency on Kenya Power, we are yet to realize significant revenues from the additional streams.	(a) Develop and implement a diversification policy to enable KenGen to take advantage of profitable diversification opportunities. (b) Institutionalize monitoring & evaluation of diversification projects
9.	**Stakeholder Management Risk** KenGen has diverse internal and external stakeholders which include, the government & related state agencies, financiers, communities, shareholder & the public etc. Conflicting interests by these stakeholders can impede realization of our strategy.	(a) Continued implementation of the robust stakeholder management framework. (b) Set up a Strategic Advocacy Function to enhance stakeholder management.
10.	**Leadership & Governance Risk** Deviation from ideals of good corporate governance practices may expose the company to reputation damage, loss of business opportunities, misappropriation of assets and decline in corporate performance/growth.	(a) Continuously monitor adherence to Mwongozo code and other company policies. (b) Strengthen corporate governance ideals through annual board evaluation and Governance Audit by independent/outsourced firm (c) Implement succession planning to ensure timely replacement of critical staff and Nurture leaders through leadership development Programs

GoK PERFORMANCE CONTRACT

PERFORMANCE CONTRACT

Accountability and transparency are enshrined in what we do, KenGen as a responsible state corporation gives account of its activities to the Government of Kenya through an annual performance contract.

Kiambere Dam

During the year under review, the Board led the process of target setting and signing of performance contract with the Government of Kenya through the Ministry of Energy aimed at ensuring the attainment of social-economic development goals for the country.

GoK PERFORMANCE CONTRACT

Accountability and transparency are enshrined in what we do, KenGen as a responsible state corporation gives account of its activities to the Government of Kenya through an annual performance contract. The Board is alive to the fact that performance contracting ensures that public services are delivered in accordance with the Constitution, promotes modernization of service delivery through introduction of innovative & modern technologies and promoting professionalism, transparency, and accountability.

During the year under review, the Board led the process of target setting and signing of performance contract with the Government of Kenya through the Ministry of Energy aimed at ensuring the attainment of social-economic development goals for the country.

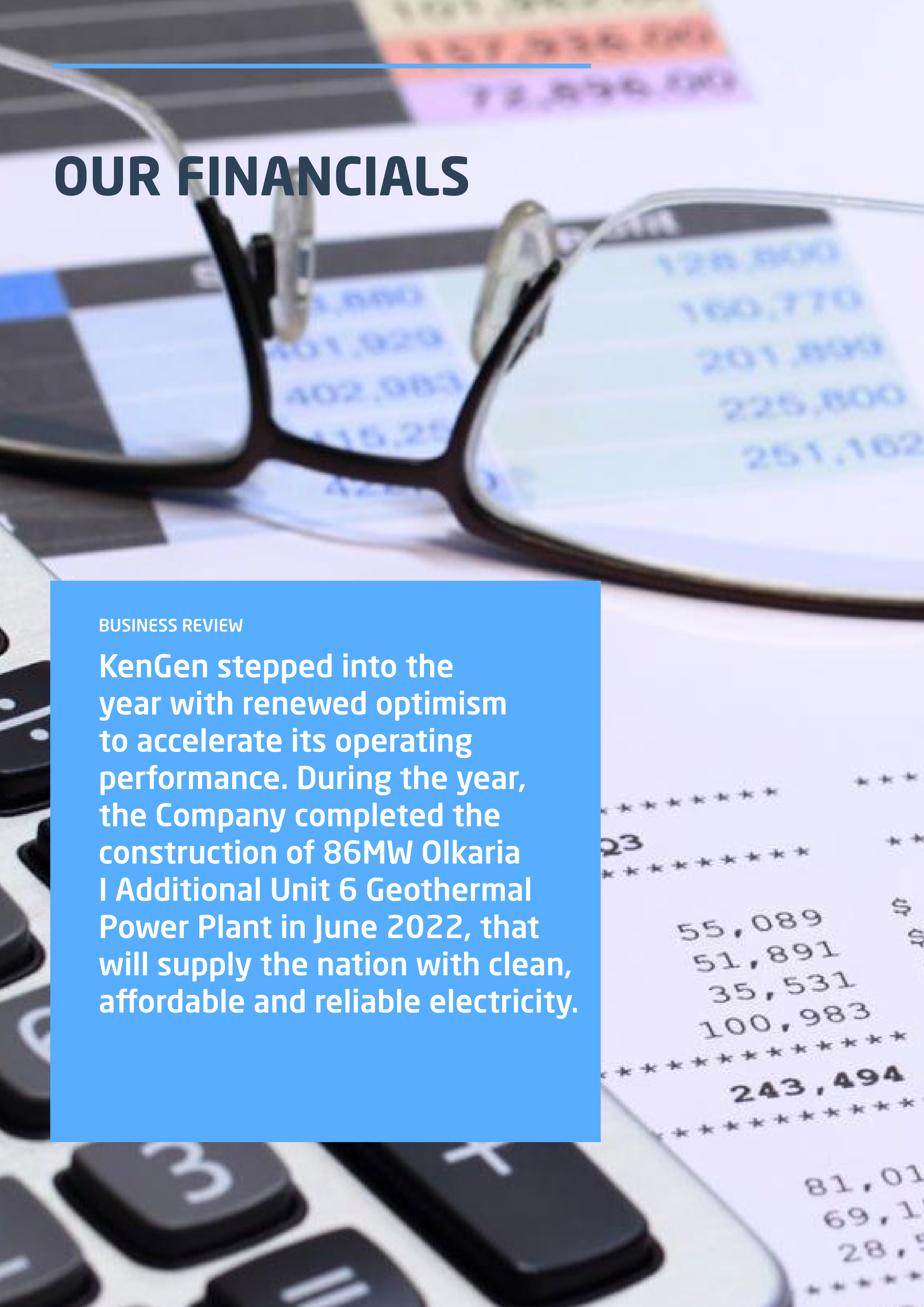
KenGen attained a score of "GOOD" according to the Report on Evaluation of the Performance of Ministries, State Corporations and Tertiary Institutions for the financial year 2021/2022 prepared by the Ministry of Public Service & Gender.

KenGen was evaluated as the best parastatal under the Ministry of Energy and ranked position 5 out of 34 state corporations in the Energy, Infrastructure and ICT Ministerial cluster. Further, under the Commercial & Manufacturing category, KenGen was ranked position 3 out of 28 evaluated State Corporation.

OUR BIG SIX (6) GOK COMMITMENTS

1. Finance Stewardship and Fiscal Discipline	2. Service Delivery	3. Core Mandate
For the development of our projects, KenGen acquires funding from external and internal sources. For prudent use of financial resources and protection of the Company's long-term assets, our budget is approved by the National Treasury. The absorption of internally generated funds was KShs. 12.8 billion representing 70.8% against a target of KShs. 18.09 billion, while absorption of externally mobilized development funds was KShs. 1.69 billion representing 6.95% against a target of KShs. 24.33 billion.	Service to the public is the essence of our existence and KenGen fosters strong stakeholder relationships by offering quality service as per our Corporate Service Delivery Charter. The Company endeavored to resolve complaints that were directed to us or raised indirectly through the Commission on Administrative Justice. Through our Stakeholders Coordination Committees established in our operational areas, we created sustainable value for our neighboring communities and KenGen at large.	According to Vision 2030 Kenya aspires to be a middle-income industrialised country. Energy is a key enabler for the achievement of Vision 2030, and KenGen is at the forefront to ensure that there is sustainable power growth ahead of demand. Despite the disruptions posed by the Covid-19 pandemic, KenGen completed construction of the 86MW of Olkaria I Unit 6 geothermal power plant. Procurement process of other power projects including 140MW Olkaria VI PPP and 51MW Olkaria I Rehabilitation continued within the year.

4. Implementation of Presidential Directives	5. Access to Government Procurement Opportunities (AGPO) and Promotion of Local Content in Procurement	6. Cross Cutting Initiatives
The construction of Naivasha hospital was completed within the financial year. The facility is projected to serve more than 2000 patients per day from the current 600 patients in line with the Gok Big Four Agenda. The implementation of the Waste-to-Energy Power project in Nairobi County continued with KenGen completing the feasibility studies. The Company embarked on the implementation of the Recommendations of the Presidential Taskforce on PPA Review. KenGen completed the Operations and Maintenance takeover of the REREC-owned 50MW Garissa Solar Power Plant The Memorandum of Understanding with Geothermal Development Corporation (GDC) has been signed to grant KenGen first right of refusal in development of power plants where GDC has available drilled steam wells. KenGen towards compliance and support with the measures and directives from the Presidential TaskForce on Review of Power Purchase Agreements made it's contribution via enhanced dispatch from all our hydro Power Plants and Commissioning of the 86 MW Olkaria I AU 6.	KenGen committed to promote inclusivity and empowerment of the Special Group by offering procurement opportunities. The Company awarded the Special Group of Women, Youth, and Persons with Disability procurement opportunities worth KShs. 5.358 billion against a target of KShs. 5.927 billion. The Company held sensitization forums for the special groups on available procurement opportunities and the requirements needed for them to participate in doing business with the Company. Our Company promoted local content in procurement through embracing the Buy Kenya Build Kenya initiative. The total procurement opportunities awarded to local contractors were worth KShs. 14.490 billion against a target of KShs. 15.5 billion.	Effect that our power generation agenda will have on the cross-cutting initiatives identified by the government. In efforts to promote social justice and equity, KenGen engaged youth on attachment and internship opportunities to 729 youths. To promote knowledge management among our staff, the Company held 4 Communities of Practice and Innovation Forums during the year. In line with the Constitutional requirements of making public facilities accessible, an external audit was undertaken in Eastern Region by the Council for Persons with Disabilities. We are implementing the recommendations of the audit findings. To protect and promote the health, safety and well-being of our employees during the pandemic and sustainability of the workplace, the Company partnered with the Ministry of Health and Nairobi Metropolitan Services to carry out employee vaccination. The Constitution of Kenya gives prominence to national values and principles of governance as enshrined in Articles 10 and 232. As a responsible corporate citizen, KenGen has inculcated the national values and principles of governance in our operations. The Company participated in the Values Survey conducted by the Public Service Commission. KenGen implemented corruption risk mitigation plans in line with our commitment to combat and prevent corruption, unethical practices and promote best practices in governance. This is in compliance with the Ethics and Anti-Corruption Act No. 22 of 2011, the Leadership and Integrity Act of 2012 and the KenGen Code of Conduct & Ethics.



OUR FINANCIALS

BUSINESS REVIEW

KenGen stepped into the year with renewed optimism to accelerate its operating performance. During the year, the Company completed the construction of 86MW Olkaria I Additional Unit 6 Geothermal Power Plant in June 2022, that will supply the nation with clean, affordable and reliable electricity.

Our success is dependent on how we address the ever-changing regulatory environment and emerging risks. KenGen has entrenched strategic risk monitoring and risk management toward the realisation of its strategy by identifying, analysing, monitoring and mitigating the potential risks.

Report of Directors

For the year ended 30 June 2022

The Directors submit their report together with the audited financial statements of Kenya Electricity Generating Company Plc (the "Company" or "KenGen") for the year ended 30 June 2022.

Principal Activities

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

Results

The results of the entity for the year ended 30 June 2022 are set out on page 137 - 142. Below is summary of the profit or loss made during the year.

	2022 Shs'000	2021 Shs'000
Profit before income tax	7,941,222	15,303,111
Income tax expense	(3,222,062)	(13,472,564)
Profit for the year	4,719,160	1,830,547
Other comprehensive income/ (loss) for the year, net of tax	65,358,273	(205,069)
Total comprehensive income/ (loss) for the year	**70,077,433**	**1,625,478**

Recommended dividend

Subject to the approval of the shareholders, the Directors propose payment of a first and final dividend of Shs 1,319 million (2021: Shs 1,978 million) for the year representing Shs 0.20 (2021: Shs 0.30) per issued ordinary share.

Directors

The Directors who held office during the year and to the date of this report are disclosed on page 13;

Disclosures to the auditor

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

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

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

Terms of appointment of auditors

The Auditor-General is responsible for the statutory audit of the Company's financial statements in accordance with Section 35 of the Public Audit Act, 2015. Section 23(1) of the Act empowers the Auditor-General to appoint other auditors to carry out the audit on his behalf. Accordingly, Deloitte & Touche LLP were appointed to carry out the audit for the year ended 30 June 2022.

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

By order of the Board

FCS. AUSTIN OUKO
COMPANY SECRETARY

29 November 2022

Statement of Directors' Responsibilities

For the year ended 30 June 2022

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. The Directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and error.

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

i. Designing, implementing and maintaining internal 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 apply them consistently; and

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

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

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

Approved by the Board of Directors on 29th November 2022 and signed on its behalf by:

………………………………	………………………………	………………………………
General (Rtd) Samson Mwathethe	**Samuel Kimani**	**Abraham Serem**
Chairman	Director	Ag. Managing Director & CEO

Director's Remuneration Report

For the year ended 30 June 2022

INFORMATION NOT SUBJECT TO AUDIT

The Company's Directors Remuneration Policy and Strategy

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

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

In accordance with the guidelines provided in the State Corporations Act and issued by the Salaries & Remuneration Commission as well as shareholder approval granted at the Annual General Meeting; The Directors are paid a taxable sitting allowance of Shs 20,000 for every meeting attended. The Chairman is paid a monthly honorarium of Shs 80,000. The Board members are paid an annual Directors fee of Shs 600,000 subject to approval by the shareholders. It is proposed that each non-executive Director receives a fee of Shs 600,000 excluding sitting allowances and honorarium for the financial year ended 30 June 2022 subject to approval by shareholders during the Annual General Meeting.

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

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

Contract of service

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

The Managing Director and CEO has a three (3) year renewable contract of service with Kenya Electricity Generating Company Plc starting from 30th October 2017. Her contract was renewed for a further three (3) years on 31 August 2020.

Changes to Directors Remuneration

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

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

During the Annual General Meeting held on 16 December 2021, the shareholders approved the payments of Directors fees for the year ended 30 June 2021 through virtual voting.

Approval will be sought at the upcoming Annual Generating Meeting from shareholders to pay Directors fees for the financial year ended 30 June 2022.

INFORMATION SUBJECT TO AUDIT

The following tables shows a single figure remuneration for the Managing Director and CEO and Non-Executive Directors in respect of qualifying services for the year ended 30 June 2022 together with the comparative figures for 2021. The aggregate Directors' emoluments are shown in note 37(e).

For the Year Ended 30 June 2022

Name	Category	Salary	Directors Fees	Sitting Allowances	Honorarium	Telephone	Total
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
General (Rtd) Samson Mwathethe	Chairman	-	600	1,000	960	84	2,644
Rebecca Miano	Managing Director and CEO	19,912	-	-	-	-	19,912
Ukur Yattani (CS, The National Treasury and Planning)	Non-Executive	-	600	-	-	-	600
Gordon O. Kihalangwa (PS, Ministry of Energy)	Non-Executive	-	600	-	-	-	600
Joseph Sitati	Non-Executive	-	600	1,080	-	-	1,680
Maurice Nduranu	Non-Executive	-	600	1,740	-	-	2,340
Phyllis Wakiaga	Non-Executive	-	600	1,012	-	-	1,612
Peris Mwangi	Non-Executive	-	600	1,520	-	-	2,120
James Opindi	Non-Executive	-	600	1,560	-	-	2,160
Samuel Kimani	Non-Executive	-	600	1,366	-	-	1,966
Winnie Pertet	Non-Executive	-	600	1,660	-	-	2,260
Bernard Ndungu (Alternate to CS National Treasury & Planning)		-	-	520	-	-	520
Humphrey Muhu (Alternate to CS National Treasury & Planning)	Non-Executive	-	-	20	-	-	20
Stephen Njue (Alternate to PS Ministry of Energy)	Non-Executive	-	-	420	-	-	420
William Mbaka - (Alternate to PS Ministry of Energy)	Non-Executive	-	-	426	-	-	426
Peter Nyutu		-	-	1,620	-	-	1,620
Total		**19,912**	**6,000**	**13,944**	**960**	**84**	**40,900**

Director's Remuneration Report (cont'd)

For the year ended 30 June 2022

INFORMATION SUBJECT TO AUDIT (cont'd)

For the Year Ended 30 June 2021

Name	Category	Salary	Directors Fees	Sitting Allowances	Honorarium	Telephone	Total
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Joshua Choge	Chairman, Non-Executive	-	207	420	320	28	975
General (Rtd) Samson Mwathethe	-	-	393	720	640	56	1,809
Rebecca Miano	Managing Director & CEO	19,938	-	-	-	-	19,938
Ukur Yattani (CS, The National Treasury and Planning)	Non-Executive	-	600	-	-	-	600
Joseph Njoroge (PS, Ministry of Energy)	Non-Executive	-	600	60	-	-	660
Zipporah Ndegwa	Non-Executive	-	207	460	-	-	667
Musa Arusei	Non-Executive	-	488	1,280	-	-	1,768
Kairu Bachia	Non-Executive	-	488	1,220	-	-	1,708
Joseph Sitati	Non-Executive	-	600	1,100	-	-	1,700
Maurice Nduranu	Non-Executive	-	600	1,240	-	-	1,840
Phyllis Wakiaga	Non-Executive	-	600	1,020	-	-	1,620
Reginalda Wanyonyi	Non-Executive	-	488	1,140	-	-	1,628
Peris Mwangi	Non-Executive	-	393	1,020	-	-	1,413
James Opindi	Non-Executive	-	112	320	-	-	432
Samuel Kimani	Non-Executive	-	112	360	-	-	472
Winnie Pertet	Non-Executive	-	112	280	-	-	392
Humphrey Muhu (Alternate to CS National Treasury & Planning)	Non-Executive	-	-	1,180	-	-	1,180
William Mbaka - (Alternate to PS Ministry of Energy)	Non-Executive	-	-	1,120	-	-	1,120
Total		**19,938**	**6,000**	**12,940**	**960**	**84**	**39,922**

On behalf of the Board

FCS. AUSTIN OUKO
COMPANY SECRETARY

29 November 2022

REPUBLIC OF KENYA

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY GENERATING COMPANY PLC FOR THE YEAR ENDED 30 JUNE, 2022

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 intended purpose.

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

The accompanying financial statements of Kenya Electricity Generating Company PLC set out on pages 137 to 232, which comprise of the statement of financial position as at 30 June, 2022, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte & Touché, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Electricity Generating Company PLC as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

Basis for Qualified Opinion

1.0 Land Without Ownership Documents

The statement of financial position reflects right of use of assets balance of Kshs.6,817,943,000 which, as disclosed in Note 17 to the financial statements, constitutes an amount of Kshs.5,893,085,000 in respect of leasehold land. The balance includes a parcel of land measuring 12.39 hectares and valued at Kshs.550,000,000 which did not have ownership documents or a title in the name of the Company. Management explained that the initial title deed was held under lien by a lawyer due to a dispute in legal fees with the original owners of the land. Further, information available indicate that the leasehold tenure of the land expired in 1991 but had not been renewed due to lack of the title deed.

In the circumstances, the ownership of land valued at Kshs.550,000,000 could not be confirmed.

2.0 Variances on Balance with Related Entities

As disclosed on Note 21 to the financial statements, the statement of financial position reflects gross amounts due from The Kenya Power and Lighting Company (KPLC) amounting to Kshs.23,582,383,000 as billed from the respective Power Purchase Agreements (PPAs) between the two companies. However, the financial statements for KPLC reflects a balance of Kshs.23,147,261,000 resulting to a variance of Kshs.435,122,000.

Further, the statement reflects an amount of Kshs.655,478,000 due to Geothermal Development Corporation (GDC) as disclosed on Note 37(b) to the financial statements. However, review of records held by GDC reflects an amount of Kshs.730,058,000 resulting in a variance of Kshs.74,580,000.

In the circumstances, the accuracy of related balances could not be confirmed.

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

Emphasis of Matter

Financial Assets held at Amortised Cost-Contract Asset

I draw attention to Note 18 to the financial statements which discloses financial assets held at amortised cost amounting to Kshs.9,174,567,000. Included in financial assets is a contract asset as detailed at Note 18(b) to the financial statements amounting to Kshs.4,595,112,000 relating to the Olkaria IV and I AU substation. The construction of the assets was done by the Company and completed in the year 2015. The asset has been utilized by Kenya Electricity Transmission Company Ltd (KETRACO) since completion in the year 2015 for evacuation of power from Olkaria to the National grid.

The asset construction and implementation agreement indicated that the Company was to sign a novation agreement with KETRACO that would govern the transfer of assets in fulfilment of obligations thereof. This was in line with the Kenya Electricity Transmission Company Ltd mandate as outlined in Sessional Paper No.4 of 2004, on Energy and Energy Act, 2016 to evacuate all power generated in the country to the national grid. However, by the time of conclusion of the audit, the novation agreement had not been signed even though the operation of the substation had already been transferred to KETRACO and therefore realisation of the asset is doubtful.

My opinion is not qualified with respect to this matter.

Key Audit Matters

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

Key Audit Matter	How Audit Addressed the Key Audit Matter
Valuation of Property, Plant and Equipment, Intangible Assets and Right of Use Assets	
The carrying value of the Company's property, plant and equipment, intangible assets and right of use assets amounted to Kshs.440,181,405,000, Kshs.2,259,146,000 and Kshs.6,817,943,000 respectively. These properties are disclosed in Notes 15, 16 and 17 to the financial statements. Significant judgment is required by the Directors in determining the fair value of these fixed assets and, for the purposes of our audit, I identified the valuation of property, plant and equipment, intangible assets and right of use assets as representing a key audit matter due to the significance of the balance to the financial statements as well as the estimate uncertainty associated with determining their fair value. The Company used independent valuers to determine the fair values for these assets on a depreciated replacement cost basis for property, plant and equipment, and intangible assets and open market basis for right of use assets and considering their highest and best use. The inputs with the most significant impact on the valuations for buildings include market-related cash flows and discount rates while the inputs with the most significant impact for land include	I performed the following procedures, among others, to address the key audit matter: I assessed the competence, capabilities and objectivity of the company's independent valuers and verified their qualifications. In addition, we discussed the scope of their work with management and reviewed their terms of engagement to determine that there were no matters that affected their objectivity or imposed scope limitations upon them. We confirmed that the approaches they used are consistent with International Financial Reporting Standards (IFRS) and industry norms. I evaluated directors' assessment and the valuers' judgements in relation to the models used and the significant assumptions made. The audit procedures also focused on reviewing the reasonableness of assumptions made and methodologies used to ensure that they are reasonable and appropriate given our understanding of similar valuations. I engaged our internal fair value specialists to assist with assessing the methodology used in the valuation models. I analysed the inputs with the most significant impact on the valuations for buildings which included market-related cash flows and discount rates. We audited the assumptions made in identifying properties that are similar to the company's land from recent sales of neighbouring properties.

Report of the Auditor-General on Kenya Electricity Generating Company PLC for the year ended 30 June, 2022

Key Audit Matter	How Audit Addressed the Key Audit Matter
Valuation of Property, Plant and Equipment, Intangible Assets and Right of Use Assets	
assumptions made in identifying properties that are similar to the Company's land from recent sales of neighbouring properties.	I found the valuers to be competent, capable and objective. I also found that the models used for the various property valuations were appropriate and the significant assumptions made and methodologies used to be reasonable and appropriate. I concluded that the disclosures in the financial statements for property, plant and equipment, intangible assets and right of use assets were in line with applicable international accounting standards (IAS 16, Property, Plant and Equipment, IAS 38, Intangible Assets and IFRS 16, Leases).

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

Other Information

The other information comprises the corporate information, shareholding, report of the Directors, statement of Directors' responsibilities and the Directors' remuneration report, which I obtained prior to the date of this audit report, and the rest of the other information in the annual report which is expected to be availed to me after that date, but does not include the financial statements and my auditor's report thereon. The Directors are responsible for the other information. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in so doing, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, 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.

When I read the rest of the other information in the annual report and I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, for the matter 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

1.0 Non-Recognition of Power Tariff Reduction Contribution

During the year under review, a Presidential Directive was issued to the Energy Sector to implement a 15% tariff reduction for all customer categories, which was effected through Gazette Notice No. 64 dated 7 January, 2022. According to the framework agreed between the Ministry of Energy and Semi-Autonomous Agencies (SAGAs) in the electricity sub-sector, the SAGAs in the electricity supply chain comprising The Kenya Power and Lighting Company PLC (KPLC), Kenya Electricity Generation Company PLC (KenGen), Kenya Electricity Transmission Company Limited (KETRACO), and Geothermal Development Company Limited (GDC), were each to contribute through cost reduction initiatives to supplement Government support.

The Board of Directors agreed to contribute an amount of Kshs.3,500,000,000 through fair reduction of invoices to The Kenya Power and Lighting Company PLC (KPLC) who would in turn transfer the benefits to consumers. KPLC implemented the tariff reduction from January, 2022 in line with the directive. However, Management of the Company did not implement the cost reduction measures as per the commitments, which implies that the reported revenues are overstated by Kshs.1,750,000,000 which would have been the Company's contribution due to The Kenya Power and Lighting Company, PLC which has already implemented the full reduction on behalf of other Energy Sector players.

In the circumstances, Management is in breach of the agreement.

2.0 Work in Progress – Feasibility Studies

The statement of financial position reflects work in progress balance of Kshs.57,071,097,000 which, as disclosed in Note 15(a) to the financial statements includes an expenditure of Kshs.623,495,100 in respect of feasibility studies. However, eight (8) feasibility studies at a total cost of Kshs.377,999,568 were conducted between five (5) to ten (10) years ago and were yet to be implemented as capital projects. Management has not explained the reason for delay in implementation of the projects.

In the circumstances, the Company has not obtained value for money on expenditure of Kshs.377,999,568 incurred on feasibility studies.

3.0 Non-Compliance with Recruitment Policies and Procedures

Review of human resource records indicated that the Company had recruited a total of ten (10) employees during the financial year 2020/2021. Out of the ten newly recruited employees, four were graduate engineers, whose recruitment process commenced in the financial year 2020/2021. Review of the sourcing and selection process revealed that the shortlisted candidates were sourced from the human resource database instead of job advertisement as prescribed in the Human Resource Policies and Procedures. Further, a total of twenty-eight (28) graduate engineers were sourced in a similar manner in the financial year under review.

Failure to advertise for the positions not only contravenes the provisions of the Company's Human Resource Policies and Procedures, but also violates the values and principles of public service as outlined in Article 232(1) of the Constitution, which include affording adequate and equal opportunities for appointment at all levels of the public service.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I report based on the audit that:

(i) In my opinion, the information given in the report of the directors on pages 122 is consistent with the financial statements.

(ii) In my opinion, the auditable part of the directors' remuneration report on pages124 to 126 has been properly prepared in accordance with the Companies Act, 2015 and are in agreement with the accounting records.

Responsibilities of Management and Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

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

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

29 November, 2022

Financial Statements

For the year ended 30 June 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2022 Shs'000	2021 Shs'000 Restated*
Revenues from contracts with customers			
Electricity revenue	6 (a)	32,723,503	34,901,252
Steam revenue	6 (a)	5,119,412	5,227,392
Fuel charge	6 (a)	9,672,038	3,674,626
Water charge	6 (a)	164,872	204,408
Revenue from operations in Ethiopia	6 (a)	1,546,647	1,783,694
Total revenue	6 (a)	49,226,472	45,791,372
Reimbursable expenses			
Fuel costs	7	(9,587,828)	(3,955,710)
Water costs	7	(164,872)	(204,408)
Total reimbursable expenses	7	(9,752,700)	(4,160,118)
Revenue less reimbursable expenses		39,473,772	41,631,254
		-	
Other income	8	769,403	676,853
Other gains – net forex and fair valuation of financial assets	9	(3,789,446)	1,539,746
Operating income		36,453,729	43,847,853
Expenses			
Depreciation and amortization	10 (a)	(12,461,630)	(11,520,128)
Employee expenses	10 (b)	(8,246,955)	(7,685,411)
Steam costs	10 (c)	(3,093,308)	(3,028,982)
Plant operation and maintenance	10 (d)	(3,151,087)	(1,880,704)
Other expenses	10 (e)	(4,344,188)	(2,821,651)
IFRS 9 allowance for expected credit losses	10 (f)	(601,984)	(493,196)
Operating profit		4,554,577	16,417,781
Finance income	11	2,072,597	1,938,538
Interest expense	12	(1,960,420)	(2,351,988)
Unrealised foreign exchange gains/(losses)	12	3,274,468	(701,220)
Profit before income tax		7,941,222	15,303,111
Income tax charge	13(a)	(3,222,062)	(13,472,564)
Profit for the year		4,719,160	1,830,547
Earnings per share:			
Basic (Shs per share)	14	0.72	0.28

*See note 44 for details regarding the restatement

Financial Statements

For the year ended 30 June 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2022 Shs'000	2021 Shs'000
Profit for the year		4,719,160	1,830,547
Other comprehensive loss, net of income tax:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of retirement benefit obligations	29(a(ii))	(675,499)	(288,732)
Deferred income tax thereon	26	202,650	86,620
		(472,849)	(202,112)
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Net gain on revaluation assets	26 -	88,865,929	-
Deferred tax on remeasurement	26 -	(23,019,381)	-
Net loss on revaluation on financial instruments measured at FVOCI	26	(22,037)	(4,224)
Deferred income tax thereon	26	6,611	1,267
		65,831,122	(2,957)
Other comprehensive income/(loss) for the year, net of tax		65,358,273	(205,069)
Total comprehensive income for the year		70,077,433	1,625,478

STATEMENT OF FINANCIAL POSITION

	Note	2022 Shs'000	2021 Shs'000 Restated*	2020 Shs'000 Restated*
ASSETS				
Non-current assets				
Property, plant and equipment	15(a)	440,181,406	353,249,245	349,619,269
Intangible assets	16	2,259,146	1,523,213	1,528,948
Right of Use assets	17	6,817,943	4,733,193	4,936,545
Financial assets at amortized cost	18	9,038,521	9,138,667	9,116,806
Financial assets at fair value through profit or loss	19	2,888,923	8,526,063	8,334,673
Restricted cash	24(b)	1,344,220	1,117,241	924,965
		462,530,159	378,287,622	374,461,206
Current assets				
Inventories	20	1,447,124	2,051,828	1,371,280
Trade receivables	21	22,344,295	24,348,846	23,402,447
Corporate tax recoverable	13(c)	348,627	385,696	305,068
Financial assets at amortized cost	18	136,046	140,653	42,911
Financial assets at fair value through profit or loss	19	1,104,809	1,084,721	1,209,900
Other receivables and prepayments	22	1,428,312	1,755,119	2,099,011
Financial asset at fair value through other comprehensive income	23	338,920	360,957	365,181
Cash and bank balances	24	12,383,934	12,505,186	4,391,025
		39,532,067	42,633,006	33,186,823
TOTAL ASSETS		**502,062,226**	**420,920,628**	**407,648,029**
EQUITY AND LIABILITIES				
Equity attributable to owners				
Share capital	25	16,487,710	16,487,710	16,487,710
Share premium	25	22,151,131	22,151,131	22,151,131
Other reserves	26	128,419,108	65,051,484	67,235,860
Retained earnings	27	108,023,752	103,291,982	101,460,485
		275,081,701	206,982,307	207,335,186
Non- current liabilities				
Borrowings	28	122,216,146	134,777,599	137,349,668
Deferred income tax	30	81,481,803	55,786,804	42,678,447
Lease liabilities	31	828,574	656,192	744,568
Grants	32	331,949	200,000	200,000
Trade and other payables	33	-	1,030,082	857,431
		204,858,472	192,450,677	181,830,114
Current liabilities				
Borrowings	28	11,916,546	10,797,898	8,481,495
Trade and other payables	33	8,595,567	8,115,264	6,785,498
Provision for compensating tax	34	-	401,022	1,361,022
Lease liabilities due within one year	31	225,312	195,103	206,083
Dividends payable	35	1,384,628	1,978,357	1,648,631
		22,122,053	21,487,644	18,482,729
TOTAL EQUITY AND LIABILITIES		**502,062,226**	**420,920,628**	**407,648,029**

*See note 44 for details regarding the restatement

The financial statements on pages 137 to 233 were approved and authorised for issue by the Board of Directors on 2022 and were signed on its behalf by:

General (Rtd) Samson Mwathethe
Chairman

Samuel Kimani
Director

Abraham Serem
Ag. Managing Director & CEO

Financial Statements

For the year ended 30 June 2022

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Retained earnings	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
As at 1 July 2021-Restated	16,487,710	22,151,131	65,051,484	103.291,982	206,982,307
Profit for the year	-	-	-	4,719,160	4,719,160
-Net loss on revaluation on investments in financial instruments measured at FVOCI	-	-	(22,037)	-	(22,037)
-Remeasurement of retirement benefit asset	-	-	(675,499)	-	(675,499)
-Net revaluation surplus on assets	-	-	88,865,929	-	88,865,929
-Deferred income tax thereon	-	-	6,611	-	6,611
-Deferred income tax relating to remeasurement of defined benefit asset	-	-	202,650	-	202,650
-Deferred income tax thereon	-	-	(23,019,381)	-	(23,019,381)
Total comprehensive income for the year	-	-	65,358,273	4,719,160	70,077,433
Transfer of excess depreciation	-	-	(2,843,784)	2,843,784	-
Deferred tax on excess depreciation	-	-	853,135	(853,135)	-
Dividends declared to equity holders (Note 35)	-	-	-	(1,978,039)	(1,978,039)
As at 30 June 2022	16,487,710	22,151,131	128,419,108	108,023,752	**275,081,701**
Note	25	25	26	27	-

*See note 44 for details regarding the restatement

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Retained earnings	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
			Restated	Restated	Restated
As at 1 July 2020	16,487,710	22,151,131	67,235,860	105,443,687	211,318,388
Prior year restated-2020	-	-	-	(5,278,902)	(5,278,902)
Deferred tax	-	-	-	1,295,700	1,295,700
As at July 2020-Restated	16,487,710	22,151,131	67,235,860	101,460,485	207,335,186
Profit for the year - Restated	-	-	-	1,830,547	1,830,547
-Net loss on revaluation on investments in financial instruments measured at FVOCI	-	-	(4,224)	-	(4,224)
-Deferred income tax thereon	-	-	1,267	-	1,267
-Remeasurement of retirement benefit asset	-	-	(288,732)	-	(288,732)
-Deferred income tax relating to remeasurement of defined benefit asset	-	-	86,620	-	86,620
	-	-	-	-	-
Total comprehensive income for the year	-	-	(205,069)	1,830,547	1,625,478
Transfer of excess depreciation	-	-	(2,827,581)	2,827,581	-
Deferred Tax on Excess depreciation	-	-	848,274	(848,274)	-
Dividends declared to Equity holders (Note 35)	-	-	-	(1,978,357)	(1,978,357)
As at 30 June 2021-Restated	16,487,710	22,151,131	65,051,484	103,291,982	206,982,307
Note	25	25	26	27	

*See note 44 for details regarding the restatement

Financial Statements

For the year ended 30 June 2022

STATEMENT OF CASH FLOWS

	Note	2022 Shs'000	2021 Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36(a)	20,780,695	28,708,771
Income tax paid	13(c)	(300,113)	(356,948)
Finance income received	36(b)	1,176,203	910,963
Payment of compensating tax	34	(401,022)	(960,000)
Net cash generated from operating activities		21,255,763	28,302,786
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15	(10,498,762)	(11,846,709)
Staff costs incurred in capital projects	15	(2,611,466)	(2,259,893)
Interest costs incurred in capital projects	15	(903,447)	(822,207)
Purchase of intangible assets	16	(741,376)	(94,078)
Net cash used in investing activities		(14,755,051)	(15,022,887)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	28(d)	1,688,919	10,525,729
Principal loan repayment	28(d)	(9,146,656)	(10,049,152)
Grants received	32	131,949	
	-		
Finance costs paid	36(c)	(1,876,248)	(2,686,847)
Dividends paid	35	(2,571,768)	(1,648,631)
Payment of lease liabilities	31	(194,282)	(192,996)
Net foreign exchange differences on borrowings	36(d)	3,274,468	(701,220)
Unrealized forex not recoverable	19	1,547,812	(463,595)
Increase in financial asset through profit or loss	18	478,343	195,490
Payment from financial asset-Olkaria V transmission line	18	98,099	109,466
Net cash used in financing activities		(6,569,364)	(4,911,756)
Net (decrease)/ increase in cash and cash equivalents		(68,652)	8,368,143
Cash and cash equivalents at the beginning of the year	24	13,859,284	5,374,297
Effects of exchange rate changes on cash and bank balances	36(d)	215,279	116,844
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	14,005,911	13,859,284

1 General information

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

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

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

2. Statement of Compliance and Basis of Preparation

(a) Basis of preparation

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

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

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

(i) Basis of Measurement

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

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

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

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

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

(ii) Use of Estimates

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

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

(i) Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021– Amendment to IFRS 16.

In the prior year, the Group early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022 (IAS 8:28(a)-(c); IFRS 16:C1C).

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification (IFRS 16:46A).

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met (IFRS 16:46B):

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease

In the current financial year, the Company has not been impacted by the amendment to IFRS 16 (as issued by the IASB in May 2021) in advance of its effective date.

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

(i) New and amended IFRS standards in issue but not yet effective in the year ended 30 June 2022

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts—Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

(ii) New and amended IFRS standards in issue but not yet effective in the year ended 30 June 2022 (Continued).

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

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

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

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

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

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

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

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

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

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

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

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

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

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

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

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

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

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

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

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

Annual Improvements to IFRS Standards 2018-2020—Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.

The Annual Improvements include amendments to four Standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

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

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

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

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

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

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

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

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

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

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

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

2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

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

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

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

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

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

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

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

(ii) New and amended IFRS standards in issue but not yet effective in the year ended 30 June 2022(continued)

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

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

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

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

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

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

4. Summary of Significant Accounting Policies

(a) Subsidiaries

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

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

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

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

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

(b) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

(c) Revenue Recognition

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

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

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

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

(i) Revenue from the sale of goods and services

Electricity revenue

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

Electricity revenue

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

Steam Revenue

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

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

- **KenGen steam revenue** - This relates to steam revenue earned from Kenya Power for the use of steam obtained from KenGen's own wells.

Fuel charge

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

Water charge

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

Revenue from operations in Ethiopia

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

(ii) Finance income

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

(iii) Grants

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

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

(iv) Other income

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

(d) Taxation

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

(e) Post-employment benefit obligations

Defined contribution

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

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

Defined benefit

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

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

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

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

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

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

(i) Employee benefits

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

(ii) Service gratuity

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

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

(f) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the Company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading 'property revaluation reserve'. Decreases that offset previous increases of the same asset are recognized in other comprehensive income. All other decreases are charged to profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

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

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

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

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

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

Capitalisation of employee costs

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

Capitalisation of depreciation and Amortization

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

(g) Intangible assets

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

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

(h) Impairment

At each reporting date the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

(i) Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

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

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

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. IFRS 16.33.

(j) Borrowing costs

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

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

(k) Inventories

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

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

(l) Financial instruments

Effective 1 July 2018, the Company applies IFRS 9 which replaces the old standard, IAS 39. IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Company does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

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

Financial assets

a) Classification and measurement

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

The classification requirements for debt instruments are described below:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the entity considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.\

Debt instruments held by the Company are now classified under these categories; Amortized Cost, Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVPL).

Subsequent measurement

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

Amortized cost

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

Fair value through other comprehensive income (FVOCI)

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

Fair value through profit or loss (FVPL)

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

Impairment

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

De-recognition

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

Fixed interest investments (bonds)

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

Trade and other receivables

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

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

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

Financial liabilities

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

De-recognition

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

(m) Accounting for leases

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company

4. Summary of Significant Accounting Policies (cont'd)

recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of the profit or loss.

(n) Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from retained earnings when approved by the Company's shareholders. Interim dividends are deducted from retained earnings when they are declared and no longer at the discretion of the Company.

(o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event or service for employees leave pay, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash impress and petty cash accounted for at the end of the financial year.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(r) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's key management, which consists of the Managing Director & Chief Executive Officer and Divisional Directors is the Company's key decision maker.

(s) Comparatives

Where necessary, comparative figures and disclosures are adjusted to conform with changes in presentation in the current year.

5. Significant Accounting Estimates and Judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results.

The Directors also need to exercise judgment in applying the Company's accounting policies.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

This note provides an overview of the areas that involve a higher degree of judgment or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year.

Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and key sources of estimating uncertainty in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the Directors have made

5. **Significant Accounting Estimates and Judgments (cont'd)**

in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements

Impairment of financial assets

Measurement of the expected credit loss allowance (ECL)

IFRS 9 introduced an Expected Credit Loss (ECL) approach that requires entities to use historical, current and forward-looking information to estimate the credit losses on financial instruments. Unlike the Incurred Loss Model where losses were recognized only when a loss event occurred, the Company is now required to recognize losses earlier.

The level of provision held for any financial instrument will mostly rely on the instrument's credit quality. IFRS 9 outlines a "three stage" model (general model) for impairment based on changes in credit quality since initial recognition and provides operational simplifications for trade receivables, contract assets and lease receivables. The simplification eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. The loss allowance for trade receivables or contract assets that do not contain a significant financing component is measured at initial recognition and throughout its life at an amount equal to lifetime ECL.

Entities have a policy choice for trade receivables or contract assets that do not contain a significant financing component to either apply the general model or the simplified approach. The Company has elected to use the simplified approach.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument. The measurement of ECLs is based primarily on the product of the financial asset's probability of default (PD), loss given default (LGD), and exposure at default (EAD).

The exposure at default (EAD) is a measure of the total value an entity is exposed to in the event of a default. EAD is set as the amortized cost value of the respective financial asset.

The Loss Given Default (LGD) is a measure of the loss in the event of a default. It is assumed to be 100% for all the financial assets because they do not have collateral and if a default was to happen, the Company would most likely lose the entire balance.

IFRS 9 outlines contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded.

Assessment of significant increase in credit risk

The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition.

Stage 3 - Financial instruments are classified as stage 3 when there is objective evidence of impairment because of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial asset. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is like the current requirements under IAS 39 for impaired financial instruments.

Financial assets in the scope of the expected credit loss model are allocated to stage 1 on origination date, except if the financial asset is credit impaired at initial recognition or origination. In such instances, the financial assets are allocated to stage 3 and will remain in stage 3 irrespective of the credit risk associated with that asset. When a significant increase in the credit risk of a financial asset since origination has been identified, the financial asset is allocated to stage 2. When the financial asset is in default, the financial asset is moved to stage 3. On transition date, cash and treasury bonds were Stage 1 assets hence 12-month ECL was applied.

Cash held in financial institutions

For cash balances with financial institutions, the following steps were taken in determining the 12-month probability of default:

a) The counterparty's global rating was used if available and the mapping table below was used to look up the S&P Global equivalent. External credit ratings from reputable global credit rating agencies for the financial institutions were obtained. These agencies include Moody's, Standard and Poors (S&P), Global Credit Rating (GCR), Fitch and the respective bank's websites where applicable.

b) If no credible external rating existed as at reporting date, then the rating for a bank of a similar tier was used.

Treasury bonds

The modelling approach for Treasury Bonds (from the Government of Kenya) applies the probability of default from Kenya's sovereign rating.

Trade and other receivables

The Company has applied the simplified approach to impairment for trade and other receivables. Management has grouped financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. Trade receivables and other commercial receivables have been Categorized into two segments;

a) Kenya Power and other government related entities
b) Other commercial customers outside government/ retail category

KenGen and Kenya Power are majority owned and heavily regulated by the Government of Kenya through the Ministry of Energy and Petroleum and the National Treasury. In assessing Kenya Power's credit quality, management has used the Government of Kenya's sovereign rating probability of default as a proxy to Kenya Power's and other government entities' credit rating. The Standard and Poors (S&P) cumulative average default curves have been used to obtain the probability of default and has been applied to all debts whose counterparty is a government agency.

Such counterparties include Geothermal Development Company (GDC), Energy Regulatory Commission (ERC) and the Ministry of Energy. There are no publicly available credit ratings for external customers and management has elected to use the retail credit rating from S&P to estimate their probability of default.

Impairment of inventories

Critical estimates are made by the directors in determining the recoverable amount of impaired inventory. The carrying amount of impaired inventory is set out in Note 20.

Compensating tax provisions

The Company has made provisions against compensating tax on dividends. The estimated provisions were made by the Directors following the payments of dividends in 2016 and the amount is fully paid.

Financial assets at fair value through profit or loss

The Directors have determined the value of the financial asset at fair value using valuation techniques which incorporate assumptions that are directly supported by observable market data. We have included under Note 42(d) further details the valuation techniques applied. Changes in assumptions used in the valuation do not significantly impact the reported fair value of the financial assets.

Lease liabilities

Key sources of estimation uncertainty in the application of IFRS 16 include the following:

- Determination of the appropriate rate to discount the lease payments; and
- Assessment of whether a right-of-use asset is impaired.

Calculation of tax allowances

Management has carries out a detailed assessment and concluded that they qualify for the capital allowances which they have claimed. In making this assessment, management makes a number of judgements, the most significant of which are:

1. The nature of the arrangements (PPAs) entered into by KenGen and KPLC are purely sale of electricity arrangements and not concession arrangements. Therefore, the investment deduction is claimed on commissioning of a power plant.

5. Significant Accounting Estimates and Judgments (cont'd)

2. The determination of which investment allowance (e.g. investment deduction, extraction allowance, etc) is applicable to its capital investments.

   Calculation of its loss allowances is reasonable and in line with the Income Tax Act.

Capitalisation of staff and other costs

Project related costs including employee costs are capitalized. The key assumption applied in capitalising the employee costs is the time spent by qualifying employees on the capital projects. Significant judgement is required in determining capitalisation rates to be applied on shared service centres.

(i) Capitalization rates

The employee costs directly and indirectly attributable to projects associated with development of power generating resources are capitalised. Significant judgement is required in determining capitalisation rates to be applied on indirect staff costs. The rates applied in capitalising the employee costs are based on estimated time spent on the capital projects ranging from 10% to 100% of the time.

(ii) Departmental Manager's costs

Prudent judgement to be applied on capitalization of the executive directors' costs except Geothermal Development Director and Business Development Director whose costs are directly attributable specific projects.

Capitalisation of depreciation costs

Project assets comprise those assets purchased solely for the execution of a project. They include drilling materials, motor vehicles, prime movers, earth moving equipment, rigs, cranes, equipment, computers, tools, furniture and fittings and buildings. Project assets shall be capitalised on acquisition, depreciated on straight line basis over the useful life of the asset and their depreciation is charged to the project or asset on prorate basis.

Drilling material shall be classified as work in progress and expensed to the wells when consumed. Upon completion of the project or asset the depreciation shall be charged to the income statement or to a subsequent project or asset.

Capitalisation of Borrowing costs

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

Revaluation of property plant and equipment

Certain categories of property plant and equipment are stated at fair value. Revaluations are performed by professional valuers at sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date. At the reporting date, the Directors assess the carrying amount of revalued property, plant and equipment and apply judgement to determine that these do not differ materially from that which would be determined using independent valuers at 30 June 2022.

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets
- Changes in the market in relation to the asset

Actuarial valuation of defined benefits plan

The asset or liability due under the defined benefit pension plan is determined using actuarial valuation techniques. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. We have disclosed the assumptions and sensitivity thereof under Note 29.

Impairment of property, plant and equipment and intangible assets

At the reporting date, the Company reviews the carrying amounts of its property, plant & machinery, tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Any impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss, other than that arising from goodwill, is recognised as income immediately.

Impairment of Right of Use Assets

At the reporting date, the Company reviews the carrying amounts of its Right of Use Assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the depreciable amount of the asset is estimated by checking the remaining period of leases or status of the assets in order to determine the extent of the impairment loss.

Consolidation of subsidiary

KenGen Foundation was established by KenGen PLC as a public charitable trust by Declaration of trust deed dated 2009 and is domiciled in Kenya. The Foundation serves as the philanthropic arm of KenGen and is mandated to: Turn short term one-off CSR Projects into CSI-Corporate Social Investments; Upscale CSI activities for greater impact and increase and diversify resources available for CSI projects.

The foundation is wholly owned by the Company. However, it has not been consolidated as the Foundation is considered immaterial.

6. Revenue

The Company derives revenue from the transfer of goods and services in the following revenue types.

	Geothermal Shs'000	Hydro Shs'000	Thermal Shs'000	Wind Shs'000	Total Shs'000
30 June 2022					
Electricity revenue					
• Capacity	13,803,875	8,082,173	3,079,630	-	24,965,678
• Energy	5,715,984	1,151,925	451,066	438,850	7,757,825
	19,519,859	9,234,098	3,530,696	438,850	32,723,503
Steam revenue (note 6(c))	5,119,412	-	-	-	5,119,412
Fuel charge	-	-	9,672,038	-	9,672,038
Water charge	-	164,872	-	-	164,872
Revenue from operations in Ethiopia	1,546,647	-	-	-	1,546,647
Total revenue	26,185,918	9,398,970	13,202,734	438,850	49,226,472
Revenue recognised	26,185,918	9,398,970	13,202,734	438,850	49,226,472
30 June 2021					
Electricity revenue					
• Capacity	15,840,391	8,008,570	3,236,641	-	27,085,602
• Energy	5,957,307	1,240,130	178,071	440,142	7,815,650
	21,797,698	9,248,700	3,414,712	440,142	34,901,252
Steam revenue (note 6(c))	5,227,392	-	-	-	5,227,392
Fuel charge	-	-	3,674,626	-	3,674,626
Water charge	-	204,408	-	-	204,408
Revenue from operations in Ethiopia	1,783,694	-	-	-	1,783,694
Total revenue	28,808,784	9,453,108	7,089,338	440,142	45,791,372
Revenue recognised	28,808,784	9,453,108	7,089,338	440,142	45,791,372

6. Revenue (cont'd)

b) Deferred income-Contract assets and liabilities

The Company has been contracted for consultancy services in Ethiopia and Djibouti and has received advance payments. Further, reimbursable costs and interest accrued from debt due from KETRACO for Olkaria I AU and IV transmission lines have been deferred pending conclusion of the novation agreement. These has resulted in deferred income from contracts of Shs 206,411,000 (2021-Shs. 134,344,000) as part of trade and other payables disclosed under Note 33.

i. Advance received in advance, revenue is recognised when control of the goods or services has transferred to the customer, being at the point the goods or services are delivered to the customer. When the customer initially pays advance payment, the transaction price received at that point by the Company is recognised as contract liability until the goods or services have been delivered to the customer.

ii. Revenue relating to maintenance services is recognised over time although the customer pays up-front in full for these services. A contract liability is recognised for revenue relating to the maintenance services at the time of the initial transaction and is released over the service period.

iii. Contract liabilities relating to reimbursement, construction contracts are balances from customers under construction contracts whose performance obligations have not been fulfilled.

c) Steam revenue

	2022 Shs'000	2021 Shs'000
Third party revenue*	4,356,212	4,295,648
KenGen steam revenue**	763,200	931,744
	5,119,412	5,227,392

Third party revenue*- this relates to steam income from wells vested to GDC

KenGen steam revenue**- this relates to income from KenGen's own wells

7. Reimbursable expenses

Fuel costs[1]	9,587,828	3,955,710
Water costs[2]	164,872	204,408
	9,752,700	4,160,118

[1] In line with the provisions of the Power Purchase Agreements, the company is reimbursed by The Kenya Power and Lighting Company Plc for fuel costs incurred in the production of thermal electricity based on pre-agreed plant fuel usage.

[2]The Water Resource Management Rules 2007 (Water Regulations) was Gazetted by the Government through legal notice No. 171 of September 2007. The regulation provided for water use charge at the rate of 0.05 Shs/kWh for power plants with capacity of over 1MW. With approval from the Energy Regulatory Commission (Now Energy and Petroleum Regulatory Authority), the company is reimbursed by Kenya Power and Lighting Company Plc for the cost of water charges.

8. Other income

	2022 Shs'000	2021 Shs'000
Club income	236,228	142,033
Consultancy fees	13,078	17,723
Insurance compensation	115,960	169,480
Rent receivable	65,362	70,465
Geothermal SPA	17,489	-
Miscellaneous income	201,916	97,495
Carbon Credits*	12,657	
Contract revenue from financial asset	106,713	179,657
	769,403	676,853

*Carbon credits, also known as carbon offsets, are permits that allow the owner to emit a certain amount of carbon dioxide or other greenhouse gases. One credit permits the emission of one ton of carbon dioxide or the equivalent in other greenhouse gases. KenGen with a generation portfolio of 86% renewable energy sources is taking deliberate steps to reduce carbon emissions with actions and commitments locally and internationally. The Company's actions in carbon emission reduction towards a net-zero future has earned KenGen global funds and status of climate champion and accorded us a prestigious position of industry leader in climate change action.

9. Other gains - net forex and fair valuation of financial assets

	2022 Shs'000	2021 Shs'000
Realized foreign exchange loss recovered through billing- others (Note 37(a) (i))	325,886	348,457
Realized foreign exchange loss not billed- borrowings (Note 19)	(188,612)	(144,315)
Foreign exchange gains from other monetary items	938,833	228,811
Bond premium expensed (Note 18(d))*	(10,262)	(9,352)
Unrealized revaluation of the financial assets held at fair value through profit or loss (Note 19)	(3,274,468)	701,220
Unrealized fair value loss on financial asset not recoverable	(1,580,823)	414,925
	(3,789,446)	1,539,746

*The treasury bond is being held for sale and the premium is being amortised over the term of the bond.
**Restatement from receivable asset to assets revaluation reserves to recognise the element of forex differences between the Loan base rate and PPA base rate for those loans attached to power plants which have PPA's since it relates to timing difference between the completion of project and signing of PPA.

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2022

10. Expenses

	2022 Shs'000	2021 Shs'000
(a) Depreciation and Amortization		
Depreciation (Note 15)	12,661,753	11,689,054
Less: Amount capitalized (Note 15)	(481,449)	(469,728)
	12,180,304	11,219,326
- Intangible assets- software (Note 15)	112,279	99,813
- Less: Amount capitalized	(790)	(790)
	111,489	99,023
Amortization - Prepaid leases on leasehold land (Note 17)	55,449	58,967
Less: amount capitalized to property, plant and equipment (Note 15)	(9,229)	(3,522)
Other Right of Use Assets (Note 17)	123,617	146,334
	169,837	201,779
Total depreciation and amortization charge for the year	12,461,630	11,520,128
(b) Employee expenses		
Salaries, wages and other staff costs	9,579,333	8,604,840
Welfare and benefits	553,173	410,114
Training expenses	127,321	66,493
Retirement benefit cost:		
-Defined contribution scheme	542,342	775,589
-Defined benefit scheme (Note 29 (a))	50,089	82,386
-National Social Security Fund	6,163	5,882
	10,858,421	9,945,304
Less: Capitalized costs*	(2,611,466)	(2,259,893)
	8,246,955	7,685,411

*The employee expenses incurred and attributable to implementation of capital projects are capitalized in line with the Company's accounting policy disclosed under Note 4.

10. Expenses (continued)

(b) Employee expenses (continued)

	2022 Shs'000	2021 Shs'000
Number of employees		
The number of persons employed by the Company at the year-end was;		
- Operational staff	1,821	1,900
- Geothermal resource assessment and other projects staff	655	672
	2,476	2,572
Management staff	1,581	1,621
Union Staff	895	951
Total	2,476	2,572
Permanent employees – management	1,523	1,542
Permanent employees – unionizable	810	856
Contract employees-management and Union	143	174
Total	2,476	2,572

(c) Steam costs

Steam expenses (Note 37(b)(ii))	3,093,308	3,028,982

Steam costs represent amounts payable for steam from their wells utilized in generation of power from Olkaria I AU 4 & 5, Olkaria IV and some Wellhead plants. The related income is disclosed under Note 6(c).

	2022 Shs'000	2021 Shs'000
(d) Plant operation and maintenance expenses		
Operation and maintenance costs	1,261,927	1,061,421
Machinery spares and consumables (Note 20)	1,889,160	819,283
	3,151,087	1,880,704

10. Expenses (continued)

(e) Other expenses

	2022 Shs'000	2021 Shs'000
Insurance	1,115,453	894,047
Transport and travelling costs	1,240,927	713,093
Office expenses	134,352	139,372
Catchment preservation and dam maintenance	107,000	107,000
Consultants' fees	113,370	139,027
Legal and statutory expenses	139,478	180,792
Corporate Social Responsibility	139,665	286,760
Director's expenses	44,515	26,678
Advertising	53,677	53,630
Audit fees	9,800	9,800
Club expenses	81,135	123,442
Provisions and impairment of assets (Note 10(g))	788,716	40,082
Loss on disposal of assets	2,626	2,447
Ethiopian Operation Corporate Tax Expense	181,198	-
Other costs*	192,276	105,481
	4,344,188	2,821,651

*Other costs include expenses for drilling in Ethiopia and Djibouti, the construction of Naivasha Hospital which is a corporate social investment (CSI), impairment of assets and insurance costs among others.

**The costs associated with drilling of wells in Tulu Moye, Ethiopia amounting to Shs 2,544 million have been included under the expenses above.

(f) Expected credit loss as per IFRS 9

	2022 Shs'000	2021 Shs'000
Ketraco-Sondu Miriu line (Note 18(a))	(3,716)	(983)
Ketraco- Olkaria I AU & IV transmission lines (Note 18(b))	(5,897)	3,367
KPLC- Olkaria V transmission lines (Note 18(c))	(2,955)	(826)
Treasury bonds (Note 18 (d))	10,484	(33,785)
KPLC debt (Note 21)	445,617	181,155
Other receivables (Note 22)	117,551	165,716
Cash and cash equivalent (Note 24)	40,900	178,552
	601,984	493,196

10. Expenses (continued)

(g) Impairment and Provisions of assets

	2022 Shs'000	2021 Shs'000
Provision for inventory obsolescence	(231,992)	40,082
Impairment of wells and feasibility studies (Note 15(a))	968,000	-
Other impairments	52,708	-
	788,716	40,082

11. Finance income

	2022 Shs'000	2021 Shs'000
Interest income from Kenya Power and Lighting Company (Note 37(a)(i))*	847,924	936,277
Interest from operations in Ethiopia **	-	3,168
Interest income from treasury bonds	282,795	282,795
Interest income from banks and other financial institutions	881,738	653,479
Interest as per IFRIC 12 on KPLC Olkaria V financial asset***	57,155	58,791
Interest income from staff advances	2,985	4,028
	2,072,597	1,938,538

*Interest income from The Kenya Power and Lighting Company Plc relates to interest penalties charged to Kenya Power due to late payments of invoices. Interest on late payments accrues after 40 days.
**Interest from delayed payments from TMGO
*** Interest on Financial asset for Olkaria V transmission line as per IFRIC 12

12. Finance costs

	2022 Shs'000	2021 Shs'000
Interest on borrowings	2,774,290	3,082,505
Interest on leases as per IFRS 16 (Note 31)	89,577	91,691
Less: capitalized interest*(Note 15)	(903,447)	(822,208)
Interest expensed	1,960,420	2,351,988
Unrealized foreign exchange gain/() on borrowings (Note 28)	(3,274,468)	701,220
	(1,314,048)	3,053,208

*The intrest and forex relating to implementation of projects are capitalized as part of the cost of the project in accordance with the Company accounting policies disclosed under note 4

13. Income tax expense

	2022 Shs'000	2021 Shs'000
(a) Taxation charge		
Current income tax*	337,183	276,321
Deferred tax charge (Note 30)	2,663,608	4,661,526
Change in tax rate-deferred tax (Note 30)	-	8,530,884
Prior year under provision – deferred tax (Note 30)	221,271	3,833
	3,222,062	13,472,564

*Current income tax relates to revenue and other income lines which are taxed as a separate source of income.

	2022 Shs'000	2021 Shs'000
(b) Reconciliation of expected tax based on profit before taxation-to-taxation charge		
Profit before taxation	7,941,222	15,303,111
Tax applicable rate of 30%	2,382,366	4,590,933
Tax effect of expenses not deductible for tax purposes	618,425	346,914
Prior year deferred tax adjustment		
Deferred tax prior year under-provision	221,271	3,833
Increase in tax rate-deferred tax	-	8,530,884
Total income tax charge	3,222,062	13,472,564
(c) Corporate tax recoverable		
Balance brought forward	(385,696)	(305,068)
Current income tax payable (Note 13(a))	337,183	276,321
Paid during the year	(300,113)	(356,949)
At end of year	(348,626)	(385,696)

14. Earnings per share

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive shares as at 30 June 2022.

	2022	2021 Restated
Profit attributable to ordinary shareholders (in Shs'000)	4,719,160	1,830,547
Number of ordinary shares in issue at end of year (Note 25)	6,594,522,339	6,594,522,339
Basic and diluted earnings per share (Shs)	0.72	0.28
Dividend per share (Shs)	0.20	0.30

15(a). Property, plant and equipment

Year ended 30 June 2022	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, equip-ment and fittings Shs'000	Work- in-progress Shs'000	Total Shs'000
Cost or Valuation								
At 1 July 2021 as restated	2,017,133	52,675,132	4,809,804	258,803,433	2,341,771	5,911,261	96,457,632	423,016,166
Additions	-	-	-	-	-	-	10,498,762	10,498,762
Staff cost capitalized (Note 10(b))	-	-	-	-	-	-	2,611,466	2,611,466
Interest cost capitalized (Note 12)	-	-	-	-	-	-	903,447	903,447
Depreciation capitalized (Note 10(a))	-	-	-	-	-	-	491,468	491,468
Foreign exchange capitalized	-	-	-	-	-	-	(33,011)	(33,011)
Reclassification to intangible assets (Note 16)	-	-	-	-	-	-	(671,458)	(671,458)
Reclassification to contract asset	-	-	-	-	-	-	14,000	14,000
Impairment of assets*(Note 10(g))	-	-	-	-	-	-	**(968,000)**	**(968,000)**
Transfers from WIP	-	7,283,070	165,204	43,012,695	251,677	1,520,565	(52,233,214)	-
Revaluation surplus/(deficit)	2,917,067	8,330,041	395,955	9,044,488	-	(132,144)	-	20,555,407
Adjustment**	-	-	192	-	8,034	-	-	8,226
Reclassification from leasehold land	18,800	-	-	-	-	-	-	18,800
Disposal***	-	-	-	-	(27,946)	-	-	(27,946)
At 30 June 2022	**4,953,000**	**68,288,243**	**5,371,155**	**310,860,616**	**2,573,536**	**7,299,682**	**57,071,098**	**456,417,330**
Depreciation								
At 1 July 2021	-	9,165,030	1,224,488	52,588,863	1,985,503	4,803,039	-	69,766,923
328Charge for year	-	1,498,476	73,399	10,503,277	45,747	540,854	-	12,661,753
Depreciation writeback****	-	(8,418,064)	(530,152)	(57,157,818)	-	(61,397)	-	(66,167,431)
Eliminated on disposal	-	-	-	-	(25,321)	-	-	(25,321)
At 30 June 2022	**-**	**2,245,442**	**767,735**	**5,934,322**	**2,005,929**	**5,282,496**	**-**	**16,235,924**
Net book value at 30 June 2022	**4,953,000**	**66,042,801**	**4,603,420**	**304,926,294**	**567,607**	**2,017,186**	**57,071,098**	**440,181,406**
Net book value at 30 June 2022 (cost basis)	**600,101**	**39,740,689**	**1,161,982**	**173,518,576**	**567,607**	**2,017,186**	**57,071,098**	**274,677,239**

*An assessment for impairment was carried out in respect to assets including unconnected wells and feasibility studies. It was determined that some assets could no longer be carried in the books and were impaired.
**corrective entry for assets earlier booked with negative net book values.
*** Vehicles disposed during the period.

*** During asset revaluation, the accumulated depreciated was adjusted to derive at the net surplus/deficit for each asset.

15(a). Property, plant and equipment (continued)

Year ended 30 June 2021	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, equipment and fittings Shs'000	Work- in-progress Shs'000	Total Shs'000
Cost or Valuation								
At 1 July 2020	2,017,133	51,670,919	4,802,433	256,269,409	2,376,793	5,725,467	87,683,788	410,545,942
Reclassification to contract asset	-	-	-	-	-	-	(3,592,849)	(3,592,849)
Reclassification to Financial Asset	-	-	-	-	-	-	(1,556,770)	(1,556,770)
Foreign exchange capitalized	-	-	-	-	-	-	2,338,974	2,338,974
At 1 July 2020 as restated	2,017,133	51,670,919	4,802,433	256,269,409	2,376,793	5,725,467	84,873,143	407,735,297
Prior Year Adjustment From Contract Asset	-	-	-	-	-	-	(26,916)	(26,916)
From Forex	-	-	-	-	-	-	(48,670)	(48,670)
Additions	-	-	-	-	-	-	11,846,709	11,846,709
Staff cost capitalized (Note 10(b))	-	-	-	-	-	-	2,259,893	2,259,893
Interest cost capitalized (Note 12)	-	-	-	-	-	-	822,207	822,207
Depreciation capitalized (Note 10 (a))	-	-	-	-	-	-	469,728	469,728
Transfers from WIP	-	1,004,213	7,371	2,534,024	7,061	185,794	(3,738,463)	-
Disposal	-	-	-	-	(42,083)	-		(42,083)
At 30 June 2021	**2,017,133**	**52,675,132**	**4,809,804**	**258,803,433**	**2,341,771**	**5,911,261**	**96,457,632**	**423,016,166**
Depreciation								
At 1 July 2020	-	7,719,394	1,016,195	43,093,274	1,862,267	4,424,898	-	58,116,028
Charge for year	-	1,445,636	208,293	9,495,588	161,397	378,140	-	11,689,054
Eliminated on disposal	-	-	-	-	(38,161	-	-	(38,161
At 30 June 2021	-	9,165,030	1,224,488	52,588,862	1,985,503	4,803,038	-	69,766,921
Net book value at 30 June 2021	**2,017,133**	**43,510,102**	**3,585,316**	**206,214,571**	**356,268**	**1,108,223**	**96,457,632**	**353,249,245**
Net book value at 30 June 2021 (cost basis)	**600,101**	**33,838,407**	**1,119,276**	**139,403,016**	**356,268**	**1,108,223**	**96,457,632**	**272,882,923**

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2022

15(b) Revaluation of property plant and equipment

Plant, machinery and transmission lines were last revalued as at 30 June 2022, on a depreciated replacement cost basis which represents the plant and machinery's highest and best use value. The valuation was undertaken as at 30 June 2022 by Aon Risk Services Australia Limited.

The freehold land and buildings were revalued, and the report adopted on 30 June 2022 based on prevailing market values and depreciated to reflect carrying amounts by Ebony limited, Zenith Limited and Syagga Associates.

The values have been incorporated in the financial statements for the year ended 30 June 2022.

15(c). Property plant and equipment – other disclosures

The Company's freehold and leasehold land is located in the following locations:

- Olkaria
- Gitaru
- Kiambere
- Kamburu
- Kindaruma
- Masinga
- Sangoro
- Turkwel
- Sosiani
- Gogo
- Wanjii
- Tana
- Sagana
- Ndula
- Mesco
- Garissa
- Lamu
- Kipevu
- Sondu Miriu

If the freehold land, buildings, plant and machinery and transmission lines were stated on the historical cost basis, the amounts would be as follows:

	Freehold land	Buildings	Transmission lines	Plant and machinery	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 30 June 2022					
At cost	600,101	57,935,443	3,741,987	249,472,444	311,749,975
Accumulated depreciation	-	(18,194,754)	(2,580,004)	(75,953,868)	(96,728,626)
	600,101	39,740,689	1,161,983	173,518,576	215,021,349
At 30 June 2021					
At cost	600,101	50,652,372	3,576,783	206,459,749	261,289,005
Accumulated depreciation	-	(16,813,965)	(2,457,507)	(67,056,733)	(86,328,205)
	600,101	33,838,407	1,119,276	139,403,016	174,960,800

Impairment

At each reporting date, the Directors review the carrying amount of property, plant and equipment to determine whether there are any indicators of impairment. If any such indication exists, an impairment assessment is performed.

16. Intangible assets

Year ended 30 June 2022	Computer software and licences Shs'000	Plant monitoring software Shs'000	Work-in-progress Shs'000	Total Amount Shs'000
Cost				
At 1 July 2021	973,790	763,877	424,371	2,162,038
Additions	-	-	69,918	69,918
Transfer from WIP	-	-	671,458	671,458
Capitalised	953,048	85,158	(1,038,207)	-
Revaluation Surplus	-	4,685	-	4,685
At 30 June 2022	**1,926,838**	**853,720**	**127,540**	**2,908,099**
Amortisation				
At 1 July 2022	356,795	282,029	-	638,825
Charge for the year	75,187	37,092	-	112,279
Depreciation writeback*	-	(102,151)	-	(102,151)
At 30 June 2022	**431,982**	**216,970**	**-**	**648,953**
Net book value At 30 June 2022	**1,494,856**	**636,750**	**127,540**	**2,259,146**
Net book value At 30 June 2021	**616,994**	**481,848**	**424,371**	**1,523,213**

Intangible assets comprise of Supervisory Control and Data Acquisition (SCADA), computer software and licences that are acquired for business process and operations and have a useful life of over one year. The are acquired separately and measured on initial recognition at cost less subsequent amortisation and any accumulated impairment losses. The SCADA is part of the operation of the power plants and was revalued as at 30 June 2022 by Aon Risk Services Australia Limited.

The values have been incorporated in the financial statements for the year ended 30 June 2022.

*During revaluation exercise, the accumulated depreciation is offset against the new values to determine the surplus or deficit on each asset.

16. Intangible assets (continued)

Year ended 30 June 2021	Computer software and licences Shs'000	Plant monitoring software Shs'000	Work-in-progress Shs'000	Total Amount Shs'000
Cost				
At 1 July 2020	957,105	763,877	346,978	2,067,960
Additions	-	-	94,078	94,078
Transfer from WIP	16,685	-	(16,685)	-
At 30 June 2021	**973,790**	**763,877**	**424,371**	**2,162,038**
Amortisation				
At 1 July 2020	296,000	243,012	-	539,012
Charge for the year	60,796	39,017	-	99,813
At 30 June 2021	**356,796**	**282,029**	**-**	**638,825**
Net book value At 30 June 2021	**616,994**	**481,848**	**424,371**	**1,523,213**
Net book value At 30 June 2020	**661,105**	**520,865**	**346,978**	**1,528,948**

17. Right of Use assets

The Leasehold land was revalued on 30 June 2022 based on prevailing market values and amortised to reflect carrying amounts by Ebony limited, Zenith Limited and Syagga Associates.

The values have been incorporated in the financial statements for the year ended 30 June 2022.

17. Right of Use assets (Continued)

	Leasehold Land	IFRS 16 Right of Use Assets Land	Buildings	Total Shs'000
Year ended 30 June 2022				
Cost or valuation				
At 1 July 2021	4,338,677	312,707	720,582	5,371,966
Additions renewed leases (note 31)	-	-	307,296	307,296
Revaluation Surplus*	1,580,987	-	-	1,580,987
Reclassification to freehold land**	(18,800)	-	-	(18,800)
At 30 June 2022	5,900,864	312,707	1,027,878	7,241,450
Depreciation				
At 1 July 2021	346,661	23,200	268,911	638,772
Charge for the year (Note 10(a))	55,449	11,878	111,739	179,066
Depreciation writeback*	(394,331)	-	-	(394,331)
At 30 June 2022	7,779	35,078	380,650	423,507
Net carrying value				
At 30 June 2022	5,893,085	277,629	647,228	6,817,943

*During revaluation exercise, the accumulated depreciation is offset against the new values to determine the surplus or deficit on each asset.

**The title of the piece of land previous accounted for under leasehold land was noted to be freehold during the revaluation exercise necessitating the reclassification.

17. Right of Use Assets (Continued)

	Leasehold Land	IFRS 16 Right of Use Assets Land	IFRS 16 Right of Use Assets Buildings	Total Shs'000
Year ended 30 June 2021				
Cost or valuation				
At 1 July 2020	4,338,677	310,757	720,581	5,370,015
Addition under IFRS 16 (note 31)	-	1,950	-	1,950
At 30 June 2021	4,338,677	312,707	720,581	5,371,965
Depreciation				
At 1 July 2020	287,694	11,600	134,177	433,471
Charge for the year (Note 10(a))	58,967	11,600	134,734	205,301
At 30 June 2021	346,661	23,200	268,911	638,772
Net carrying value				
At 30 June 2021	3,992,016	289,507	451,670	4,733,193

18. Financial assets held at amortized cost

	2022 Shs'000	2021 Shs'000
Current portion	136,046	140,653
Non-Current portion	9,038,521	9,138,667
	9,174,567	9,279,320
Broken down as follows:		
Deferred debt at amortized cost – Note (18(a, b and c))		
-Current portion	136,046	140,653
-Non-Current portion	6,681,913	6,761,312
	6,817,959	6,901,965
Treasury bonds at amortized cost – Note (18(d)) (non-current)	2,356,608	2,377,355
	9,174,567	9,279,320

18. Financial assets held at amortized cost

a) Deferred debt due from Kenya Power

Deferred debt relates to the amounts recoverable from The Kenya Power & Lighting Company Plc in respect of a loan taken out by the Company for the construction of the Sondu Miriu transmission and substation project implemented by the Company on behalf of Kenya Power under a management agreement. Japan Bank for International Corporation funded the foreign component of the Sondu Miriu project under the loan agreement between the Japan Bank for International Corporation and the Company. The debt is payable over a period of 30 years commencing 15 August 2014.

The effective interest rate in Japanese Yen on the deferred debt during the year was 0.75% (2021: 0.75%). Through an agreement entered between Kenya Power and Kenya Electricity Transmission Company Limited (KETRACO), KETRACO are servicing the debt.

The deferred debt and corresponding loan from Japan Bank for International Corporation are both denominated in Japanese Yen (JPY). The amount outstanding as at year end was JPY 946,009,512 (2021: JPY 990,009,972).

	2022 Shs'000	2021 Shs'000
At start of year	964,827	1,025,131
Interest charge	8,849	9,568
Repayment during the year	(51,949)	(54,424)
Foreign exchange loss	(105,243)	(15,448)
	816,484	964,827
Less: Allowance for impairment	(12,010)	(15,726)
At end of year	804,474	949,101
The movement in the allowance for impairment in the year is as follows:		
At start of year	(15,726)	(16,709)
Write back to profit or loss	3,716	983
Allowance for impairment	(12,010)	(15,726)
Maturity analysis of deferred debt is as follows:		
Within one year	37,976	42,184
After one year	778,508	906,917
Net book amount	816,484	949,101

18. Financial assets held at amortized cost (continued)

b) Contract asset -KETRACO-Olkaria 280MW transmission line

On or around the year 2010 the Government of the Republic of Kenya received financing for the Kenya Electricity Expansion Project (KEEP) from various financiers. The KEEP projects included the construction of Olkaria IV & I AU power plants, High Voltage Substations and Transmission Lines (the Project).

The Project was financed by European Investment Bank (EIB) and Kreditanstalt Für Wiederaufbank (KFW). On the 8th day of September 2010, KenGen and KETRACO entered into an Implementation Agreement Framework for co-operation in certain services in connection with the transmission of electricity under the KEEP Project.

Upon completion of the Project in 2015 and in accordance with the Implementation Agreement, KenGen was to sign a novation agreement that would govern the transfer of assets and fulfilment of obligations thereof. This is in line with KETRACO's man-date as outlined in the Sessional Paper No.4, 2004, on Energy and Energy Act No. 12, 2006.

Negotiations have been ongoing between KenGen, KETRACO and KPLC to novate the transfer of Olkaria I AU & IV 280MW and summary of balances are as follows:

	2022 Shs'000	2021 Shs'000
At start of year	4,571,009	4,364,436
Addition	92,713	206,573
	4,663,722	4,571,009
Less: Allowance for impairment	(68,610)	(74,506)
At end of year	4,595,112	4,496,503
The movement in the allowance for impairment in the year is as follows;		
At start of year	(74,507)	(71,140)
Charge to profit or loss	5,897	(3,366)
Allowance for expected credit loss	(68,610)	(74,506)
Maturity analysis of deferred debt is as follows:		
Within one year	-	-
After one year	4,595,112	4,496,503
Net book amount	4,595,112	4,496,503

18. Financial assets held at amortized cost (continued)

c) Financial asset due from KPLC-Olkaria V transmission line

KenGen implemented Substation and Transmission lines component for Olkaria V Geothermal Power Plant on behalf of Kenya Power. The cost of the Substation and Transmission line will be recovered through the PPA. During implementation of the project the costs were booked in WIP and later transferred to financial asset account as per IFRIC 12 "Service Concession Arrangements". On full recovery of the costs through PPA, the transmission assets will be transferred to Kenya Power.

	2022 Shs'000	2021 Shs'000
At start of year	1,480,495	1,531,170
Interest as per IFRIC 12	57,155	58,791
Deferred income (Note 33)	(98,099)	(109,466)
	1,439,551	1,480,495
Less: Allowance for impairment	(21,177)	(24,132)
At end of year	1,418,374	1,456,363
The movement in the allowance for impairment in the year is as follows;		
At start of year	(24,132)	(24,958)
Less: Write back	2,955	826
Allowance for expected credit loss	(21,177)	(24,132)
Maturity analysis of deferred debt is as follows:		
Within one year	98,628	98,469
After one year	1,319,746	1,357,894
Net book amount	1,418,374	1,456,363

18. Financial assets held at amortized cost (continued)

d) Treasury Bonds (T. BOND FD1 2010/25)

The company invested in long term treasury bonds which continues to earn interest on a semi-annual basis. They are recognized as financial assets at amortized cost. The coupon rate is 11.25%.

	2022 Shs'000	2021 Shs'000
At start of year	2,381,404	2,390,756
Bond premium expensed	(10,262)	(9,352)
	2,371,142	2,381,404
Less: allowance for expected credit loss	(14,533)	(4,049)
At end of year	2,356,609	2,377,355
The movement in the provision of expected credit losses in the year is as follows;		
At start of year	(4,049)	(38,969)
Charge to profit or loss	(10,484)	34,920
Allowance for impairment	(14,533)	(4,049)

19. Financial assets held at fair value through profit or loss

The financial assets at fair value through profit or loss relates to unrealized exchange differences on foreign denominated borrowings recoverable from The Kenya Power & Lighting Company Plc under the respective Power Purchase Agreements ("PPAs") with Kenya Power. The derivative financial instrument is entered into to manage foreign exchange borrowings exposures.

The PPA provides that the amounts should be billed to Kenya Power as the related borrowings are repaid. This allows the Company to bill and recover all realized foreign currency fluctuations relative to the base rates allowed by the PPA. The amount in the statement of financial position relates to fair value of this financial asset.

19. Financial assets held at fair value through profit or loss (continued)

The movement in the financial asset during the year is as follows:

	2022 Shs'000	2021 Shs'000
At start of year	-	17,812,336
Prior year adjustment- Unrecoverable amount-2020*	-	(8,267,764)
Restated as at start of the year	9,610,784	9,544,572
Realized amount recovered through billing	(606,160)	(954,288)
Realized amount at not recovered through billing	(188,612)	(144,315)
Unrealized (loss)/gain on revaluation of the financial asset at fair value through profit or loss recoverable	(3,274,468)	701,220
Unrecoverable forex expensed*	(1,580,823)	414,925
Unrecoverable forex capitalised*	33,011	48,670
At end of year	3,993,732	9,610,784
Less: current portion recoverable within one year	(1,104,809)	(1,084,721)
At end of year (long term portion)	2,888,923	8,526,063

*Restatement from receivable asset to assets revaluation reserves to recognise the element of forex differences between the Loan base rate and PPA base rate for those loans attached to power plants which have PPA's since it relates to timing difference between the completion of project and signing of PPA.

20. Inventories

	2022 Shs'000	2021 Shs'000
Machinery consumable spares	1,237,000	1,190,460
Fuel and lubricants	231,022	1,274,591
General stores	373,082	225,394
	1,841,104	2,690,445
Allowance for impairment and provisions	(393,980)	(638,617)
	1,447,124	2,051,828

The cost of inventories recognized as an expense and included in operating costs and reimbursable expenses are machinery consumable spares amounting to Shs 1,889,160,000 (2021: Shs 819,283,000) and fuel consumed amounting to Shs 9,587,829,000 (2021: Shs 3,955,710,000) respectively. Impairment allowance for inventory is recognized on items that are slow moving and/or obsolete.

21. Trade receivables

The following amounts due from The Kenya Power and Lighting Company Plc relate to outstanding balances at year end billed as per the respective PPA's.

	2022 Shs'000	2021 Shs'000
Due from The Kenya Power & Lighting Company Plc	23,582,383	25,141,317
Less: Allowance for impairment	(1,238,088)	(792,471)
Balance at end of the year	22,344,295	24,348,846

The amounts include Shs 3,117,490,000 (2021: Shs 3,877,218,000) which is denominated in foreign currency.

The movement in the allowance for expected credit losses in the year is as follows:

	2022 Shs'000	2021 Shs'000
At start of year	(792,471)	(581,947)
Net charge to profit or loss	(445,617)	(210,524)
Allowance for expected credit loss	(1,238,088)	(792,471)

22. Other receivables and prepayments

	2022 Shs'000	2021 Shs'000
Receivables from operations in Ethiopia	654,420	647,612
Prepayments*	467,565	481,988
Sundry debtors	252,437	58,272
Staff receivables	116,084	120,765
Other receivables	503,055	894,180
	1,993,561	2,202,817
Less: Allowance for Expected credit loss	(565,249)	(447,698)
	1,428,312	1,755,119

*Included in prepayments is an amount of Shs 189,255,000 (2021: Shs 131,747,000) relating to advances to Contractors for ongoing projects.

22. Other receivables and prepayments (continued)

The movement in the allowance for impairment in the year is as follows:

	2022 Shs'000	2021 Shs'000
At start of year	(447,698)	(469,338)
Net charge to profit or loss	(117,551)	21,640
Allowance for impairment	(565,249)	(447,698)

23. Financial asset at fair value through other comprehensive income

	2022 Shs'000	2021 Shs'000
At start of year	360,957	365,181
Fair value loss through other comprehensive income	(22,037)	(4,224)
At end of year	338,920	360,957

The FVOCI asset relates to the treasury bonds (T. BFXD1 2010/25, coupon rate 11.25%) held by the Company. This treasury bond is available for sale as and when cash is required.

24. (a) Cash and bank balances

	2022 Shs'000	2021 Shs'000
Cash at bank	14,002,561	13,855,958
Less: Allowance for expected credit loss	(277,757)	(236,857)
	13,724,804	13,619,101
Cash at hand	3,350	3,326
	13,728,154	13,622,427
The movement in the allowance for impairment in the year is as follows:		
At start of year	(236,857)	(58,306)
Net charge to profit or loss	(40,900)	(178,551)
Allowance for expected credit loss	(277,757)	(236,857)

24. (a) Cash and bank balances (continued)

For purposes of the statement of cashflows, the cash and cash equivalents are presented as;

	2022 Shs'000	2021 Shs'000
Cash at bank*	14,002,561	13,855,958
Cash at hand	3,350	3,326
	14,005,911	13,859,284

*Included in the cash at bank is local currency of Shs 9,901,747,000 (2021: Shs 11,386,000,000) and foreign currency of Shs 2,753,455,000 (2020: Shs 2,473,907,000).

(b) Restricted cash

	2022 Shs'000	2021 Shs'000
Restricted cash	1,350,709	1,117,241
Allowance for expected credit loss	(6,489)	-
	1,344,220	1,117,241

The restricted cash relates to funds deposited with institutions enable lending of car and mortgage facilities at affordable interest rate. The funds earn nominal interest.

25. Ordinary share capital and share premium

	Number of shares (Thousands)	Ordinary shares Shs'000	Share premium Shs'000
Authorised			
At 30 June 2021 and 30 June 2022	10,000,000	25,000,000	-
Issued and fully paid			
At 30 June 2021 and 30 June 2022	6,594,522	16,487,710	22,151,131

The total authorised number of ordinary shares is 10,000,000,000 with a par value of Shs 2.50 per share. All issued shares are fully paid.

26. Other reserves

	Capital reserve	Investment's revaluation reserve	Property revaluation reserve	Actuarial gains/ (losses)	Total Shs'000
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 1 July 2021	8,579,722	(65,847)	57,102,238	(564,629)	65,051,484
Other comprehensive loss for the year;					
-Net loss on revaluation on investments in financial instruments measured at FVOCI	-	(22,037)	-	-	(22,037)
-re-measurement of defined benefit	-	-	-	(675,499)	(675,499)
-Net revaluation surplus on assets	-	-	88,865,929	-	88,865,929
Deferred income tax thereon	-	6,611	-	-	6,611
-deferred tax relating to components of other comprehensive income (Note 30)	-	-	-	202,650	202,650
Deferred income tax thereon	-	-	(23,019,381)	-	(23,019,381)
Total other comprehensive loss for the year	-	(15,426)	65,846,548	(472,849)	65,358,273
Transfer of excess depreciation	-	-	(2,843,784)	-	(2,843,784)
Deferred tax on excess depreciation	-	-	853,135	-	853,135
At 30 June 2022	8,579,722	(81,273)	120,958,137	(1,037,478)	128,419,108

26. Other reserves (continued)

	Capital reserve	Investment's revaluation reserve	Property revaluation reserve	Actuarial gains/ (losses)	Total Shs'000
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 1 July 2020	8,579,722	(62,890)	59,081,544	(362,516)	67,235,860
Other comprehensive loss for the year;					
-Net loss on revaluation on investments in financial instruments measured at FVOCI	-	(4,224)	-	-	(4,224)
-re-measurement of defined benefit	-	-	-	(288,732)	(288,732)
-deferred tax relating to components of other comprehensive income (Note 30)	-	1,267	-	86,620	87,887
Total other comprehensive loss for the year	-	(2,957)	-	(202,112)	(205,069)
Transfer of excess depreciation	-	-	(2,827,581)	-	(2,827,581)
Deferred tax on excess depreciation	-	-	848,274	-	848,274
At 30 June 2021-Restated	8,579,722	(65,847)	57,102,237	(564,628)	65,051,484

(a) The capital reserve relates to development surcharge received from Kenya Power for financing the development of certain power projects for the period on or before 1997. The reserve is not distributable to shareholders.

(b) The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of. The reserve is not distributable to shareholders.

(c) The property revaluation reserve arises on the revaluation of property, plant & machinery and intangible assets as well as leasehold land which is part of Right of Use Assets. When revalued property, plant and equipment are disposed, the portion of the plant and machinery revaluation reserve that relates to that asset is transferred directly to retained earnings. The reserve is not distributable to shareholders.

(d) Actuarial reserves represent the accumulated remeasurements arising from the retirement benefit scheme recognized through other comprehensive income as disclosed under Note 29. The reserve is not distributable to shareholders.

27. Retained earnings

The retained earnings represent amounts available for distribution to the company's shareholders. Undistributed retained earnings are retained to finance the company's business activities.

28. Borrowings

The movement in the allowance for impairment in the year is as follows:

	2022 Shs'000	2021 Shs'000
At start of year	144,529,241	144,450,048
External borrowings received in the year	1,688,919	10,525,729
External borrowings repayments in the year	(7,584,911)	(9,079,888)
Domestic borrowings repayments in the year	(2,356,518)	(2,067,868)
Exchange (gain)/loss on revaluation of borrowings	(3,274,468)	701,220
At end of year	133,002,263	144,529,241
Add: Accrued interest	1,130,429	1,046,256
At end of year	134,132,692	145,575,497
Less: Amounts due within one year (Current portion)	(11,916,546)	(10,797,898)
Amounts due after one year (Non-current portion)	122,216,146	134,777,599

(a) Analysis of interest-bearing borrowings:

	Maturity Year	2021 Shs'000	2020 Shs'000
Government of Kenya Guaranteed loans			
2.6% Japan Bank for International Cooperation KE P20-Kipevu 1 (JPY 1,275,948,000)	2025	1,101,249	1,865,238
2.3% Japan Bank for International Cooperation KE P21 -Sondu Miriu (JPY 1,690,970,000)	2027	1,459,447	2,142,344
0.75% Japan Bank for International Cooperation KE P23-Sondu Miriu (JPY 7,612,660,001)	2044	6,570,357	7,924,859
0.75% Japan Bank for International Cooperation KE P24-Sangoro (JPY 3,539,300,000)	2047	3,054,710	3,662,173
Olkaria I & IV JPY 20,418,422,339)	2040	17,622,793	21,833,432
Kindaruma (Euro 7,820,000)	2024	969,839	1,504,097
2.2% Kreditanstalt Fur Wiederaufbau (KfW)-Olkaria I & IV (Euro 20,872,000)	2026	2,588,552	3,345,429
0.98% DSSI I (JICA KP20, KP21, KP23, KP24 & KP26)(JPY 1,463,916,113)	2027	1,263,481	-
0.68% DSSI II (JICA KP20, KP21, KP23, KP24 & KP26)(JPY 1,457,362,501)	2027	1,257,825	-
		35,888,253	42,277,572

28. Borrowings (continued)

(a) Analysis of interest-bearing borrowings: (continued)

	Maturity Year	2022 Shs'000	2021 Shs'000
Government of Kenya on lent loans			
3.5% International Development Association IDA 4743 KE-Olkaria I & IV (USD 24,154,735.58)	2035	2,846,210	2,805,480
2.003% Agence Francaise de Development (AFD) - Olkaria I & IV (EURO 55,083,112.47)	2031	6,831,424	7,806,600
2.645% European Investment Bank-Olkaria I & IV (Euro 4,212,688.49)	2037	522,459	577,432
USD 308,942,307.68)	2033	36,403,413	36,492,706
1.50% Spanish loan-Ngong Phase II - 13.6MW (Euro 14,162,145.37)	2030	1,756,394	2,029,605
0.50% National Bank of Belgium (NBB) Ngong 1 Phase 11 - 6.8 MW (Euro 6,078,000)	2043	753,795	779,361
3.5% International Development Association IDA 5844-KE Olkaria I& IV (USD 52,703,852.24)	2041	6,210,221	5,684,110
0.20% Japan International Cooperation Agency Loan (KE-P31) Olkaria V (JPY 29,799,140,700)	2046	25,719,132	27,574,470
3.5% EIB Olkaria 1 Unit 6 (Euro 57,193,595.12)	2042	7,093,167	7,333,735
		88,136,215	91,083,499
Direct borrowings			
Cooperative Bank Term Loan (Shs)	2022	-	1,166,667
2.68% Agence Francaise de Developpement (AFD)- Olkaria II Unit 3 (Euro 3,333,333.2)	2024	413,401	641,132
5.1% HSBC Bank Loan-Rigs (USD 6,758,172.9)	2024	796,332	1,093,304
CBA Term loan - Wellheads 75MW (USD 65,924,666.7)	2027	7,768,062	8,267,067
		8,977,795	11,168,170
		133,002,263	144,529,241
Accrued interest		1,130,429	1,046,256
		134,132,692	145,575,497

28. Borrowings (continued)

	2022 Shs'000	2021 Shs'000
(b) Borrowings maturity analysis:		
Due within 1 year	11,916,546	10,797,898
Due between 1 and 2 years	11,342,373	10,566,054
Due between 2 and 5 years	32,501,382	30,339,981
Due after 5 years	78,372,391	93,871,564
	134,132,692	145,575,497
(c) Analysis of loans by currency:		
Borrowings in US$	54,024,239	54,342,667
Borrowings in JPY	58,048,994	65,002,516
Borrowings in EUR	20,929,030	24,017,391
Sub - total Borrowings in foreign currencies	133,002,263	143,362,574
Borrowings in Shs	1,130,429	2,212,923
Total	**134,132,692**	**145,575,497**

On lent loan facilities are entered into by the Government of Kenya with Development Finance Institutions (DFIs) and subsequently cascaded down to the Company through subsidiary loan agreements.

Securities:

The Government of Kenya has issued guarantees to the lenders in relation to the guaranteed borrowings.

The securities held for the Agence Francaise de Developpement borrowings are a fixed charge over all rights, title and interest of the Company in and to (a) all the land, (b) all the real property including power plant buildings and structure at the Olkaria II geothermal power plant, a fixed charge over the plant, machinery and other infrastructure at the Olkaria II geothermal power plant and an assignment of the benefits of proceeds of insurance in connection with the project.

28. Borrowings (continued)

	2022 Shs'000	2021 Shs'000
(d) The movement in borrowings is as follows:		
At start of year	144,529,241	144,450,048
Received in the year	1,688,919	10,525,729
Repayments in the year	(9,146,656)	(10,049,152)
Realized exchange loss on repayment of borrowings	(606,160)	(954,288)
Realized exchange loss/(gain) on repayment of borrowings	(188,613)	(144,316)
Unrealized exchange (gain)/loss on revaluation of borrowings	(3,274,468)	701,220
At end of year	133,002,263	144,529,241
Add: Accrued interest	1,130,429	1,046,256
At end of year	134,132,692	145,575,497
Less: Amounts due within one year (Current portion)	(11,916,546)	(10,797,898)
Amounts due after one year (non-current portion)	**122,216,146**	**134,777,599**

29. Retirement benefits asset

The Company operated a joint defined benefit scheme with Kenya Power, which was funded by contributions from both the Company and employees up to 31 December 1999.

The Company registered its own defined benefits scheme in 2000 and commenced making contributions to the scheme, alongside employees' contributions, with effect from 1 January 2000. The scheme is administered by Zamara Actuaries, Administrators & Consultants Limited while British-American Asset Managers and Coop trust Investment Services act as investment managers for the scheme. NIC bank Kenya plc are the custodians of the Scheme.

Under the plan, the employees are entitled to retirement benefits of 3% of final pensionable emoluments for pensionable service up to 1 January 2000 and 2% of final pensionable emoluments for pensionable service after 1 January 2000 on attainment of a retirement age of 60 years. No other post-retirement benefits are provided to these employees.

The KenGen Staff Retirement Benefits Scheme (DB Scheme) is established under trust and was closed to new entrants and to future accrual of benefits with effect from 31 December 2011 in respect of members aged below 45 years. A new Defined Contribution Scheme, the KenGen Defined Contribution (DC Scheme) 2012 was established effective 1 January 2012, for all new eligible employees. All active in-service members aged 45 years and over as at 31 December 2011 had an option to either remain in the DB scheme for future benefit accrual or join the new DC scheme. Some members opted to join the new DC scheme for future benefit accrual while others opted to remain in the DB scheme. The DC scheme is administered by Zamara Actuaries, Administrators & Consultants Limited while African Alliance Investment Bank Kenya Limited and Old Mutual Investment Group Limited act as Investment Managers for the Scheme. The Company therefore only makes contributions to the DB scheme in respect of those members who opted to remain in the DB scheme. DB scheme member contributions are a fixed percentage of their basic pay with the Company responsible for the balance of the contributions.

29. Retirement benefits asset (continued)

An actuarial valuation to fulfill the financial reporting and disclosure requirements of IAS19 was carried out as at 30 June 2021 by Zamara Actuaries, Administrators and Consultants Limited. On this basis, the present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2022	2021
Discount rate(s) [1]	13.30%	13.15%
Future salary increases	8%	8%
Future pension increases	0%	0%
Mortality (pre-retirement)	A(55) males/Female Ultimate	A(55) males/Female Ultimate
Mortality (post-retirement)	N/A	N/A
Withdrawals	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Ill health	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Retirement age	60 years	60 years

[1]IAS19 requires the discount rate to be determined by reference to market yields on the balance sheet date on high quality corporate bonds, or in countries where there is no deep market in such bonds, the market yields on Government bonds. The currency and term of the corporate or Government bonds should be consistent with the currency and estimated term of the post-employment benefit obligation. In the absence of a deep corporate bond market in Kenya, we have determined our discount rate assumption with reference to Government of Kenya long bond yields as published by the Central Bank of Kenya.

Recognition

The amount recognized in the statement of profit or loss and other comprehensive income and statement of financial position in respect of these defined benefit plan are as shown below:

(a) Amounts recognized in the statement of profit or loss and other comprehensive Income

The amount recognized in the statement of profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

29. Retirement benefits asset (continued)

Recognition (continued)

	2022 Shs'000	2021 Shs'000
(i) Statement of profit or loss		
Service cost:		
Current service cost (employer)	(86,797)	(94,376)
	(86,797)	(94,376)
Interest income/(cost):		
Interest cost on defined benefit obligation	(951,456)	(935,515)
Interest income on plan assets	1,069,063	994,967
Interest income on the effect of the asset ceiling	(80,899)	(47,462)
	36,708	11,990
Net expense included in profit or loss in respect of scheme (Note 10(b))	(50,089)	(82,386)
(ii) Other comprehensive income (OCI)		
Actuarial loss due to change in financial assumptions	285,835	172,120
Return on plan assets	(1,049,887)	(260,978)
Change in effect of asset ceiling (excluding amount in interest cost)	88,553	(199,874)
Amount recognized in OCI	(675,499)	(288,732)
(iii) Movement in retirement benefit asset		
Net asset at start of the period	-	-
Net expense recognized in the income statement	(50,089)	(82,386)
Employer contributions	725,588	371,118
Amount recognized in OCI	(675,499)	(288,732)
Net asset at end of the year	-	-

29. Retirement benefits asset (continued)

(b) Amounts recognized in the statement of financial position

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	2022 Shs'000	2021 Shs'000
Present value of funded defined benefit obligation	(7,353,265)	(7,533,173)
Fair value of plan assets	7,953,871	8,141,433
	600,606	608,260
Effect of asset ceiling	(600,606)	(608,260)
	-	-

Reconciliation of the effect of asset ceilings is as follows:

	2022 Shs'000	2021 Shs'000
Effect of asset ceiling	(608,260)	(360,924)
Interest effect of the asset ceiling	(80,899)	(47,462)
Change in the effect of the asset ceiling excluding interest	88,553	(199,874)
Effect of asset ceiling at end of the period	(600,606)	(608,260)

The reconciliation of the amount included in the statement of financial position is as follows:

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2022 Shs'000	2021 Shs'000
Opening benefit obligation	(7,533,173)	(7,364,213)
Current service cost	(86,797)	(94,376)
Interest cost	(951,456)	(935,515)
Employee contributions	(12,994)	(16,209)
Actuarial loss due to change in financial assumptions	265,851	72,313
Actuarial loss on Experience	19,984	99,807
Past service costs	-	-
Benefits paid	945,320	705,020
Closing defined benefit obligation	(7,353,265)	(7,533,173)

29. Retirement benefits asset (continued)

Recognition (continued)

(b) Amounts recognized in the statement of financial position (continued)

Movements in the present value of the plan assets in the current year were as follows:

	2022 Shs'000	2021 Shs'000
Opening market value of assets	8,141,433	7,725,137
Interest income on plan assets	1,069,063	994,967
Employer contributions	725,588	371,118
Employee contributions	12,994	16,209
Return on plan assets	(1,049,887)	(260,978)
Benefits paid	(945,320)	(705,020)
Closing fair value of plan assets	7,953,871	8,141,433

The fair values of the plan assets at the end of the reporting period for each category are as follows:

	2022 Shs'000	2021 Shs'000
Property investments	4,713,889	4,796,600
Quoted equity instruments	664,354	866,182
Offshore investments	84,483	111,077
Government securities	2,354,108	2,168,994
Commercial paper and corporate bonds	34,371	-
Cash & short-term deposits	218,580	198,580
Net current assets	(115,914)	-
Total scheme assets	7,953,871	8,141,433

(c) Sensitivity analysis

When there is an unfavorable change in the principal assumptions, they negatively affect the Company's deficit obligation. The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Sensitivity	2022	Change in assumption	Impact on defined obligation
Discount rate	12.90%	13.90%	Decrease 1%	Increase in the present value of obligation by Shs 485,200,000
Salary	7%	8%	Decrease 1%	Decrease in the present value of obligation by Shs 99,800,000
Retirement age	55	60	Decrease by 5yrs	Increase in the present value of obligation by Shs742,200,000

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit asset recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

30. Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using the applicable rate, currently at 30%. The makeup of the deferred tax liabilities in the year and the movement on the deferred tax account during the year are presented below:

	2022 Shs'000	2021 Shs'000 (Restated)
At start of year	55,786,804	42,678,446
Prior year adjustment-	-	-
Restated	55,786,804	42,678,446
Deferred tax charge note (a)	2,663,608	4,661,526
Tax impact through increase of corporate tax rate from 25% to 30%	-	8,530,884
Tax reduction impact on revaluation of assets through equity	23,019,381	-
Credit to other comprehensive income (Note 26)	(209,261)	(87,887)
Under/(over) provision of deferred income tax in prior years	221,271	3,833
Restated at the end of the year	81,481,803	55,786,804

The increase in deferred tax liability arises from revaluation of assets and profit of the year.

*Restatement from receivable asset to assets revaluation reserves to recognise the element of forex differences between the Loan base rate and PPA base rate for those loans attached to power plants which have PPA's since it relates to timing difference between the completion of project and signing of PPA.

30. Deferred income tax (continued)

Year ended 30 June 2022	At start of year Shs'000 Restated	Prior year adjustment* Shs'000	Charged / (Credited) to P/L Shs'000	Charged / (Credited) to OCI Shs'000	At end of year Shs'000 Shs'000
Deferred tax assets:					
Tax losses	(7,269,618)	-	(2,636,674)	-	(9,906,292)
Provisions and other temporary differences	(637,938)	-	(172,765)	(209,261)	(1,019,964)
	(7,907,556)	-	(2,809,439)	(209,261)	(10,926,256)
Deferred tax liabilities:					
Unrealized exchange gains	(100,554)	-	248,271	-	147,717
Unrealized revaluation gains	1,757,965	-	(559,843)	-	1,198,122
Defined benefits and financial assets at FVOCI	-	-	-	-	-
Revaluation surplus	24,514,515	-	22,166,245	-	46,680,760
Accelerated capital allowances	37,522,433	-	6,859,027	-	44,381,460
	63,694,358	-	28,713,700	-	92,408,060
Net deferred tax liability	55,786,804	-	25,904,261	(209,261)	81,481,803

*Restatement from receivable asset to assets revaluation reserves to recognise the element of forex differences between the Loan base rate and PPA base rate for those loans attached to power plants which have PPA's since it relates to timing difference between the completion of project and signing of PPA.

30. Deferred income tax (continued)

	At start of year	Prior year adjustment*	Charged / (Credited) to P/L	Charged / (Credited) to OCI	At end of year Shs'000
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 30 June 2021					
Deferred tax assets:					
Tax losses	(9,895,187)	-	2,625,569	-	(7,269,618)
Provisions and other temporary differences	(747,956)	-	22,131	(87,887)	(637,938)
	(10,643,143)	-	2,647,700	(87,887)	(7,907,556)
Deferred tax liabilities:					
Unrealized exchange gains	26,029	-	(126,582)	-	(100,553)
Unrealized revaluation gains	1,464,970	-	292,995	-	1,757,955
Defined benefits and financial assets at FVOCI	-	-	-	-	-
Revaluation surplus	21,149,757	-	3,364,758	-	24,514,515
Accelerated capital allowances	30,680,833	-	6,881,248	-	37,522,433
	53,321,590	-	10,412,420	-	63,694,360
Net deferred tax liability	42,678,446	-	13,060,120	(87,887)	55,786,804

*Restatement from receivable asset to assets revaluation reserves to recognise the element of forex differences between the Loan base rate and PPA base rate for those loans attached to power plants which have PPA's since it relates to timing difference between the completion of project and signing of PPA.

31. Lease Liabilities

	2022 Shs'000	2021 Shs'000
At start of year	851,295	950,651
Additional (note 17)	307,296	1,950
Discount Interest on lease liability	89,577	91,690
Paid during the year	(194,282)	(192,996)
At end of year	1,053,886	851,295
Comprising:		
Current Portion	225,312	195,103
Non- current portion	828,574	656,192
	1,053,886	851,295
Maturity Analysis of undiscounted cash flows		
Year 1	225,312	195,103
Year 2	228,406	160,612
Year 3	237,577	168,279
Year 4	106,832	134,484
Year 5 and beyond	1,154,280	1,129,362
	1,952,407	1,787,840

32. Grants

	2022 Shs'000	2021 Shs'000
At start of year	200,000	200,000
Received during the year	131,949	-
At end of year	331,949	200,000

This relates to funds received from the World Bank as a grant towards the construction of Geothermal Centre of Excellence and is expected to be complete by financial year ending June 2023.

33. Trade and other payables

	2022 Shs'000	2021 Shs'000
Contractors and retention money	1,322,078	2,122,081
Trade payables	4,465,703	4,494,459
Due to Kenya Power (note 37(a)(ii))	4,366	35,522
Sundry creditors accruals	2,278,624	1,818,592
Deferred income from contracts (Note 6(b))	206,411	134,344
Gratuity provision	84,577	296,643
Leave provision	233,808	243,706
Total trade and other payables	8,595,567	9,145,346
Non-current trade and other payables	-	(1,030,082)
Current trade and other payables	8,595,567	8,115,264

* Contractors and retention money relate to payments due to contractors for the ongoing construction of long-term assets which are financed by the Development Finance Institutions (DFIs). The invoices that were under verification at the reporting dates was classified to non-current portion in previous year.

34. Provision for compensating tax

	2022 Shs'000	2021 Shs'000
At start of year	401,022	1,361,022
Paid during the year	(401,022)	(960,000)
At end of year	-	401,022

The amount relates to compensating tax arising on dividends paid in 2016. The Company has significant tax losses arising from investment deductions granted on its projects and therefore insufficient current tax credits to cover for the dividend tax account. The law has since changed to exempt power generation companies from paying compensating tax on dividends.

35. Dividends payable

Proposed dividends are accounted for as part of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM, a final dividend in respect of the year ended 30 June 2022 of Shs.0.20 (2021: Shs. 0.30) for every ordinary share of par value of Shs.2.50 is to be proposed. No interim dividend was declared during the year. The dividend account is as follows:

35. Dividends payable (continued)

	2022 Shs'000	2021 Shs'000
At start of year	1,978,357	1,648,631
Approved Dividends -2021	1,978,039	1,978,357
Amount paid during the year	(2,571,768)	(1,648,631)
At end of year	1,384,628	1,978,357

36. Notes to the statement of cash flows

	2022 Shs'000	2021 Shs'000
Profit before taxation	7,941,222	15,303,111
Adjustments for:		
Depreciation (Note 10(a))	12,180,305	11,219,327
Amortization of intangible assets (Note 10(a))	111,489	99,023
Depreciation of Right of use assets (Note 10(a))	169,836	201,779
Finance income (Note 11)	(2,072,598)	(1,938,538)
Finance cost (Note 12)	(1,314,048)	3,053,208
Interest from contract asset-Olkaria I & IV transmission line	951,245	-
Loss on disposal of non-current assets (Note 10(e))	2,626	2,447
Net gain/(loss) on deferred debt (Note 10 (e))	(76,096)	(67,718)
Net gain on Amortization of treasury bonds (Note 23)	(22,036)	(4,224)
Amortization of held-to-maturity treasury bonds (Note 18(d))	10,261	9,352
(Gain)/loss in impairment of deferred debt (Note 18(a))	(3,716)	(983)
(Gain)/loss on impairment of held-to-maturity treasury bonds (Note 18(d))	(10,485)	(34,920)
Impairment of assets and feasibility studies (Note 10(g))	968,000	-
Asset revaluation deficit and other adjustments (Note 10(g))	52,708	-
Changes in the retirement benefit asset (Note 29)	(675,499)	(288,732)
Corporate tax paid for operations in Ethiopia	181,198	-
Operating profit before working capital changes	18,394,412	27,553,132
Changes in working capital:		
Decrease/(increase) in inventories (Note 20)	604,704	(680,548)
Decrease/(increase) in trade receivables (Note 21 and 36(b))	2,004,551	(10,122)
Decrease in other receivables (Note 22)	326,808	343,891
Increase/(decrease) in trade and other payables (Note 33)	(549,780)	1,502,418
Cash generated from operations	20,780,694	28,708,771

36. Notes to the statement of cash flows (continued)

	2022 Shs'000	2021 Shs'000
(b) Movement in finance income		
At start of year	44,870	12,363
Interest income (Note 11)	2,072,598	1,879,747
Finance income received	(1,176,203)	(910,963)
Accrued interest from Kenya Power (Note 11)	(847,924)	(936,277)
At end of year	93,341	44,870
(c) Movement in interest payable		
At start of year	1,046,256	1,381,115
Interest expense (Note 12)	1,960,420	2,351,988
Interest paid	(1,876,247)	(2,686,847)
At end of year (Note 28)	1,130,429	1,046,256

(d) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2022 Shs'000	2021 Shs'000
Cash and bank balances (Note 24)	13,728,154	13,622,427
Borrowings repayable within one year (Note 28)	(11,916,546)	(10,797,898)
Borrowings repayable after one year (Note 28)	(122,216,146)	(134,777,599)
Net Debt	(120,404.538)	(131,953,070)

36. Notes to the statement of cash flows (continued)

(d) Net debt reconciliation (Continued)

	Cash and bank balances Shs'000	Borrowings Shs'000	Net Debt Shs'000
Net debt as 1 July 2021	13,859,284	(144,529,241)	(130,669,957)
Cashflows	(68,652)	-	(68,652)
Received in the year	-	(1,688,919)	(1,688,919)
Repaid in the year (including realised forex)	-	9,941,429	9,941,429
Unrealised exchange loss in the year	-	3,274,468	3,274,468
Accrued interest	-	(1,130,429)	(1,130,429)
Expected credit loss on cash and bank balances	(277,757)	-	(277,757)
Expected effect of forex on cash balances	215,279	-	215,279
Net debt as at 30 June 2022	13,728,154	(134,132,692)	(120,404,538)
Net debt as 1 July 2020	5,374,297	(144,450,048)	(139,075,751)
Cashflows	8,368,143	-	8,368,143
Received in the year	-	(10,525,729)	(10,525,729)
Repaid in the year (including realised forex)	-	11,147,756	11,147,756
Unrealised exchange loss in the year	-	(701,220)	(701,220)
Accrued interest	-	(1,046,256)	(1,046,256)
Expected credit loss on cash and bank balances	(236,857)	-	(236,857)
Expected effect of forex on cash balances	116,844	-	116,844
Net debt as at 30 June 2021	13,622,427	(145,575,497)	(131,953,070)

37. Related party transactions

The Company is 70% owned by the Government of Kenya. The remaining 30% of the shares are widely held by the public. In line with the exemptions in IAS 24, and by virtue that the government is the major shareholder of the company, we do not consider as related parties: providers of finance, trade unions, public utilities and any agencies, departments of the government of Kenya, any state corporations or other state or county entities that do not control, jointly control or significantly influence the reporting entity. The Government of Kenya has provided some guarantees to long-term external lenders of the entity and on-lent loans to the Company (Note 28).

The company's main related parties include Government of Kenya - Ministry of Energy, The National Treasury, The Kenya Power and Lighting Company Plc (Kenya Power), Geothermal Development Company Limited (GDC). Rural Electrification & Renewable Energy Corporation, Water Resource Management Authority (WARMA), Board of Directors and Key Management.

37. Related party transactions

(a) The Kenya Power and Lighting Company Plc

Kenya Power is the authorised electricity distributor in Kenya with its majority shareholder being the Government of Kenya.

(i) During the year the following transactions were carried out with Kenya Power;

	2022 Shs'000	2021 Shs'000
Electricity sales (Note 6(a))	32,723,503	34,901,252
Steam revenue (Note 6 (a))	5,119,412	5,227,392
Fuel charges billed (Note 6(a))	9,672,038	3,674,626
Water charges billed (Note 6(a))	164,872	204,408
Interest income on amounts due (Note 11)	847,924	936,277
Realized foreign exchange loss billed to Kenya Power-borrowings (Note 19)	606,160	954,288
Realized foreign exchange loss billed to Kenya Power-other transactions (Note 9)	325,886	348,457
	49,459,794	46,246,700
Electricity purchases from Kenya Power	811,434	435,989

(ii) The following amounts due to Kenya Power relate to outstanding balances at year end for purchase of electricity.

	2022 Shs'000	2021 Shs'000
Trade payables (Note 33)	4,366	35,522

The sales to Kenya Power are made in accordance with the signed Power Purchase Agreements whereas the purchases from Kenya Power are made at normal market prices. Outstanding balances at end of year are unsecured and have credit period of 40 days.

37. Related party transactions (continued)

(iii) Deferred debt due from Kenya Power (Note 18(a))

	2022 Shs'000	2021 Shs'000
Current portion	37,417	42,184
Non-current portion	767,057	906,917
	804,474	949,101

Through an agreement entered between Kenya Power and KETRACO, KETRACO is servicing the debt.

(a) The Kenya Power and Lighting Company Plc/KETRACO (continued)

(iv) Amounts due from Kenya Power

	2022 Shs'000	2021 Shs'000
Amount due for electricity sales (Note 21)	23,582,383	25,141,317
Amount due for sale of assets	87,738	91,811
	23,670,121	25,233,128
(v) Recoverable foreign exchange differences	3,993,732	9,610,784
(vi) Contract asset	1,418,374	1,456,363

37. Related party transactions (continued)

(b) Geothermal Development Company Limited (GDC)

Geothermal Development Company Limited is wholly owned by the Government of Kenya and its principal activities are the development of geothermal resources in Kenya through surface exploration and drilling for steam, and to avail steam power to developers for electricity generation.

	2022 Shs'000	2021 Shs'000
(i) Amount due to GDC (included in trade payables)	655,478	1,059,884
(ii) Steam purchases (Note 10(c))	3,093,308	3,028,982

(c) Rural Electrification and Renewable Energy Corporation

	2022 Shs'000	2021 Shs'000
At start of year	9,088	62,324
Additions	133,112	24,317
Payments during the year	(133,112)	(74,020)
Amounts due from REREC at end of year	9,088	12,621

The amount due relates to operation and maintenance fee for the 50MW Garissa solar plant.

37. Related party transactions (continued)

(d) Water Resource Management Authority (WARMA)

WARMA charges for water use at the rate of 0.05 Shs/kWh for power plants with capacity of over 1MW with approval from the Energy Regulatory and Petroleum Regulation.

	2022 Shs'000	2021 Shs'000
Amount due to WARMA (included in trade payables)	76,223	79,445

(e) Directors' remuneration and key management compensation

Director's remuneration

	2022 Shs'000	2021 Shs'000
Fees for services as a director	6,000	6,000
Other allowances	14,988	14,154
	20,988	20,154

Key management compensation

Salaries and other short-term employment benefits

	2022 Shs'000	2021 Shs'000
Key management (Departmental Managers)	91,320	96,476
Managing Director and CEO	19,912	19,938
Leave accrual - Managing Director and CEO	1,072	1,930
	112,304	118,344
Total fees, salaries and other emoluments	133,292	138,498

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including director (whether executive or otherwise) of the entity.

(f) Loans to directors of the Company

There were no loans from directors outstanding at 30 June 2022 (2021: Nil).

(g) Loans from Shareholders

There were no loans from shareholders outstanding at 30 June 2022 (2021: Nil).

37. Related party transactions (continued)

(h) Donations to KenGen Foundation

Donations made during the year amounted to Shs 86 million (2021 Shs 46 million).

(i) Kerio Valley Development Authority (KVDA)

Payments made during the year amounted to Shs 45 million (2021: Shs 45 million) for Dam and environmental management. There is no outstanding amount.

(j) Tana and Athi River Development Authority (TARDA)

Payments made during the year amounted to Shs 62 million (2021: Shs 62 million) for Dam and environmental management. There is no outstanding amount.

(k) Subsidiaries

The following relationships exists within KenGen PLC:

Key management	Held by	Percentage of interest held as at 30 June	
		2022	2021
KeGen Energy Services Limited (KeSel)[1]	KenGen	100%	100%
KenGen Foundation[2]	KenGen	-	-

[1]KeGen Energy Services Limited (KeSel) was formally incorporated on 13 October 2016 and is domiciled in Kenya. The objective of the Company is to pursue diversified business opportunities by leveraging on the resources and capacity of KenGen. The Company is in the process of being wound up.

[2]KenGen Foundation was established by KenGen PLC as a public charitable trust by Declaration of trust deed dated 2009 and is domiciled in Kenya. The Foundation serves as the philanthropic arm of KenGen and is mandated to: Turn short term one-off CSR Projects into CSI-Corporate Social Investments; Upscale CSI activities for greater impact and increase and diversify resources available for CSI projects.

38. Emergency Power Project

The Company managed an Emergency Power Supply project known as Aggreko International Projects as an implementing commissioning agent on behalf of the Ministry of Energy. These funds are held in an escrow bank account at the Commercial Bank of Africa. Movements in the escrow account which is not included in the Company's cash and cash equivalents, are Summarized below;

	2022 Shs'000	2021 Shs'000
At start of year	448,338	451,088
Interest income	6,219	7,205
Gains/(losses) *on forex during the year*	41,379	(9,955)
At end of year	495,936	448,338

*The expenditure relates to foreign exchange fluctuations. An amount of Shs 218 million is due from Kenya Power.

39. Contingent liabilities

I. Letters of credit

Letters of credit signify commitment by the Company to make payments to third parties for contracts entered into, generally relating to foreign payments. Outstanding letters of credit as at 30 June 2022 amounted to Shs 2,030,503,000 (30 June 2021 Shs: 1,511,161,000).

II. Disputed withholding tax

In 2014, Kenya Revenue Authority (KRA) performed a tax audit for the financial years 2009-2013. Subsequently, KRA issued an assessment of Shs 975,848,686. The Company objected to the assessment and KRA issued a stand over notice pending resolution of matter in dispute. The Company appealed to the National Treasury and Planning for the abandonment of collection of the withholding tax from The National Treasury and Planning. The National Treasury referred the matter back to KRA and directed that the matter be resolved between KRA and KenGen. Various meetings and technical sessions have taken place between KenGen and KRA where a final agreement was reached. The Withholding Tax assessment was reduced from Shs 975,848,686 to Shs 143,662,033 (Principal Tax of Shs 69,478,227, with penalties of Shs 4,705,579 and interest of Shs 69,478,227). KenGen paid the Principal Tax and penalty of Shs 74,183,806 on 24th June 2021.

KenGen applied for the waiver of the interest of Shs 69,478,227 and this is currently under review by KRA who have undertaken to support KenGen's application. On this basis no provision for the interest has been made.

III. Compensating tax

In 2016, the Company paid dividends of Shs 5,735,428,884 to the majority shareholder, The National Treasury and Planning, giving rise to a compensating tax obligation of Shs 2,431,000,000. The Company applied for abandonment of principal, penalty and interest from the National Treasury and Planning. The application for abandonment of collection of tax was declined by the National Treasury and Planning which directed Kenya Revenue Authority and KenGen to enter into a payment plan to settle the principal tax with the waiver of penalty and interest to be considered after full settlement of principal tax. KenGen then entered into a payment plan with KRA for the principal tax amount of Shs 2,431,000,000.

As at 30th June 2022, the company had completed the settlement of the principal tax of Shs 2,431,000,000. Thereafter, KenGen applied for waiver of the penalty and interest of Shs 1,220,453,798 which is under review by KRA. KRA have committed to support KenGen in this application process. No provision has been made with regards to penalty and interest estimated to be Shs 1,220,453,798.

IV. Bank guarantee

Bank guarantees in the form of Performance Guarantees were issued to third parties on account of contracts signed with them. This amounted to Shs 520 million as at 30 June 2022. (2021:Shs 2 million).

40. Capital commitments

The capital commitments relate to the ongoing capital projects and new projects which have been approved and are at various stages of implementation. They are financed by Development Financial Institutions (DFIs) and internal resources. The projects include Rehabilitation of Olkaria I, drilling of wells, Ngong Wind phase III and 140MW Olkaria VI to be implemented under Public Private Partnership arrangement among other projects.

40. Capital commitments (continued)

	2022 Shs'000	2021 Shs'000
Authorised but not contracted for	93,721,489	68,946,526
Authorised and contracted for	58,178,084	114,191,902
Less: Amounts included in Work in progress	(57,071,093)	(99,343,863)
	94,828,480	83,794,565

41. Operating segments

The Company's Key Management, which consists of the Managing Director & Chief Executive Officer and Divisional Directors is the Company's Chief Operating Decision Maker (CODM).

In accordance with IFRS 8 - Operating segments, information reported to the CODM for the purposes of resource allocation and assessment of segment performance is focused on the principal activities and the products offered by the company.

The Company has one main reportable segment, which is the electricity generation. The Company is pursuing revenue diversification and currently is engaged in Ethiopia and Djibouti for drilling services. KenGen Ethiopia Branch was established by KenGen PLC as a branch to facilitate the execution of a drilling contract which was signed with TM Geothermal Operations PLC (TMGO) of Ethiopia in 2019 and is domiciled in Ethiopia to coordinate operations in Ethiopia and Djibouti. In making this consideration, the CODM considers the following:

a) Reported revenue/ Products and Services

All the primary activities of the company resulted in the generation of revenue from electricity which is the sole product and revenue stream.

b) Geographical areas

All the plants are based in Kenya and operate effectively within one geographical location (Kenya).

c) Major customers

The company operates in a regulated industry. All its revenue as outlined is derived from one single external customer, Kenya Power.

42. Financial risk management

Introduction and overview

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Company's business and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance. The key types of risks include:

- Market risk – includes currency, interest rate and other price risk
- Credit risk
- Liquidity risk

42. Financial risk management (continued)

Introduction and overview (continued)

The Company's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise potential adverse effects of such risks on its financial performance within the options available by setting acceptable levels of risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's Finance & ICT department identifies, evaluates and hedges financial risks in close cooperation with operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as credit risk, liquidity risk, foreign exchange risk, interest rate risk and price risk. The Company does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

(a) Market risks

The Board has assigned the Internal Audit, Risk & Compliance function to assist in monitoring the risks faced by the Company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit, Risk & Compliance Committee.

The Company's Internal Audit, Risk and Compliance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit, Risk & Compliance Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk

Foreign currency exposures on borrowings and also through purchases of goods and services that are done in currencies other than the local currency. The Company has loans from multilateral donors, which are denominated in currencies other than the functional local currency. Loan payments are made by using the prevailing exchange rate as there is no forward currency contracts to eliminate the currency exposures. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Exposure to foreign currency risk is mitigated by the terms of the Power Purchase Agreement that allow the Company to recover certain foreign currency losses/gains from Kenya Power.

42. Financial risk management (continued)

(a) Market risks (continued)

Foreign currency risk (Continued)

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities is;

	2022 Shs'000	2021 Shs'000
Financial assets		
Financial assets at amortised cost	5,480,206	4,157,792
Trade receivables (Note 21)	3,117,490	3,877,218
Cash and cash equivalents (Note 24)	2,753,455	2,473,049
	11,351,151	10,508,059
Liabilities		
Trade and other payables (Note 33)	(1,322,078)	(2,122,081)
Borrowings (Note 28(c))	(133,002,263)	(142,561,210)
	(134,324,341)	(144,683,291)
Net currency liability	(122,973,190)	(134,175,232

Activity analysis

The following table demonstrates the effect on the Company's profit or loss on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse is also true.

	Change in currency rate Shs'000	Effect on Profit before tax Shs'000
2022		
United States Dollars (US$)	4.03%	1,416,256
Japanese Yen (Yen)	4.39%	(1,917,723)
Euro (Euro)	3.19%	(204,908)
Total		(706,375)
2021		
United States Dollars (US$)	1.25%	192,683
Japanese Yen (Yen)	-1.70%	(326,987)
Euro (Euro)	6.73%	482,749
Total		348,445

42. Financial risk management (continued)

(a) Market risks (continued)

Interest rate risk

The Company exposure to interest rate risk is with regards to fluctuation in banks' interest rates in the market which affects the borrowings by the Company. The Company's non-current borrowings are at fixed rates thus minimising the exposure to the interest rate risk. The effect of fluctuation of overdraft floating interest rate would not be significant. The interest earning financial assets that the Company holds include investments in government securities and short-term deposits whose rates of return are predetermined.

Other price risk

This is the risk that the rate of the tariff will decline in the future. It is the risk of losing energy revenues due to a fall in the tariff. The Company's exposure to this kind of risk is highly regulated by the Power Purchase Agreement, which is a product of discussion by Kenya Power and the Company, with Energy Regulatory Commission as a moderator. The Company's main input for thermal energy generation is fuel which is a significant cost component. The Company is in an arrangement to pass this cost to the customer, Kenya Power.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets and is managed on a company-wide basis. The Company has adopted a policy of only dealing with credit worthy counterparties.

The Company only sells generated electricity to Kenya Power and this minimizes the credit risk exposure on amount due from Kenya Power. Both companies have a contract that stipulates a 40-day credit period. Receivable balances from Company staff are recovered on payment of salaries.

Credit risk from balances with banks and financial institutions is managed by Company's treasury department in accordance with the Company's policies. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Directors on an annual basis and may be updated throughout the year subject to approval of the Company's audit and risk management committee. The Company has one main customer Kenya Power; however, limits are set to minimise the concentration of risk around Kenya Power and therefore mitigate financial loss through potential counterparty failure.

Credit risk from other receivables are managed by the Company's credit management policy.

In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group and Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For this purpose, default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

42. Financial risk management (continued)

(b) Credit risk (continued)

If the Company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognized on a collective basis. For such purposes, the Company group's financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral

The carrying amount of financial assets represents the maximum exposure to credit risk:

	2022 Shs'000	2021 Shs'000
Trade receivables-Kenya Power	22,344,295	24,348,846
Treasury bonds at amortized cost	2,356,609	2,377,355
Treasury bonds at FVOCI	338,920	360,957
Financial assets at amortised cost	6,817,959	6,901,965
Other receivables (excluding prepayments)	1,428,312	1,755,119
Cash and cash equivalents held at bank	13,724,804	13,619,101
Exposure to credit risk	47,010,899	49,363,343

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

In order to minimise credit risk, the Company has to develop and maintained the Company's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

42. Financial risk management (continued)

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12 months expected credit loss (ECL)
Doubtful	Amount is past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit impaired
In default	Amount is >360 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Basis for measurement of loss allowance	Note	External credit rating	Internal credit rating	12 month or Life time ECL	Gross carrying value Shs '000	Credit loss allowance Shs '000	Net carrying amount Shs '000
30 June 2022							
Trade receivables-Kenya Power	21	N/A	Performing	Lifetime ECL	23,582,383	(1,238,088)	22,344,295
Treasury bonds at amortized cost	18(d)	N/A	Performing	Lifetime ECL	2,371,142	(14,534)	2,356,609
Treasury bonds at FVOCI	23	N/A	Performing	Lifetime ECL	338,920	-	338,920
Deferred debt receivable	18(a,c)	N/A	Performing	Lifetime ECL	6,919,757	(101,798)	6,817,959
Other receivables (excluding prepayments)	22	N/A	Performing	Lifetime ECL	1,993,561	(565,249)	1,428,312
Cash and cash equivalents held at bank	24 (a,b,c)	**A, BBB, B+, B-**	Performing	12 Month ECL	14,002,561	(277,757)	13,724,804
Exposure to credit risk					**49,208,324**	**(2,197,426)**	**47,010,899**

42. Financial risk management (continued)

(b) Credit risk (continued)

Basis for measurement of loss allowance	Note	External credit rating	Internal credit rating	12 month or Life time ECL	Gross carrying value Shs '000	Credit loss allowance Shs '000	Net carrying amount Shs '000
30 June 2021							
Trade receivables-Kenya Power	21	N/A	Performing	Lifetime ECL	25,141,317	(792,471)	24,348,846
Treasury bonds at amortized cost	18(d)	N/A	Performing	Lifetime ECL	2,381,404	(4,049)	2,377,355
Treasury bonds at FVOCI	23	N/A	Performing	Lifetime ECL	360,956	-	360,937
Financial assets at amortised cost	18	N/A	Performing	Lifetime ECL	7,016,331	(114,366)	6,901,965
Other receivables (excluding prepayments)	22	N/A	Performing	Lifetime ECL	2,202,817	(447,698)	1,755,119
Cash and cash equivalents held at bank	24	**A, BBB, B+, B-**	Performing	12 Month ECL	13,855,958	(236,858)	13,619,101
Exposure to credit risk					**50,958,784**	**(1,595,442)**	**49,363,323**

(i) For financial contracts, the gross carrying amount represents the maximum amount the Company has guaranteed under the respective contracts, and the net carrying amount represents the loss allowance recognised for the contracts.

(ii) For trade receivables, financial assets and contract assets, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based customer rating based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on customer rating status in terms of the provision matrix.

The loss allowance on corporate bonds measured at FVTOCI is recognised against other comprehensive income and accumulated in the investment revaluation reserve.

The carrying amount of the Company's financial assets at FVTPL best represents their respective maximum exposure to credit risk. The Company holds no collateral over any of these balances.

42. Financial risk management (continued)

(b) Credit risk (continued)

Basis for measurement of loss allowance	Gross carrying value	Stage 1 12 month -ECL	Stage 2 Lifetime -ECL	Stage 3 Lifetime -ECL	Net amount
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
30 June 2022					
Trade receivables-Kenya Power	23,582,383	(279,696)	(128,608)	(829,784)	22,344,295
Treasury bonds at amortized cost	2,371,142	(14,533)	-	-	2,356,609
Treasury bonds at FVOCI	338,920	-	-	-	338,920
Financial assets at amortised cost	6,919,757	(101,798)	-	-	6,817,959
Other receivables (excluding prepayments)	1,993,561	(186,287)	-	(378,962)	1,428,312
Cash and cash equivalents held at bank	14,002,561	(277,757)	-	-	13,724,804
Exposure to credit risk	49,208,324	(860,071)	(128,608)	(1,208,746)	40,192,940

Basis for measurement of loss allowance					
30 June 2021					
Trade receivables-Kenya Power	25,141,317	(351,680)	(89,562)	(351,230)	24,348,845
Treasury bonds at amortized cost	2,381,404	(4,049)	-	-	2,377,355
Treasury bonds at FVOCI	360,957	-	-	-	360,957
Deferred debt receivable	7,016,331	(114,366)	-	-	6,901,965
Other receivables (excluding prepayments)	2,202,817	(68,736)	-	(378,962)	1,755,119
Cash and cash equivalents held at bank	13,855,958	(236,857)	-	-	13,619,101
Exposure to credit risk	50,958,784	(775,688)	(89,562)	(730,192)	49,363,342

Financial assets for which the loss allowances have been measured at an amount equal to lifetime expected credit losses have been analysed based on their credit risk as follows:

a) Financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired
b) Financial assets that are credit impaired at the balance sheet date
c) Trade receivables for which loss allowance is always measured at an equal amount to lifetime expected credit losses.

42. Financial risk management (continued)

(b) Credit risk (continued)

	Neither past Due nor impaired	Past due but not impaired over 60 days	over 365 days	Expected credit loss	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
At 30 June 2022					
Trade receivables-Kenya Power	8,357,145	10,419,684	3,567,467	1,238,088	23,582,384
Financial asset at amortized cost-Treasury bonds	2,356,609	-	-	14,533	2,371,142
Financial asset at FVOCI-Treasury bonds	338,920	-	-	-	338,920
Financial asset at amortized cost-Deferred debt	6,817,959	-	-	101,798	6,919,757
Other receivables (excluding prepayments)	1,428,312	-	-	565,249	1,993,561
Cash and cash equivalents	13,724,804	-	-	277,757	14,002,561
At 30 June 2022	**33,023,749**	**10,419,684**	**3,567,467**	**2,197,425**	**49,208,325**
At 30 June 2021					
Trade receivables-Kenya Power	15,789,910	6,585,403	1,973,533	792,471	25,141,317
Financial asset at amortized cost-Treasury bonds	2,377,355	-	-	4,049	2,381,404
Financial asset at FVOCI-Treasury bonds	360,957	-	-	-	360,957
Financial asset at amortized cost-Deferred debt	6,901,965	-	-	114,366	7,016,331
Other receivables (excluding prepayments)	1,755,119	-	-	447,698	2,202,817
Cash and cash equivalents	13,619,101	-	-	236,857	13,855,958
At 30 June 2021	**40,804,407**	**6,585,403**	**1,973,533**	**1,595,441**	**50,958,784**

42. Financial risk management (continued)

(b) Credit risk (continued)

The changes in the loss allowance during the year were as follows:

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit	Total
	Shs'000	Shs'000	Shs'000
Year ended 30 June 2022			
At start of year	(363,392)	(801,877)	(1,165,269)
Changes relating to assets	(496,679)	(535,477)	(1,032,156)
At end of year	(860,072)	(1,337,354)	(2,197,425)
Year ended 30 June 2021			
At start of year	(519,727)	(801,877)	(1,321,604)
Changes relating to assets	156,334	-	156,334
At end of year	(363,392)	(801,877)	(1,165,269)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence.

The Company monitors its risk to shortage of funds using a recurring liquidity planning tool. This tool considers the account receivables from Kenya Power and maturity of financial instruments, together with projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and other borrowings.

42. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the undiscounted maturity profiles of the financial liabilities of the Company based on the remaining period using 30 June 2022 as a base period to the contractual maturity date. These amounts have not been discounted.

	Weighted average effective interest rate	Less than 1 Months	1-3 Months	3 Months to 1 year	1 to 2 years	2 to 5 years	>5 years	Total	Carrying Amount
	%	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 30 June 2022									
Trade and other payables	-	-	5,787,781	-	-	-	-	5,787,781	5,787,781
Amount due to Kenya Power	-	4,366	-	-	-	-	-	4,366	4,366
Lease liabilities	11	48,511	-	176,802	228,406	1,391,856	1,154,280	2,999,854	1,053,886
Borrowings	4	-	-	11,916,546	43,843,756	-	78,372,390	134,132,692	134,132,692
Off balance sheet items	-	-	-	-	-	-	-	-	-
Letters of credit	-	-	-	2,030,503	-	-	-	2,030,503	2,030,503
Capital commitments	-	-	-	-	94,828,479	-	-	94,828,479	94,828,479
		52,877	5,787,781	14,123,851	138,900,641	1,391,856	79,526,670	239,783,675	237,837,707
At 30 June 2021									
Trade and other payables	-	-	5,586,457	-	1.030,082	-	-	6,616,540	7,646,622
Amount due to Kenya Power	-	-	-	-	-	-	-	35,522	35,522
Lease liabilities	11	35,522	-	146,593	160,612	302,764	1,129,362	1,787,841	851,295
Borrowings	4	48,511	-	10,797,898	40,906,035	-	93,871,564	145,575,497	145,575,497
Off balance sheet items	-	-	-	-	-	-	-	-	
Letters of credit	-	-	-	1,511,161	-	-	-	1,511,161	1,511,161
Capital commitments	-	-	-	-	83,794,564	-	-	83,794,564	83,794,564
		84,033	5,586,457	12,455,652	125,891,293	302,764	95,000,926	239,321,125	239,414,661

42. Financial risk management (continued)

(d) Fair value measurement

Financial instruments

Fair Value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs used in the valuation techniques of financial instruments are observable or unobservable. Financial instruments are grouped into 3 levels based on the degree to which fair value data / input is observable.

i. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active trading markets for identical assets or liabilities. This level includes corporate bonds traded on the Nairobi Securities Exchange ("NSE").

ii. Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices).

iii. Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Year ended 30 June 2022				
Financial asset at amortized cost through OCI (Note 23)	-	338,920	-	338,920
Financial asset at fair value through P&L (Note19)	-	3,993,731	-	3,993,731
Total assets	-	4,332,651	-	4,332,651

Assets				
Year ended 30 June 2021		**Restated**		**Restated**
Financial asset at amortized cost through OCI (Note 21)	-	360,956	-	360,956
Financial asset at fair value through P&L (Note 19)*	-	9,610,784	-	9,610,784
	-	9,971,740	-	9,971,740

There are no financial liabilities measured at fair value for the year ended 30 June 2022 (2021: Nil)

There were no transfers between levels 1, 2 and 3 in the period (2021: Nil).

42. Financial risk management (continued)

(d) Fair value measurement

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

(i) the use of quoted market prices – This was used to value the treasury bonds

(ii) the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date- This was used to value the financial asset at fair value

Sensitivity of fair value of level 2 financial instruments

The fair value of level 2 financial instruments is determined using valuation techniques which incorporate assumptions that are indirectly supported by prices from observable current market transactions in the same instruments and are based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of these financial instruments.

Financial instruments not measured at fair value.

The fair value hierarchy for financial assets not measured at fair value is as shown in the table below:

These amounts have not been discounted.

42. Financial risk management (continued)

(d) Fair value measurement (continued)

	Level 1	Level 2	Level3	Fair value	Carrying value
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 30 June 2022					
Assets					
Cash and balances with banks	13,728,154	-	-	13,728,154	13,728,154
Financial assets at amortized cost	-	-	6,817,959	6,817,959	13,635,918
Trade receivables	-	-	22,344,295	22,344,295	22,344,295
Financial assets at amortized cost - Treasury bond	-	2,356,609	-	2,356,608	2,356,608
Other receivables	-	-	1,428,312	1,428,312	1,428,312
Total	13,728,154	2,356,609	30,590,566	46,675,328	53,493,287
Liabilities					
Trade and other payables	-	-	5,792,147	5,792,147	5,792,147
Borrowings	-	-	134,132,692	134,132,692	134,132,692
Total	-	-	139,924,839	139,924,839	139,924,839

	Level 1	Level 2	Level3	Fair value	Carrying value
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 30 June 2021-Restated					
Assets					
Cash and balances with banks	13,622,427	-	-	13,622,427	13,622,427
Financial assets at amortized cost	-	-	5,445,602	5,445,602	5,445,602
Trade receivables	-	-	24,348,846	24,348,846	24,348,846
Financial assets at amortized cost - Treasury bond	-	2,377,355	-	2,377,355	2,377,355
Other receivables	-	-	567,248	567,248	567,248
Total	13,622,427	2,377,355	30,361,696	46,361,478	46,364,478
Liabilities					
Trade and other payables	-	-	6,652,062	6,652,062	6,652,062
Borrowings	-	-	145,575,497	145,575,497	145,575,497
Total	-	-	152,227,558	152,227,558	152,227,558

42. Financial risk management (continued)

(d) Fair value measurement (continued)

The valuation techniques used in determining the fair value of financial assets and liabilities classified within level 2 and level 3.

The table below indicates the valuation techniques and main assumptions used in the determination of the fair value of the level 2 and level 3 assets and liabilities not measured at fair value but for which fair value is disclosed:

2022	Valuation basis/technique	Main assumptions
Deferred Debt – Kenya Power	Discounted cash flow model	Discount rate
Trade receivables	Discounted cash flow model	Discount rate
Financial assets – held-to-maturity	Discounted cash flow model	Market yield of the bond
Other receivables	Discounted cash flow model	Discount rate
Trade and other payables	Discounted cash flow model	Discount rate
Borrowings	Discounted cash flow model	Discount rate

Non-financial assets held at fair value

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the three levels prescribed under the accounting standards. Had the Company's freehold land, buildings, plant and equipment been measured on a historical cost basis, their carrying amount would have been as in Note 15.

Assets	Level 1	Level 2	Level 3	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 30 June 2022				
Property plant and equipment	-	-	383,110,311	383,110,311
Total assets	-	-	383,110,311	383,110,311
Year ended 30 June 2021				
Property plant and equipment	-	-	256,791,614	256,791,614
Total assets	-	-	256,791,614	256,791,614

There were no transfers between levels 1, 2 and 3 in the period (2021: Nil).

42. Financial risk management (continued)

(d) Fair value measurement (continued)

Valuation techniques used to determine level 3 fair values

The Company obtains independent valuations for its property plant and equipment at least every five years. The valuation method used is the depreciated replacement cost approach. The property plant and equipment classes subject to fair valuation are land and buildings, transmission lines and plant and equipment.

Fair value measurements using significant unobservable inputs (level 3)

We have disclosed under Note 15, the changes in level 3 items for the periods ended 30 June 2022 and 30 June 2021 for recurring fair value measurements

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See above for the valuation techniques adopted.

Description	Fair value as at 30 June 2022	Fair value as at 30 June 2021	Unobservable inputs	Relationship of unobservable inputs to fair value
	Shs'000	Shs'000		
Property plant and equipment	383,110,311	256,791,614	Estimated useful life	The higher the estimated useful life, the higher the fair value

The Company's land, buildings, transmission lines, intangible assets and plant and machinery are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements as at 30 June 2022 were performed by AON valuation services of Australia, Zenith Associates, Syagga and associates and Ebony Limited, independent valuers not related to the Company. These firms have appropriate qualifications in fair value measurement. The valuation conforms to International Valuation Standards.

43. Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains some strong and healthy capital ratios in order to support its business and maximize shareholder value.

The Capital Management policy as approved by the Board of Directors (the Board) is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as circumstances would dictate. There were no changes in the Company's approach to capital management as regards the objectives, policies or processes during the year.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's target is to keep the gearing ratios below 70%.

43. Capital risk management (continued)

	2022 Shs'000	2021 Shs'000
Ordinary shares and distributable reserves	146,662,594	141,930,825
Borrowings	134,132,692	145,575,497
Less: cash and bank balances (Note 24)	(13,728,154)	(13,622,427)
Net debt	120,404,538	131,953,070
Gearing ratio	45%	48%

44. Prior year adjustment

Prior period adjustments have been made in relation to various account balances in the statement of financial position and statement of profit and loss and other comprehensive income for the years ending 30 June 2021 and 30 June 2020.

The financial statements for these years have been restated accordingly.

A. Prior year adjustments

Prior period adjustments have been made in the statement of financial position and statement of profit or loss for the years ended 30 June 2021 and 30 June 2020 in relation to certain transactions and assets as set out in the table below:

42. Financial risk management (continued)

	Prior year adjustments						
	As previously reported '1 July 2021	Financial assets held at fair value through profit or loss *	KPLC-Olkaria V transmission line **	KETRACO-Olkaria I & IV transmission lines***	Loss on disposal of assets ****	Impairment losses (including reversals of impairment losses/ gains) on financial assets *****	Restated '1 July 2021
Other gains – net forex and fair valuation of financial assets	(1,124,821)	(414,925)	-	-	-	-	(1,539,746)
Other Income	(494,748)	-	(58,791)	(179,657)	(2,447)	-	(735,643)
Income tax (charge)/ credit	13,573,338	-	(15,450)	(52,887)	-	-	13,610,775
IFRS 9 allowance for expected credit losses	-	-	(826)	3,367	-	490,655	493,196
Electricity revenue	(35,010,719)	-	109,467	-	-	-	(34,901,252)
Other expenses	3,309,859	-	-	-	2,447	(490,655)	2,821,651

44. Prior year adjustment (continued)

Restatement of audited statement of financial position as at 30 June 2021

		Prior year adjustments			
	As previously reported '1 July 2021	**Financial assets held at fair value through profit or loss ***	**KPLC-Olkaria V transmission line ****	**KETRACO-Olkaria I & IV transmission lines*****	**Restated '1 July 2021**
Property, plant and equipment	356,135,475	2,290,305	(1,556,770)	(3,592,849)	353,276,161
Financial assets held at fair value through profit or loss	17,414,952	(7,804,168)	-	-	9,610,784
Financial assets at amortized cost – Non-current asset	3,284,272	-	1,456,363	4,496,501	9,279,320
Retained earnings	(106,633,044)	3,859,745	77,469	(596,152)	(103,291,982)
Deferred income tax	(57,183,276)	1,938,410	7,735	18,795	(55,786,804)

44. Prior year adjustment (continued)

Restatement of audited statement of financial position as at 30 June 2020

		Prior year adjustments			
	As previously reported '1 July 2020	Financial assets held at fair value through prof-it or loss *	KPLC-Olkaria V transmission line **	KETRACO-Ol-karia I & IV transmission lines***	Restated '1 July 2020
Property, plant and equipment	352,429,914	2,338,974	(1,556,770)	(3,592,849)	349,619,269
Financial assets held at fair value through profit or loss	17,812,336	(8,267,763)	-	-	9,544,573
Financial assets at amortized cost – Non-current asset	3,317,298	-	1,506,212	4,293,296	9,116,806
Retained earnings	(105,443,687)	4,164,994	43,071	(525,335)	(101,760,957)
Deferred income tax	(43,974,146)	1,270,427	7,487	17,785	(42,678,447)

Financial assets at fair value through profit or loss
* As at 30 June 2020 and 30 June 2021, unrealized foreign exchange losses arising from foreign currency denominated borrowings of Shs 8,267,763,000 and Shs 7,804,226,001, respectively, were incorrectly recognised as a recoverable asset in the statement of financial position. These amounts have been deemed unrecoverable under the terms of the Power Purchase Agreement (PPA) and therefore the amounts have been adjusted for retrospectively.

Transmission lines - Olkaria V
** As at 30 June 2021 and 30 June 2020, an amount of Shs. 1,556,770,058 relating to the substation and transmission lines for Olkaria V Geothermal Power Plant implemented by the company on behalf of the Kenya Power and Lighting Company Plc (KPLC), were still held under capital work in progress as part of the property, plant and equipment. These have now been transferred from capital work in progress and recognised as contract assets and classified as financial assets held at amortized cost as disclosed in note 18(c) of these financial statements.

44. Prior year adjustment (continued)

Transmission lines - Olkaria 1&IV
*** As at 30 June 2021 and 30 June 2020, transmission lines and power substations for Olkaria 1 & IV constructed by the Company and transferrable to the Kenya Electricity Transmission Company Limited (KETRACO) of Shs. 3,592,849,000 were still held under capital work in progress as part of the property, plant and equipment. These assets have now been transferred from capital work in progress and recognised as contract assets and classified as financial assets held at amortized cost as disclosed in note 18(b) of these financial statements. In line with this accounting treatment, the company has also recognised income related to reimbursable costs retrospectively to match the period when those costs were incurred. This income amounts to Shs 179,656,691 for financial year ended 30 June 2021 and Shs 771,587,031 for the prior periods.

Statement of profit or loss and other comprehensive income

**** For the year ending 30 June 2021, loss on disposal of assets amounting to Shs 2,447,000 was classified under other income in the statement of profit and loss and other comprehensive income. This has now been reclassified and disclosed under other expenses in note 10(e) to reflect a more relevant classification.

***** In addition, for the year ending 30 June 2021, impairment credit losses determined in accordance with IFRS 9 were presented as part of other expenses in the statement of profit or loss and other comprehensive income. These have now been disclosed separately within the statement of profit or loss and other comprehensive income as required by International Accounting Standards No.1, Presentation of Financial Statements. The expected credit losses amount to Shs 601,984,000 (2021 – Shs 493,196,000) as further disclosed in note 10(f).

B. During the year, the following reclassification adjustments have been made to the reported amounts in the financial statements of the prior year..

	As previously reported 1 July 2021 Shs'000	Prior year adjustment Shs'000	Restated 1 July 2021 Shs'000
Statement of financial position			
As at 30 June 2021			
Trade and other payables – Current liabilities	7,023,266	1,091,999	8,115,264
Trade and other payables – Non-current liabilities	2,122,081	(1,091,999)	1,030,082
Restricted cash	-	1,117,241	1,117,241
Cash and bank balances	13,622,427	(1,117,241)	12,505,186

	As previously reported 1 July 2021 Shs'000	Prior year adjustment Shs'000	Restated 1 July 2021 Shs'000
As at 30 June 2020			
Trade and other payables – Current liabilities	5,358,822	1,426,676	6,785,498
Trade and other payables – Non-current liabilities	2,284,107	(1,426,676)	857,431
Restricted cash	-	924,965	924,965
Cash and bank balances	5,315,991	(924,966)	4,391,025

44. Prior year adjustment (continued)

The above reclassifications relate to

(i) Trade and other payables – being amounts related to contractors and retention money that were inaccurately classified as non-current liabilities instead of current liabilities in the statement of financial position.
(ii) Restricted cash – being cash held with financial institutions as collateral for car and mortgage facilities offered to the company's staff by these institutions. These were incorrectly presented in the statement of financial position as part of cash and cash equivalents under current assets.

Statement of cash flows

For the year ended 30 June 2021, increase in financial assets at fair value through profit or loss amounting to Shs 115,955,000 (2020 – decrease of Shs 19,910) was classified as part of cash flows related to operating activities instead of financing activities. These assets relate to the financing of exchange differences related to borrowings and therefore the classification has been corrected in the amounts presented in the cash flows for the year ended 30 June 2021.

C. For the year ending 30 June 2021, dividend per share was incorrectly included on the face of the statement of profit or loss and other comprehensive income. This has now been disclosed in note 14 of the financial statements but not on the face of the statement.

As previously presented;

Earnings per share:	
Basic (Shs per share)	0.18
Dividends per share - (Shs)	0.30

As re-presented;

Earnings per share:	
Basic (Shs per share)	0.18

D. For the year ending 30 June 2021, cash flow generated from financial asset through profit or loss was incorrectly disclosed as a cash flow from operating activities.

This has now been disclosed as a cash flow from financing activities.

Restatement of audited statement of cash flows for the year ended 30 June 2021.

44. Prior year adjustment (continued)

	As previously reported 30 June 2021 Shs'000	Prior year adjustment Shs'000	Restated 30 June 2021 Shs'000
Net cash generated from operating activities	27,442,928	(859,858)	28,302,786
Net cash used in financing activities	(4,051,898)	859,858	(4,911,756)

44. Prior year adjustment (continued)

Restatement of audited statement of cash flows for the year ended 30 June 2020.

E. As at 30 June 2021 and 30 June 2020, cash held with financial institutions as collateral for car and mortgage facilities offered to the Company's staff by these institutions, was incorrectly presented in the statement of financial position as a current asset.

This has now been correctly disclosed as a non-current asset.

Restatement of audited statement of cash flows for the year ended 30 June 2021.

	As previously reported 30 June 2020 Shs'000	Prior year adjustment Shs'000	Restated 30 June 2020 Shs'000
Restricted cash	-	1,117,241	1,117,241
Cash and bank balances	13,622,427	(1,117,241)	12,505,186

Restatement of audited statement of cash flows for the year ended 30 June 2020.

	As previously reported 30 June 2020 Shs'000	Prior year adjustment Shs'000	Restated 30 June 2020 Shs'000
Restricted cash	-	924,965	924,965
Cash and bank balances	5,315,991	(924,966)	4,391,025

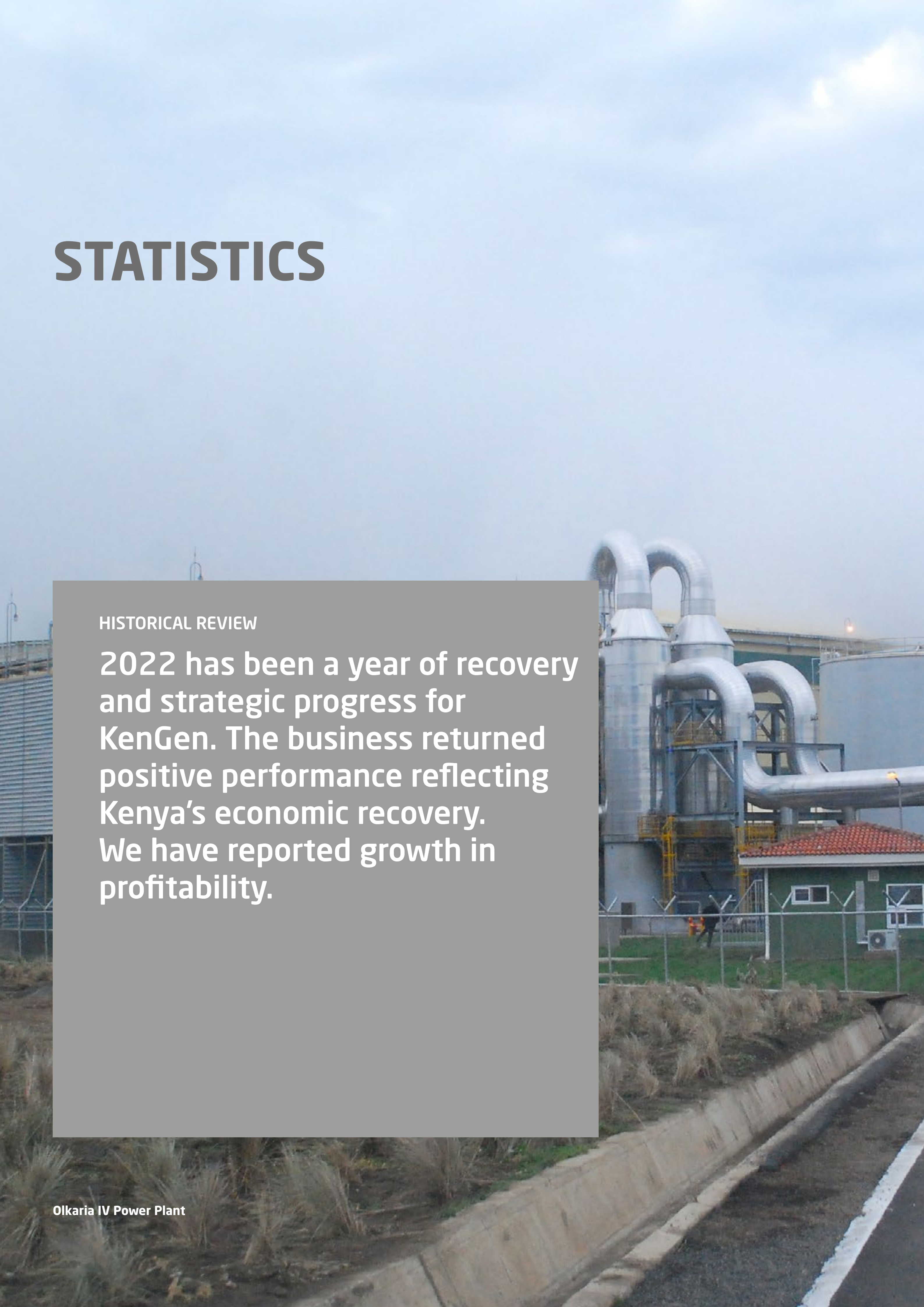
45. Subsequent events

There have been some events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2022. The Managing Director & CEO has been appointed the Cabinet Secretary. New Cabinet Secretaries for the National Treasury and State Department of Energy were also appointed. Mr. Abraham Serem has been appointed Acting Managing Director & CEO on 28th October 2022.

45. Currency

These financial statements are presented in Kenya shillings (Shs' 000).

STATISTICS



HISTORICAL REVIEW

2022 has been a year of recovery and strategic progress for KenGen. The business returned positive performance reflecting Kenya's economic recovery. We have reported growth in profitability.

Olkaria IV Power Plant

Our success has been dependent on how we address the ever-changing regulatory environment and emerging risks. KenGen has entrenched strategic risk monitoring and risk management toward the realisation of its strategy by identifying, analysing, monitoring and mitigating the potential risks.

Historical Performance

Company Ten Year Financial Review

Plant Performance	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Units Sold(GWh)	7,918	8,447	8,233	8,277	7,989	7,556	7,819	7,027	6,084	6,022
Average weighted tariff (Shs/KWh)	4.13	4.13	4.10	3.60	3.67	3.84	3.70	3.60	2.78	2.73

Statement of Comprehensive Income										
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Electricity revenue	32,723,503	34,901,252	33,783,190	29,796,983	29,285,691	29,006,622	28,933,568	25,307,784	16,896,771	16,451,195
Steam revenue	5,119,412	5,227,392	5,549,684	5,871,921	6,222,056	5,189,072	6,856,018	3,689,361	192,693	58,365
Fuel charges	9,672,038	3,674,626	4,155,499	10,111,516	9,622,740	9,069,403	3,182,623	7,238,204	13,142,391	8,689,767
Water charges	164,872	204,408	181,774	185,226	159,172	166,822	329,079	375,341	459,722	215,141
Ethiopia Branch	1,546,647	1,783,693	440,344	-	-	-	-	-	-	-
	49,226,472	**45,791,372**	**44,110,492**	**45,965,646**	**45,289,660**	**43,431,920**	**39,301,288**	**36,610,690**	**30,691,577**	**25,414,468**
Reimbursable Expenses										
Fuel costs	(9,587,828)	(3,955,710)	(4,106,504)	(10,006,336)	(9,246,855)	(8,812,614)	(3,261,460)	(7,129,037)	(12,870,395)	(8,403,602)
Water costs	(164,872)	(204,408)	(181,786)	(185,226)	(159,172)	(166,822)	(329,079)	(375,341)	(459,722)	(215,141)
Revenue less reimbursable expenses	**39,473,772**	**41,631,254**	**39,822,202**	**35,774,084**	**35,883,633**	**34,452,483**	**35,710,749**	**29,106,312**	**17,361,460**	**16,795,725**
Other income	769,403	676,853	472,526	618,822	274,771	553,148	1,945,524	515,418	378,914	308,723
Other(losses)/gains	(3,789,446)	1,539,746	6,382,970	3,179,185	(1,049,948)	343,268	(7,384,454)	(333,151)	2,019,367	(4,314,571)
Operating income	**36,453,729**	**43,847,853**	**46,677,698**	**39,572,091**	**35,108,456**	**35,348,899**	**30,271,819**	**29,288,579**	**19,759,741**	**12,789,877**
Expenses										
Depreciation	(12,461,630)	(11,520,128)	(12,029,561)	(10,360,329)	(10,147,886)	(9,244,422)	(10,223,370)	(6,478,945)	(4,727,937)	(4,578,728)
Employee expenses	(8,246,955)	(7,685,411)	(7,082,496)	(6,800,376)	(6,132,305)	(5,754,748)	(4,951,535)	(4,508,522)	(4,040,489)	(3,657,079)
Steam costs	(3,093,308)	(3,028,982)	(3,160,582)	(3,357,126)	(3,549,428)	(2,795,798)	(3,167,173)	(3,689,361)	(192,707)	(58,365)
Plant operation and maintenance expenses	(3,151,087)	(1,880,704)	(1,503,237)	(1,512,278)	(1,669,068)	(1,554,480)	(1,624,005)	(1,386,081)	(1,393,792)	(1,129,466)
Other expenses	(4,344,188)	(2,821,651)	(2,298,972)	(2,257,402)	(2,168,131)	(2,454,146)	(2,465,306)	(2,552,803)	(1,650,255)	(1,276,086)
IFRS 9 ECL provisions	(601,984)	(493,196)	-	-	-	-	-	-	-	-
Operating Profit	**4,554,577**	**16,417,781**	**20,602,850**	**15,284,580**	**11,441,638**	**13,545,304**	**7,840,430**	**10,672,867**	**7,754,561**	**2,090,153**
Compensating tax	-	-	-	-	-	-	(2,431,022)	-	-	-
Finance income	2,072,598	1,938,538	1,431,118	1,423,062	3,341,383	1,333,325	8,893,845	1,027,804	(1,009,094)	4,937,573
Finance costs	1,314,048	(3,053,208)	(8,244,181)	(5,053,924)	(3,037,554)	(3,417,442)	(3,132,187)	(3,010,659)	(2,587,519)	(3,000,802)
Profit Before Tax	**7,941,222**	**15,303,111**	**13,789,787**	**11,653,717**	**11,745,467**	**11,461,187**	**11,171,066**	**8,690,012**	**4,157,948**	**4,026,924**
Taxation (charge)/credit	(3,222,062)	(13,472,564)	4,587,306	(3,769,382)	(3,854,834)	(2,454,972)	(4,492,659)	2,827,315	(1,331,625)	1,197,780
Profit After Tax	**4,719,160**	**1,830,547**	**18,377,093**	**7,884,335**	**7,890,633**	**9,006,216**	**6,678,407**	**11,517,327**	**2,826,323**	**5,224,704**
Other Comprehensive Income/(Loss)	65,358,273	(205,069)	(374,610)	(62,060)	(622,921)	(528,500)	(351,569)	54,246,436	1,243,851	(16,722)
Total Comprehensive Income	**70,077,433**	**1,625,478**	**18,002,483**	**7,822,275**	**7,267,712**	**8,477,716**	**6,326,839**	**65,763,763**	**4,070,174**	**5,207,982**

Historical Performance

Company Ten Year Financial Review

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Number of Shares Issued	**6,594,522,339**	**6,594,522,339**	**6,594,522,339**	**6,594,522,339**	**6,594,522,339**	**6,594,522,339**	**6,243,098,469**	**2,198,361,456**	**2,198,361,456**	**2,198,361,456**
Earnings per share -										
Basic and diluted (Shs)	**0.72**	**0.28**	**2.79**	**1.20**	**1.20**	**1.37**	**1.07**	**5.24**	**1.29**	**2.38**
Dividends per share(Shs)	**0.20**	**0.30**	**0.30**	**0.25**	**0.40**	**-**	**-**	**0.65**	**0.40**	**0.60**
	======	======	======	======	======	======	======	======	======	======
Number of Employees	**2,476**	**2,572**	**2,519**	**2,526**	**2,508**	**2,476**	**2,406**	**2,407**	**2,209**	**2,063**
	======	======	======	======	======	======	======	======	======	======

Statement of financial position										
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
ASSETS	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Non-current Assets										
Property, plant and equipment	440,181,406	353,249,246	349,619,269	346,737,310	328,082,460	323,843,363	320,932,980	305,378,764	209,235,821	153,201,471
Prepaid leases on land	-	-	-	4,110,583	4,170,183	4,229,783	4,150,673	3,223,658	1,048,372	439,957
Intangible assets	2,259,146	1,523,213	1,528,948	1,524,693	1,477,691	1,317,066	1,181,241	1,122,452	1,066,049	1,079,686
Right of Use Asset	6,817,943	4,733,193	4,936,545	-	-	-	-	-	-	-
Non-current receivables	-	-	-	-	987,875	1,032,014	1,147,368	965,266	1,084,900	1,148,965
Treasury bonds	-	-	-	-	2,407,047	2,414,108	2,420,560	2,426,440	2,431,799	2,436,683
Financial asset at amorised costs	9,038,521	9,138,667	9,116,806	3,319,106	-	-	-	-	-	-
Fair value asset through profit & loss	2,888,923	8,526,063	8,334,673	11,958,359	10,490,414	13,117,376	13,890,353	6,242,228	6,300,529	5,238,710
Retirement benefit asset	-	-	-	143,025	325,268	1,136,503	1,098,771	1,792,214	1,407,411	-
Restricted cash	1,344,220	1,117,241	924,966	-	-	-	-	-	-	-
	462,530,159	**378,287,622**	**374,461,206**	**367,793,076**	**347,940,938**	**347,090,213**	**344,821,946**	**321,151,022**	**222,574,881**	**163,545,472**
Current Assets										
Inventories	1,447,124	2,051,828	1,371,280	1,324,294	1,149,180	1,082,044	866,698	899,076	788,333	836,259
Trade receivables	22,344,295	24,348,846	23,402,447	18,855,494	21,842,957	15,751,937	9,347,411	8,082,805	7,913,895	6,186,749
Coporate tax recievable	348,627	385,697	305,068	150,942	126,988	-	-	-	-	-
Financial asset at amortised cost	136,046	140,653	42,911	41,061	40,321	-	-	-	-	-
Fair value through profit & loss	1,104,809	1,084,721	1,209,899	1,116,274	815,682	888,457	698,229	633,872	357,395	338,286
Other receivables and pre-payments	1,428,312	1,755,119	2,099,012	2,597,941	3,359,793	3,741,225	3,925,727	8,119,110	8,546,893	11,219,743
Asset held for sale	-	-	-	-	344,053	-	-	-	-	-
Treasury bonds	338,920	360,956	365,181	367,837	349,690	344,603	322,031	341,803	594,769	2,550,345
Cash and cash balances	12,383,934	12,505,186	4,391,024	9,175,330	3,383,402	7,831,103	6,756,324	3,292,307	9,429,358	3,996,427
	39,532,067	**42,633,006**	**33,186,823**	**33,629,173**	**31,412,067**	**29,639,369**	**21,916,420**	**21,368,973**	**27,630,643**	**25,127,810**
Total Assets	**502,062,226**	**420,920,628**	**407,648,029**	**401,422,249**	**379,353,006**	**376,729,582**	**366,738,366**	**342,519,995**	**250,205,524**	**188,673,282**

Historical Performance

Company Ten Year Financial Review

EQUITY AND LIABILITIES										
Capital and Reserves										
Share capital	16,487,710	16,487,710	16,487,710	16,487,710	16,487,710	16,487,710	15,609,684	5,495,904	5,495,904	5,495,904
Share premium	22,151,131	22,151,131	22,151,131	22,151,131	22,151,131	22,151,131	21,056,341	5,039,818	5,039,818	5,039,819
Other reserves	128,419,107	65,051,484	67,235,860	69,696,451	71,805,994	74,588,305	77,248,388	79,912,755	26,289,211	25,694,067
Retained earnings	108,023,752	103,291,982	101,460,485	86,629,244	79,658,790	69,608,767	58,470,964	51,145,614	39,884,740	37,728,726
	-	-	-							
	275,081,701	**206,982,307**	**207,335,186**	**194,964,536**	**190,103,625**	**182,835,914**	**172,385,376**	**141,594,091**	**76,709,673**	**73,958,516**
Non-current Liabilities										
Borrowings	122,216,146	134,777,599	137,349,669	128,771,882	121,287,608	127,884,286	126,149,009	137,191,309	122,324,111	73,934,313
Non-current liabilities	-	-	-	-	-	-	-	-	1,000	293,876
Deferred income tax	81,481,803	55,786,804	42,678,446	48,868,799	45,496,036	42,056,582	40,073,728	35,924,900	15,604,657	14,222,916
Lease Liability	828,574	656,192	744,568	-	-	-	-	-	-	-
Grants	331,949	200,000	200,000	-	-	-	-	-	-	-
Long term Contract payables	-	1,030,082	857,431	3,219,566	1,586,258	3,859,604	9,940,189	5,329,722	10,369,854	8,591,032
	204,858,472	**192,450,677**	**181,830,114**	**180,860,247**	**168,369,902**	**173,800,472**	**176,162,926**	**178,445,931**	**148,299,622**	**97,042,137**
Current Liabilities										
Borrowings due within one year	11,916,546	10,797,898	8,481,495	12,463,018	10,620,761	10,829,802	10,757,003	9,427,225	13,790,779	7,000,387
Trade and other payables	8,595,567	8,115,264	6,785,498	9,127,257	7,927,695	6,771,915	4,943,371	8,176,731	6,616,958	7,197,467
Compensating Tax	-	401,022	1,361,022	2,161,022	2,331,022	2,431,022	2,431,022	-	-	-
Tax Payable	-	-	-	-	-	60,458	58,663	140,843	668,859	278,453
Lease liability due within one year	225,312	195,103	206,083	-	-	-	-	-	-	-
Dividends payable	1,384,628	1,978,357	1,648,631	1,846,170	-	-	-	4,735,174	4,119,633	3,196,321
	22,122,053	**21,487,644**	**18,482,729**	**25,597,466**	**20,879,478**	**20,093,197**	**18,190,059**	**22,479,973**	**25,196,229**	**17,672,629**
TOTAL EQUITY AND LIABILITIES	**502,062,226**	**420,920,629**	**407,648,029**	**401,422,249**	**379,353,005**	**376,729,583**	**366,738,362**	**342,519,995**	**250,205,524**	**188,673,282**
Capex	**14,472,131**	**15,398,536**	**18,060,828**	**29,566,784**	**15,311,876**	**13,509,704**	**27,545,275**	**27,686,471**	**61,084,354**	**37,396,364**

Financial Ratios

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Profit Margin	11.96%	4.40%	46.15%	22.04%	21.99%	26.14%	18.70%	39.57%	16.28%	31.11%
Return on total assets	1.06%	0.56%	5.74%	2.71%	2.67%	2.95%	2.45%	4.19%	1.91%	3.65%
Current Ratio	1.79	1.98	1.80	1.31	1.50	1.48	1.20	0.95	1.10	1.42
Debt Service Coverage Ratio	2.44	2.28	2.15	1.96	2.08	1.95	2.58	1.16	0.99	1.24
Self Financing Ratio	115.03%	79.80%	127.68%	81.31%	125.17%	88.91%	61.20%	41.00%	17.96%	27.36%
Debt/(Debt+Equity)	30.68%	39.13%	40.55%	40.38%	40.34%	41.72%	43.02%	50.30%	60.79%	50.99%
Return on Equity	1.72%	0.88%	8.86%	4.04%	4.15%	4.93%	3.87%	8.13%	3.68%	7.06%

Installed vs Effective Capacity (MW)

Installed Capacity in MW as at 30th June ...

	2022		2021		2020		2019		2018	
Power Plant	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**
HYDRO										
Tana	25.70	20.00	25.70	20.00	25.70	20.00	20.00	20.00	20.00	20.00
Masinga	41.20	40.00	41.20	40.00	41.20	40.00	40.00	40.00	40.00	40.00
Kamburu	94.20	90.00	94.20	90.00	94.20	90.00	94.20	90.00	94.20	90.00
Gitaru	225.00	216.00	225.00	216.00	225.00	216.00	225.00	216.00	225.00	216.00
Kindaruma	72.00	70.50	72.00	70.50	72.00	70.50	72.00	70.50	72.00	70.50
Kiambere	168.00	164.00	168.00	164.00	168.00	164.00	168.00	164.00	168.00	164.00
Turkwel	106.00	105.00	106.00	105.00	106.00	105.00	106.00	105.00	106.00	105.00
Sondu Miriu	60.66	60.00	60.66	60.00	60.66	60.00	60.00	60.00	60.00	60.00
Sang'oro	21.20	20.00	21.20	20.00	21.20	20.00	21.20	20.00	21.20	20.00
Small Hydros	12.49	11.83	11.73	11.22	11.73	11.22	11.75	11.33	11.75	11.30
Hydro Total	**826.45**	**797.33**	**825.69**	**796.72**	**825.69**	**796.72**	**818.15**	**796.83**	**818.15**	**796.80**
GEOTHERMAL										
Olkaria I	45.00	44.00	45.00	44.00	45.00	44.00	45.00	44.00	45.00	44.00
Olkaria I AU	236.52	223.30	150.52	140.00	150.52	140.00	150.50	140.00	150.50	140.00
Olkaria II	104.49	101.00	104.49	101.00	104.49	101.00	105.00	101.00	105.00	101.00
Olkaria IV	149.85	140.00	149.85	140.00	149.85	140.00	149.80	140.00	149.80	140.00
Olkaria V	172.33	158.00	172.33	158.00	172.33	158.00				
Eburru	2.44	2.10	2.44	2.10	2.44	2.10	2.50	2.10	2.50	2.10
Wellhead 37	16.50	15.00	16.50	15.00	16.50	15.00	15.50	15.00	15.50	15.00
Wellhead 43	14.00	10.00	14.00	10.00	14.00	10.00	12.80	11.40	12.80	11.40
Wellhead 914	30.50	25.00	30.50	25.00	30.50	25.00	27.80	25.00	27.80	25.00
Wellhead 915	11.00	10.00	11.00	10.00	11.00	10.00	10.00	10.00	10.00	10.00
Wellhead 919	5.50	5.00	5.50	5.00	5.50	5.00	5.00	5.00	5.00	5.00
Wellhead 905	5.50	2.50	5.50	2.50	5.50	2.50	5.00	5.00	5.00	5.00
Wellhead 39	5.50	2.50	5.50	2.50	5.50	2.50	5.00	5.00	5.00	5.00
Wellheads Total	88.50	70.00	88.50	70.00	88.50	70.00	81.10	76.40	81.10	76.40
Geothermal Total	**799.13**	**738.40**	**713.13**	**655.10**	**713.13**	**655.10**	**533.90**	**503.50**	**533.90**	**503.50**

Installed vs Effective Capacity (MW)

	2022		2021		2020		2019		2018	
Power Plant	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**
THERMAL										
Kipevu 1	73.50	60.00	73.50	60.00	73.50	60.00	73.50	60.00	73.50	52.83
Kipevu III	120.00	115.00	120.00	115.00	120.00	115.00	120.00	115.00	120.00	115.00
Muhoroni GT1*	30.00	28.00	30.00	28.00	30.00	28.00	30.00	28.00	30.00	28.00
Muhoroni GT2*	30.00	28.00	30.00	28.00	30.00	28.00	30.00	28.00	30.00	-
Garissa & Lamu	-	-	-	-	-	-	-	-	-	-
Thermal Total	**253.50**	**231.00**	**253.50**	**231.00**	**253.50**	**231.00**	**253.50**	**231.00**	**253.50**	**195.83**
WIND										
Ngong I phase I & II	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90
Ngong II	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60
Wind Total	**25.50**	**25.50**	**25.50**	**25.50**	**25.50**	**25.50**	**25.50**	**25.50**	**25.50**	**25.50**
KenGen TOTAL	**1,904.58**	**1,792.23**	**1,817.82**	**1,708.32**	**1,817.82**	**1,708.32**	**1,631.05**	**1,556.83**	**1,631.05**	**1,521.63**

Notes:

1) *Active/Reactive power
2) Installed capacity corrected to reflect the actual machine rating

Generation Statistics

Units Sent out (GWh)

Units Generated and sold as at 30th June...

	2022		2021		2020		2019		2018	
Power Plant	**Generated**	**Sales**	**Generated**	**Sales**	**Generated**	**Sales**	**Generated**	**Sales**	**Generated**	**Sales**
HYDRO										
Tana	89.03	87.07	126.09	123.32	135.66	132.76	97.84	95.61	97.81	95.56
Masinga	154.45	154.27	176.41	176.20	47.96	47.65	199.34	198.97	107.52	107.49
Kamburu	369.18	368.13	443.86	442.60	351.31	349.66	399.42	398.59	322.03	321.31
Gitaru	738.02	716.35	910.43	883.69	879.77	878.66	870.33	869.08	725.24	724.12
Kindaruma	165.77	165.11	184.26	183.53	203.20	202.75	193.91	193.17	179.95	179.23
Kiambere	797.13	795.75	978.31	976.62	906.57	905.34	1,027.49	1,025.54	752.46	750.98
Turkwel	540.89	538.95	717.72	715.14	428.00	425.70	547.15	544.83	461.56	457.90
Sondu Miriu	339.98	339.08	428.78	427.65	510.70	509.15	258.28	257.52	388.99	388.03
Sang'oro	109.65	109.50	144.22	144.02	166.10	165.80	82.35	82.18	129.32	128.98
Sagana	7.42	7.42	8.45	8.45	9.91	9.91	6.63	6.63	5.69	5.69
Mesco	2.72	2.72	3.06	3.06	2.04	2.03	2.51	2.51	2.26	2.26
Wanjii	19.25	19.25	-	-	-	-	24.84	24.62	17.11	16.96
Gogo	3.49	3.49	4.08	4.08	6.70	6.65	7.91	7.78	7.29	7.20
Sosiani	-	-	-	-	-	-	0.14	0.14	0.72	0.71
Total Hydro	**3,336.99**	**3,307.09**	**4,125.68**	**4,088.35**	**3,647.92**	**3,636.06**	**3,718.14**	**3,707.16**	**3,197.95**	**3,186.40**

Generation Statistics

Units Sent out (GWh)

Units Generated and sold as at 30th June...

	2022		2021		2020		2019		2018	
Power Plant	**Generated**	**Sales**	**Generated**	**Sales**	**Generated**	**Sales**	**Generated**	**Sales**	**Generated**	**Sales**
GEOTHERMAL										
Olkaria I	216.37	204.43	74.21	70.12	303.40	291.09	298.17	285.14	256.00	247.35
Olkaria I AU Unit 4 &5	810.78	774.24	901.59	860.96	1,028.72	984.78	1,115.66	1,068.86	1,138.40	1,133.13
Olkaria I AU Unit 6	118.25	112.92								
Olkaria II	517.13	488.46	528.87	499.55	615.13	583.33	838.05	796.39	852.70	831.50
Olkaria IV	1,056.21	1,007.08	1,007.03	960.19	1,053.37	1,005.88	1,143.22	1,095.00	1,131.70	1,131.71
Olkaria V	1,105.93	1,066.18	1,314.98	1,267.72	977.37	945.34				
Eburru	4.05	3.56	8.68	7.63	8.09	7.25	11.29	10.22	6.77	6.17
Wellhead 37 & 39	71.91	64.98	108.23	97.79	125.82	118.12	138.67	129.04	136.21	127.12
Wellhead 43	41.58	40.18	52.01	50.26	59.74	55.61	70.24	65.68	68.52	66.14
Wellhead 914, 919, 905 & 915	229.25	215.31	242.32	227.59	304.20	284.62	316.57	297.17	344.70	324.84
Wellheads Total	**343.44**	**320.47**	**402.56**	**375.63**	**489.76**	**458.34**	**525.48**	**491.90**	**549.43**	**518.10**
Total Geothermal	**4,053.91**	**3,977.34**	**4,237.93**	**4,041.80**	**4,475.84**	**4,276.01**	**3,931.87**	**3,747.50**	**3,935.00**	**3,867.96**
THERMAL										
Kipevu I	143.71	140.73	56.45	55.28	81.49	79.74	202.40	196.81	243.81	238.26
Kipevu III	405.81	398.97	149.61	147.08	164.70	162.07	498.06	489.66	593.71	583.81
Embakasi/Muhoroni Gas Turbine (Active)	40.19	40.00	42.98	42.98	36.90	36.76	67.76	67.44		65.50
Embakasi/Muhoroni Gas Turbine (Re - Active)	0.29	0.29	0.02	0.02	1.24	1.24	0.68	0.68	-	-
Total Thermal	**589.72**	**579.70**	**249.04**	**245.35**	**283.08**	**278.58**	**768.90**	**754.58**	**837.52**	**887.56**
WIND										
Ngong I Phase I & II	30.51	29.70	26.82	26.10	24.06	23.44	31.12	30.40	22.23	21.57
Ngong II	24.75	24.06	28.26	27.47	23.28	23.20	37.11	37.04	25.89	25.89
Total Wind	**55.26**	**53.76**	**55.08**	**53.58**	**47.34**	**46.64**	**68.23**	**67.44**	**48.12**	**47.46**
TOTAL KenGen	**8,035.88**	**7,917.88**	**8,667.74**	**8,429.07**	**8,454.18**	**8,237.28**	**8,487.14**	**8,276.69**	**8,018.59**	**7,989.39**

Notes:

1) The difference between the units generated and sold out is due to system losses and auxiliary consumption
2) System losses comprise of technical and non-technical losses

Weighted Factors (%)

Weighted Factors in % as at 30th June...

	2022			2021		2020		2019		2018	
Power Plant	**Effective Capacity**	**Availability**	**Load factor**	**Availability**	**Load factor**	**Availability**	**Load factor**	**Availability**	**Load factor**	**Availability**	**Load factor**
HYDRO											
Sagana	1.50	91.28	56.22	80.36	64.00	97.05	75.43	99.50	50.46	59.44	43.30
Mesco	0.43	85.65	77.67	96.65	86.98	69.89	64.53	94.74	66.61	98.02	60.00
Wanjii	8.00	46.30	30.41	-	-	-	-	57.68	38.32	81.51	26.39
Tana	20.00	96.46	49.55	91.07	70.24	94.64	77.43	96.58	55.84	96.74	55.83
Masinga	40.00	81.28	44.02	71.56	50.23	68.38	13.69	79.47	56.89	77.62	30.68
Kamburu	90.00	96.76	46.62	94.71	55.87	77.65	44.56	81.05	50.66	86.90	40.85
Gitaru	216.00	97.23	37.83	94.65	46.49	95.40	46.50	94.63	46.00	96.84	38.33
Kindaruma	70.50	92.86	26.69	95.01	29.58	97.33	32.90	97.09	31.40	87.09	29.14
Kiambere	164.00	93.98	55.36	92.70	67.69	95.22	63.10	94.53	71.52	96.97	52.38
Turkwel	105.00	90.60	58.60	98.74	77.57	95.96	46.53	94.52	59.49	98.09	50.18
Sondu Miriu	60.00	95.53	64.44	98.03	81.54	99.61	97.17	97.38	49.14	98.34	74.01
Sang'oro	20.00	94.21	60.61	97.28	79.38	96.14	94.81	96.01	47.00	96.87	73.81
Gogo	1.60	33.65	19.85	41.07	23.14	65.68	47.80	73.40	53.12	75.96	48.93
Sosiani	0.30	-	-	-	-	-	-	6.08	5.33	41.66	27.40
Total Effective Capacity	**797.33**										
Weighted Factors - Hydro		**93.53**	**47.03**	**92.84**	**58.32**	**91.56**	**52.27**	**92.40**	**53.27**	**93.92**	**45.81**

Weighted Factors (%)

Weighted Factors in % as at 30th June...

	2022			2021		2020		2019		2018	
Power Plant	Effective Capacity	Availability	Load factor	Availability	Load factor	Availability	Load factor	Availability	Load factor	Availability	Load factor
GEOTHERMAL											
Olkaria I	44.00	90.78	53.04	31.16	15.64	88.97	78.72	70.69	77.36	70.71	64.94
Olkaria I AU Unit 4&5	140.00	71.55	63.13	82.47	64.73	95.10	83.88	93.03	90.97	96.27	92.82
Olkaria I AU Unit 6	83.00	92.93	92.93								
Olkaria II	101.00	56.62	55.21	56.85	52.98	69.75	69.53	90.50	94.72	94.44	96.38
Olkaria IV	140.00	89.53	82.12	91.78	64.68	95.97	85.89	94.51	93.22	98.03	91.29
Olkaria V	158.00	78.94	77.03	95.42	83.92	98.43	94.15				
Eburru	2.10	37.05	19.35	84.78	36.67	66.33	43.98	92.43	61.37	58.34	-
Wellhead KWG12, KWG13, 37 & 39	17.50	70.45	42.38	84.47	64.41	83.88	82.07	87.95	79.15	95.33	48.45
Wellhead 43	10.00	66.12	45.87	83.10	48.15	87.67	68.20	89.69	70.34	85.76	70.39
Wellhead 914, 919, 905 & 915	42.50	81.46	57.83	83.96	57.98	93.49	81.71	89.61	80.31	94.85	77.63
Total Effective Capacity	738.10										
Weighted Factors - Geothermal		**78.42**	**70.22**	**80.36**	**63.45**	**91.16**	**83.67**	**90.01**	**89.14**	**91.46**	**92.92**

Weighted Factors (%)

Weighted Factors in % as at 30th June...

	2022			2021		2020		2019		2018	
Power Plant	**Effective Capacity**	**Availability**	**Load factor**	**Availability**	**Load factor**	**Availability**	**Load factor**	**Availability**	**Load factor**	**Availability**	**Load factor**
THERMAL											
Kipevu I Diesel	60.00	56.98	26.84	66.22	10.62	69.67	15.50	68.51	38.51	61.28	46.39
Kipevu III Diesel	115.00	93.45	39.81	97.46	14.56	97.12	16.35	86.86	49.44	89.60	58.93
Total Effective Capacity	**175.00**										
Weighted Factors - Thermal		**80.95**	**35.36**	**86.75**	**13.21**	**87.71**	**16.06**	**80.57**	**45.69**	**79.89**	**54.63**
GAS TURBINES											
Gas Turbines	56.00	82.28	8.18	54.35	8.78	72.63	7.52	69.72	13.81	86.04	22.66
Total Effective Capacity	56.00										
Weighted Factors - GT		**82.28**	**8.18**	**54.35**	**8.78**	**72.63**	**7.52**	**69.72**	**13.81**	**86.04**	**22.66**
WIND											
Ngong I phase I	5.10	98.59	36.81	85.10	31.78	90.08	28.45	78.12	32.84	55.19	29.01
Ngong I phase II	6.80	97.27	22.18	78.87	19.94	84.42	18.01	88.00	26.41	95.16	26.80
Ngong II	13.60	69.10	20.17	76.04	23.03	78.95	19.54	80.58	31.15	73.82	21.73
Total Effective Capacity	25.50										
Weighted Factors - Wind		**82.51**	**24.03**	**78.61**	**23.96**	**82.63**	**20.92**	**82.07**	**30.22**	**74.72**	**24.54**

Notes:

1) Availability and Load Factor is a Percentage (%)
2) Effective Capacity is in Megawatts (MW)

SHAREHOLDERS CALENDAR

Kamburu Dam

We remain confident that our business model, strategic priorities, and the emerging regional renewable energy opportunities will continue to deliver value and benefits to our stakeholders in the years to come. Our goal is for KenGen to be recognised as an innovative and market-leading player in the harnessing of renewable energy in the region. We are an organisation that has the proven ability to adapt to environmental and climatic challenges, lead the development of new renewable energy solutions and achieve great outcomes for our stakeholders and the country.

Notice of the Annual General Meeting

Following approval by the Registrar of Companies, NOTICE IS HEREBY GIVEN to Shareholders that, in accordance with the provisions of section 280 of the Companies Act, 2015 and Articles of Association of the Company Article 54A, the Seventieth Annual General Meeting of Kenya Electricity Generating Company PLC will be held via electronic communication on Thursday, 26 January 2023 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out below:

Ordinary Business

1. To table the proxies and note the presence of a quorum.
2. To read the Notice convening the meeting.
3. To consider and if approved, adopt the Company's Audited Financial Statements for the year ended 30th June 2022, together with the Chairman's, Directors' and Auditors' Reports thereon.
4. To approve the payment of a final dividend of Kshs 0.20 per ordinary share of Kshs. 2.50, subject to withholding tax where applicable, in respect of the financial year ended 30th June 2022.
5. To approve payment of Directors' fees for the year ended 30th June 2022.
6. Auditors:
   To note that the audit of the Company's books of accounts will continue to be undertaken by the Auditor-General or an audit firm appointed by him in accordance with Section 23 of the Public Audit Act 2015.
7. To authorise the Directors to fix the remuneration of the Auditors.
8. In accordance with the provisions of Section 769 of the Companies Act, 2015 the following directors, being members of the Audit, Risk & Compliance Committee of the Board be elected to continue to serve as members of the said Committee:
   (i) Mr. Samuel Kimani
   (ii) Mr. Bernard Ndungu, Alternate to Prof. Njuguna Ndungu (Cabinet Secretary - The National Treasury & Economic Planning)
   (iii) Ms. Winnie Pertet
   (iv) Ms. Peris Mwangi [Subject to re-election to the Board as per Agenda item 9 (iv)]
9. To elect Directors:
   (i) Prof. Njuguna Ndungu, Cabinet Secretary, The National Treasury & Economic Planning who retires on rotation in accordance with Article 104 of the Articles of Association and being eligible, offers himself for re-election as a Director of the Company.
   (ii) Mr. Alex Wachira, Principal Secretary, State Department for Energy who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director of the Company.
   (iii) Mrs. Phyllis Wakiaga who retires on rotation in accordance with Article 104 of the Articles of Association of the Company does not offer herself for re-election as a Director of the Company.
   (iv) Ms. Peris Mwangi who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible offers herself for re-election as a Director of the Company.
10. To consider any other business for which due notice has been given.

By Order of the Board

FCS. Austin Ouko
Company Secretary

5 January 2023

Notice of the Annual General Meeting

Notes:

Shareholders will be able to register to follow the meeting, vote electronically or by proxy and may ask questions in advance before the date of the Annual General meeting in the manner detailed as follows:

(i) Kenya Electricity Generating Company Plc has convened and will conduct its Seventieth Annual General meeting via virtual/electronic means in accordance with Article 54A of the Articles of Association of the Company which provides that "The Members may, if they think fit, confer or hold a meeting by radio, telephone,closed circuit television, video conferencing or other electronic, or other, means of audio or audio/visual communication, or a combination thereof ("Conference"). Notwithstanding that the Members are not present together in one place at the time of the Conference, a resolution passed by the Members constituting a quorum at such a Conference shall be deemed to have been passed at a General Meeting held on the day on which and at the time at which the Conference was held. The provisions of these Articles relating to proceedings of Members apply insofar as they are capable of application mutatis mutandis to such Conference." KenGen intends to hold a Virtual Annual General Meeting for the financial year ended 30th June 2022.

(ii) Shareholders wishing to participate in the meeting should register for the AGM using either of the following means:

a) Dialling ***483*901#** on their mobile telephone and follow the various prompts on the registration process or;

b) Send an email request to be registered to kengenagm@image.co.ke

c) Shareholders with email addresses will receive a registration link via email through which they can use to register.

(iii) To complete the registration process, shareholders will need to provide their National ID/Passport Numbers which they used to purchase their shares and/or their CDSC Account Number. For assistance shareholders should dial the following helpline number:+254 709170 000/709170 015 from 9.00 a.m. to 3.00 p.m. from Monday to Friday. Shareholders outside Kenya should dial the helpline number for assistance during registration.

(iv) Registration for the AGM opens on Thursday, 5th January 2023 at 9.00 a.m. and will close on Monday, 23rd January 2023 at 5.00p.m. Shareholders will not be able to register after this time.

(v) In accordance with Article 174 of the Company's Articles of Association, the following documents may be viewed on the Company's websitewww.kengen.co.ke.

(a) a copy of this Notice and the Proxy Form

(b) the Company's Annual Report & Audited Financial Statements for the year ended 30th June 2022 The reports may also be accessed upon request by dialing the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.

(vi) Any shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. Such proxy need not be a member of the Company.

(vii) A Proxy Form is provided with the Annual Report & Accounts. The Proxy Form
can also be obtained from the Company's website

www.kengen.co.ke or from Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street, P. O. Box 9287 -00100, Nairobi, Kenya. Shareholders who do not wish to attend the Annual General Meeting have an option to complete and return the Proxy Form to Image Registrars Limited, or alternatively to the Registered Office of the Company so as to arrive not later than 11.00 a.m. on 24th January 2023.

(viii) Duly signed proxy forms may also be emailed to kengenagm@image.co.ke
in PDF format. A proxy form must be signed by the appointor, or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under the Company's common seal or under the hand of an officer or duly authorized attorney of such body corporate.

(ix) Shareholders wishing to raise any questions or clarifications regarding theAGM may do so on or before 23rd January 2023 at 11:00 a.m. by:

a) Sending their written questions by emailagmquestions@kengen.co.ke; or

b) Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialling the USSD code above and selecting the option (Ask Question) on the prompts;

c) to the extent possible, physically delivering or posting their written questions with a return physical, postal or email address to the registered office of the Company or P.O. Box 47936 - 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. The Company's Directors will provide written responses to the questions received to the return physical, postal or email address provided by the Shareholder no later than 12 hours before the start of the AGM. A full list of all questions received, and the answers There to will be published on the Company's website not later than 12 hours before the start of the AGM.

(x) The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/ USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, as a reminder that the AGM will begin in one hour and providing a link to the live stream.

(xi) Shareholders and proxies who have registered to attend the AGM may follow the proceedings using the live stream platform, access the agenda and vote when prompted by the Chairman via the USSD prompts.

(xii) Results of the resolutions voted on will be published on the Company's website that is, www.kengen.co.ke within 24 hours following conclusion of the AGM. Shareholders are encouraged to continuously monitor the Company's website for any updates relating to the AGM owing to the changing situation arising from the COVID-19 pandemic. We appreciate the understanding of our shareholders as we navigate the evolving business conditions posed by COVID-19.

Ilani Kuhusu Mkutano Mkuu

Kufuatia idhini ya Msajili wa Makampuni, TAARIFA IMETOLEWA HAPA kwa Wenyehisa kwamba, kwa mujibu wa kanuni za sehemu ya 280 ya Sheria za Kampuni, 2015 na Hati ya Ushirikia ya Kampuni, Kifungu cha 54A, Mkutano Mkuu wa kila mwaka wa Kampuni ya Kenya Electricity Generating Plc utafanywa kupitia mawasiliano ya kielektroniki siku ya Alhamisi, tarehe 26 Januari 2023 saa 5.00 asubuhi. kwa madhumuni ya kuzingatia na, ikiwa sawa, kuidhinisha maamuzi yaliyobainishwa hapa chini:

Shughuli ya Kawaida

1. Kuwasilisha majina ya washirika na kutambua uwepo wa idadi ya kutosha ya wanachama kuendesha mkutano.
2. Kusoma Taarifa inayoitisha mkutano.
3. Kuzingatia na ikiidhinishwa, kutekeleza Taarifa Zilizokaguliwa za Kifedha za Kampuni kwa mwaka uliokamilika tarehe 30 Juni 2022, pamoja na ripoti za Mwenyekiti, Wakurugenzi na Mkaguzi zilizo humo.
4. Kuidhinisha malipo ya mgao wa mwisho wa mapato ya hisa wa Kshs.0.20 kwa kila hisa ya kawaida ya Kshs. 2.50, inayotolewa kodi inayoshikiliwa panapohitajika, katika mwaka wa kifedha uliokamilika tarehe 30 Juni 2022.
5. Kuidhinisha malipo ya ada za Wakurugenzi kwa mwaka uliokamilika tarehe 30 Juni 2022.
6. Wakaguzi:
   Kubaini kuwa ukaguzi wa vitabu vya akaunti za Kampuni utaendelea kufanywa na Mkaguzi Mkuu au na shirika la ukaguzi atakaloliteua kwa mujibu wa Sehemu ya 23 ya Sheria ya Ukaguzi wa Umma ya 2015.
7. Kuidhinisha Wakurugenzi kusuluhisha malipo kwa Wakaguzi.
8. Kwa mujibu wa kanuni za Sehemu ya 769 ya Sheria ya Kampuni ya 2015, wakurugenzi wafuatao kwa kuwa wanachama wa Kamati ya Bodi ya Ukaguzi, Hatari na Utiifu wanachaguliwa kuendelea kuhudumu kama wanachama wa Kamati zilizotajwa:
   (i) Bw. Samuel Kimani
   (ii) Bw. Bernard Ndungu, Mwakilishi wa Profesa Njuguna Ndungu (Waziri - Wizara wa Fedha)
   (iii) Bi. Winnie Pertet
   (iv) Bi. Peris Mwangi [Kutegemea iwapo atachaguliwa tena katika Bodi kulingana na kipengee cha 9 cha Ajenda (iv)]
9. Kuchagua Wakurugenzi:
   (i) Prof. Njunguna Ndungu, Waziri, Wizara ya Fedha ambaye anastaafu kwa awamu kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika ya Kampuni na anajitolea kuchaguliwa tena kama Mkurugenzi wa Kampuni.
   (ii) Mr. Alex Wachira, Katibu wa Kudumu, Wizara ya Kawi, ambaye anastaafu kwa awamu kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika ya Kampuni na kwa kuwa anastahiki, anajitolea kuchaguliwa tena kama Mkurugenzi wa Kampuni.
   (iii) Bi. Phyllis Wakiaga, ambaye anastaafu kwa awamu kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika ya Kampuni na hajitolei kuchaguliwa tena kama Mkurugenzi Mtendaji wa Kampuni.
   (iv) Bi. Peris Mwangi, ambaye anastaafu kwa awamu kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika ya Kampuni na kwa kuwa anastahiki, anajitolea kuchaguliwa tena kama Mkurugenzi Mtendaji wa Kampuni.
10. Kuzingatia shughuli nyingine yoyote ambayo taarifa yake imetolewa.

Kwa Agizo la Bodi

FCS. Austin Ouko
Katibu wa Kampuni

Tarehe 5 Januari 2023

Vidokezo:

Wenyehisa wataweza kujisajili ili kufuatilia mkutano, kupiga kura kwa njia ya kielektroniki au kupitia washirika na wanaweza kuuliza maswali mapema kabla ya tarehe ya Mkutano Mkuu wa Kila Mwaka kwa namna iliyobainishwa ifuatavyo:

(i) Kenya Electricity Generating Company Plc imeita na itaendesha mkutano wake wa Kumi na saba wa Kila Mwaka kupitia mtandao/kielektroniki kwa mujibu wa Kifungu cha 54A cha Makala ya Ushirika ya Kampuni kinasema kwamba "Wanachama wanaweza, ikiwa watafikiri ni sawa, kuendesha au kufanya mkutano kupitia redio, simu, televisheni, mkutano wa video au kifaa chochote cha kielektroniki, au njia nyingine za mawasiliano ya sauti/picha, au mchanganyiko wazo ("Mkutano"). Licha ya kwamba Wanachama hawako pamoja wakati wa Mkutano, uamuzi utakaopitishwa na Wanachama ambao wamefikisha idadi hitajika katika Mkutano kama huo utachukuliwa kuwa umepitishwa katika Mkutano Mkuu uliofanyika siku na wakati ambapo Mkutano ulifanywa. Kanuni katika Vifungu hivi zinazohusiana na vikao vya Wanachama zinatumika kadri zinavyoweza kutekeleza hitaji la kubadilisha masuala yanayohitajika kubadilika katika Mkutano kama huo. KenGen inanuia kufanya Mkutano Mkuu wa Kila Mwaka Mtandaoni kwa mwaka wa kifedha unaoisha Juni 30 2022.

(ii) Wenyehisa ambao wangependa kushiriki katika mkutano huu wanapaswa kujisajili kwa ajili ya AGM kwa kutumia mojawapo ya njia zifuatazo:

a) Kubofya ***483*901#** kwenye simu zao za mkononi na kufuata maelekezo kuhusu mchakato wa kujisajili au;

b) Kutuma ombi la barua pepe litakalosajiliwa kwa kengenagm@image.co.ke

c) Wenyehisa walio na anwani za barua pepe watapokea kiungo cha usajili kupitia barua pepe ambacho wanaweza kutumia kujisajili.

(iii) Ili kukamilisha mchakato wa kujisajili, wenye hisa watahitajika kutoa Nambari za Kitambulisho cha Kitaifa/Pasipoti ambayo walitumia kununua hisa zao na/au Nambari Yao ya Akaunti ya CDSC. Kwa usaidizi, wenyehisa wanapaswa kupiga nambari ifuatayo ya usaidizi: +254 709170 000/709170 015 kuanzia saa 3.00 asubuhi hadi saa 9.00 jioni kuanzia Jumatatu hadi Ijumaa. Wenye hisa walio nje ya Kenya wanapaswa kupiga nambari ya usaidizi ili kupata usaidizi wakati wa usajili.

(iv) Shughuli ya kujisajili kwa AGM itaanza Alhamisi, tarehe 5 Januari 2023 saa 3:00 asubuhi na itafungwa Jumatatu, Januari 2023, saa 11:00 jioni. Wenyehisa hawataweza kujisajili baada ya muda huo.

(v) Kwa mujibu wa Kifungu cha 174 cha Makala ya Ushirika ya Kampuni, hati zifuatazo zinaweza kutazamwa kwenye wavuti wa Kampuni www.kengen.co.ke.

(a) nakala ya Taarifa hii na Fomu ya Mshirika

(b) Ripoti ya kila Mwaka na Taarifa Zilizokaguliwa za Kifedha za Kampuni kwa mwaka uliokamilika tarehe 30 Juni 2022. Ripoti hizi pia zinaweza kufikiwa baada ya kuombwa kwa kupiga msimbo wa USSD ulio hapo juu na kuteua chaguo la "Ripoti". Ripoti na ajenda pia inaweza kufikiwa kwenye kiungo cha kutiririsha mkutano moja kwa moja.

(vi) Mwenyehisa yeyote ambaye ana haki ya kuhudhuria na kupiga kura katika Mkutano Mkuu wa Kila Mwaka ana haki ya kuteua mshirika kuhudhuria na kupiga kuwa kwa niaba yake. Si lazima mshirika kama huyo awe mwanachama wa Kampuni

(vii) Fomu ya Mshirika imetolewa pamoja na Ripoti ya Kila mwaka na Akaunti. Fomu ya Mshirika pia inaweza kupatikana kwenye wavuti wa Kampuni www.kengen.co.ke au kutoka Image Registrars Limited, Jumba la Absa (lililokuwa Jumba la Barclays), Orofa ya 5, Barabara ya Loita, S.L.P 9287 – 00100, Nairobi, Kenya. Wenyehisa ambao hawangependa kuhudhuria Mkutano Mkuu wa

Ilani Kuhusu Mkutano Mkuu

Kila Mwaka wana chaguo la kukamilisha na kurejesha Fomu ya Mshirika kwa Image Registrars Limited, au vinginevyo kwa Ofisi Iliyosajiliwa ya Kampuni ili ifike sio baada ya saa 5:00 asubuhi tarehe 24 Januari 2023.

(viii) Fomu za mshirika zilizotiwa sahihi ifaavyo kadhalika inaweza kutumwa kwa kengenagm@image.co.ke katika umbizo la PDF. Fomu ya mshirika lazima itiwe sahihi na mteuzi au wakili wake ambaye amehalalishwa kupitia maandishi. Ikiwa mteuzi ni shirika, chombo kinachoteua mshirika kitatolewa chini ya muhuri ya kawaida ya Kampuni au chini ya mkono wa afisa au wakili aliyehalalishwa wa shirika kama hilo.

(ix) Wenyehisa ambao wangependa kuuliza maswali yoyote au ufafanuzi kuhusiana na AGM wanaweza kufanya hivyo tarehe au kabla ya tarehe 23 Januari 2023 saa 5:00 asubuhi kwa:

(a) Kutuma maswali yaliyoandikwa kupitia barua pepe kwa emailagmquestions@kengen.co.ke; au

b) Wenyehisa watakaokuwa wamejisajili kushiriki katika mkutano huo wataweza kuuliza maswali kupitia SMS kwa kubonyeza msimbo wa USSD ulio hapo juu na kuteua chaguo la (Uliza Swali) kwenye vidokezo.

(c) kadri iwezekanavyo, kuleta maswali yao yaliyoandikwa wao wenyewe mahali halisi au kuchapisha maswali yao yaliyoandikwa kwa anwani ya posta au ya barua pepe kwenye ofisi iliyosajiliwa ya Kampuni au S.L.P 47936 – 00100, Nairobi, au katika ofisi za Image Registrars kwa S. L.P 9287 – 00100, Nairobi, Kenya.

Ni lazima Wenye hisa watoe maelezo yao kamili (majina kamili, Kitambulisho cha Kitaifa/Nambari ya Paspoti/ Nambari ya Akaunti ya CDSC) wanapotuma maswali au ufafanuzi wao. Wakurugenzi wa Kampuni watatoa majibu yaliyoandikwa ya maswali yaliyopokewa kwenye anwani ya mahali halisi, anwani ya posta au ya barua pepe iliyotolewa na Mwenyehisa sio baada ya saa 12 kabla ya kuanza kwa AGM. Orodha kamili ya maswali yaliyopokewa na majibu yaliyofuata baadaye yatachapishwa kwenye wavuti wa Kampuni sio baada ya saa 12 kabla ya kuanza kwa AGM.

(x) Mkutano wa AGM utatiririshwa moja kwa moja kupitia kiungo ambacho kitatolewa kwa wenye hisa wote ambao wamejisajili kushiriki katika AGM. Wenye hisa waliosajiliwa halali na washirika watapokea ujumbe mfupi (SMS)/USSD) kwenye nambari zao za simu zilizosajiliwa, saa 24 kabla ya mkutano wa AGM kuanza hii ikiwa ni kikumbusho kuhusu AGM. Ujumbe wa pili wa SMS/USSD utatumwa saa moja kabla ya AGM, ukiwakumbusha wenye hisa na washirika waliosajiliwa halali kwamba AGM itaanza baada ya saa moja na kutoa kiungo cha kutiririsha moja kwa moja.

(xi) Wenye hisa na washirika wao ambao wamejisajili kushiriki katika AGM wanaweza kufuatilia vikao kwa kutumia jukwaa la kutiririsha moja kwa moja, kufikia agenda na kupiga kura Mwenyekiti akiwaomba kufanya hivyo kupitia USSD.

(xii) Matokeo ya maamuzi yaliyopigiwa kura yatachapishwa kwenye wavuti wa Kampuni ambao ni, www.kengen.co.ke ndani ya saa 24 baada ya kuhitimishwa kwa AGM. Wenyehisa wanahimizwa kuendelea kufuatilia wavuti wa Kampuni kwa taarifa zozote zinazohusiana na mkutano wa AGM kwa sababu ya hali inayobadilika kutokana na tandavu ya UVIKO-19. Tunathamini uelewa wa washikadau wetu huku tukipitia hali zinazobadilika za biashara zilizosababishwa na UVIKO-19.

Proxy Form

THE COMPANY SECRETARY,
Kenya Electricity Generating Company PLC
P. O. BOX 47936-00100
NAIROBI, KENYA

I/WE ____

of ______________________________ being a shareholder of the above Company

hereby appoint ______________________________________

of ____

or failing him/her the Chairman of the Meeting in respect of my ____________ (Number of shares)

as my/our proxy to attend, represent and vote for me/us on my/our behalf at the Annual General Meeting of the

Company to be held virtually on Thursday, 26 January 2023 at 11.00 a.m. and at any adjournment thereof.

Signed this ____________ day of ____________ 2023

Signature(s)..

NOTES:

1. If a member is unable to attend personally, this Proxy Form should be completed and returned not later than Tuesday, 24th January 2023 at 11.00 a.m, to the Company Secretary P.O. Box 47936 -00100 GPO Nairobi or physically to the registered office of the Company at Pension Plaza, Kolobot Road, Parklands, Nairobi, or to the Company's Shares Registrar firm, Image Registrars Ltd on P. O. Box 9287 - 00100, Nairobi, Kenya. Alternatively, duly signed proxies can be scanned and emailed to info@image.co.ke in PDF format

2. In case of a member being a corporate body, the proxy form must be under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.

3. As a shareholder you are entitled to appoint one proxy to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint as a proxy any other person, delete the words "the Chairman of the Meeting or" and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company.

4. Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.

5. To be valid, a proxy form, which is available from the Company's Head Office or the Share Registrar's offices, must be completed and signed by the shareholder or the duly authorised attorney of the shareholder and must be either emailed to info@image.co.ke or lodged at the offices of the Company's Share Registrar firm, Image Registrars Ltd, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi, so at to arrive not later than Tuesday, 24th January 2023 at 11.00 a.m.

Fomu ya Uwakilishi

KATIBU WA KAMPUNI,
Kampuni ya Kenya Electricity Generating PLC
S.L.P 47936-00100
NAIROBI, KENYA

MIMI/SISI ____

wa ______________________________ kwa kuwa mwenyehisa wa Kampuni iliyotajwa

hapo juu, ninamteua ______________________________________

wa ____

au yeye akikosa, Mwenyekiti wa Mkutano kuhusiana na ______________ (Idadi ya hisa) kama mwakilishi wangu/wetu kuhudhuria, kuwakilisha na kupiga kura kwa niaba yangu/yetu katika Mkutano wa Mkuu wa Kila Mwaka Kampuni hii utakofanyika mtandaoni siku ya Alhamisi, tarehe 26 Januari 2023 saa 5.00 asubuhi na wakati wowote ule wa kufungwa kwa mkutano.

Imetiwa sahihi____________ hii ya ____________ 2023

Sahihi ....

VIDOKEZO:

1. Ikiwa mwanachama hawezi kuhudhuria mwenyewe, Fomu hii ya Mwakilishi inafaa kujazwa na kurudishwa isiwe ni baada ya Jumanne, 24 Januari 2023 saa 5.00 a.s, kwa Katibu wa Kampuni S.L.P 47936 -00100 GPO Nairobi au mwenyewe katika ofisi zilizosajiliwa za Kampuni katika Jumba la Pension, Barabara ya Kolobot, Parklands, Nairobi , au kwa shirika la rejistra wa hisa wa Kampuni, Image Registrars katika S.L.P 9287 - 00100, Nairobi, Kenya. Vinginevyo, fomu za mshirika zilizotiwa sahihi ifaavyo pia zinaweza kutumwa kwa info@image.co.ke katika umbizo la PDF.

2. Ikiwa mwanachama ni shirika la kibiashara, fomu ya mshirika lazima ipigwe muhuri ya kawaida ya shirika hilo au kutiwa saini na afisa au wakili aliyeidhinishwa halali wa shirika kama hilo.

3. Kama mwenyehisa, una haki ya kuteua shirika moja au zaidi kutekeleza haki zako zote au haki yoyote ile ya kuhudhuria na kuzungumza na kupiga kura kwa niaba yako katika mkutano. Uteuzi wa Mwenyekiti wa mkutano kama mshirika umejumuishwa kwa ajili ya kurahisisha mambo. Ili kuteua mtu yeyote kuwa mwakilishi, futa maneno "Mwenyekiti wa Mkutano au" na uweke jina kamili la mwakilishi wako katika nafasi iliyoachwa wazi. Si lazima mwakilishi awe mwenyehisa katika Kampuni.

4. Kukamilisha na kuwasilisha fomu ya mwakilishi hakutakuzuia kuhudhuria mkutano na kupiga kura mwenyewe katika mkutano, hii ikitokea kura zozote zilizopigwa na mwakilishi wako hazitajumuishwa.

5. Ili iwe halali, fomu ya mwakilishi, ambayo inapatikana katika ofisi kuu ya Kampuni au katika ofisi za Rejistra wa Hisa, lazima ijazwe na kutiwa saini na mwenyehisa na lazima ama itumwe kupitia barua pepe kwa info@image.co.keau kuwasilishwa katika ofisi Rejistra wa Hisa wa Kampuni, Image Registrars, orofa ya 5, Jumba la Absa (lililokuwa Jumba la Barclays), Barabara ya Loita, Nairobi, ili ifike sio baada ya Jumanne, tarehe 24 Januari 2023 saa 5.00 asubuhi.

Final Dividend for the Financial Year ended 30 June 2022

Closure of Register and Date of Payment

The Register of Members will be closed from Friday, 27th January 2023 to Monday, 30th January 2023, both dates inclusive. If approved, the dividend will be paid, less withholding tax where applicable on or about Thursday, 30th March 2023 to the shareholders whose names appear in the Register of Members at the close of business on Thursday, 26th January 2023.

Update of Particulars

- For all CDS account holders, please update your postal address, email address and bank account details at the CDSC through your Stockbroker or Custodian Bank
- For all Share Certificate holders, please update your postal address, email address and bank account details at the offices of Image Registrars Ltd, Absa Plaza 5th Floor, Loita Street, P.O. BOX 9287-00100 GPO Nairobi.

Mgao wa Mwisho wa Mwaka 30 Juni 2022

Kufungwa kwa Rejista na Tarehe ya Malipo

Rejista ya wanachama itafungwa kuanzia Ijumaa, 27 Januari hadi Jumatatu, 30 Januari, 2023 siku zote zikiwemo. Ikiwa itaidhinishwa, mgao wa faida utalipwa baada ya kuondoa ushuru wa kushikilia mnamo au karibu Alhamisi, 30 Machi, 2023, kwa wenyehisa ambao majina yao yamo orodha ya wenyehisa mnamo Alhamisi, 26 Januari, 2023.

Kuteng'eneza Upya/Kurekebisha Maelezo

- Kwa wote walio na akaunti za CDS, tafadhali toa maelezo mapya kuhusu anwani yako, barua pepe na akaunti ya benki katika CDSC kupitia wakala wako wa hisa au Benki Angalizi.
- Kwa wote walio na vyeti vya kumili hisa, tafadhali toa malezo upya kuhusu anwani yako ya posta, barua pepe na maelezo kuhusu akaunti yako ya benki katika afisi za Image Registrars, Absa Plaza ghorofa ya tano barabara ya Mama Ngina, SLP 47936-00100 GPO Nairobi.

Dematerialization

The Central Depository and Settlement Corporation (CDSC) commenced operations in 2004 with the intention of facilitating the holding of shares in electronic accounts instead of paper/physical share certificates to enable electronic trading & settlement of shares. This migration would shorten the settlement period, and enhance the safety & security of dealing with shares listed on the securities.

The first step towards achieving electronic trading of shares was immobilization of share certificates which commenced in 2004. The number of Central Depository System (CDS) accounts has grown significantly and CDSC is now targeting to have all the shares owned by Kenyans to be transferred into electronic accounts by 1st November 2013 through a process called Dematerialization.

We trust that the following FAQ's will explain the dematerialization process:

1) What is Dematerialization?

Dematerialization is the next step after immobilization. On the dematerialization date, the underlying physical certificates will cease to be evidence of ownership under the Company listed at the Nairobi Securities Exchange (NSE). Evidence of ownership will be in the electronic holdings maintained in the Central Depository System (CDS) operated by CDSC.

2) What is a Dematerialized Security?

It is a book entry security which has been prescribed by CDSC under section 24 of the Central Depositories Act, whereby the underlying physical certificate is no longer recognized as evidence of ownership under the Companies Act Cap 486 on or after the dematerialization date.

3) What is the impact of dematerialization?

Currently, shares can be withdrawn from a CDS account and held in a certificated form. With effect from the dematerialization date, shares will not be withdrawn from the CDS account because the law does not permit the issuing of share certificates with respect to a dematerialized security. Share Certificates will no longer be recognized as prima facie evidence of ownership and will be replaced with and electronic record at CDSC.

4) What do I need to do as a shareholder if I have already deposited all my shares in the CDS account?

You shall not be required to take any further action as a result of dematerialization.

5) What happens if I do not immobilize my share certificates by the dematerialization date?

After the Dematerialization date, all shares that have not been immobilized will be reflected as a record in the CDS in the shareholder's name.

6) What if I want to access my shares which are held in CDS?

If you wish to access your shares for purposes of trading, you will be required to open a CDS account and follow a verification process through KenGen's shares registrar firm, Image Registrars Limited, after which your shares will be transferred to your personal CDS account.

7) When is the dematerialization date?

CDSC dematerialized securities of listed companies in three groups/tranches on 1st September 2013, 1st October 2013 and 1st November 2013 respectively.

KenGen's dematerialization date is 1st November 2013. Additionally, KenGen will place a notice in the newspapers informing the public about the dematerialization date for KenGen shares.

In the meantime, we urge shareholders who still hold physical certificates to immediately contact any Stockbroker for assistance to immobilize their shares.

8) How do I keep track of my shares?

CDSC shall send you monthly statements if your account is active otherwise; you will receive your statement only once a year. However, if you would like to view/download/print your statements, you can visit the CDSC website at www.cdsckenya.com. You can also subscribe to the CDSC mobile services where you will receive an alert every time there is an activity in your accounts such as sale or purchase of shares for a minimum fee of Kshs.10.00 per alert. To subscribe, send the word 'register' to 22372 and follow the instructions.

Kubadilishwa kwa Mfumo wa Kuhifadhi Hisa kutoka Karatasi ya Cheti hadi Rekodi ya Kielektroniki

Shirika la Central Depository and Settlement Corporation (CDSC) lilianza kutoa huduma zake 2004 kwa lengo la kufanikisha utoaji wa akaunti za elektroniki badala ya hati kamili za umiliki wa hisa kuwezesha uuzaji wa hisa kwa njia ya kieletroniki. Mpango huu utapunguza muda wa kununua na kuuza hisa zilizoorodheshwa kwenye soko la hisa la Nairobi. Hatua ya kwanza kufanikisha uuzaji wa hisa kwa njia ya kielektroniki ilikuwa kusalimisha hati zenyewe za hisa, hatua ambayo ilianza 2004. Idadi ya akaunti za . Central Depository System (CDS) imepanda maradufu na CDSC sasa inalenga kuhakikisha hisa zote zinazomilikuwa na Wakenya zinahamishwa kwa akaunti za kielektroniki kufikia Novemba 1, 2013 kupitia utaratibu unaohusisha kusalimisha vyeti vyenyewe vya hisa.

Tunaamini kuwa maswali na majibu yafuatayo yatafafanua ipasavyo utaratibu huo.

1. **Kuhamisha hisa kutoka karatasi hadi mfumo wa kielektroniki ni nini?**
   Hii ndio hatua inayofuata baada ya kusitisha kutumia hati za umiliki wa hisa. Katika siku ya kuanza kutumia mfumo wa elektroniki, hati halisi zitakoma kuwa ithibati ya umiliki wa kampuni iliyoorodheshwa chini ya Soko la Hisa la Nairobi. Ithibati ya umiliki itakuwa kupitia kwa akaunti ya kielektroniki (CDS) ambayo inasimamiwa na CDSC.

2. **Thibitisho la usalimishaji wa hati za umiliki wa hisa ni lipi?**
   Ni kujazwa kwa maelezo yaliyo kwenye hati ya umiliki ambayo yamependekezwa na CDSC chini ya sehemu 24 ya Sheria ya Central Depositories, ambapo cheti chenyewe cha karatasi hakitatambuliwa tena kama ushahidi wa umiliki chini ya Sheria ya Kampuni Sura 486 katika siku yenyewe ya mwisho au baada ya kuhamia mfumo wa kielektroniki.

3. **Athari ya kuhamisha hisa kutoka karatasi hadi mfumo wa kielektroniki ni ipi?**
   Kwa sasa, hisa zinaweza kuondolewa kutoka kwa akaunti ya CDS na kuhifadhiwa kwa njia ya cheti. Lakini kwanzia tarehe ya kuhamishwa kwa hisa kutoka karatasi hadi mfumo wa kielekroniki, hisa haziwezi kuondolewa kwenye akaunti ya CDS kwa kuwa sheria hairuhusu kutolewa kwa vyeti vya hisa kama ushahidi. Vyeti vya hisa havitatambuliwa tena kama ushahidi wa umiliki na badala yake kutakuwa na rekodi katika akaunti ya kielektroniki katika CDSC.

4. **Ninahitajika kufanya nini kama mwenyehisa ikiwa tayari nimeweka hisa zangu zote kwenye akaunti ya CDS?**
   Hautahitajika kufanya chochote zaidi kutokana na utaratibu huu mpya wa kusitisha matumizi ya vyeti kama ushahidi wa umiliki.

5. **Nini itafanyika iwapo sitasalimisha hati zangu za umiliki kufikia tarehe ya kuhamishwa kwa hisa kutoka karatasi hadi mfumo wa kielekroniki?**
   Baada ya tarehe hiyo, hisa zote ambazo hati zake za umiliki hazitakuwa zimesalimishwa zitaonekana kama rekodi katika akaunti ya CDS katika jina la mwenyehisa.

6. **Na iwapo ningependa kuchukua hisa zangu zilizoko katika akaunti ya CDS?**
   Ikiwa utahitaji kufikia hisa zako kwa lengo la kuziuza, utahitajika kufungua akaunti ya CDS na kufuata utaratibu wa uthibitishaji kupitia kwa kampuni ya hisa za KenGen, Image Registrars Limited, na baada ya hapo hisa zako zitahamishwa hadi akaunti yako ya CDS.

7. **Ni lini hisa zitahamishwa kutoka karatasi hadi mfumo wa kielekroniki?**
   CDSC ilihamisha hisa za kampuni zilizoorodheshwa kwenye soko la hisa katika makundi/awamu tatu mnamo Septemba 1, 2013, Oktoba 1, 2013 na Novemba 1, 2013 zikifuatana.

   Tarehe ya kuhamishwa kwa hisa za KenGen ni Novemba 1, 2013. Isitoshe, KenGen iliweka tangazo kwenye magazeti kufahamisha umma kuhusu tarehe ya kuhamishwa kwa hisa za KenGen.

   Lakini kwa sasa, tunahimiza wenyehisa ambao bado wana vyeti vya umiliki kuwasiliana mara moja na mawakala wa hisa kwa usaidizi kuhamisha hisa zao.

8. **Nitafuatiliaje hisa zangu?**
   CDSC itakuwa inakutumia taarifa za kila mwezi ikiwa akaunti yako ina shughuli nyingi; la sivyo utakuwa unapokea taarifa yako mara moja kwa mwaka. Hata hivyo, ikiwa ungependa kuchapisha taarifa zako, unaweza kutembelea tovuti ya CDSC katika www.cdsckenya.com. Pia unaweza kujiandikisha kupokea huduma za CDSC mobile ambapo utakuwa unapokea ujumbe kila kunapokuwa na shughuli kwenye akaunti zako kama vile uuzaji na ununuzi wa hisa kwa ada ndogo ya Sh10.00 kwa kila ujumbe. Ili kujiandikisha, tuma neon "Register" kwa 22372 na kufuata maagizo.

Bank Details

We encourage all shareholders who hold certificates and whose dividends are paid via cheques to provide their bank details to our Company's shares registrar firm, Image Registrars Limited, ABSA Plaza 5th Floor, Loita Street, Nairobi P.O. Box 9287,00100 GPO, Nairobi Tel: 020-2212065/2230330, 0770052116, 0735565666,0724699667, email: info@image.co.ke to enable us post the future dividends directly to their bank accounts.

Also, we encourage all shareholders who hold CDSC accounts and whose dividends are paid via cheques to provide their bank details through their stockbrokers to enable us pay future dividends directly to their bank accounts.

Unclaimed Dividends

Further to the Unclaimed Financial Assets Act 2011, we are appealing to Shareholders who have unclaimed dividends to do so with immediate effect to avoid the dividends being surrendered to the Unclaimed Assets Authority. Dividend enquiries can be made at the Shares & Securities Office, KenGen Pension Plaza 2, Kolobot Road, Parklands, Nairobi P.O. Box 47936-00100 Nairobi, Tel: 020-3666961/5, 0711036961/5, email: shares@kengen.co.ke or offices of the Company's shares registrar firm, Image Registrars Limited, ABSA Plaza 5th Floor, Loita Street, Nairobi P.O. Box 9287, 00100 GPO, NairobiTel: 020-2212065/2230330, 0770052116, 0735565666, 0724699667, email: info@ image.co.ke

Declaration of Dormancy on Inactive CDS Accounts

The Central Depository and Settlement Corporation Limited (CDSC) has formulated, and the Capital Markets Authority has approved the CDS Accounts Dormancy Rules and Procedures. The declaration of dormancy is intended to safeguard investors' holding in CDS accounts. An investor will not be able to carry out any transactions in a CDS Account that has been declared dormant.

CDSC has granted a grace period of seven (7) months beginning June 1st 2020 before the declaration of dormancy is effected. Pursuant to the Dormancy Rules, CDS Accounts (Individual or Corporate, Local or Foreign) with no activity for a continuous period of twenty four (24) months will be declared dormant.

CDS account holders are advised that one may re-active a dormant account by submitting a duly completed re-activation request and identification documents to their CDA or stockbroker. Account holders are further advised to visit their CDAs or stockbrokers to update their account details and ensure the names, ID or passport number, postal address, email address mobile phone number(s) and other information is accurately recorded.

Our Locations

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E-mail: pr@kengen.co.ke

OLKARIA GEOTHERMAL REGION
P.O. Box 785 - 20117, Naivasha
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Fax: 050 - 2021223
Mobile: 0722 202894, 0722 202895

WESTERN REGION
P.O. Box 874 - 40100, Kisumu
Tel: 057 - 2023800
Fax: 057 - 2023855
Mobile: 0728 608203, 0738 600078

EASTERN REGION
P.O. Box 205 - 60100, Embu
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Fax: 020 - 2310324
Mobile: 0722 509500, 0735 826 344

THERMAL REGION
P.O. Box 80801 - 80100, Mombasa
Tel: 041 - 3435000/1, 041 - 3434876
Fax: 041 - 3435431
Mobile: 0722 2653900, 0734 600377

ETHIOPIA BRANCH OFFICE
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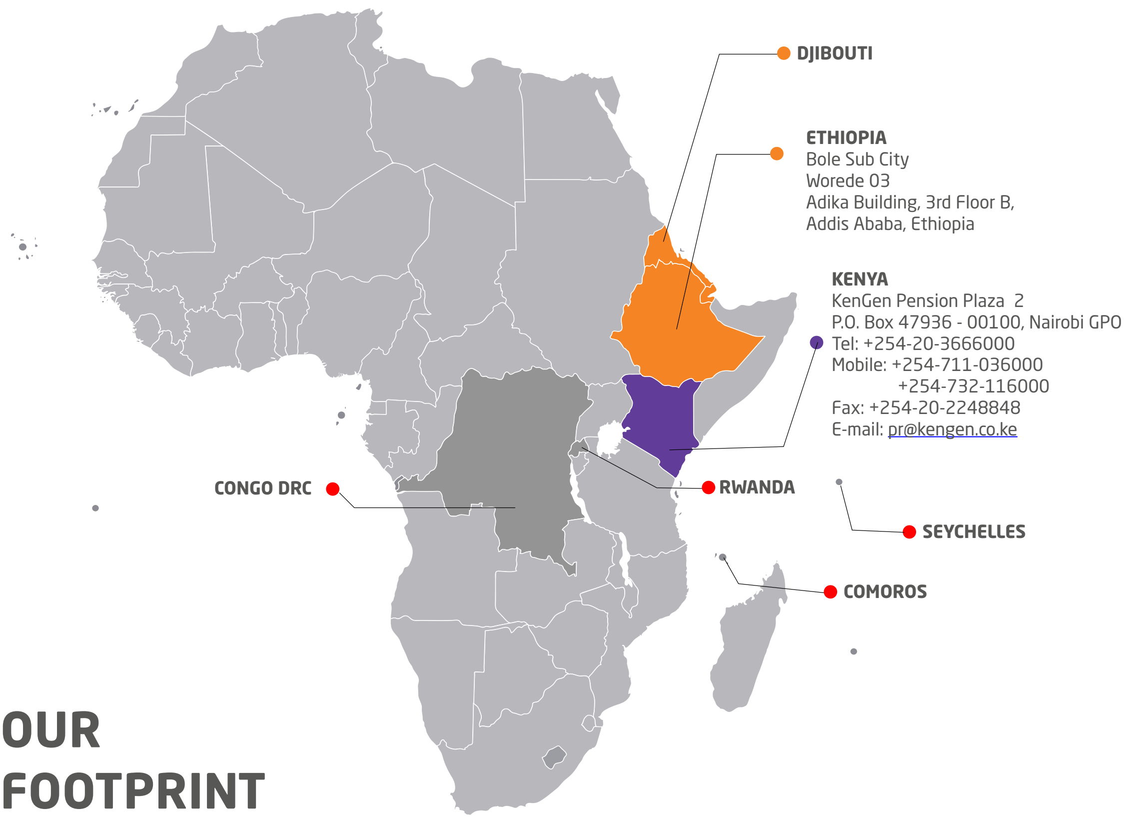
Worede 03
Adika Building, 3rd Floor B,
Addis Ababa, Ethiopia



OUR FOOTPRINT

HEAD OFFICE | BRANCH | ONGOING PROSPECTS

Energy for the nation.

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