



Kenya Power

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2025

Prepared in accordance with the International Financial Reporting Standards (IFRS)

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ABBREVIATIONS AND ACRONYMS

AFD	French Development Agency
AfDB	African Development Bank
Ag.	Acting
AGPO	Access to Government Procurement Opportunities
AMI	Advanced Metering Infrastructure
CAIDI	Customer Average Interruption Duration Index
COVID-19	Corona Virus Disease-2019
EIB	European Investment Bank
ENIS	E-Mobility Network Infrastructure System
EPCs	Electric Pressure Cookers
ESG	Environment, Social and Governance
ESIA	Environmental Social Impact Assessments
EU	European Union
EVs	Electric Vehicles
FTTX	Fiber-To-The-Premise
GHG	Greenhouse Gases
GoK	Government of Kenya
GWh	Gigawatt hours
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
KEMP	Kenya Electricity Modernisation Project
KSh	Kenya Shillings
KOSAP	Kenya Off-grid Solar Access Project
KPLC	Kenya Power The Kenya Power and Lighting Company Plc
kV	Kilovolt
LMCP	Last Mile Connectivity Project
MD	Managing Director
MW	Megawatts
NDC	Nationally Determined Contributions towards climate change mitigation
NEMA	National Environment Management Authority
OGW	Order of the Grand Warrior of Kenya
OSH	Occupational Safety and Health
OSHA	Occupational Safety and Health Act
PPADA	Public Procurement and Asset Disposal Act
PPADR	Public Procurement and Asset Disposal Regulations
SAIFI	System Average Interruption Frequency Index
SCAC	State Corporations Advisory Committee
SCADA	System Control and Data Acquisition
SDGs	United Nation's Sustainable Development Goals
SMEs	Small and Microenterprises
SPMA	Supplies Practitioners Management Act
STEM	Science, Technology and Mathematics
TVET	Technical, Vocational and Education Training
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar World Bank
IDA	International Development Association - World Bank
ICTA	Information and Communication Technology Authority
DSH	Digital Superhighway Project

CORPORATE INFORMATION

KEY ENTITY INFORMATION

Background information

The Kenya Power and Lighting Company Plc, a public company incorporated in the Republic of Kenya on 6 January 1922 as East African Power & Lighting Limited, changed its name to The Kenya Power and Lighting Company Plc on 11 October 1983.

The Government has a controlling stake at 50.1% of shareholding with private investors at 49.9%. Kenya Power is listed on the Nairobi Securities Exchange.

Principal Activities

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

Mission

Powering people for better lives by innovatively securing business sustainability.

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

Vision

Energy solutions provider of choice.

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

Core Values

We put our customers first as they matter most

We work together as one team to achieve our goals

We are passionate about powering the nation

We believe in integrity and delivering on our promises

We strive for excellence in all that we do

We are accountable to our customers and stakeholders

DIRECTORS

Joy Brenda Masinde	Chairman
Dr. Eng. Joseph Siror, FIEK	Managing Director & CEO
Hon. FCPA John Mbadi, EGH	Cabinet Secretary, National Treasury & Economic Planning Appointed to the Cabinet on 7 August 2024
Prof. Njuguna Ndung'u, EGH	Cabinet Secretary, National Treasury & Economic Planning Ceased to be a Director on 7 August 2024
Alex Wachira, CBS	Principal Secretary, Ministry of Energy & Petroleum, State Department of Energy
Logan Christi Hambrick	Board Member
Eng. James Rege, CBS	Board Member
Ezekiel Saina, HSC	Board Member
CPA Dr. Caleb B. Manyaga	Board Member
Eng. Albert Mugo	Board Member
Ruth Muiruri	Board Member
Dr. Stephen Ikikii	Appointed as the Alternate Director to Cabinet Secretary, National Treasury & Economic Planning on 20 December 2024 to replace Humphrey Muhu
Eng. Isaac Kiva, FIEK	Alternate to Principal Secretary, Ministry of Energy & Petroleum

COMPANY SECRETARY

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

REGISTERED OFFICE

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

BANKERS

Standard Chartered Bank Kenya Limited Harambee Avenue P.O. Box 20063- 00200, Nairobi	Citi N.A. Upper Hill Road P.O. Box 30711- 00100, Nairobi
Kenya Commercial Bank Limited Moi Avenue P.O. Box 30081 – 00100, Nairobi	Equity Bank Kenya Limited Hospital Road P.O. Box 75104 – 00100, Nairobi
The Co-operative Bank of Kenya Limited Stima Plaza P.O. Box 48231 – 00100, Nairobi	NCBA Bank Kenya Plc Mara Rd. Upper hill P.O. Box 44599 – 00100, Nairobi
Stanbic Bank Limited Kenyatta Avenue P.O. Box 30550 – 00100, Nairobi	Absa Bank Kenya Plc Absa Headquarters, Waiyaki Way P.O. Box 30120 – 00100, Nairobi

PRINCIPAL AUDITOR

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

PRINCIPAL LEGAL ADVISOR

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

BOARD PROFILE

Ms. Joy Brenda Masinde
Chairman of the Board of Directors



Joy Mdivo is an advocate of the High Court of Kenya of 22 years standing. She is the Executive Director of the East Africa Centre for Law and Justice, EACLJ, a position she has held for the last 15 years. She is also the Proprietor of Masinde Mdivo and Associates.

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

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

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

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



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

Dr. (Eng.) Siror holds a Doctor of Philosophy (PhD) degree in Engineering from Shanghai Jiaotong University (China) majoring in Radio Frequency Identification (RFID), a Master of Business Administration (MBA) degree and a (BSc) Bachelor of

Science in Electrical Engineering degree from the University of Nairobi. He also holds a Bachelor of Law degree from the University of London and a Postgraduate Certificate in Applied Radiation Protection from the University of Nairobi.

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

Hon. FCPA John Mbadi, EGH
Cabinet Secretary, The National Treasury and Economic Planning



Hon. FCPA John Mbadi is the Cabinet Secretary for the National Treasury and Economic Planning. He was appointed to the Cabinet on 7th August 2024.

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

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

Throughout his parliamentary tenure, he was a member of numerous key committees, including the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee,

Public Accounts Committee, Public Investments Committee, Constitutional Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.

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

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

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

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

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Alex Wachira

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

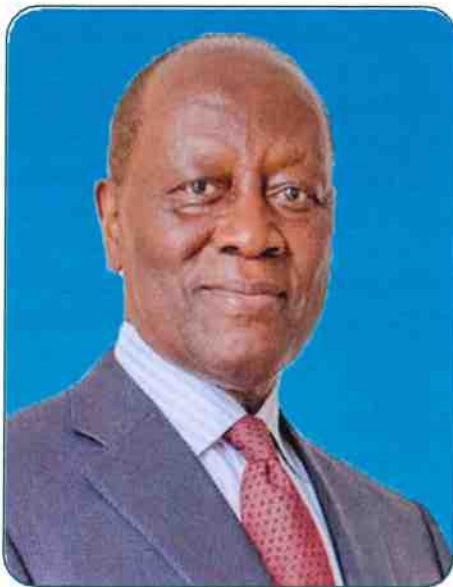


Mr. Alex Wachira was appointed the Principal Secretary, State Department of Energy on 2 December 2022. He holds a Bachelor of Science degree in Nursing from the University of Nairobi and is currently pursuing a Master of Arts degree in Leadership at Pan African Christian University. He has a wealth of 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 programmes and sports tournaments.

Eng. James Rege, CBS
Independent Director



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

Noteworthy accolades include a Lifetime ICT Achievement Award, induction into the Canada Chapter of ICT Hall of Fame, and the establishment of critical legal frameworks for the Ministry of ICT in the Government of Kenya. As Chairman of Energy and ICT in Parliament, Eng. Rege was instrumental in shaping national policies and legislative strategies that influenced both domestic and global ICT and energy landscapes. He has a proven track record in policy development, strategic negotiations, and the implementation of transformative legislative strategies across 48 countries.

His expertise has also been pivotal in successful licensure negotiations that have benefited both public and private sectors. Currently, he serves as a Member of the Executive Board and President at SkyMax Network, furthering his influence in global connectivity solutions.

Eng. Rege holds a Bachelor of Science in Electrical Engineering (BSEE) from West Virginia University. He is currently advancing his expertise through Business Management studies at Harvard University Business School and pursuing a Master of Science in Electrical Engineering at

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George Washington University. Eng. James Rege joined the Board on 8th December 2023, and his leadership continues to inspire innovation and sustainable growth in the energy and ICT sectors.

Ezekiel Saina, HSC
Independent Director



Ezekiel Saina brings a robust blend of expertise in corporate leadership and technology, aligning with over two decades of experience at the Kenya Revenue Authority (KRA).

He is the holder of a Master of Business Administration (MBA) degree in Strategic Management from Strathmore Business School, Bachelor of Science (Hons) degree and a Post-Graduate Diploma in Computer Science from the University of Nairobi. He was a key player and catalyst in driving tax reform programmes, through major change programmes that entailed implementation of large corporate projects leveraging on technology to support business operations of national impact.

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

Ruth Muiruri
Independent Director



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

Ms. Muiruri holds a Bachelor of Laws (LLB) from the University of Nairobi, Post Graduate Diploma in Law from Kenya School of Law and is pursuing a Masters in Business Administration (MBA), with a focus on Strategic Management, at the United States International University (USIU).

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She is also a member of the Law Society of Kenya and East African Law Society. Beyond her professional endeavours, Ms. Muiruri actively engages in community service, serving on several boards and contributing to legal aid clinics, exemplifying a holistic commitment to her profession and society. Ms. Muiruri joined the Board on 8th December 2023.

Logan Christi Hambrick
Independent Director



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

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

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

Eng. Albert Mugo
Independent Director



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

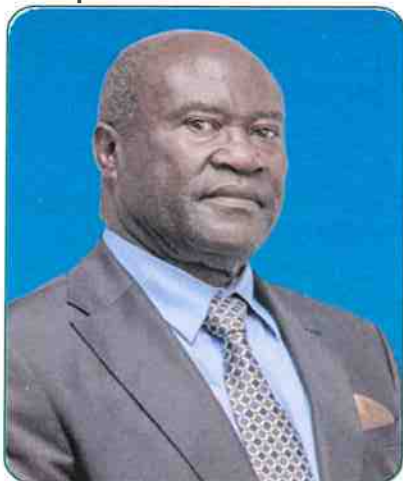
Eng. Mugo serves on the Boards of Africa 50 and Rusumo Power Company. He previously served on the Board of the Stima Sacco DT.

Eng. Mugo holds a Bachelor of Science degree in Electrical Engineering and a Master of Business Administration degree in Strategic Management from the University of Nairobi. He undertook an

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

CPA Dr. Caleb B. Manyaga
Independent Director



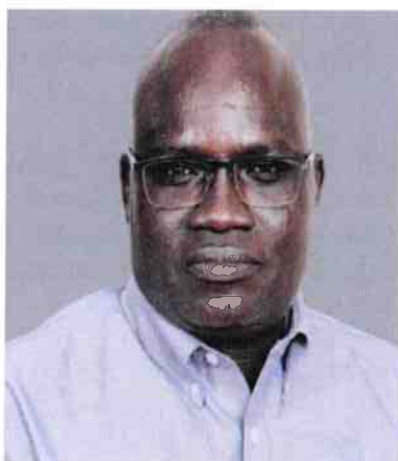
Caleb Manyaga is a finance expert with over three decades of experience in strategic management, finance, and accounting.

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

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

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

Dr. Stephen Ikiikii
Alternate Director to the Cabinet Secretary, National Treasury & Economic Planning



Dr. Stephen Ikiikii holds a PhD in Economics (Hacettepe University), MSc in Financial Economics (Jomo Kenyatta University of Agriculture & Technology) and BSc (Mathematics) from Moi University. He is a full member of Institute of Certified Investment and Financial Analysts (ICIFA). Stephen was appointed as alternate Director to the Cabinet Secretary of the National Treasury in Kenya Power in December 2024.

He is the Director of Investments at the National Treasury, with over 20 years of experience. He possesses strong expertise in policy analysis, economic research, analytical thinking, and strategic planning, and has represented the National Treasury on more than 20 boards of state corporations.

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Eng. Isaac Kiva, MBS, FIEK

Alternate Director to the Principal Secretary, Ministry of Energy & Petroleum, State Department of Energy



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

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

Eng. Kiva has wide experience in public sector management, having worked in energy and senior Government positions

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

Imelda Bore

General Manager, Legal Services, Regulatory Affairs & Company Secretary



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

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

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

EXECUTIVE MANAGEMENT



Dr. Eng. Joseph Siror

Managing Director & Chief Executive Officer
B.Sc (Elec. Eng.), LL.B, MBA,
PhD, R. Eng., FIEK, MIEEE



Imelda Bore

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



Eng. Aggrey Machasio

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



Eng. Kennedy Owino

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



John Ihuthia

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



Eng. David Mutitu Kamau

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



Eng. Rosemary Oduor

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



Eng. Phineas Marete
Ag. General Manager, Regional Coordination
B.Sc (Elec. Eng.), RGE, GMIEK



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



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



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



Cecilia Kalungu-Uvyu
General Manager, Human Resource &
Administration
B.Sc, MBA, MCIPD



Dr. Jeremiah Kiplagat
Director, Institute of Energy Studies &
Research
B.Sc (Appropriate Tech.), MSc. (Tech.), PhD
(Engineering), MET



Charles Cheruiyot
General Manager, Internal Audit
B.Com (Accounting), MBA, CIA (US), CPA (K)

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STATEMENT BY THE CHAIRMAN

Dear investors and business partners,

It is my pleasure to address you at a time when Kenya Power is embedding stronger governance practices, improving system reliability and deepening customer focus. We have remained profitable while investing to strengthen the grid, expand access and support national priorities, including digital inclusion and a just energy transition.

A relatively stable shilling during the year eased power-purchase costs and reduced the burden of foreign-currency debt, but it also lowered the Company's foreign exchange linked revenue recoveries. In parallel, the regulated tariff, structured with declining average yields in accordance to sector revenue requirements, constrained topline growth. Despite these headwinds, the Company remained resilient, intensifying operational efficiency and service reliability.

Governance remains central. The Board continued to exercise robust oversight through its committees, with clear separation between Board and Management roles. We strengthened policy frameworks, enhanced director induction and progressed recommendations from external assurance across governance, data protection and ethics. Owing to these improvements over the last two years, the Capital Markets Authority independently rated our governance at 80%, up from 74% in the prior assessment.

We also intensified our integrity agenda. The Company strengthened whistle-blower channels and protections, undertook systems reviews with the Ethics and Anti-Corruption Commission, and rolled out ethics and integrity training. An independent integrity survey confirmed a positive trend in reducing corruption risks, reinforcing a culture of accountability and transparency.

Operationally, network reliability improved, transmission availability increased, and system losses declined, supported by targeted refurbishment and reinforcement, as well as meter inspections to curb commercial losses. On electricity access, strategic programmes, including Last Mile Connectivity Project, public lighting and electrification of health facilities, enabled us to cross the ten-million customer milestone and advancing the country's universal electricity access agenda.

In the year ended 30 June 2025, the Company recorded profit before tax of KShs 35,375 million (FY 2023/24: KShs. 43,666 million), reflecting a decline in profitability despite growing energy demand and system efficiency gains. The reduction in revenue primarily arose from lower foreign exchange recoveries following sustained local currency stability over the year, and a lower base tariff.

Financial stewardship remained disciplined. We reduced total borrowings from KShs.98.5 billion to KShs.87.6 billion, shifted our debt mix towards concessionary and local-currency facilities, and lowered the weighted average cost of debt to 3.84% from 5.03% the previous year. Our working capital continues to improve from a negative of KShs.51 billion in FY2022/23 to negative KShs.19 billion as at end of FY 2024/25.

I am delighted to report continued improvement in shareholder returns and resumption of payment of dividends from the previous year. During the year, the Board approved payment of an interim dividend of KShs.0.20 per ordinary share which will be presented for approval by shareholders during the Annual General Meeting. In addition, the board recommend payment of a final dividend of KShs. 0.80 per share for FY 2024/25. We remain confident that as our financial performance improves, payment of dividends will be sustained.

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Investor confidence has strengthened significantly. The Kenya Power share price has appreciated by more than 900% from a low of KShs.1.38 in December 2023 to a remarkable KShs.14.40 in September 2025 outpacing the broader market gain of about 94%. This performance reflects renewed investor confidence in our transformation, and in our capacity to deliver sustainable growth and long-term value. Implementation of our five-year Corporate Strategy, launched in December 2023, is well on course. The plan, financial year 2023/24 to 2027/28 is anchored on four pillars aimed at enhancing our financial sustainability, customer focus, operational excellence and human capital. Towards this, the Board is working closely with management in a mid-term review stock-take and sequence our corporate targets to FY 2027/28.

Looking ahead, our priorities are clear: protect supply adequacy as demand grows; continue loss reduction; modernise the grid and digitise operations; and entrench ethics, transparency and accountability. With the continued support of Government, regulators, development partners, investors and communities, Kenya Power will keep delivering reliable, affordable and sustainable electricity while creating enduring value.



Ms. Joy Brenda Masinde
Chairman, Board of Directors

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MESSAGE FROM THE MANAGING DIRECTOR & CEO

Throughout the year we continued to strengthen the business fundamentals necessary to ensure provision of quality and reliable service to our customers. This was achieved by executing with purpose investments targeted towards stabilising the grid, improving system efficiency, and unlocking value from commercial initiatives. As a result, we realised growth in unit sales, improved distribution efficiency and system reliability.

The total unit sales grew by 887 GWh from 10,516 GWh to 11,403 GWh owing to new connections and system efficiency. However, total electricity revenue decreased by KShs 11,839 million to KShs 219,285 million primarily due to lower foreign exchange recoveries as the Kenya Shilling remained stable against the major world currencies, and a reduced average tariff.

Finance costs increased by KShs 5,400 million on account of a reversal of unrealised foreign exchange gains in the previous year. The power purchase costs decreased by KShs 5,942 million despite a 788 GWh increase in units purchased, and operating expenses declined by KShs 3,857 million following refinement of the IFRS 9 expected credit loss model.

Across the network, improvement in availability and reliability was highlighted by transmission availability of 99.9 per cent, System Average Interruption Duration Index (SAIDI) improvement from 120.6 hours to 113 hours, and System Average Interruption Frequency Index (SAIFI) from 47.00 to 44.07. Total system losses reduced from 23.16 per cent to 21.21 per cent as at end of June 2025. The reduction was supported by coordinated interventions including accelerated smart meters roll out, faulty meters replacement, targeted feeder upgrades and improved energy accounting. This resulted in growth in unit sales from 10,516 GWh to 11,403 GWh.

To strengthen energy security, we aligned the rollout of distribution projects with the 2024–2043 Least Cost Power Development Plan. At the same time, we accelerated Power Purchase Agreement negotiations to secure additional generation capacity, while refurbishing and maintaining the transmission network to close existing supply gaps. The commissioning of the 400kV Kenya–Tanzania interconnector and our active participation in the Eastern Africa Power Pool has broadened opportunities to import during peak shortfalls and export surplus, enhancing regional resilience.

On electricity access and improving customer experience, the momentum was equally sustained. We crossed the 10 million customer mark with 401,848 new connections, which contributed approximately 203 GWh in new sales, with Industrial customers accounting for more than half of the incremental unit sales. A customer-first approach was exemplified across our touch points which resulted in an improved Customer Satisfaction Index to 72 percent from 69 percent in the previous year. Our strategic stakeholder engagements were also impactful leading to improved corporate reputation index from 63 percent to 75 percent by year end, signalling stronger trust among customers, communities, investors, regulators and partners.

In the year we also commenced implementation of the Government-funded Digital Superhighway project, which aims at extending the country's fibre network to over 53,000 identified public institutions and facilities countrywide. Upon completion, the project also presents an opportunity for the Company to leverage the installed fibre infrastructure in smartening the grid for improved business efficiency.

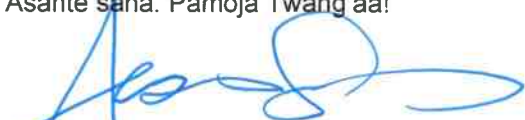
In the period, we onboarded 490 new employees to enhance responsiveness to customer needs, bringing our staffing strength to 10,582. Owing to implemented initiatives to enhance staff welfare and capacity, our Employee Satisfaction Index rose to 83 percent up from 67 percent, reflecting a resourced, engaged and motivated workforce. Consequently, the Company's productivity index rose from 2.45 out of 5 the previous year to 3.95.

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Sustainability remained integral to our operations, as we mitigated adverse environmental and social impacts while amplifying positive outcomes through the Kenya Power Foundation and our Sustainability Framework. We planted over 456,000 trees to support the ongoing national climate change action plan and the Government-led trees growing campaign. Further, we continue to promote the adoption of clean energy use through electric cooking and electric motorisation. In addition, we reviewed policies and plans to establish a comprehensive waste management framework. This will strengthen the handling of waste while promoting recycling, safe disposal, and circular economy practices.

Looking ahead, we remain firmly focused on consolidating these gains to deliver greater value to our customers, shareholders, and the nation at large. With a robust grid, deeper regional and community partnerships, and a motivated workforce, we are well-positioned to support Kenya's industrial growth, digital transformation, and climate resilience agenda. Our commitment is clear: to sustainably provide quality and reliable electricity that not only lights homes and businesses today but also powers the country's ambitions for tomorrow.

Asante sana. Pamoja Twang'aa!



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

OPERATIONAL HIGHLIGHTS

1. Grid Expansion and Resilience: Accessible, Reliable and Future-Ready

1.1 Accelerating Electricity Access and Customer Growth

Electricity is a key driver of our country's social and economic development. In this regard, the Company continues to onboard more customers to the grid as a key sales strategy and to support the Kenya's target of attaining universal access to electricity in line with its development vision. Towards this, the Company connected 401,848 new customers during the year against a target of 400,000.

The composition of the new customers connections is as follows:

- i. 163,092 Last mile customers
- ii. 238,757 paid up customers

The new customers contributed 202.98 GWh. The segment that had high contribution to sales was Large Power (54%) followed by ordinary lifeline tariff customers (17%).

Unit Sales from New Connections FY 2024-25

Customer Segment	Number of customers	Unit sales (GWhrs)	Sum of Amount Kshs. '000	% of Unit Sales
E-Mobility	40	1.63	35,647	1%
Large Power	397	110.03	2,734,885	54%
Ordinary	97,733	18.79	497,324	9%
Ordinary Lifeline	286,515	35.04	932,219	17%
Small Commercial	15,309	29.14	776,268	14%
Street Lighting	1,854	8.36	143,113	4%
Grand Total	401,848	202.98	5,119,456	100%

1.1.1 Status of the Last Mile Connectivity Project

The Last Mile Connectivity Project (LMCP) is a flagship national electrification initiative delivering reliable and affordable electricity to underserved rural and peri-urban communities. Funded jointly by the Government of Kenya and development partners, the project underpins Kenya's universal access agenda, catalysing investment, creating jobs, and improving livelihoods. The LMCP is reinforced by network upgrades for improved power supply stability.

Project Description (Phase I - VI)

Since its inception, the Last Mile Connectivity Project (LMCP) has been rolled out in 5 project phases, progressively expanding electricity access to underserved communities throughout the country.

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Summary of the LMCP Implementation (completed and ongoing)

Phase (Ph)	Funding Partner(s)	Status	Customers Connected / Targeted	Counties Covered	Capital Investment (KShs.)
Ph I – AfDB I	African Development Bank	Completed-2020	314,200	47	15.2 B
Ph II – World Bank / IDA	World Bank (International Development Association)	Completed-2022	320,500	46	15.3 B
Ph III – AfDB II	African Development Bank	Completed-2022	278,000	46	19.8 B
Ph IV – AFD / EU / EIB	Agence Française de Développement, European Union, European Investment Bank	Ongoing (commenced 2023)	251,000 (target)	32	22 B
Ph V – JICA	Japan International Cooperation Agency	Ongoing (commenced 2023)	9,000 (target)	4	2.2 B
Ph VI – AfDB III	African Development Bank	Commenced 2025	150,000*	35	15.9B
REREC/ Kenya Power	Government of Kenya	Ongoing (commenced 2023)	163,092	47	1.4 B

**LMCP Phase VI component entails 13 reinforcement schemes including new or uprated substations and associated medium-voltage lines.*

LMCP Strategic Benefits

- Demonstrates Kenya's ability to scale up cost-effective grid expansion as a practical model for future electrification programmes.
- Broadens the customer base and directly contributes to the Government's goal of achieving universal electricity access.
- Maximises the use of existing electricity infrastructure, lowering the cost per connection and making power more affordable, especially in rural and peri-urban areas.
- Creates the foundation for future growth by supporting new industries, digital services, and home-based enterprises.
- Transforms social outcomes by powering schools, health centres, and households, improving education, healthcare delivery, and quality of life.
- Promotes equity by prioritising previously underserved communities and bridging the urban–rural divide in access to modern energy.
- Stimulates local economies by powering small businesses, agro-processing ventures, and social amenities.

- Enhances safety and wellbeing through reliable street lighting, refrigeration, and communication networks.

Capital Investment: KShs.91.8 billion.

1.1.2 The Kenya Off-grid Solar Access Project

Project Description

The Kenya Off-grid Solar Access Project (KOSAP) is a transformative off-grid electrification initiative, aimed at extending electricity to the most underserved areas located far from the national grid. By deploying solar-hybrid mini-grids and stand-alone systems for community institutions, the project not only reduces diesel dependency but also provides measurable improvements in public service delivery.

Project Scope

Installation of 113 mini-grid solar systems covering 14 counties. Kenya Power is implementing 83 mini-grids and 30 by Rural Electrification and Renewable Energy Corporation (REREC).

343 stand-alone solar systems to power community facilities such as boreholes,

Provision of 178,598 stand-alone solar home systems to individual households, therefore providing electricity to an estimated 900,000 people.

Strategic Benefits

- Expand electricity coverage to remote, off-grid counties, supporting national electrification targets.
- Facilitate business growth, job creation, and improved livelihoods through reliable power supply.
- Power schools, health centres, and water facilities, strengthening education, healthcare, and water access.
- Promote renewable energy adoption, reducing reliance on diesel generators and lowering carbon emissions.
- Build positive relationships with local communities through co-created solutions and participatory planning.
- Encourage local enterprises to participate in solar equipment supply, installation, and maintenance.

Capital Investment – KShs.8.4 Billion (Kenya Power component)

1.1.3 The National Public Lighting Project

Project Description

The National Public Lighting Project, funded by the Government of Kenya and implemented by Kenya Power, is an initiative designed to light public spaces including markets, and streets, creating safer, more vibrant communities. Implemented in close partnership with county Governments, the project aims at facilitating extended trading hours and enabling 24-hour business operations while enhancing public safety and security.

Project Scope

- Installation of 6,086 lanterns across the 47 counties.

Strategic Benefits

- Enable businesses to operate longer hours, boost evening commerce, and support night-time markets.
- Reducing crime and accidents, and enhancing safety in our communities

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- Aligns with the Bottom-Up Economic Transformation Agenda (BETA) and Vision 2030 goals on infrastructure, economic growth, and social inclusion.

Capital Investment – KShs.333 Million (FY 2024/25)

1.1.4 Electrification of Health Facilities

Project Description

This initiative supports Kenya's Universal Health Coverage objectives by powering public health facilities. Electrification improves service reliability in maternity wards, theatres, laboratories, and cold chain storage for vaccines. The programme's impact extends beyond the facilities themselves, anchoring surrounding communities to the grid.

Project Scope

- 880 facilities countrywide to be covered, 244 connected to date.

Strategic Benefits

- Provide reliable electricity for maternity wards, theatres, laboratories, and diagnostic equipment, improving patient care outcomes.
- Provision of electricity to strengthen the healthcare infrastructure necessary for the success of equitable health service delivery. Support the country's Vision 2030 health pillar and aligns with Sustainable Development Goal 3 (Good Health and Well-being).
- Extend grid infrastructure to surrounding communities, enabling household and commercial electrification beyond the facilities.

Capital Investment – KShs.933 million to date

1.2 System Reinforcement and Capacity Enhancement

Our analyses established that recent widespread outages were largely triggered by transmission constraints that created major imbalances on the grid. To address this, strengthening the network through expanded transmission capacity and improved interconnection of substations is imperative. These investments are critical to enhancing system resilience and reducing the risk of nationwide disruptions.

Central to this, is the application of the N-1 grid concept, a core reliability standard that ensures the system remains stable even if a single component such as a generator, transformer, or power line fails or is taken out for maintenance. By embedding this principle in system planning, Kenya Power secures supply in high-load areas, maintains operational flexibility, and enables smooth integration of new generation and interconnector capacity.

Some of the projects implemented during the year include:

1.2.1 Narok Substation–Bomet Substation 33kV Interconnector

Project Description

This project aimed at de-loading the Muhoroni – Chemosit 132kV link that primarily serves South Nyanza and parts of Central Rift. The Narok–Bomet 33kV interconnector is an interim measure to strengthen power supply to the Western part of the country by enabling efficient evacuation from geothermal generation at Olkaria.

The designed long-term solution is the completion of the ongoing Narok-Bomet 132kV transmission power line being constructed by the Kenya Electricity Transmission Company (KETRACO) that will serve as the critical link to Western and South Nyanza regions.

Project Scope

Design, construct and commission 89 kilometers 33kV double circuit line.

Strategic Benefits

- Offloading of the Muhoroni-Chemosit 132kV line, to better serve South Nyanza and parts of South Rift.
- Improves reliability and voltage stability in Narok and Bomet counties.
- Provides redundancy in supply, reducing outage durations during maintenance or faults.
- Reduces technical losses by optimising feeder load distribution.

Capital Investment - KShs.500 million.

1.2.2 Chepseon Substation –Kericho Substation 33kV Link

Project Description

To further de-load the Muhoroni-Chemosit line, the Company completed the critical power line linking Chepseon and Kericho substations, enabling operational flexibility and creating alternative power lines to serve customers in the area.

Project Scope

Design, construct and commission 27 kilometers of 33kV line.

Strategic Benefits

- Offloading of the Muhoroni-Chemosit 132kV line.
- Improves reliability and voltage stability in Kericho county.
- Provides redundancy in supply, reducing outage durations during maintenance or faults.
- Reduces technical losses by optimising feeder load distribution.

Capital Investment – KShs.93.7 Million

Impact

Power quality and reliability improved significantly in parts of Central Rift and South Nyanza following the completion of the Narok–Bomet line and the Chepseon–Kericho link projects during the year, resulting in a 60% reduction in outages caused by load management.

1.2.3 Substation Upgrades and Feed-Outs to Support High Growth Areas

Project Description

Targeted capacity upgrades in high-growth areas in Kiambu, Laikipia and Nandi counties, ensure that high-potential industrial, agricultural and residential zones have adequate and reliable power supply. These projects not only alleviate current energy constraints but also provide headroom for planned developments and sustain the momentum of local investment inflows.

Project Scope

- Construction of 66kV feed-outs from Thika Road 220/66kV substation to Kirigiti, Ruiru and Ruaraka substations and Tatu City in Kiambu County.
- Installation of additional 2.5 MVA transformer at Maralal 33/11kV, substation Laikipia County.
- Installation of additional 2.5 MVA transformer at Kapsumbeiywo 33/11kV substation, Nandi County.

Strategic Benefits

- Enhance electricity supply capacity in these high-growth areas, reducing outages and voltage fluctuations thus improving customer satisfaction.
- Meet the rising demand from manufacturing hubs, agribusinesses, and housing developments, enabling economic expansion.
- Reduce technical losses.

Capital Investment

KShs. 273.8M (Thika Rd feeder-outs), KShs. 43M (Maralal), KShs. 22.5M (Kapsumbeiywo).

1.2.4 Other Ongoing System Reinforcement Projects

Project Description

Spanning multiple counties, these projects are aimed at balancing short-term capacity relief with long-term system resilience. The goal is to ensure that the grid can accommodate demand growth, integrate new generation, and maintain power quality standards.

Projects Scope

- Construction of 17 kilometers of 66kV lines in Nairobi, and 183 kilometers of 33kV lines across Kisii, Migori, Homabay, Kisumu, Siaya and Vihiga counties.
- Construction of a new 2.5MVA 33/11kV substation and associated lines in Kwale.
- Upgrade of the 33/11kV Tononoka substation, increasing its transformation capacity to 46MVA.
- Refurbishment of the Webuye 33/11kV substation.
- Upgrade Lessos 220/132kV substation, increasing transformation capacity by 75 MVA.
- Construction of the new 45 MVA 132/33kV Bomani substation and associated lines.
- Construction of Ngema 66kV switching station.

Strategic Benefits

- Strengthen the network's ability to handle operational stresses, minimise outages, and maintain stable voltage levels across multiple counties.
- Expand the network's capability to supply growing residential, commercial, and industrial demand, reducing congestion and supply bottlenecks.
- Create headroom for anticipated demand growth, reducing the need for emergency upgrades and enabling phased, cost-effective expansions.
- Prepare the grid to efficiently absorb and distribute power from planned generation projects.
- Reduce overload on existing infrastructure, extending asset life and lowering long-term maintenance costs.

Capital Investment – KShs. 2.3 Billion

1.2.5 Nairobi and Geothermal Corridors – Targeted Reconductoring and Upgrading Works

Project Description

We fast-tracked upgrades on key Kenya Power transmission lines from geothermal plants serving Nairobi to ensure the grid can withstand the loss of any single line (N-1 standard). These improvements reduce overloads, enhance reliability and create capacity for new and rehabilitated power plants.

Project Scope

- Reconductoring with high-capacity conductors on priority links, particularly the Dandora-Juja 132 kV; Suswa-Nairobi North-Thika Rd-Dandora 220 kV, Olkaria 1AU-Naivasha 132 kV).
- Upgrading transformers at the critical Dandora 220/132 kV substation, to extend to other key substations

Strategic Benefits

- Meet N-1 criteria in high-stress corridors, reduces peak time curtailments and load shedding.
- Prepare the grid for additional imports and geothermal injections.
- Improves reliability indices and customer experience in high growth areas.

2. Greening the Grid

2.1 Ongoing Hybridisation of Diesel Mini-grids with Solar

Project Description

By integrating solar photovoltaic (PV) systems into existing diesel mini-grids, this programme addresses the twin challenges of high fuel costs and environmental impact in off-grid areas.

Project Scope

- Retrofitting four off-grid diesel generation plants in Elwak, Habasweni, Merti and Eldas with solar PV.

Strategic Benefits

- Reduce diesel fuel consumption, lowering generation costs and improving the financial sustainability of off-grid power supply.
- Stabilise supply by integrating solar PV, reducing outages and voltage fluctuations in off-grid areas.
- Reduce wear on diesel generators, lowering maintenance costs and extending operational life.
- Decrease greenhouse gas emissions, contributing to Kenya's climate change mitigation commitments.

Capital Investment - KShs.5.94 billion

2.2 Ongoing Lodwar 66/11kV Substation & Associated Lines

Project Description

Connecting Turkana's administrative capital to the national grid is a game-changer for the county's social and economic development. Beyond replacing expensive diesel generation, the project will provide reliable electricity that will stimulate investments in agriculture, commerce, and public services, helping to unlock Turkana's latent development potential.

Project Scope

- Construction of a 10MVA 66/11kV substation in Lodwar and 100 kilometers of 66kV line from Lokichar substation.

Strategic Benefits

- Eliminate reliance on expensive diesel generation, lowering the cost of electricity for businesses, institutions, and households.
- Provide stable, grid-connected power, reducing outages and voltage fluctuations that previously hindered economic activity.
- Unlock investment in agriculture, manufacturing, retail, and tourism by providing dependable electricity supply.
- Reduce greenhouse gas emissions by displacing diesel-based generation, aligning with Kenya's climate commitments.

Capital Investment - KShs.900 million

2.3 Green and Resilient Expansion of Energy Programme

Project Description

The Green and Resilient Expansion of Energy (GREEN) programme is a World Bank funded programme-for-results financing designed to fortify the Company's governance frameworks, financial health, and expand electricity access. It embeds a culture of compliance, operational discipline, and talent development while ensuring that access milestones are independently verified for transparency and accountability.

Project Scope

Achievement of the following Disbursement-Linked Indicators (DLIs):

- DLI 1: Improved KPLC governance
- DLI 2: KPLC cost-recovery
- DLI 3: Clearance of last mile receivables
- DLI 4: Sustainable power purchase arrears
- DLI 5: Reduced KPLC system losses
- DLI 6: New connections added under the improved Last Mile Program

Strategic Benefits

- Embed robust oversight, compliance, and ethical standards, enhancing transparency and accountability in Company operations.
- Enhance cost recovery mechanisms, reducing arrears and strengthening cash flow to support ongoing investments.
- Clear last mile receivables and sustainably addresses power purchase arrears, improving supplier confidence and operational stability.
- Lower both technical and commercial losses, optimising asset utilisation and improving overall efficiency.
- Adds new connections under an improved Last Mile Programme, prioritising underserved and marginalised communities.
- Ensure that access, governance, and financial milestones are externally validated, bolstering stakeholder trust.
- Promote talent development and operational discipline, positioning Kenya Power to better manage current and future challenges.
- Support Kenya's universal access targets and contributes to Sustainable Development Goal 7 (Affordable and Clean Energy).

Capital Investment – KShs.52 billion

3. Improvement of Power System Reliability and Efficiency

3.1 Enhancing network reliability

Project Description

The Company undertook planned maintenance programs and strategic refurbishments on our distribution and transmission network, aimed at operational enhancements to guarantee supply quality and fortify system robustness. These initiatives were instrumental in mitigating supply disruptions, optimising asset performance, and enhancing the reliability of our infrastructure. This has resulted in high-quality service to our customers and proactively managing operational risks.

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Project Scope

- Preventive maintenance including refurbishment at all levels of the transmission and distribution network.
- Construction of new lines aimed at offloading existing network to improve reliability and reduce technical losses.
- SCADA expansion and manning of critical substations to improve restoration of supply.
- Co-ordination with KETRACO/KenGen on grid constraints and transfer capacity.

Strategic Benefits

- The transmission network maintained a high level of operational reliability, with average availability recorded at approximately 99.9%
- Improvement in reliability indices for the distribution network: System Average Interruption Duration Index (SAIDI) **113 hours** (improved from 120 hours in FY 2023/24) and System Average Interruption Frequency Index (SAIFI) **44.07 times** (improved from 47.5 times in FY 2023/24)
- Improvement of technical transformer failure rate from 5.0% to 4.6%

Capital Investment - Kshs.6.16B

3.2 System Loss Reduction Projects

Overall system losses declined from 23.16% in FY 2023/24 to 21.21% in FY 2024/25, signaling progress in both technical and commercial loss reduction and reflecting the impact of ongoing operational and revenue-protection measures.

The most significant gain was achieved in commercial losses, which fell from 6.38% to 4.36% on the back of stronger revenue protection measures. Transmission and MV networks held steady, supported by modest efficiency improvements at substations. Low-voltage conductors and informal settlements remain areas of focus, though their impact is being managed within the overall downward trend.

Summary of Loss Reduction Outcomes

Key Indicator	Achievement (FY2024/25)
Units purchased (GWh)	14,472
Unit sales (GWh)	11,403
System efficiency	78.79%
System losses	21.21%
Recoveries (all customer categories) (GWh)	327.91
Smart meters retrofitted	304,903

The positive trend was driven primarily by a combination of strategic investments and targeted initiatives to reduce both technical and commercial losses as follows:

3.2.1 Technical Loss Reduction Projects

The Company continued to prioritise technical loss reduction through targeted network upgrades and reinforcement of critical infrastructure. These efforts are aimed at improving efficiency, enhancing grid reliability, and supporting sustainable financial performance.

a) Network Infrastructure upgrades and configurations

Project description

These projects comprise strategic network upgrades, reconfigurations, and overload relief measures aimed at reducing technical losses.

Project scope

- Restore the 220 kV Kiambere–Embakasi line

- Commission 41 Medium Voltage reconfiguration and rehabilitation schemes.
- Addition and uprating of Primary substations to shorten medium voltage lines and balance loads.
- Phase balance low voltage network to improve reliability and quality of supply
- Uprate strategic 66Kv and 33kV lines to reduce losses.

Strategic benefits

- Lower technical losses for medium and low voltage network
- Improved reliability and quality of power supply
- Enhanced network capacity for demand growth.

Capital investment - Ksh.220M

b) Energy Accounting and Feeder/Transformer Metering

Project description

As a core pillar for sustained loss reduction, this initiative delivers complete visibility from generation injection points, transmission and medium voltage distribution, to low-voltage network levels. Through feeder and transformer meters installation and maintenance, the Company has enhanced its ability to localise losses, enabling precise and targeted field interventions. These measures not only support operational efficiency but also reinforce regulatory compliance and network planning.

Project scope

Maintenance of the existing meters at the bulk supply points from generators, transmission and distribution lines at 66kV, 33kV, and 11kV voltage levels.

Install feeder meters on unmetered distribution lines.

Install meters on 1,000 distribution transformers in the current year.

Deploy bulk meters on high-rise buildings for energy accounting.

Strategic benefits

Detailed localisation of losses to feeder/transformer/customer clusters.

Faster targeting of teams and measurable closure of loss hotspots.

Improved data integrity for planning, SCADA correlation and regulatory reporting.

Capital investment – KShs.2.7 Billion

3.2.2 Commercial Loss Reduction Projects and Initiatives

The Company continued to address commercial losses by strengthening metering systems, enhancing revenue assurance, and combating electricity theft. These measures are aimed at safeguarding revenue, improving customer confidence, and supporting sustainable business performance. These initiatives include:

a) Gigawatt Project

Project description

We launched a major loss reduction drive, the Gigawatt Project, as a decisive intervention against theft and metering anomalies. This intensive, data-driven initiative targeted high-loss sectors and deployed multi-disciplinary field teams to carry out rapid inspections, implement fix-and-bill actions, and replace faulty meters.

Project scope

- Inspections on targeted premises across all counties
- Audits and correction of meter anomalies.
- Rapid fix-and-bill on all affected accounts (meter replacements, sealing, reconnect/bill).

Strategic benefits

- A major contributor to the reduction in commercial losses from 6.28% to 4.36%
- Recovered a total of 327.91GWh across all customers categories.
- Enhanced deterrence through transparent, data-driven enforcement mechanisms.

b) Digitising meter reading for improved accuracy and efficiency

Project description

The accelerated smart metering programme marked a major step in strengthening Kenya Power's ability to monitor, measure and respond to consumption anomalies in real time. Targeting high-consumption, high-risk segments, the rollout currently stands at over 304,000 meters retrofitted. In parallel, meter reading modernisation using geofencing and OCR was piloted in Nairobi to improve coverage and billing accuracy, with a nationwide rollout planned in the coming financial year.

Project scope

- Retrofit smart meters for Industrial, SME and public lighting.
- AMR to Smart metering conversion for Industrial Customers to restore two-way visibility.
- Scale up OCR and geo-fencing with integrated data quality checks to effectively read legacy meters.
- Transition HV metering configuration from 3-phase 3-wire (3P3W) to 3-phase 4-wire (3P4W) to enhance measurement accuracy

Strategic benefits

- Reduced non-technical losses through visibility and enhanced responsiveness.
- Higher reading accuracy, lower estimated bills and fewer disputes.
- Foundation for proactive analytics (remote alarms, tamper, outage, power quality).

Capital investment – KShs.1.56 Billion

c) Electricity Theft Deterrence and Enforcement

Project description

To strengthen deterrence against electricity theft, multi-agency teams were deployed to hotspot areas, combining intelligence-led investigations with targeted field enforcement. The initiative led to material recoveries, successful prosecutions, and sent strong deterrent signals that reinforced ongoing technical and commercial loss reduction measures.

Project scope

- Deploy field enforcement Unit in the regions to coordinate raids on electricity theft hotspots.
- Carry out inspections based on data-led analytics and field intelligence.
- Diligent follow-through on resolution including comprehensive processing of court cases, accurate billing, and effective recovery strategies.

Strategic benefits

- KShs. 630 million was recovered through 3,597 operations, during FY2024/25
- 1,032 arrests during the year, acting as a deterrent and reinforcing our zero-tolerance stance on electricity theft.

4. Digital Transformation, Data and Innovation

4.1 Grid Monitoring and Control Systems

Project Description

The SCADA /ADMS platform remains central to the real-time monitoring, control, and optimisation of the national grid. During the FY 2024/25, strategic efforts focused on expanding system coverage, and modernising communication infrastructure. These upgrades coupled with automation of the distribution network equipment have strengthened grid responsiveness, improved operational efficiency, and elevated overall system availability.

Major Milestones in the year

- Recommissioned tele-protection on Rabai–Kiambere 220 kV line to safeguard generation continuity from 82 MW Kiambere Unit 2.
- Integrated Isebania 132/33 kV and Naivasha SGR 66/11 kV substations into SCADA.
- The SCADA system has maintained availability at near-100% for central system and 88% for the regional control systems in the financial under review.
- 80% of our transmission and distribution substations are on SCADA

Strategic Benefits

- Improves grid reliability and operational safety.
- Enables advanced Energy Management System functionalities for predictive control.

4.2 Geospatial Data Mapping for Asset and Customer Management

Project Description

The ongoing data mapping campaign is a key determinant of our digital transformation programme designed to enhance asset management, network planning, and customer service by integrating geospatial intelligence into Kenya Power's operational backbone. This project ensures accurate, real-time mapping of assets and customers on Geospatial Information System (GIS), thus enabling faster decision-making, targeted maintenance and efficient resource allocation. Its strategic relevance is underscored by the growing need for data-driven grid management, regulatory reporting, and service reliability improvements.

Project Scope

- Comprehensive digitisation of network assets, including substations, lines, transformers, and customer connections.
- Integration of GIS with customer management and outage management systems.
- Development of spatial analytics dashboards for load growth tracking, operation and maintenance planning, project monitoring.

Strategic Benefits

- Improved planning accuracy and reduced project execution delays.
- Enhanced outage responsiveness through precise fault location and crew dispatching.
- Provides granular visibility into customer distribution and revenue mapping, supporting targeted sales growth strategies.
- Strengthen compliance with regulator reporting requirements for asset and service coverage.

- 85.6% of customer meters were accurately mapped to the distribution network.

4.3 Digital Super Highway (DSH)

Project Description

The Digital Super Highway is a flagship Government initiative under the Ministry of Information and Communication Technology (ICT) and Digital Economy aimed at enhancing nationwide broadband connectivity to accelerate socio-economic transformation. Kenya Power's role is to deploy last-mile fibre connectivity leveraging its electricity distribution network, targeting 53,000 Government institutions countrywide. This project is strategically significant for enabling e-Government services, education, healthcare, and commerce in both urban and rural settings, and positions Kenya Power as a key player in the national digital economy rollout.

Project Scope

Deploy 100,000 km of fibre cable to connect 53,000 Government institutions riding on Kenya Power's network.

Strategic Benefits

- Strengthens Kenya Power's diversification into telecoms infrastructure and smartening the Grid.
- Accelerates digital inclusion and access to Government services.
- Support the Country's youth empowerment through ICT-enabled services.

Capital Investment

KShs 10 billion under Phase I.

5. Demand Outlook and System Planning

The Company, in conjunction with other energy sector players, continually monitors demand trends against the prevailing economic environment to forecast medium- to long-term energy and infrastructure needs, thereby guiding sector investments.

5.1 Least Cost Power Development Plan (2024–2043)

The Least Cost Power Development Plan (LCPDP) is a long-term comprehensive plan that guides the electricity sub-sector in the optimal sequencing of generation and transmission projects, aligned with projected demand growth. LCPDP is reviewed every two years to align it with the changing energy requirements for the country.

Project Description

In the year, the Government approved the LCPDP for the period 2024–2043, enabling sector wide- alignment on the timing and sequencing additional generation capacity. This is strategically important to pace investments with energy demand growth while safeguarding security of supply while enhancing affordability.

Project Scope

Comprehensive review of the country's present and projected electricity demand to inform the generation and transmission requirements. To address the emerging needs arising from use of renewable energy sources, priority was given to flexible capacity (Battery Energy Storage System/ BESS, pumped storage, selected hydro) and policy guide for future Variable Renewable Energy (VRE) to include appropriately sized BESS.

Strategic Benefits

- Alignment of additional generation and transmission capacity with projected electricity demand growth in the long term.

- Enhanced system flexibility and grid stability as we integrate Variable Renewable Energy (VRE) into the grid.

5.2 LCPDP Medium-Term Plan (MTP) 2025–2029

Project Description

The Medium-Term Plan, coordinated by Kenya Power, translates the LCPDP into a five-year implementation blueprint covering demand, generation and grid expansion. The 2025–2029 cycle identifies a temporary adequacy gap in 2026 and sets out interventions to minimise peak-period load shedding.

Project Scope

- Updates demand forecasts, least-cost supply projections, grid reinforcement needs, tariff evolution and implementation schedules
- Near-term measures include 200 MW of contracted power imports from Ethiopia (up from the initial 100 MW), new geothermal capacity from Menengai IPPs (70 MW), Olkaria I uprating to a total of 63 MW and repair of the Sondu hydro unit to enhance capacity to 30 MW
- Mid-term pipeline advances a diversified mix of geothermal, wind and solar with battery storage, selective LNG and incremental imports, supported by grid readiness investments

Strategic Benefits

- Addresses the 2026 adequacy gap and reduces peak-shedding risk
- Lowers cost exposure by displacing expensive thermal generation and strengthens portfolio resilience
- Creates headroom for electrification and clean energy growth
- Provides greater clarity on the timing and sequencing of new capacity and imports

Capital Investment

Generation investment is primarily developer funded through KenGen and Independent Power Producers, while grid readiness is supported through transmission and distribution capital expenditure. Kenya Power's role is focused on integration, interconnection and contracting.

5.3 Regional Integration for Improved Grid Resilience

Grid Resilience refers to strengthening the grid's ability to withstand and recover quickly from disturbances while leveraging regional interconnections for support. A resilient network manages capacity shortfalls, equipment failures and renewable variability to ensure stable supply under both normal and stressed conditions. Regional links, such as the Kenya–Tanzania interconnector, enhance this resilience by enabling cross-border trade, balancing surpluses and deficits, and preparing for participation in the Eastern Africa Power Pool Day-Ahead Market.

Commissioning of the Kenya–Tanzania 400 kV Interconnector

Project Description

Implemented by KETRACO and energised in December 2024, the interconnector links Ethiopia, Kenya and Tanzania - strengthening regional stability, enabling mutual support, and preparing for regional market operations under the Eastern Africa Power Pool (EAPP).

Project Scope

- Finalisation of Energy Exchange Agreement; system studies and energisation.
- Initial operations: ~30 GWh exports to TZ and ~33 GWh imports since go-live-; ongoing 100 MW wheeling trial (Ethiopian Electric Power-EEP → Tanzania Electricity Supply Company-TANESCO) via Kenya.

Strategic Benefits

- Improves adequacy and resilience during domestic peaks/outages.
- Expected to unlock arbitrage and flexibility as EAPP Day Ahead- Market goes live.

Capital Investment

- Interconnection project costs borne by KETRACO;

5.4 Ancillary Services for Improved Grid Stability

Project Description

Within the medium-term pipeline, the planning of ancillary services sufficient to address inadequate reserves, reduced dispatchable capacity amidst higher Variable Renewable Energy (VRE) variability, is paramount. We have prioritised energy storage systems and peaking plants to facilitate the requisite grid stability.

Project Scope

- Procure Battery Energy Storage Systems (BESS) ancillary services; accelerate near-term Independent Power Producers-IPPs and key grid reinforcements.
- Advance Liquefied Natural Gas peaking plant and geothermal rehabilitation and uprates.

Strategic Benefits

- Improves reserve margin and frequency stability at peak.
- Enhances ability to integrate higher VRE shares without curtailment.

Capital Investment

Mix of developer-funds and the Government financing

5.5 PPA Portfolio and Commercial Optimisation

This pertains to an optimal combination of various generation technologies from the existing portfolio to ensure security of supply while managing power purchase costs.

Project Description

This involves active PPA management and targeted negotiations to maintain security of supply at least cost, with thermal utilisation kept within targets and a generation mix anchored on geothermal and hydro sources.

Project Scope

- 57 projects under negotiation covering small hydro, geothermal, wind/solar with BESS.
- Rapid results approach prioritising baseloads, then wind/solar with BESS, and ready-to-proceed projects.

Strategic Benefits

- Supports adequacy and flexibility while minimising average purchase costs.
- Improves portfolio resilience to demand and hydrology variability.

6. Improving Customer Experience

Improving customer engagement and satisfaction

During the year, we deepened our customer-first operating model, delivering faster resolution, more accurate billing and improved service delivery. The Contact Centre was strengthened with 130 additional agents, raising agent-handled calls by 44% and service levels to an average of 85.7%. Digital engagement also grew, with self-service usage up 22%, registrations up 34%, customer emails handled rising to 152,780, and social media interactions reaching 197,772 on WhatsApp and 764,238 on Facebook.

We complemented this with on-the-ground engagement, holding 1,332 customer barazas, 839 targeted visits to industrial and SME clients, 33 structured forums with telecommunications companies, and 173 nationwide '*Pika na Power*' forums to promote electric cooking and energy efficiency.

As a result, customer satisfaction improved, with the index rising to 72% from 69%.

We will continue to deepen customer education, strengthen partnerships with key segments, and focus on enhancing service reliability, building trust and aligning engagement with sustainable energy use.

7. Building and Retaining a Skilled Workforce

Our people remain the cornerstone of the Company's operational excellence and service delivery to our customers. The dedication and expertise of our workforce has been instrumental in driving innovation and providing quality service to our stakeholders. During the reporting period, we enhanced our talent base through strategic retention initiatives, targeted recruitment, capacity development and rewards schemes. These initiatives ensure the right mix of skills and expertise to drive our efficiency and improve business performance.

7.1 Workforce distribution and retention

As at 30 June 2025 the Company had a total work force of 10,582 employees with a gender mix of 79% male and 21% female, and corporate average age of 43 years. Affirmative action is being taken to increase female representation to a minimum of 30%.

Over 85% of our staff members are in technical business operations to manage our extensive grid spanning 320,000 kms, and in customer facing functions to serve our 10 Million customers.

As part of its commitment to attract, retain, and motivate talent, the Company implemented several compensation and benefits initiatives during the year. These included the rollout of a fully funded car and mortgage loan facility at a subsidised interest rate of 3% , a review of the shift compensation structure to enhance remuneration for staff working outside standard hours, and the promotion of 1,640 employees across various job grades in recognition of performance and long service.

In recognition of the Company's strong performance in the FY 2023-24, a comprehensive reward and recognition programme was implemented to boost engagement, morale and productivity, foster a performance-driven culture, and support staff retention. Recognition included bonus payments to qualifying individuals and team rewards.

Together, these interventions strengthened employee well-being, loyalty, and long-term business performance.

7.2 Employee skills development

The Company reinforced employee capability through 254 training programmes in technical, leadership, professional and e-learning, reaching 4,126 staff and 472 external participants in areas such as smart metering, overhead line construction and fibre-optic, among others.

A further 258 employees undertook specialised training and global knowledge exchange in emerging areas such as renewable energy, nuclear energy and sustainability. Online learning platforms expanded coverage and managed costs, resulting in 67.5 per cent training reach and an average of 3.04 training days per employee.

Further, 585 interns were engaged, and 2,459 students were placed on industrial attachment, reinforcing youth empowerment.

To address evolving skills needs, the Company is establishing advanced laboratories at the Institute of Energy Studies and Research to support training in renewable energy, mini-grid systems, power electronics, and energy analytics with artificial intelligence.

7.3 Employee wellness programmes

In 2024/25, the Company strengthened employee wellness and occupational safety, guided by Board-approved policies on Medicare, HIV/AIDS, and Alcohol and Drug Abuse. A total of 45 employees completed structured rehabilitation programmes and 147 received detox support. Expanded mental health services delivered 699 individual counselling sessions, 17 group therapy sessions reaching 245 employees, and 20 family therapy sessions. Preventive healthcare was also prioritised, with 3,209 employees benefiting from medical camps.

These initiatives foster a healthier, more engaged and productive workforce, reinforcing operational resilience and supporting sustainable business growth.

7.4 Improved employee engagement and satisfaction

As a result of the various employee-centric initiatives implemented during the year, we recorded an improved Employee Satisfaction index of 83%, up from 67% reflecting a strong overall performance. This uplift is a testament of stronger alignment with the Company's mission and values, greater teamwork and collaboration, recognition of high performance, renewed optimism about the future, and better access to the tools and resources needed to excel.



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

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STATEMENT OF PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

KPLC, in its vision to be the ‘Energy solution provider of choice’ has continued to be an effective partner in the National Economic Development Agenda while at the same time strengthening its competitive edge for business sustainability.

Towards delivering on our strategic intent, there were eight (8) strategic objectives for the FY2024/25 namely: **Ensure Financial Sustainability, Improve Customer Experience, Enhance Stakeholder Engagement, Enhance Network Reliability and Efficiency, Improve Business Efficiency, Improve Performance Culture, Increase Business Innovation and Leverage on Technology.**

The extent to which the objectives were attained as at June 2025 is as tabulated below.

KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	TARGET 2024/25	ACTUAL 2024/25	VARIANCE	STRATEGIC INITIATIVE	ACTIVITIES
Profit Before Tax	Ksh. (B)	15,408	35.38	19,972	Asset Refinance & Balance Sheet Restructure	- Delivery of Green Resilient Initiative
						- Balance Sheet Restructuring Roadmap Execution
Debt to EBITDA Ratio	No.	2.5	1.8	(0.7)		- Conversion of Foreign Exchange Dominated loans to Kshs
Return on Assets	%	4.32%	6.55%	2.23%	Revenue Diversification	- Increase Incomes from Diversified sources -
Sales Growth	%	6.00%	8.43%	2.43%	Engage in focussed high yield customer recruitment	- Establish project management structure for Premium

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KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	TARGET 2024/25	ACTUAL 2024/25	VARIANCE	STRATEGIC INITIATIVE	ACTIVITIES
						Customers to fast-track the implementation of these premium sales projects to completion
Current Ratio	No.	0.75	0.84	0.09	Connectivity Turnaround Time	- Strategic procurement of project materials for smooth implementation. -
Pending Bills	%	1.0%	7.9%	(6.9)%	Working Capital Management	- Develop & implement Roadmap for Re-valuation of Select Assets
						- Revamp Revenue Collection
Implementation of Corporate Service Delivery Charter	%	100.0%	100.0%	0.00		- Develop & Implement Stakeholder Engagement Workplan
Customer Satisfaction Index	%	73.7%	-	-	Build and Maintain a Stakeholder Eco-system	- Develop & Implement a roadmap for CSR Activities
Corporate Reputation Index	%	66.0%	75.23%	9.23%		- Carry out customer awareness for

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KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	TARGET 2024/25	ACTUAL 2024/25	VARIANCE	STRATEGIC INITIATIVE	ACTIVITIES
						prospective and existing customers.
System Losses	%	21.50%	21.21%	0.29%	Segregate & Measure System Losses	- Retrofitting of large power AMR with SMART meters
						- Adhere to Inspection Schedule
						- SME Inspected
SAIFI	No.per year	30	44.07	14.07	Implement Network Refurbishment projects	- Completion of planned refurbishment projects
						- Implementation of the Transformer Maintenance Plan
						- Preventive maintenance of transmission lines and substations
CAIDI	Hrs	2.18	2.57	0.39	Employee Resourcing & Training	- Resourcing & training of O&M Staff
Availability of Transmission Grid	%	98.00%	99.86%	0.02	Transmission System Maintenance	- Complete maintenance of all 66kV feeders and loaded (11kv and

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KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	TARGET 2024/25	ACTUAL 2024/25	VARIANCE	STRATEGIC INITIATIVE	ACTIVITIES
						33kV) feeders-(60% Loading factor)
Employee Satisfaction Index	%	75.0%	81.0%	6	Implement Employee Engagement/Satisfaction Survey Results	- Carry out employee satisfaction/engagement once a Year
						- Implement the recommendation of the employee survey
						-
Productivity Index Obtained	%	100%	100%	0	Develop & Implement Productivity Improvement Initiatives	- Stakeholder Engagement with NPCC
						- Develop and monitor productivity improvement Strategies

SUSTAINABILITY REPORT

Corporate Strategy Alignment to Sustainability Principles

Building on this foundation, the Company has aligned its Corporate Strategy with sustainability principles to ensure long-term resilience while balancing commercial interests with environmental, social and governance (ESG) best practices. This alignment advances our contribution to the climate change agenda and supports the Sustainable Development Goals.

During the year, we launched a Sustainability Framework and cascaded it across all administrative regions. Key business operations were streamlined to embed safety, environmental stewardship, social responsibility and governance into daily practices, creating long-term value for customers, shareholders and communities.

The strategy also aligns with Kenya's universal access and clean energy ambitions and is guided by the Global Reporting Initiative (GRI) Standards for transparent annual disclosures.

Key Material Matters

Reference	Material Matters	Description	Linked Strategic Goal
L	Liquidity	The financial health of the Company is key to ensuring service delivery and creating long-term stakeholder value. Prudent management of our debt and short-term obligations, coupled with sustained sales growth and income diversification, determines our ability to achieve our Strategic and Sustainability targets.	SG1 ¹ , SG3
G	Government Support	The Government remains a pivotal stakeholder for the Company - serving as majority shareholder, policy setter, and major customer at both national and county levels. Its support and collaboration are therefore critical to strengthening the resilience of the electricity sector, particularly through responsive tariff frameworks, well-structured PPAs, and effective management of outstanding receivables.	SG1
R	Grid Reliability & Expansion	With a growing customer base and electricity's central role in driving our economy, enhancing grid reliability and availability is critical to improving customer experience while powering growth. Ongoing initiatives have thus prioritised this supply security and flexibility across the network.	SG2, SG3
C	Customer Experience	Customer centricity and operational excellence remain the pillars of our strategy to preserve and grow our customer base while sustaining demand. By fostering transparent communication,	SG2, SG3

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

Reference	Material Matters	Description	Linked Strategic Goal
		strengthening stakeholder engagements, and ensuring responsive service delivery, we consolidate our reputation as a trusted and dependable service provider.	
P	Our People	Our employees are the cornerstone of our operations and the strongest ambassadors of our brand. We remain committed to attracting, developing, and retaining highly skilled talent by fostering engagement, enhancing productivity, and creating an enabling environment that empowers our people to excel.	SG3, SG4
S	Social Investments	With a legacy spanning over a century, Kenya Power remains deeply embedded in the nation's social and economic development. Recognising the material importance of corporate social responsibility, we continue to invest in initiatives that foster community trust, strengthen our social license to operate, and reinforce our purpose of powering lives with sustainable and inclusive growth.	SG2, SG4
E	Climate Change and Environmental Degradation	Climate change remains a material consideration for our business, with growing impacts posing both operational and strategic risks. In recognition of this, Kenya Power has prioritised initiatives aimed at reducing our carbon footprint and advancing sustainable environmental practices. These efforts not only align with global climate action goals but also safeguard the long-term resilience and competitiveness of our operations.	SG3
PG	Public Governance	Safeguarding the interests of our diverse stakeholders remains a material priority for Kenya Power. We have embedded initiatives that strengthen regulatory compliance, enhance transparency, and uphold accountability across all operations. By aligning our practices with ethical standards and evolving reporting requirements, we not only mitigate governance and reputational risks but also reinforce stakeholder trust.	SG3

Climate Change, Safety and Social Impact

In the period, we anchored our work on four focus areas—Environmental Stewardship, Social Responsibility, Economic Resilience, and Robust Governance—supported by a Company-wide governance and monitoring framework. The Board sets strategic direction; the Managing Director & CEO serves as the Sustainability Accounting Officer; the Kenya Power Foundation (KPF) oversees Corporate Social Investment; and Business Strategy function coordinates execution and reporting. Our sustainability initiatives support 10 Sustainable Development Goals (SDGs), namely 3, 5, 7, 8, 9, 12, 13, 15, 16 and 1) and our reporting is aligned to the GRI framework.

Climate Change

Energy and carbon-transition

Kenya's vision for 100% renewable energy by 2030 remained central to our operations. In FY 2024/25, renewable energy accounted for 90% of the generation mix, compared to 92% the previous year. The marginal reduction in growth reflects system constraints that required increased thermal dispatch to meet rising electricity demand.

Initiatives towards carbon neutrality:

- Onboarding of renewable plants with Battery Energy Storage Systems (BESS) to manage intermittency.
- Hybridisation of four diesel plants with solar and battery storage, which is ongoing and is to be completed in the FY 2025-2026.
- Steady growth of Electric Vehicles adoption - The Company fleet expanded by 30% to 26 vehicles.
- KSh 25 million was invested in public charging, including a free charging hub at Stima Plaza.
- Promotion of electric cooking solutions through 173 *Pika na Power* forums and wider education initiatives.

Environmental stewardship

Kenya Power supports national climate change mitigation and biodiversity conservation objectives through tree growing, ensuring environmental regulatory compliance for our projects and environmental monitoring among other ways. During FY 2024/25, 456,1351 seedlings were planted and nurtured across designated forest blocks, public institutions and community lands. Partnerships with KFS, CBOs, schools and local authorities as well as follow up care continue to enhance survival rates and community ownership. Targeted environmental monitoring for AfDB I Savings, JICA LMCP, and AFD/EU/EIB LMCP lots was done in the year. In addition, 11 Environmental Impact Assessment (EIA) submissions were made to NEMA as part of environmental compliance for our projects.

Some of the areas where trees were planted include -

- Southwest Mau Complex – Londiani (Sitoton & Kuresoi blocks) and Narasha (Mumberes) forests.
- Nairobi River Basin/Arboretum; Sirikwa and Gacharage forests; Meru, Embu and Bunyala forest blocks.
- Schools and community sites in Kitui, Kericho, Migori, Kajiado and Kilifi.

Energy access and network reliability

Kenya Power is an enabler in the achievement of SDG 7 which provides for access to clean, reliable and affordable energy for all, necessary for economic and social development. During the year, the Company implemented network projects to improve power supply availability and also connected 456,135 new customers, including 105,924 households under the Last Mile Connectivity Project (LMCP).

Local empowerment and inclusion

As part of contribution towards SDGs 1 (No Poverty) and 10 (Reduced Inequalities), in the year under review, the Company's workforce comprised 10,582 staff all drawn from our local communities comprising of 27% female and 73% male, which was an improvement of 2 percentage points year-on-year. We engaged 376 contractors, employing about 6,200 people, mainly from host communities, and engaged 1,032 interns and 214 attachés to deepen the talent pipeline. Local procurement totalled KSh 23.6 billion, with 35% channelled through AGPO to youth, women and persons with disabilities.

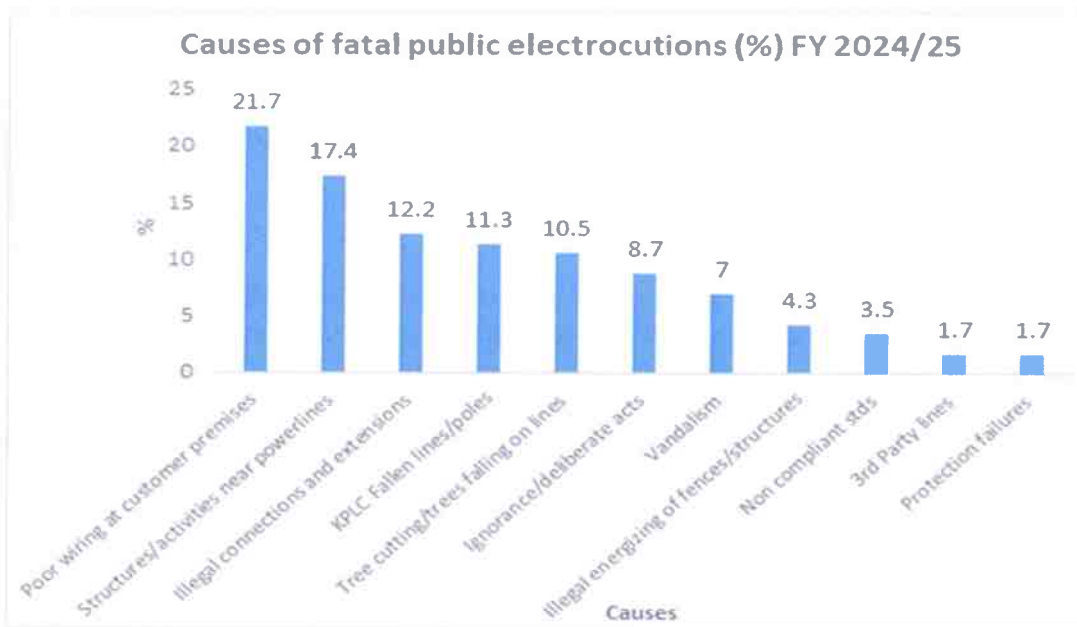
Occupational and Public Safety

At a glance

Indicator	FY 2024/25	Remarks
Staff fatalities (FY24/25)	5	50 % reduction from previous year
Contractor fatalities (FY24/25)	2	33% reduction from previous year
Public fatalities (FY24/25)	115	3% reduction from previous year
Public safety campaigns	648	36 % increase from previous year
Safety talks (technical teams)	237	7 % less than previous year
Statutory compliance (OSH/Fire/Env. audits)	Mostly compliant (some items in progress)	

Safety remains a top priority for the Company, and we deeply regret every life lost or affected in the course of our operations. Unfortunately, there were 122 fatalities attributed to electrocutions and operational-related accidents, comprising 115 members of the public, five employees and two contractors. The number of occupational staff fatalities reduced by 50% from ten in the previous year to five in the year ended June 2025. The staff accident frequency per 100,000 man-hours decreased from 0.19 in the previous year to 0.13 in the year ended June 2025, while accident frequency per 1000 transformers decreased from 2.49 in the previous year to 2.19 in the year ended June 2025.

Causes of public electrocutions



Key actions delivered

To improve occupational and public safety, the Company intensified its safety interventions during the year, focusing on both prevention and awareness. We implemented targeted occupational safety and health programs, directly benefitting 6,686 employees, including routine surveillance to detect occupational illnesses at total cost of KShs.14.4 million. We also procured and supplied to our frontline and field-based employees Personal Protective Equipment (PPE) including overalls, safety shoes, gloves, reflector jackets, and helmets to the tune of Kshs.100 million. Additionally, we conducted routine worksite safety inspections to ensure compliance with safe operating procedures and conducted staff and contractor competency and authorisation interviews for safe operation of the network.

We also conducted 648 public safety campaigns through chiefs' *barazas*, schools and churches, 237 safety talks for technical teams, and delivered targeted training to reinforce safe work practices. We strengthened compliance with applicable safety regulations to entrench a culture of safety across all our operations.

While these measures have contributed to notable progress, our commitment remains steadfast: to continually enhance safety in our business operations towards a future where every employee, contractor, and member of the public is free from accidents.

Community investment & social impact (Kenya Power Foundation)

Kenya Power's Corporate Social Responsibility and Investment (CSRI) programme is anchored on three strategic pillars — Education and Skills Development, Environmental Conservation, and Social Impact & Community Wellness — aligned to the Kenya Power Foundation's mission of creating lasting socio-economic value. These initiatives not only foster goodwill and trust but also directly support the Company's licence to operate, advance Kenya's national priorities, and contribute to the United Nations Sustainable Development Goals (SDGs), including SDG 4 (Quality Education), SDG 13 (Climate Action), and SDG 15 (Life on Land). In FY 2024/25, KShs.15 million was invested in CSRI, delivering measurable outcomes and sustainable impact nationwide.

The key achievements under CSRI were: -

- Rolled out mentorship programmes with a focus on STEM education and career readiness.

- Maintained a revolving fund at Starehe Boys' and Girls' Centres to provide full scholarships for academically gifted students from underprivileged backgrounds.
- Invested KSh 10.5 million in construction and rehabilitation of classrooms at schools including Miu CEB (Machakos), Our Lady of Mercy (Nairobi), Napetet Mixed Secondary (Lodwar), Nairobi School, Kabarnet High, Kositei High (Baringo), Athi School (Meru), Charera Special School (Kericho), and Kirigi Day Secondary (Embu).
- Rolled out mentorship programmes with a focus on STEM education and career readiness.
- Maintained a revolving fund at Starehe Boys' and Girls' Centres to provide full scholarships for academically gifted students from underprivileged backgrounds.
- Invested KShs.10.5 million in construction and rehabilitation of classrooms at schools including Miu CEB (Machakos), Our Lady of Mercy (Nairobi), Napetet Mixed Secondary (Lodwar), Nairobi School, Kabarnet High, Kositei High (Baringo), Athi School (Meru), Charera Special School (Kericho), and Kirigi Day Secondary (Embu).
- Rolled out mentorship programmes with a focus on STEM education and career readiness.
- Maintained a revolving fund at Starehe Boys' and Girls' Centres to provide full scholarships for academically gifted students from underprivileged backgrounds.
- Invested KShs.10.5 million in construction and rehabilitation of classrooms at schools including Miu CEB (Machakos), Our Lady of Mercy (Nairobi), Napetet Mixed Secondary (Lodwar), Nairobi School, Kabarnet High, Kositei High (Baringo), Athi School (Meru), Charera Special School (Kericho), and Kirigi Day Secondary (Embu).
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Education & Skills Development – Outcomes

- Invested KShs.10.5 million in construction and rehabilitation of classrooms across nine schools, benefiting over 3,500 learners with improved learning environments.
- Maintained a revolving fund at Starehe Boys' and Girls' Centres to support fully funded scholarships for academically gifted students from underprivileged backgrounds; 18 beneficiaries graduated into tertiary education this year.
- Rolled out STEM-focused mentorship programmes, reaching over 1,000 students through school visits and career talks, aimed at improving transition to STEM careers.
- Donation of 250 school uniforms to learners at Mukuru Kwa Njenga and Our Lady of Nazareth Primary under the Luku Safi Campaign; sanitary products supplied to Huruma Girls.

Environmental Conservation – Outcomes

- Partnered with the Kenya Forest Service (KFS), community-based organisations (CBOs), and schools in the Kijani Tree Planting Campaign, planting 456,135 seedlings nationwide.

- Estimated carbon sequestration potential of ~9,000 tonnes CO₂ equivalent annually, supporting Kenya's National Climate Change Action Plan.
- Achieved an average seedling survival rate of 78% through community-led nurturing and follow-up visits.

Social Impact & Community Wellness – Outcomes

- We distributed 250 school uniforms under the Luku Safi Campaign to learners in Mukuru Kwa Njenga and Our Lady of Nazareth Primary Schools, boosting attendance and morale.
- Provided sanitary towels to Huruma Girls, improving class attendance for adolescent girls and promoting dignity and health.
- Delivered community health awareness sessions alongside donations, aligning with Kenya Power's public safety and wellness campaigns.

Foundation Governance Progress

- We launched the Kenya Power Foundation in September 2024 as the strategic delivery vehicle for CSRI programmes.
- Drafted and approved core governance policies, including the Trustees Charter, Financial Management Policy, and Donor Acceptance, Compliance, and Declaration policies.
- Selected KCB as the preferred banking partner after evaluating nine Tier One banks; account opening in progress.
- Allocated and branded dedicated office space on the 4th floor of Electricity House, Nairobi CBD, with fit-out planned for early 2025/26.

Looking Ahead – 2025/26 Targets

- Double the number of scholarship beneficiaries by FY 2025/26.
- Expand tree planting to an additional 10 counties and target 500,000+ seedlings annually with an improved survival rate above 80%.
- Scale STEM mentorship programmes to reach 3,000+ students with a specific focus on girls in science and technology.
- Fully operationalise the Kenya Power Foundation and initiate annual independent impact assessments.

Partnerships and Stakeholder Management

Area	Key Highlights
Customer & community	3,000+ LMCP IV engagements in 32 counties; 186 LMCP V (JICA) in 4 counties; 426 KOSAP engagements in 13 counties.
Brand & sponsorship	WRC Safari Rally 'Lighting Partner' with ~120m viewers reached across 70+ countries
Supply chain & local content	Local manufacturers spend 42.29%; local content 88.86% (up from 21.44% and 61.42% in 2023/24).
Access to Government Procurement Opportunities (AGPO)	8.43% of awards (KShs.3,193.97m, VAT excl.).
Policy & planning	Draft Medium-Term Plan 2024–2029 issued to electricity sub-sector CEOs.
Regional market (EAPP)	Trader certification, MTP site acceptance, operational readiness testing, and hosted regional trade conference.
Investors and banks	Regular engagements, updates on working capital and transaction execution.

Strategic Stakeholder Engagements

Strategic and collaborative engagement underpins our license to operate, supports grid reliability, combats vandalism and electricity theft, accelerates growth areas such as e-mobility and regional power trade, and improves customer experience. Insights from stakeholders feed directly into our leadership and Board-level decision-making processes, influencing strategic priorities, partnerships, capital allocation, and programme design. This ensures that Kenya Power remains responsive to the evolving needs of customers, communities, investors, regulators, and other partners.

Our stakeholder engagements in FY 2024/25 directly supported the Company's strategic priorities across Customer Centricity, Reliability, Digital Transformation, Sustainability, and Financial Sustainability. By linking each initiative to our five-year strategy themes, we ensured that the voice of stakeholders shaped decisions, strengthened operational excellence, and delivered tangible benefits to customers, communities, partners, and investors.

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Stakeholder Engagement Summary

Stakeholder Group	Interests	How We Engage	What We Heard	Actions & Outcomes (2024/25)	Priorities 2025/26
Customers	Reliable, safe, affordable supply; transparent billing; fair connections; clear communication	County dialogues and forums with KARA; targeted customer meetings; LMCP/KOSAP consultations.	Need for reliability, billing clarity, faster connections; support for co-created solutions.	3,000+ LMCP IV engagements in 32 counties; 186 LMCP V in 4 counties; 426 KOSAP engagements in 13 counties; co-created local fixes.	Expand county-level co-creation; sharpen billing comms; sustain faster outage restoration.
Communities	Safe, reliable, affordable power; minimal disruption; socio-economic benefits.	Public consultations; project outreach; stakeholder energy dialogues.	Desire for timely information and local benefits from projects.	County dialogues and outreach shaped project planning, improved service delivery.	Publish 'you said, we did' summaries; integrate feedback into scheduling and safety campaigns.
National & County Government / Regulators	Energy security; affordability; reliability; policy alignment.	Sector planning sessions; policy dialogues; regulatory consultations; site visits.	Focus on coordinated planning, vandalism prevention, and affordable tariffs.	Issued draft Medium Term Plan 2024–2029; rolled out anti-vandalism campaigns.	Secure MTP approval; align anti-theft actions with county enforcement.
Investors & Financiers	Strategy execution; cash generation; risk management; ESG performance.	Investor briefings; bank meetings; regular financial updates.	Need for clarity on working capital improvements and transaction timelines.	Strengthened banking relationships; reinforced efficient capital operations.	Maintain proactive lender/investor engagement; publish working capital KPIs.
Supply Chain & Local Manufacturers	Fair procurement; local participation; capacity building.	Framework agreements; restricted tenders to local manufacturers; AGPO sensitisation.	Requests for faster procurement and financing linkages.	Local manufacturers spend 42.29%; local content 88.86%; AGPO awards 8.43% (KSh 3.19b); ordering cycle cut from 6 months to 14 days.	Deepen quality assurance; expand AGPO participation; maintain just-in-time deliveries.
Telecommunication s Clients	Uninterrupted power for critical telecom infrastructure; accurate metering; responsive service.	Nationwide regional caravans with Safaricom, Airtel, ATC, Eaton Towers, JTL, Telkom.	Need for smart meter upgrades, billing accuracy, and rapid issue resolution.	Recovered KES 1.1B through reconciliations ; 97% smart meter retrofit; 8 regional WhatsApp groups created for real-time issue management.	Maintain meter upgrade programme; sustain WhatsApp engagement groups; enhance proactive outage communication.

Stakeholder Group	Interests	How We Engage	What We Heard	Actions & Outcomes (2024/25)	Priorities 2025/26
Residential & Commercial Cooking Customers	Affordable, clean, and reliable cooking solutions; energy efficiency awareness.	Nationwide 'Pika na Power' forums and e-cooking demonstrations.	Interest in affordable appliance financing, time-of-use tariffs, and efficiency tips.	Held 173 forums nationwide; promoted clean cooking and appliance adoption.	Expand forum reach; integrate appliance financing options; enhance tariff education.
General Public & Communities	Digital platform literacy; safety awareness; energy-efficient practices.	Barazas and door-to-door customer education campaigns.	Requests for improved access to self-service digital platforms and faster fault reporting.	1,332 campaigns executed vs target of 1,272 (105% achievement); regional highs: Mt. Kenya (122%), West Kenya (139%), North Eastern (147%).	Expand outreach to underperforming regions; integrate digital demos into Barazas.
Large Power & SME Customers	Reliable supply; customised technical support; transparent communication.	On-site visits and structured customer forums.	Desire for improved outage management, technical advice, and tariff clarity.	839 visits; 33 forums held in final quarter; proactive technical engagement in NE, Coast, Nairobi South.	Institutionalise quarterly forums; publish regional reliability scorecards.
Corporate & Institutional Clients	Efficient issue resolution; strong partnership; customised services.	Dedicated account managers; scheduled visits to strategic clients.	Need for faster resolution of technical and billing issues; proactive infrastructure upgrades.	537 visits across water companies, county/national Governments, embassies, public health facilities, banks, corporates, Telcos, and parastatals.	Introduce quarterly performance reviews; implement proactive upgrade plans for key accounts.

Medium Term Sustainability Priorities

Looking ahead, the Company remains committed to advancing sustainability by scaling up renewable energy integration, strengthening grid resilience through BESS deployment, and promoting demand-side management initiatives such as time-of-use tariffs. We will continue championing energy transition programmes, including e-mobility and e-cooking, while reducing losses, curbing illegal connections and safeguarding operational viability. In line with the SDGs and GRI reporting standards, we are embedding stronger safety practices, enhancing disclosures with independently assured sustainability indicators, and deepening collaboration through PPPs and blended finance. These efforts position the Company to deliver long-term value whilst contributing to a just and inclusive energy transition.

CORPORATE GOVERNANCE

The Company is committed to promoting good corporate governance for improved business performance and to meet stakeholders' expectations. In this regard, the Company continues to comply with applicable best governance practices key among them being the Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (CMA Code), and the *Mwongozo* Code of Governance for State Corporations, 2015.

Corporate Governance Assessment Report

The Capital Markets Authority assessed the Company's application of the CMA Code. Governance Area	Score (%)
Commitment to Good Corporate Governance	90
Board Operations and Control	87
Rights of Shareholders	86
Stakeholder Relations	73
Ethics and Social Responsibility	74
Accountability, Risk Management & Internal Control	80
Transparency and Disclosure	72
Overall Score	80 (up from 74)

As seen in table, the governance score improved from 74% to 80%, reflecting the Board's sustained efforts to strengthen practices beyond CMA's minimum requirements. The Company has mapped stakeholders and disclosed, in the Annual Report, each stakeholder group, their material relationship, means of engagement, interests, and outcomes, while also identifying supported SDGs and reporting progress.

CMA further recommended that policies under the 2023 Public Offers, Listings and Disclosure Regulations be submitted to shareholders for explicit approval at the AGM. Unlike the previous AGM, where directors were authorised to adopt them, this year each policy has been presented for shareholder approval. CMA also advised disclosure of the Company's data privacy approach, now detailed in the Governance, Risk and Compliance Report.

Roles and Responsibilities of the Board

The Board is responsible for directing the Company so as to achieve continuing prosperity for the Shareholders and in the best interest of the Company. In achieving this purpose, the Board is collectively responsible for the following roles:

- Good corporate governance
- Strategic planning
- Accountability, risk management and internal control
- Preparation of financial accounts
- Human Resources and Operations

Details on the roles and responsibilities of the Board are contained in the Board Charter available on the Company website www.kplc.co.ke

The Board operated through five Committees, to which it had delegated certain responsibilities and which operate in accordance with specified terms of reference. The Chairman is not a member of any

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committee while the Managing Director and CEO is a member of all committees except the Audit Committee.

Board Committees

Board Committees	Terms of References/ Key Deliberations
Finance, Strategy & Risk Committee James Rege (Chair) Members 1. Dr. Stephen Ikikii 2. Albert Mugo 3. Isaac Kiva 4. MD & CEO	• Financial Oversight and Strategy – Oversee accounting policies, financial reporting, budget performance, long-term goals, funding, and capital-raising strategies. • Procurement oversight – Monitor the annual procurement plan. • Risk and Strategy Monitoring – Assess emerging risks and track implementation of corporate strategic and annual plans. • Performance and Sustainability – Review performance contracts, drive sustainability objectives, and identify value creation opportunities. FY 2024/25 Key deliberations: • Considered funding for various infrastructure and sustainability investments as per corporate strategy. • Reviewed accounts, liquidity, foreign currency position, and sales performance to inform cash flow and revenue strategies. • Considered annual the Company's procurement plan and asset write-offs to enhance operational efficiency. • Evaluated enterprise risks, insurance coverage, and board performance to strengthen accountability. • Advanced ESG strategy, reviewed pension scheme reports, and considered financing for staff welfare initiatives.
Governance and Human Resource Committee Members Ruth Muiruri (Chair) Members 1. Logan Christi 2. Ezekiel Saina 3. Isaac Kiva 4. MD & CEO	• Leadership and Talent Management – Oversee senior staff appointments, promotions, disciplinary matters, and succession planning. • Remuneration and Rewards – Develop, review, and recommend the Company's remuneration structure. • Governance Oversight – Review governance documents and recommend changes; oversee Board succession planning. • Ethics and Integrity – Promote adherence to the Code of Ethics and foster a culture of integrity across the Company. FY 2024/25 Key deliberations: • Consider contract renewals for senior management, HR policies, succession planning, and staff welfare. • Set CBA 2025–2028 terms, reviewed HR surveys, training programmes, and recruitment feedback. • Reviewed governance, legal, ethics, board performance, and considered AGM preparations. • Considered customer service issues, reputation management and CSI programmes • Deliberated issues on litigations, real estate management, security, and safety health and environment performance.

Board Committees	Terms of References/ Key Deliberations
Audit Committee Members CPA Dr. Caleb B. Manyaga (Chair) Members 1. Ruth Muiruri 2. Dr. Stephen Ikikii 3. Ezekiel Saina	• Financial Reporting Oversight – Ensure accuracy and credibility of financial statements; review half-year and annual accounts before Board approval. • Audit and Assurance – Assess performance, independence, and findings of external auditors. • Risk and Internal Controls – Review effectiveness of internal control and risk management systems. • Internal Audit Oversight – Approve audit charter, plan, and budget; review audit activities, reports, investigations, and coordination with external auditors. FY 2024/25 Key deliberations: i. Approval of Board Audit Committee Charters and Internal Audit Work Plan 2024/2025. ii. Consideration of both half and full year trading results for the year ended 30th June 2025. iii. Consideration of Draft Audit Report of the Auditor General for the year ended 30th June 2025. iv. Consideration of Internal Audit Quarterly Reports.
Technical Committee Members Albert Mugo (Chair) Members 1. CPA Dr. Caleb B. Manyaga 2. Isaac Kiva 3. Dr. Stephen Ikikii 4. Logan Hambrick 5. MD & CEO	• Project Oversight – Oversee implementation of projects, identify challenges in technical operations, and project management, and recommend solutions to the Board. • Operational Oversight – Oversee Network Management, Infrastructure Development, Commercial Services, and Regional Operations, and present periodic reports to the Board. • Stakeholder Value – Safeguard the interests of shareholders, customers, and stakeholders by ensuring cost-effective power purchase costs • Technology and Innovation – Promote technology adoption, research, and awareness of industry trends. FY 2024/25 Key deliberations: • Reviewed power system planning status and supply reliability reports, including updates on network performance and outages. • Evaluated PPP proposals for transmission lines and substations, and monitored progress on major infrastructure projects and connectivity. • Oversight on system losses strategy implementation; considered initiatives to support loss reduction. • Assessed energy purchase trends and ongoing PPA negotiations
Telecoms, SCADA, ICT & Innovation Ezekiel Saina (Chair) Members 1. James Rege 2. Logan Christi 3. MD & CEO	• ICT Strategy and Alignment – Advise the Board on Telecoms, SCADA, and ICT strategies. • Process and Policy Oversight – Guide ICT policy review and process re-engineering • ICT Security and Risk – Oversight of ICT security and audit issues, and follow up on mitigation measures. • Technology and Trends – Consider proposals on major ICT positions, long-term plans, and emerging trends, and recommend to the Board

Board Committees	Terms of References/ Key Deliberations
	FY 2024/25 Key deliberations: - Reviewed ICT Five Year Strategy and progress on enterprise architecture and business process re-engineering. - Oversight Kenya Power's participation in the Digital Superhighway Project, including fibre rollout under the One Government Network. - Reviewed periodic reports on telecoms, fibre business, SCADA systems, and overall ICT systems performance. - Reviewed information security posture and performance of the telecoms business unit.

Separation of roles of Chairman and the Chief Executive Officer

The Chairman and the Managing Director & Chief Executive Officer have distinct and clearly defined duties and responsibilities under the Board Charter. The separation of the functions of the two promotes accountability, facilitates division of responsibilities while ensuring balance of power and authority by providing checks and balances.

Separation of Roles of the Chairman, and the Managing Director and Chief Executive Officer

Chairman, Board of Directors	Managing Director and Chief Executive Officer
- Board Leadership & Governance – Guide meetings, ensure effective decisions, and uphold governance standards. - Board Development – Oversee succession, director training, evaluations, and committee performance. - Strategy & Oversight – Collaborate with the MD & CEO on strategy while ensuring proper delegation and independent oversight. - Stakeholder Representation – Represent the Board to shareholders and stakeholders, chair AGMs, and safeguard shareholder interests.	- Operations & Execution – Oversee daily operations in line with Board strategies and policies. - Leadership & Culture – Lead senior management, oversee recruitment and succession, and foster an ethical, high-performance culture. - Strategy & Finance – Implement strategies, and budgets; execute Board decisions; ensure strong financial, control, and risk systems. - Reporting & Representation – Provide accurate reporting to the Board and represent the Company to stakeholders.

Changes in the Board

On 7th August 2024, Hon. FCPA John Mbadi, EGH, was appointed the Cabinet Secretary, National Treasury & Economic Planning to replace Prof. Njuguna Ndung'u, EGH. Further, on 20th December 2024, Dr. Stephen Ikikii was appointed as Alternate Director to the Cabinet Secretary, National Treasury & Economic Planning to replace Mr. Humphrey Muhu, who retired.

Director Albert Mugo was redesignated from Independent to Non-Independent pursuant to The Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 which provide that an independent director is one who, among other requirements, does not hold any shares in the Company.

Board Size, Independence and Diversity

As of 30th June 2025, the Board of Directors comprised ten members, nine of whom were non-executive directors and one executive director who is the Managing Director and CEO. The Board reflects diversity in gender, professional expertise, and nationality, in line with good governance practises. The composition also demonstrates a balance of independent and non-independent directors, ensuring effective oversight and decision-making.

Name	Gender	Nationality	Field	Date of Appointment	Independence Status
Joy Brenda Masinde	F	Kenyan	Law	8.12.2023	Independent
Dr. (Eng.) Joseph Siror, FIEK	M	Kenyan	Engineering	2.5.2023	Non-Independent
Logan Christi	F	American	Law	8.12.2023	Independent
Ruth Muiruri	F	Kenyan	Law	8.12.2023	Independent
Eng. Albert Mugo	M	Kenyan	Engineering	8.12.2023	Non-Independent
Ezekiel Saina	M	Kenyan	ICT	8.12.2023	Independent
CPA Dr. Caleb B. Manyaga	M	Kenyan	Financial Management	8.12.2023	Independent
Eng. James Rege	M	Kenyan	ICT	8.12.2023	Independent
Eng. Isaac Kiva, FIEK (Alternate to the PS, Ministry of Energy)	M	Kenyan	Engineering	25.04.2024	Non-Independent
Dr. Stephen Ikikii (Alternate to the CS, NT)	M	Kenyan	Finance	20.12.2024	Non-Independent

Board Induction and Capacity Development

Upon joining the Board, all new directors are taken through an induction programme. The director who joined the Board during the year underwent a comprehensive induction programme.

During the year, the Company organised various competence up-skilling programmes for board members. Further, each of the Directors who served for the full year received at least 12 hours of training on areas of governance as prescribed by the CMA Code. The Board also underwent trainings on the CMA Code of Corporate Governance and the Data Protection Act, spearheaded by CMA and the Office of the Data Protection Commissioner respectively.

Board Evaluation

The Board conducted its annual evaluation with the support of the State Corporations Advisory Committee (SCAC). The exercise assessed the performance of the Board, Chairman, Committees and their respective Chairs, the Managing Director & CEO, the General Manager Internal Audit, and the Company Secretary. Improvement areas were identified, and an implementation matrix was developed to facilitate continuous growth, strengthen governance, and enhance collective performance outcomes.

Equitable Treatment of Minority and Foreign Shareholders

In line with its commitment to uphold the highest standards of corporate governance, Kenya Power continues to take deliberate measures to ensure the equitable treatment of all shareholders, including minority and foreign investors with the aim of fostering trust and inclusivity in shareholder engagement.

During the year, the Company ensured equitable treatment of all shareholders by:

- Issuing timely communication to streamline information flow, voting, and alerts on key matters such as AGMs, financial results, and dividend payments.
- Upholding fair disclosure through timely, accurate, and equal access to material information via the website and press releases, while avoiding selective disclosure.
- Maintaining majority of directors as independent to strengthen oversight and safeguard minority interests.
- Enhancing participation of shareholders by providing adequate AGM/EGM notices with detailed agendas, and enabling proxy voting and electronic access.
- Strengthening engagement through the Shareholder Communication Policy, effective complaints resolution, and shareholder education via AGMs, briefing sessions, and website FAQs.

Access to independent advice

The Company recognises that the Board may, from time to time, require independent expert advice, ranging from engineering and ICT to legal, financial, governance, or other technical areas. To this end, directors may invite Senior Management to provide technical support as and when necessary and are entitled to seek external professional advice at the Company's expense. This provision is anchored in the Board Charter and each Committee's Terms of Reference.

Legal and Governance Audits

The CMA Code provides that a comprehensive independent legal audit should be carried out at least once every two years by a legal professional in good standing with the Law Society of Kenya. The Code also provides that a governance audit should be carried out by an accredited governance auditor by the Institute of Certified Secretaries to confirm the Company is operating on sound governance practices.

The Company is currently undertaking a Legal and Governance audit with Robson Harris Advocates LLP, an independent legal and governance auditor. The Company will implement the recommendations of the legal and governance audits.

Board Charter and Governance Policies

The Board Charter was reviewed in November 2023 and recently updated to align with the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023. To ensure effective operations and regulatory compliance, the Company has implemented robust internal control systems. These include the establishment of key governance policies, some of which are summarised in table in the subsequent section, with the full set available on the Company's website at www.kplc.co.ke:

Governance Policies

Name of Policy	Brief Highlights of Provisions of Policies	Status of Implementation
Whistleblowing Policy	The policy provides protection for all individuals reporting malpractice, unethical conduct, or fraudulent activities. It guarantees confidentiality, prohibits retaliation, and offers an anonymous online whistleblowing platform.	• An independent party has been engaged to manage the whistleblowing platform. • The platform is active and accessible via the Company website • Whistleblowing reports and statistics are submitted regularly to the Governance and Human Resource Committee. • The Board ensures that identified ethical risks are addressed through the Company's risk management framework.
Corporate Social Responsibility (CSR) Policy	Provides strategic direction for social and environmental investments, anchored on the Triple Bottom Line approach, Profit, People, Planet. It establishes the framework for the Kenya Power Foundation, which supports initiatives in energy and environment, education and skills development, as well as sports and wellness.	Through the Kenya Power Foundation, the Company participated in Corporate Social Responsibility and Investment (CSRI) initiatives focused on environmental sustainability and educational advancement.
Sustainability Policy	Promotes environmental stewardship, social responsibility, good governance and economic resilience. It integrates key Sustainable Development Goals (SDGs) including gender equality, clean energy, climate action and sustainable supply chains, into our operations, and supports transparent sustainability reporting in line with Global Reporting Initiative (GRI) Standards.	• Sustainability reporting is ongoing, aligned with the key reporting areas of the GRI Standards
Stakeholder Engagement Policy	Provides a structured framework for inclusive, transparent, accountable and mutually beneficial stakeholder engagement. It outlines clear processes for identifying, categorising and prioritising stakeholders based on material interests and influence.	Various stakeholder plans, engagement forums held and activities held during the year are outlined on stakeholder engagement section.
Independence of Directors and Conflict of Interest Policy	Ensures the Board exercises independent judgment through annual assessments of director independence. Requires disclosure of any actual or perceived conflicts of interest, and	• During the year, none of the independent directors held executive positions in the Company or served on the Board for more than six years • One director was redesignated from Independent to Non-Independent

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Name of Policy	Brief Highlights of Provisions of Policies	Status of Implementation
	mandates that directors engage at arm's length in all matters relating to the Company.	pursuant to The CMA (Public Offers, Listings and Disclosures) Regulations, 2023 owing to his shareholding in the Company.
Board Remuneration Policy	Sets guiding principles for non-executive director remuneration covering allowances, incentives, reimbursements, and insurance; requires retroactive shareholder approval at AGM.	Remuneration of directors was aligned with the policy and approved by shareholders.
Board Diversity and Inclusion Policy	Promotes inclusive and diverse Board membership based on merit; ensures representation of varied skills, experiences, demographics and gender; supports strategic decision-making.	The current Board meets these requirements and comprises highly experienced professionals in finance, business management, engineering, accounting, law, and ICT.
Enterprise Risk Management (ERM) Policy	Provides integrated approach to identifying and managing strategic, financial, compliance, operational, sustainability and ethical risks; promotes staff accountability for risk management.	Risk management is embedded across operations as detailed in the Risk and Compliance Report.
Dispute Resolution Policy	Provides mechanisms for efficient and timely resolution of disputes with stakeholders	The Company preferred Alternative Dispute Resolution pathways to manage contingent liability exposures, and foster good relations with our stakeholders. In addition, we achieved a litigation success rate of 95.74% during the year owing to enhanced internal legal capacity to effectively manage litigations.
Procurement Policy	Promotes fair competition, transparency, equity, supplier diversity and accountability; ensures compliance with laws; fosters sustainable procurement and leverages technology.	The Company's procurements were in line with the Procurement Policy and there is continuous improvement in our procurement practices and systems.
Policy on Insider Trading	Prohibits insider trading and disclosure of non-public material information; requires observance of quiet periods; prohibits trading on undisclosed information.	There were no known cases of insider trading during the year.
Shareholder Communication Policy	Ensures equitable treatment of all shareholders, safeguards the interests of minority shareholders, and provides clear channels for	The Company implemented the Policy while ensuring equitable shareholder treatment.

Name of Policy	Brief Highlights of Provisions of Policies	Status of Implementation
	redress and resolution of concerns.	
ICT Policy	Provides a unified framework for ICT governance, ensuring continuous service availability, data protection, business continuity, regulatory compliance, and responsible use of ICT assets.	In line with the Policy, the Company's ICT systems remained fully operational, supported by necessary redundancies and robust compliance structures.

In line with the Capital Markets (Public Offers, Listings and Disclosures) Regulations 2023, the following policies have been presented for shareholder approval:

- Appointment of Directors Policy
- Board Remuneration Policy
- Shareholders Communication Policy
- Stakeholder Engagement Policy
- Dispute Resolution Policy

Data Privacy and Protection

In the period, the Company reinforced the importance of safeguarding customer confidence by protecting their personal data. We endeavor to ensure that all customer information is processed in compliance with the Data Protection Act, 2019 and its attendant regulations.

During the year, we implemented a series of targeted initiatives to strengthen our data privacy practices, including:

- Operationalised Data Protection Policy and Governance Framework along with complementary guidelines, providing clear direction on the secure and lawful handling of personal data.
- Enhanced data access controls to ensure that personal data is only accessed by authorised personnel on a need-to-know basis, and initiated periodic internal reviews of data handling processes.
- Undertook structured sensitisation and awareness programmes across the Company to enhance organisational competence in data protection principles and practices.
- Raised awareness to customers on fraud prevention related to their personal data and clarified the Company's privacy commitments.
- Underwent a compliance audit by the Office of the Data Protection Commissioner that reviewed our data handling procedures and we are implementing the recommendations.

Going forward, Kenya Power will continue to improve our data security practices, strengthen governance frameworks, and increase public engagement to address privacy concerns, combat misinformation, and reinforce customer trust.

Performance on Ethics

During the year, Kenya Power advanced implementation of its Ethics and Integrity Programme to promote a strong ethical culture, safeguard public trust, and enhance service delivery. These efforts mainly focused on strengthening whistleblower protection, mitigating corruption risks, evaluating anti-corruption strategies, raising staff and public awareness, and addressing reported cases.

Key Achievements

- Engaged an independent whistleblowing service provider to manage the anonymous whistleblowing platform available via link <https://kplc.confideapp.online> and QR-code based reporting channels. We are working to integrate the USSD Code *977# with the whistleblowing system.
- The Company, in partnership with the EACC, reviewed policies, processes, and systems to identify gaps and strengthen internal controls. Implementation of the recommendations is underway.
- All employees have been sensitised on the provisions of the Company's Code of Ethics and signed the Code of conduct.
- A total of 222 allegations were received in the FY, with an 85.4% resolution rate.

The key ethical risks that were identified have been integrated into our risk management process.



Joy Brenda Masinde
Chairman, Board of Directors

DIRECTORS' REPORT

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

BUSINESS REVIEW.

The Company recorded a profit before tax of KShs. 35.4 billion for the year ended 30 June 2025, compared to KShs. 43.7 billion in the previous financial year, representing a decline in profitability despite growing electricity demand and enhanced operational efficiencies. The decline was primarily driven by a 5% reduction in electricity revenue, which decreased from KShs. 231.1 billion in FY2024 to KShs. 219.3 billion in FY2025. The lower revenue was largely attributable to a KShs. 13.5 billion reduction in foreign exchange recoveries following the sustained stability of the Kenya Shilling, alongside a reduction in the base tariff in line with the approved tariff reduction schedule aimed at making electricity more affordable for consumers.

Despite these revenue pressures, electricity sales increased by 877 GWh, supported by growing customer demand and efficiency improvements. Distribution efficiency improved to 78.79%, up from 76.84% in the prior year, reflecting continued investments in grid upgrades, system reinforcement, and loss-reduction initiatives.

Power purchase costs decreased by KShs. 5.9 billion despite a 788 GWh increase in purchased units, benefiting from the relative stability of the Kenya Shilling, which lowered foreign-currency-denominated costs under Power Purchase Agreements. Operating expenses declined by KShs. 3.9 billion, largely due to the implementation of a revised credit risk and provisioning model under IFRS 9. However, finance costs rose to KShs. 4.7 billion, compared to a net gain of KShs. 0.7 billion in the prior year, mainly due to the reversal of unrealised foreign exchange gains recorded earlier. On a positive note, interest expenses reduced by KShs. 2.6 billion, supported by the accelerated repayment of high-interest commercial loans.

The loan book declined by 11% to KShs. 87.6 billion, driven by repayments of KShs. 18.9 billion, highlighting the Company's efforts to reduce debt and strengthen overall financial health. To further strengthen its financial position, the Company secured a concessionary facility of KShs. 7.4 billion at an interest rate of 2.5% under the Kenya Green & Resilient Expansion for Energy Program funded by the World Bank, supporting the optimisation of financing costs and facilitating the prepayment of high-interest obligations.

The Company's working capital position improved with the deficit narrowing from negative KShs. 27.4 billion in FY2024 to negative KShs. 19.2 billion in FY2025. This improvement was driven by enhanced liquidity optimisation initiatives and more efficient resource utilisation across operations.

Capital expenditure totalled KShs. 29.4 billion, reflecting continued investment in grid modernisation, system automation, and expansion of customer connections. These investments are central to enhancing network reliability, meeting growing electricity demand, and advancing the Company's commitment to delivering reliable power supply.

Looking ahead, the Company remains focused on enhancing operational efficiency, improving liquidity, and delivering reliable, affordable, and sustainable power. Our strategic priorities are centered on modernising the electricity grid to strengthen reliability, reduce losses, and enable faster connection of new customers; accelerating digital transformation to enhance customer experience and revenue

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assurance; and improving financial sustainability through disciplined cost management, optimised capital structures, and strong cash flow generation.

RESULTS FOR THE YEAR

	2025	2024
	Shs'000	Shs'000
Profit/(Loss)/ before income tax	35,374,684	43,666,029
Income tax (expense)/credit	(10,908,159)	(13,585,659)
Profit for the year	<u>24,466,525</u>	<u>30,080,370</u>

DIVIDEND

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

An interim dividend of Kshs 0.20 per ordinary shares was paid in the year (2023/24: Kshs Nil). Subject to the approval of the shareholders, the Directors recommend payment of a final dividend of Kshs 0.80 per ordinary shares for the year ended 30 June 2025 (2024: Kshs 0.70)

DIRECTORS

The current Directors are as shown on page 4

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

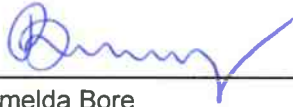
With respect to each Director at the time this report was approved:

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

TERMS OF APPOINTMENT OF THE AUDITOR

The Auditor General is responsible for the statutory audit of the Company's financial statements in accordance with article 229 of the Constitution of Kenya, the Public Finance Management Act, 2012 and Section 35 of the Public Audit Act, 2015.

BY ORDER OF THE BOARD



Imelda Bore
Company Secretary

6TH OCTOBER 2025

DIRECTORS' REMUNERATION REPORT

INFORMATION NOT SUBJECT TO AUDIT

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

Statement of Company's policy on Directors' remuneration

During the year, the National Treasury approved an increment of the annual Directors' fees from Shs 600,000 to Shs 1,000,000. The current policy as guided by the Government through the State Corporations Advisory Committee (SCAC) will apply in subsequent years until the same is revised. The Company does not have any share options or long-term incentives plans. There was no compensation for past Directors, or any sum paid to third parties in respect of a Director's services.

The only executive Director is the Managing Director and Chief Executive Officer. His performance targets are set by the Board. Non-Executive Directors' remuneration is fixed by SCAC.

Contract of service

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

Statement of voting at general meeting

During the last AGM held on 29 November 2024 the shareholders unanimously approved the Directors' fee of Shs 600,000 per year per Director on a pro-rata basis for the year ended 30 June 2024

Summary of the remuneration policy

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

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

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Directors' remuneration

Below is a summary of entitlement per Board Member:

Type of payment	Chairman	Member
Honoraria (per month)	Shs 80,000	N/A
Sitting allowance (per sitting)	Shs 20,000	Shs 20,000
Telephone – airtime for mobile phone (per month)	Shs 20,000	N/A
Transport allowance/mileage	N/A*	Automobile Association of Kenya (AAK) rates
Lunch allowance	Shs 2,000	Shs 2,000
Director's fees per annum on prorata basis	Shs 1,000,000	Shs 1,000,000
Director's bonus	N/A	N/A
Accommodation allowance outside Nairobi	Shs 18,200	Shs 18,200

* The Chairman is provided with a Company car.

INFORMATION SUBJECT TO AUDIT

For the financial years ended 30 June 2025 and 30 June 2024, the Directors' fees and remuneration are as below:

Year ended 30 June 2025

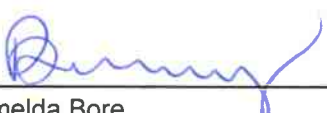
	Salary/ honoraria Shs'000	Fees Shs'000	Expense allowances Shs'000	Total Shs'000
Executive Director				
Dr. Eng. Joseph Siror- MD & CEO	17,367	-	6,770	24,137
Non-Executive Directors				
Joy Brenda Masinde - Chairman	960	1,000	3,846	5,806
PS, National Treasury	-	1,000	-	1,000
PS, Energy	-	1,000	-	1,000
CPA Dr. Caleb B. Manyaga	-	1,000	3,919	4,919
Ezekiel Saina	-	1,000	4,582	5,582
Eng. James Rege	-	1,000	1,666	2,666
Ruth Muiruri	-	1,000	2,619	3,619
Eng. Albert Mugo	-	1,000	1,898	2,898
Logan Christi Hambrick	-	1,000	2,601	3,601
Isaac Kiva	-	-	1,757	1,757
FA. Stephen Ikikii, PhD	-	-	1,230	1,230
Mr. Humphrey Muhu	-	-	658	658
	<u>18,327</u>	<u>9,000</u>	<u>31,546</u>	<u>58,873</u>

THE KENYA POWER AND LIGHTING COMPANY PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Year ended 30 June 2024

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

BY ORDER OF THE BOARD


 Imelda Bore
 Company Secretary

6TH OCTOBER 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- i) Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii) Selecting suitable accounting policies and then applying them consistently; and
- iii) Making judgements and accounting estimates that are reasonable in the circumstances.

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

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

Approved by the Board of Directors on 6TH OCTOBER 2025 and signed on its behalf by:



Joy Brenda Masinde
Chairman, Board



CPA Dr. Caleb B. Manyaga
Chairman, Audit Committee



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

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE KENYA POWER AND LIGHTING COMPANY PLC FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of The Kenya Power and Lighting Company PLC set out on pages 70 to 158, which comprise the statement of financial

position as at 30 June, 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Kenya Power and Lighting Company PLC as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

1. Land without Ownership Documents

The statement of financial position reflects property, plant and equipment valued at Kshs.287,476,703,000 which, as disclosed in Note 17 to the financial statements, includes freehold land with a book value of Kshs.785,940,000. The land includes fifteen (15) parcels at various locations valued at Kshs.28,574,258 for which the Company had no title deeds. Management indicated that most of these parcels were allotted from trust land and provided evidence of efforts undertaken to follow up with the relevant authorities to have the land demarcated and adjudicated to facilitate acquisition of title deeds. However, as at 30 June, 2025, the processes were still ongoing and title documents were yet to be obtained.

Further, eighteen (18) parcels of land had been charged to a private company between 1970 and 1984. Five (5) of the parcels were charged for Kshs.33,950,080 while the other thirteen (13) were charged for unknown amounts. In addition, five (5) parcels where power substations had been erected were under lien in favour of a law firm. Further, records at the Company indicated that a suit was filed against the law firm at the High Court, seeking to compel the release of the titles. However, efforts to serve the respondent had been unsuccessful as the law firm was said to be untraceable.

In the circumstances, the ownership of the parcels of land valued at Kshs.28,574,258 could not be confirmed.

2. Cost of Power Purchased From Independent Power Producers

As disclosed in Note 8 to the financial statements, the Company purchased a total of 14,472 gigawatt-hour (GWh) units of electricity for a cost of Kshs.144,663,605,000. The power was purchased from the Kenya Electricity Generating Company PLC (KenGen) and from Independent Power Producers (IPPs). A comparative analysis of cost of power purchased from the two sources revealed that, on average, the unit cost of power purchased from the Independent Power Producers was significantly higher compared to power purchased from KenGen.

As previously reported, the disparity was mainly attributed to the terms contained in the power purchase contracts entered with the Independent Power Producers (IPPs). To mitigate against the rising electricity costs, a Presidential Taskforce appointed in March, 2021 to undertake a comprehensive review of Power Purchase Agreements (PPAs) with Independent Power Producers recommended a review of the PPAs with an aim of renegotiation and exploring ways to address the disparity. Management indicated that significant steps had been taken towards renegotiating unfavorable PPAs, where agreements had been secured to lower tariffs and shift contracts to Kenya Shillings. However, the revised terms were yet to be formalized through approvals from the Energy and Petroleum Regulatory Authority (EPRA) and The National Treasury.

Until such negotiations are concluded and requisite approvals obtained, the disparities in costs between power supplied from KenGen and IPPs will continue to persist.

3. Variances Between Electricity Receivables and County Governments Data

The statement of financial position reflects trade and other receivables balance of Kshs.76,021,431,000, which as disclosed in Note 22(b) to the financial statements, include electricity receivables amounting to Kshs.39,032,248,000. The amount further includes an amount of Kshs.5,679,805,786 due from County Governments. Review of data obtained from sampled County Governments revealed variances in amounts owed by ten (10) County Governments totalling Kshs.2,363,985,447 as summarized in the table below:

County	Balance as per KPLC Records Kshs.	Balance as per County Governments Records Kshs.	Variance Kshs.
Bungoma	42,717,024	39,139,895	3,577,129
Embu	63,849,897	56,252,429	7,597,468
Homabay	69,687,399	50,334,129	19,353,270
Isiolo	14,076,267	1,556,851	12,519,416
Kakamega	23,562,965	10,923,420	12,639,545
Kirinyaga	47,328,241	33,092,495	14,235,746
Laikipia	12,979,901	11,856,709	1,123,192
Migori	54,536,667	19,953,069	34,583,598
Nairobi	3,603,991,809	1,345,691,000	2,258,300,809
Samburu	4,787,068	4,731,793	55,275
Total	3,937,517,236	1,573,531,790	2,363,985,447

Management subsequently provided additional information including billing records, joint verifications between the Company and affected County Governments and an ongoing collaboration with the Council of Governors towards addressing the matter.

Until those efforts yield the intended results, the reported disparities will continue to persist thus affecting the Company cashflows and service delivery to citizens.

My Opinion is not modified in respect of these matters.

Key Audit Matters

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

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

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

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

Other Information

Conclusion

The Directors are responsible for the other information set out on page 3 to 66 which comprise of Corporate Information, Board Profile, Executive Management, Statement by the Chairman, Message from Managing Director and the Chief Executive Officer, Operational Highlights, Statement of Performance Against Predetermined Objectives, Sustainability Report, Corporate Governance, Directors' Report, Directors' Remuneration Report and Statement of Directors' Responsibilities. The other information does not include the financial statements and my audit report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance With 30% Procurement Reservation for Disadvantaged Groups

Review of the Company's approved procurement plan for the year under review revealed that only 11% of the procurement budget was reserved for the disadvantaged groups. This was contrary to Section 157 (5) of the Public Procurement and Asset Disposal Act, 2015, which requires that an Accounting Officer of a procuring entity shall, when processing procurement, reserve a prescribed percentage of its procurement budget, which shall not be less than thirty per cent, to the disadvantaged group and comply with the provisions of this Act and the Regulations in respect of preferences and reservations.

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

2. Unauthenticated Employees Academic Qualifications

On 19 October, 2022, the Public Service Commission directed that all Authorized Officers of government institutions to validate academic and professional certificates of staff

employed in the last ten (10) years with a view of taking action on any discrepancies arising thereof by 30 June, 2023. Review of Human Resource records revealed that Management concluded authentication of academic and professional certificates for all Management employees and three thousand six hundred and thirty-eight (3,638) union level employees as at 30 June, 2025. However, certificates of four thousand, eight hundred and forty-two (4,842) union level employees were yet to be validated by the Kenya National Examinations Council (KNEC).

In the circumstances, Management was in breach of the Government Guidelines and Circulars.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Long Outstanding Receivables from Government and Other Entities

The statement of financial position reflects current trade and other receivables amounting to Kshs.76,021,431,000. As disclosed in Note 22(b) to the financial statements, the balance is a net of gross receivables and provisions totalling Kshs.98,426,432,000 and Kshs.21,127,323,000 respectively. Included in the other receivables gross balance is an amount of Kshs.55,029,253,000 due from Government entities and Kshs.39,032,248,000 due from electricity customers. However, review of the balances revealed long outstanding receivables as detailed below:

- i. Receivables totalling Kshs.34,497,240,000 was in respect of Rural Electrification Scheme (RES) which the Company administers on behalf of the Government of Kenya. Management indicated that Rural Electrification Scheme (RES) is funded by the National Government and implemented by the Company on behalf of Ministry of Energy and Petroleum (MOEP). The Schemes of RES are considered sub-economic, given that their operational and maintenance costs exceed their revenues, and it was agreed that the Government will reimburse the Company any deficit arising from the

scheme. The resultant accumulated deficit is recoverable from the Government of Kenya (GOK) as stipulated in the 1973 Mercado Agreement signed between KPLC and the GOK through the MOEP. As at 30 June, 2025, no reimbursement had been made to cover the deficits despite a Cabinet resolution to disburse Kshs.19,400,000,000 to settle the RES losses.

- ii. An amount of Kshs.158,393,000 was due from the Ministry of Energy and Petroleum, Kenya Electricity Generating Company PLC (KenGen), Geothermal Development Company (GDC), Rural Electrification and Renewable Energy Corporation (REREC), Energy and Petroleum Regulatory Authority (EPRA) and Nuclear Power and Energy Agency (NuPEA) which has been outstanding since 2015. The amount relates to media campaigns executed in November, 2014 through electronic, print, and online media to gauge demand for 5000+ MW from existing and potential investors as had been directed by the then Cabinet Secretary for Ministry of Energy and Petroleum. Records at the Company indicates that the Ministry and its parastatals had agreed to share the costs of the integrated media advertising for investors power plan data gathering campaign. However, no evidence was provided to indicate how the Company ended up paying all the costs on behalf of the other entities.
- iii. The receivables balance includes an amount of Kshs.5,679,805,786 in respect of unpaid electricity bills from the forty-seven (47) County Governments which continue to accumulate. In addition, an amount of Kshs.74,402,114 in respect of street lighting maintenance costs was due from several County Governments for works done between 2016 and 2017. Management efforts to recover the amounts had not yielded favorable results.
- iv. The receivables balance includes an amount of Kshs.1,715,063,000 relating to Kenya Electricity Transmission Company (KETRACO) for costs incurred in the construction of Sondu-Miriu transmission and distribution line, and repayment of a 0.75% loan from Japan Bank for International Corporation which was transferred to KETRACO in 2018 upon signing of the Novation agreement which remained unpaid. The amount includes Kshs.743,854,974 incurred towards operations and maintenance of transmission assets that were invoiced between 2016 and 2022. However, KETRACO in a letter dated 6 March, 2025, acknowledged owing KPLC the amount but attributed the delay in settlement to lack of supporting documentation to facilitate the payment.
- v. An amount of Kshs.13,907,730 was due from thirty-eight (38) tenants who leased Company premises in Mombasa. However, the tenants vacated the premises without settling the outstanding rent, with some of the debts dating back to nine (9) years. In addition, the rent security deposits paid by the tenants were not equivalent to three (3) months' rent and service charge as required by the lease agreements. Management indicated that part of the debt was subject to court proceedings, others had been referred to external debt collectors for follow-up, while the remaining had been forwarded to The National Treasury for write-off.

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

2. Delays in Customer Electricity Connections

The statement of financial position reflects property, plant and equipment with a net book value of Kshs.287,476,703,000. As disclosed in Note 17 to the financial statements, the balance includes work in progress valued at of Kshs.23,461,184,000, which include projects for which customers had paid a total of Kshs.12,724,014,000 for electricity connections. Review of a list of the works revealed that seven thousand, seven hundred and forty (7,740) projects with a total customer capital contribution of Kshs.877,821,276 were yet to start, thus denying the customers electricity supply as well as revenue to the Company.

Further, five thousand two hundred and fifty-five (5,255) projects with capital contributions of Kshs.366,708,785 paid between one (1) to six (6) years ago were yet to start. This is contrary to the Company's Customer Charter on connection of electricity which provides for timelines within which electricity connection for customers are to be carried out ranging between seven (7) days and twenty-eight (28) days. Management attributed the delays in completion of projects to non-availability of materials, wayleaves acquisition challenges leading to re-design, abandonment of projects by customers, premises not ready for connections and customer requests for refunds or transfers to other sites.

In addition, three thousand four hundred and twenty-seven (3,427) projects with a total capital contribution of Kshs.963,146,886 having incurred costs of Kshs.564,578,158 were behind schedule, and have been outstanding for periods ranging from three (3) to twenty-nine (29) years.

In the circumstances, the effectiveness of measures that monitor customer connections could not be confirmed.

3. Weaknesses in Project Management

Review of the project management practices and work in progress records during the year revealed significant delays in the execution of projects. For instance, one sixty-six (166) projects with a cost of Kshs.937,909,373 were behind schedule having been outstanding for period ranging from three (3) to thirteen (13) years. In addition, the Company lacked regular progress monitoring, root cause analysis for delays, and corrective action plans. Management indicated that the projects are at different levels of execution and delays are occasioned by lack intermittent supply of equipment due to long lead times for some equipment like transformers and switch gears.

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

4. Weaknesses in Electricity Consumption Billings

The statement of profit or loss and other comprehensive income reflects revenue from contracts with customers amounting to Kshs.219,284,568,000. As disclosed in Note 7(a)

to the financial statements, the revenue relates to electricity sales on post-paid and prepaid metering. Review of the billing systems revealed several weaknesses and anomalies as indicated below:

- i. Analysis of the customer billing data revealed that fifty-five thousand and sixty-three (55,063) customer accounts, were billed a total Kshs.1,130,704,199 based on estimated consumption for more than three (3) consecutive months. However, no corrective actions had been taken as provided for in Paragraph 6.3 of the Company's Operating Procedures on handling consecutive estimates, which requires corrective measures to be taken after three (3) consecutive months of bill estimation. The foregoing indicates lack of oversight and adequate systems and controls within the Billing Department, which failed to trigger the required corrective actions and reporting mechanisms as stipulated in the Company's procedures;
- ii. During the year under review, a total of 140,064,582 units billed to customers for electricity consumption equivalent to Kshs.4,669,271,477 remained unpaid. The amount includes 130,958 units attributed to active and vending meters with a consumption of Kshs.1,786,912,737. Reasons for non-payment and measures taken by Management to collect the unpaid amount were not confirmed.
- iii. Review of the receivables revealed an amount of Kshs.4,113,652,203 due from postpaid customers whose accounts were terminated due to non-payment of bills, with some dating back to over twenty (20) years ago. However, meter numbers for the terminated accounts had been reassigned to new customers without reconciliation of outstanding balances. Reassignment of the meter numbers increased the risk of loss of revenue arising from untracking of terminated accounts.
- iv. Review of units of electricity purchased against units sold revealed a total of 14,472 in gigawatt-hours (GWh) purchased from power producers out of which 11,403 GWh were sold to customers resulting in energy losses of 3,069 GWh or 21.21%. The industry regulator, Energy and Petroleum Regulatory Authority (EPRA) approved for the Company to recover from consumers system losses of up to 17.5% that is deemed to be normal loss. The excess power loss of 3.71% above the allowed loss constitutes inefficiency power loss which is borne by the Company thus increasing operating costs.
- v. Further, review of the power transmission data revealed that the losses occurred in the distribution and transmission networks. However, KPLC did not break down losses arising from those networks which, if accurately determined, can be attributed and borne by respective distribution schemes under the Rural Electrification and Renewable Energy Corporation (REREC) and the Kenya Transmission Company Limited (KETRACO).

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

5. Network Inefficiencies

5.1 Instabilities in the Power Supply Network

The Company uses System Average Interruption Frequency Index (SAIFI) as a key performance indicator to measure the average number of interruptions a customer experiences over a specific period, with lower values indicating better performance. During the year under review, the Company recorded actual System Average Interruption Frequency Index (SAIFI) of 44.07, which significantly exceeded a target for the year of 30 as set out in the Company's Strategic Plan by 14.07.

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

5.2 Inconsistencies in Electricity Outage Reporting

To establish the reliability of electricity supply within the country, the EPRA requires KPLC to collect and report information on reliability and quality of supply. This information is captured through recording electricity outages in the Incident Management System (IMS) and reported through reliability indices namely System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI) and Customer Average Interruption Duration Index (CAIDI).

Review of the selected samples of the manual fault logs and the Incident Management System (IMS) generated fault reports for the period under review revealed the following SAIDI reporting weaknesses:

- i. Sixty-two (62) of the sampled incidents recorded in the manual logs were not recorded in IMS. Management attributed the delays in real-time data entry or updates into the IMS to frequent IMS outages. The outages experienced by customers during these incidents were unaccounted for in IMS.
- ii. Twenty-three (23) of the sampled incidents reflected time variances between manual logs and IMS records which Management attributed to human errors during manual logging or IMS input. The inaccurate recording of start and end times affect the calculated duration of outages and, therefore, the computation of reliability indices such as SAIDI.
- iii. Twenty-five (25) incidents had multiple interruption durations recorded manually. However, only the earliest restored segment time was captured in IMS. Capture of the earliest restored segment time led to understatement of the actual outage duration and affected the accuracy of SAIDI and other performance indicators.
- iv. The Company uses Supervisory Control and Data Acquisition (SCADA) system which typically provide real-time data on grid performance, including faults and restoration events. The SCADA system was able to generate logs whenever an interruption occurred. However, there were no time logs on when the line or sections

of a line was restored. This functionality may provide a more accurate computation of SAIDI.

In the circumstances, the efficiency and effectiveness of system generated value of SAIDI and CAIDI reported in the statement of performance against pre-determined objectives could not be confirmed.

6. Inefficiencies in Operations at Off Grid Power Stations Operations

During the year under review, the Company operated fifty-seven (57) off-grid stations in the regions not connected to the national grid. Thirty (30) stations were powered by diesel generators while twenty-seven (27) utilized solar technology. Review of operations at the off-grid stations revealed several inefficiencies and anomalies as detailed below:

- i. Twenty-five (25) diesel generators deployed to the stations, with a combined capacity of 12,454 kilowatts (kW), were not in operation due to breakdown and lack of maintenance, which contributed to reduction of capacity required to supply customers in these areas.
- ii. Physical visit in August, 2025 to Habaswein and Eldas stations revealed that solar and wind generation plants with an installed capacity of 1,170kw installed with the intention of reducing operational costs of diesel-powered stations. However, the plants were non-functional due to lack of periodic maintenance.
- iii. Power outages in areas served by the Off-Grid Stations were not logged in the Incident Management System (IMS), making it difficult for Management to monitor and track supply reliability in these regions.
- iv. Instances of diesel generator breakdowns resulted in extended outages in the regions. For instance, at the Lokitaung Off-Grid Station in Turkana County a breakdown lasting twenty-five (25) days was experienced in July 2024. The prolonged outages were attributed to delays in procuring spare parts for repairs.
- v. An internal investigation on six (6) Off-Grid Stations revealed low efficiency of diesel generators, evidenced by disproportionate fuel consumption relative to electricity output. The inefficiencies were linked to aging equipment, inadequate maintenance, and substandard operational practices. In addition, the investigation noted that despite the construction of a 33 kV power line intended to connect Sololo Off-Grid Station to the Ethiopian national grid in January, 2012 at a cost of USD 487,413.32 the infrastructure remained unenergized and unused.
- vi. Further, the investigation revealed inconsistencies in reservation logs used to track fuel issuance. According to the report, instances of overlapping dates were detected which compromised the integrity of fuel tracking and inventory management, raising doubts about the accuracy of recorded consumption and stock balances. In addition, the investigation identified stations which either lacked a flow meter or had faulty meters for measuring generator fuel usage. Personnel at the stations relied on manual

dip measurements by station operators which compromised verifiability, and reliability of fuel consumption data.

In the circumstances, existence and effectiveness of controls for effective inventory Management could not be confirmed. Further, inefficiencies in the management of Off-Grid stations presented operational, financial, and service reliability risks to the Company.

7. Weaknesses in Management of Fraud Risks

During the year under review, Management identified thirty-three (33) fraud incidences through internal processes comprising of internal audit assessment and voluntary reporting from employees and customers. Review of the status of the incidences reported and investigations undertaken during the year and previous years revealed the following weaknesses:

- i. An internal investigation during the year on alleged use of forged documents by employees to obtain loans from financial institutions revealed that three hundred and eighty-four (384) employees acquired loans using forged payslips and Human Resource approval letters. Out of those, three hundred and sixty-one (361) employees were in breach of the statutory one-third (1/3) basic salary rule. The practice highlights weaknesses in the Company's payroll and human resource approval processes, which may have facilitated deductions beyond the statutory thresholds.
- ii. There was no tracking and monitoring mechanism to follow up on the implementation status of recommendations arising from fraud investigations. In the absence of such a mechanism, Management was unable to effectively assess progress, enforce accountability, or ensure closure of fraud-related control weaknesses.
- iii. Review of quarterly reports from the Internal Audit and Security departments revealed that investigation reports were included as part of the internal audit quarterly reports to the Board Audit Committee. However, there was no evidence of the reports having been discussed at the Committee of full Board level, which limited the effectiveness of oversight and governance.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

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

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Information given in the Directors' report on pages 61 to 62 is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on pages 63 to 65 has been properly prepared in accordance with the Companies Act, 2015.

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

Responsibilities of Management and the Board of Directors

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

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

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

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

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

and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 October, 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2025

	Notes	2025 Shs'000	2024 Shs'000
Revenue from contracts with customers	7(a)	219,284,568	231,123,597
Cost of sales	8	(144,663,605)	(150,605,904)
Gross profit		<u>74,620,963</u>	<u>80,517,693</u>
Net operating expenses			
Network management	9(a)	(24,348,121)	(22,972,920)
Commercial services	9(b)	(6,118,016)	(5,956,215)
Administration	9(c)	(16,388,444)	(16,170,315)
Expected credit losses on financial assets	9(d)	<u>4,433,144</u>	<u>(1,178,489)</u>
		<u>(42,421,437)</u>	<u>(46,277,939)</u>
Operating income		32,199,526	34,239,754
Other income	7(c)	<u>7,266,559</u>	<u>7,249,521</u>
Operating profit		<u>39,466,085</u>	<u>41,489,275</u>
Finance income	11	625,218	1,493,956
Finance costs	12	(4,716,619)	682,798
Profit before income tax		<u>35,374,684</u>	<u>43,666,029</u>
Income tax expense	14(a)	<u>(10,908,159)</u>	<u>(13,585,659)</u>
Profit for the year		<u>24,466,525</u>	<u>30,080,370</u>
Basic and diluted earnings per share (Shs)	15	<u>12.54</u>	<u>15.41</u>
Profit for the year		<u>24,466,525</u>	<u>30,080,370</u>
Other comprehensive income:			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Remeasurement of the retirement benefit asset	33	(1,614,406)	495,043
Remeasurement of the gratuity arrangement	34(c)	36,546	63,459
Deferred income tax relating to remeasurement of the retirement benefit asset and gratuity arrangement	28	473,358	(167,551)
Other comprehensive income, net of taxes		(1,104,502)	390,951
Total comprehensive income for the year		<u>23,362,023</u>	<u>30,471,321</u>

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

		2025 Shs'000	2024 Shs'000
ASSETS	Notes		
Non-current assets			
Property and equipment	17	287,476,703	275,774,833
Leasehold land	18	626,480	654,085
Intangible assets	19	2,052,797	2,013,305
Retirement benefit asset	33	--	734,207
Right of use asset	20	656,211	663,797
Trade and other receivables	22(a)	10,267	190,460
		290,822,458	280,030,687
Current assets			
Inventories	21	14,608,124	9,248,406
Trade and other receivables	22(b)	76,021,431	58,532,339
Short-term deposits	23(a)	274,935	543,100
Bank and cash balances	23(b)	7,312,543	9,731,667
		98,217,033	78,055,512
TOTAL ASSETS		<u>389,039,491</u>	<u>358,086,199</u>
EQUITY AND LIABILITIES			
Equity attributable to owners			
Ordinary share capital	24	4,878,667	4,878,667
Share premium	25	22,021,219	22,021,219
Retained earnings	26	82,435,680	60,414,276
TOTAL EQUITY		109,335,566	87,314,162
Non-current liabilities			
Deferred income tax	28	43,063,649	37,523,737
Deferred income	27	19,142,491	15,700,478
Retirement benefit obligation	33	488,912	-
Trade and other payables	29(a)	29,049,961	29,704,178
Lease liabilities	30	350,832	410,841
Borrowings	31	70,138,830	81,895,385
Preference shares	32	43,000	43,000
		162,277,675	165,277,619
Current liabilities			
Trade and other payables	29(b)	89,937,802	80,339,230
Deferred income	27	4,402,750	3,840,646
Current income tax	14(c)	2,933,425	2,861,362
Provisions	34	765,061	855,162
Lease liabilities	30	259,016	230,644
Borrowings	31	17,496,348	16,619,184
Dividends payable	35	1,631,848	748,190
		117,426,250	105,494,418
TOTAL EQUITY AND LIABILITIES		<u>389,039,491</u>	<u>358,086,199</u>

The financial statements on pages 70 to 152 were approved and authorised for issue by the Board of Directors on 6TH OCTOBER 2025 and were signed on its behalf by:



Joy Brenda Masinde
Chairman, Board



CPA Dr. Caleb B. Manyaga
Chairman, Audit Committee



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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	Ordinary share capital (Note 24) Shs'000	Share premium (Note 25) Shs'000	Retained earnings (Note 26) Shs'000	Total Shs'000
Year ended 30 June 2024				
Balance at 1 July 2023	4,878,667	22,021,219	29,942,955	56,842,841
Profit for the year	-	-	30,080,370	30,080,370
Other comprehensive income	-	-	390,951	390,951
Total comprehensive income for the year	=	=	30,471,321	30,471,321
At 30 June 2024	<u>4,878,667</u>	<u>22,021,219</u>	<u>60,414,276</u>	<u>87,314,162</u>
Year ended 30 June 2025				
Balance at 1 July 2024	4,878,667	22,021,219	60,414,276	87,314,162
Profit for the year	-	-	24,466,525	24,466,525
Other comprehensive income	-	-	(1,104,502)	(1,104,502)
Total comprehensive income for the year	=	=	<u>23,362,023</u>	<u>23,362,023</u>
Prior year adjustment- Net retirement obligation (Note 33)			415,701	415,701
Transactions with owners:				
Dividend:				
2024 Final dividend paid	-	-	(1,366,027)	(1,366,027)
2025 Interim dividend paid	-	-	(390,293)	(390,293)
At 30 June 2025	<u>4,878,667</u>	<u>22,021,219</u>	<u>82,435,680</u>	<u>109,335,566</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

		2025	2024
		Shs '000	Shs '000
Cash flows from operating activities	Notes		
Cash generated from operations	37(a)	48,233,138	32,581,946
Income tax paid	14(c)	(4,822,826)	(597,725)
Interest received	37(g)	590,608	1,525,722
Gratuity paid	34(c)	(176,001)	(457,208)
Repayment of interest portion of lease liabilities	30	(67,864)	(76,813)
Interest paid	37(e)	<u>(3,989,117)</u>	<u>(4,601,706)</u>
Net cash flows generated from operating activities		<u>39,767,938</u>	<u>28,374,216</u>
Cash flows from investing activities			
Purchase of property and equipment	37(h)	(29,512,680)	(24,382,155)
Purchase of intangible assets	19	(177,242)	(557,378)
Prepayment of lease relating to leasehold land	18	-	-
Proceeds from disposal of property and equipment	37(d)	<u>92,865</u>	<u>102,123</u>
Net cash flows used in investing activities		<u>(29,597,057)</u>	<u>(24,837,410)</u>
Cash flows from financing activities			
Repayment of borrowings	37(b)	(18,921,858)	(10,982,041)
Proceeds from borrowings	37(b)	7,364,956	81,452
Repayment of principal portion of lease liabilities	30	(437,668)	(302,394)
Dividends paid to owners of the Company	37(f)	<u>(874,592)</u>	<u>(5,352)</u>
Net cash flows used in financing activities		<u>(12,869,162)</u>	<u>(11,208,335)</u>
Net increase in cash and cash equivalents		(2,698,281)	(7,671,529)
Cash and cash equivalents at the beginning of year		10,353,440	18,430,616
Effect of foreign exchange rate changes on cash and cash equivalents		<u>30,280</u>	<u>(405,647)</u>
Cash and cash equivalents at end of year	37(c)	<u>7,685,439</u>	<u>10,353,440</u>

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015. They are presented in Kenya Shillings, which is also the functional currency (see Note 3(i) below), rounded to the nearest thousand (Shs'000), except where otherwise indicated.

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

(a) Going concern assessment

The Company recorded a profit before tax of KShs. 35,375 million for the year ended 30 June 2025, compared to KShs.43,666 million in the previous year, representing a decline of KShs. 8,291 million. While the performance remained strong, it was lower than that of the previous year due to lower electricity revenue which decreased by KShs.11,839 million from KShs.231,124 million in the prior year to KShs.219,285 million.

Finance costs also increased by KShs.5,400 million when compared to the previous year due to the lower unrealized gain from the translation of foreign currency borrowings owing to a more stable Kenya Shilling during the reporting period. Actual interest costs continued to reduce with the enhanced repayment of both commercial and on-lent loans.

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The reduction in gross revenue was not entirely adverse to the business as it arose from lower foreign exchange recoveries by 56% as forex rates remained stable at a stronger Kenya Shilling over the period leading to a compensating effect in terms of lower power purchase costs by KSh.5,942 Million, despite an increase in the units purchased over the period. The base electricity per unit price to consumers, also reduced in tandem with the approved tariff yield reduction path.

Electricity unit sales grew by 887 GWh while unit purchases increased by 788 GWh during the year, demonstrating continued expansion in electricity demand and significant gains in efficiency improvement. Distribution efficiency improved by 1.95% from 76.84% recorded the previous year to 78.79%. Over the period new peak demand levels were achieved despite some generation and transmission constraints that resulted in isolated instances of load shedding during peak hours.

Operating expenses declined by KSh. 3,857 Million, primarily driven by lower expected credit losses following a review of the IFRS 9 provisioning model which incorporated updated macro-economic factors, debt collection patterns and analysis of customer payment history. Staff costs, depreciation and other operating costs increased during the period.

The Company's working capital position improved during the period under review. The negative working capital improved from a low of Ksh 74,849 million in June 2020 to Ksh 19,209 Million as shown in the schedule below for the past 6 year period.

	2020	2021 Restated	2022 Restated	2023	2024	2025
	KSH M	KSH M	KSH M	KSH M	KSH M	KSH M
Net Working Capital	(74,849)	(66,938)	(56,535)	(51,234)	(27,439)	(19,209)

This trend reflects the positive impacts of the strategic initiatives implemented towards strengthening the balance sheet through resource optimization to enhance financial sustainability.

Under its Five-Year Strategic Plan, the Company seeks to transform its operational model to enhance the reliability and efficiency of power distribution while unlocking new growth opportunities aimed at strengthening long-term financial performance. The strategy prioritizes key areas such as improving cash flow generation through revenue growth and protection, driving cost optimization across all business segments, reducing financing costs and foreign currency exposure to reinforce its financial resilience.

To realize these objectives, the Company will continue to implement targeted initiatives focused on increasing sales, maximizing revenue collection, debt portfolio realignment, exploring innovative financing mechanisms, and diversifying income streams.

Preparation of financial statements on a going concern basis

The Company has made notable progress in improving its financial position, especially its working capital, as evidenced by positive cash flows from operations and a strengthened working capital position. These improvements, together with the strategic initiatives outlined above, are expected to further solidify the Company's financial standing and support improved business performance into the future.

The Board of Directors and Management remain confident that the ongoing initiatives will drive a sustainable financial turnaround and enhance long-term business viability. They reaffirm their unwavering commitment to these efforts, aimed at ensuring business continuity and delivering excellence in service to customers.

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In view of the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

(b) Changes in accounting policy and disclosures

(i) New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.	1 January 2026

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

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

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

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

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

(iii) Early adoption of standards

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue

(i) *Electricity sales*

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

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

(ii) *Fuel cost charge*

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

(iii) *Foreign exchange adjustment*

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

The recovery of fuel costs and the foreign exchange costs is based on supplier invoices and factors in the Regulator's target loss factor in transmission and distribution. For the year ended 30 June 2025, the target loss factor was 17.5% (2024: 18.5%).

(iv) *Deferred revenue*

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

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

The historical data is then used to obtain the average number of tokens purchased in a month that is to be applied to the current month's (June 2025) data to obtain the revenue to be deferred.

(b) Other income

(i) Finance revenue

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

(ii) Rental income

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

(iii) Capital contribution

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

(iv) Fibre optic income

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

(c) Power purchase costs

Power purchase costs are recognised based on the actual amounts invoiced to the Company by power suppliers. These costs comprise the following components:

(i) Power Purchase Costs – Renewable Generators

These relate to non-thermal power purchase costs incurred from renewable energy producers, classified either as KenGen or IPPs. The costs include capacity charges, energy charges, steam charges, and foreign currency losses incurred by KenGen which are charged to the Company in accordance with the PPAs.

(ii) Power Purchase Costs – Thermal Power Plants

These relate to power purchase costs incurred from thermal power producers, classified as either KenGen or IPPs. The costs include capacity charges, energy charges, fuel costs, and foreign currency losses incurred by KenGen and recharged to the Company in accordance with the PPAs.

(iii) Unrealised Foreign Exchange Costs

These represent exchange differences arising from the revaluation of outstanding balances denominated in foreign currencies, payable to power suppliers, at the reporting date.

(iv) Other Power Purchase Costs

These comprise additional charges incurred in relation to imported power, including import declaration fees, railway development levies, and any other statutory charges associated with power procurement from foreign sources.

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

(d) Inventories

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

(e) Property and equipment

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

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

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

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

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

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

Capital work in progress

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

(f) Intangible assets

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

The company's intangible assets currently include software with both finite and indefinite useful lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for the Company's intangible assets are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Software with indefinite useful lives is not amortised but is reviewed periodically to assess whether the indefinite life classification remains appropriate. If it is determined that the useful life is no longer indefinite, the reclassification to a finite life will be treated as a change in accounting estimate and amortised accordingly.

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

(g) Income tax expense

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

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

Deferred income tax

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other

than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

(h) Leases

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

Company as a lessee

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

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

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

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

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

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

Company as a lessor

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

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

(i) Functional currency

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

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

(j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

This is demonstrated in the following table.

<i>Description of financial asset/financial liability</i>	<i>IFRS 9 Classification</i>
Short-term deposits (Note 23 (a))	Amortised cost
Cash and bank balances (Note 23 (b))	Amortised cost
Overdraft (Note 23 (b))	Amortised cost
Trade and other receivables (Note 22 (a) and (b))	Amortised cost
Lease liabilities (Note 30)	Amortised cost
Borrowings (Note 31)	Amortised cost
Dividends payable (Note 35)	Amortised cost
Trade and other payables (Note 29 (a) and (b))	Amortised cost
Preference shares (Note 32)	Amortised cost

Financial assets

Classification and measurement

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

The classification requirements for debt instruments are described below;

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the entity considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Subsequent measurement

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

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

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

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

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

Financial assets at fair value through OCI (debt instruments)

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

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

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

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

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

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

(ii) Definition of default

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

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

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

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

(iii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

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

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

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

(k) Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Capitalised costs include interest charges and foreign currency exchange differences on borrowings for projects under construction to the extent that they are regarded as adjustments to interest rates.

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

(l) Provisions

Provisions are recognised when:

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

(m) Impairment of non-financial assets

The Company reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss at reporting date, or when there are indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated, and an impairment loss is recognised in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the asset's or cash-generating unit's (CGU's) fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Where it is not possible to estimate the recoverable amount of an individual asset, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment of transmission and distribution lines

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

- (i) Significant decline in the market value beyond that which would be expected from the passage of time and normal use.
- (ii) Evidence from internal reporting which indicates that the performance of the asset is, or will be, worse than expected.
- (iii) Significant changes with adverse effect on the Company have taken place during the period, or will take place in the near future, in the technology or market environment in which the Company operates, or in the market to which an asset is dedicated.
- (iv) Evidence is available of the obsolescence or physical damage of an asset.
- (v) Significant changes with an adverse effect on the Company have taken place during the period or are expected to take place in the near future, which impact the manner or the extent to which an asset is used. These changes include plans to discontinue or restructure
- (vi) The operation to which an asset belongs to or an asset is disposed before the previously expected date.

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

(n) Employees' benefits

(i) Company's defined contribution scheme

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

(ii) Company's defined benefit scheme

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

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in

other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service costs (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

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

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

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

(iii) Statutory defined contribution pension scheme

The employees and the Company also contribute to the National Social Security Fund, a national defined contribution scheme. Contributions are determined by the country's statutes and the Company's contributions are charged to profit or loss as incurred.

(o) Operating segments

The Company's business is organised by regions comprising : Nairobi, Coast, Central Rift, Mt Kenya, North-Eastern, Western, South Nyanza, and North Rift. These operating segments have been aggregated into four reportable segments: Nairobi, Coast, West Kenya, and Mount Kenya. Business administration is by geographic region as the Company deals in only supply of electricity. There are no inter-region sales. The Chief Operating Decision Maker (CODM) is the Executive Management Committee.

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

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

(p) Earnings per share

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

(q) Dividends

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

(r) Government grants

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

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

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

(s) Recharge of costs to Rural Electrification Scheme

The Rural Electrification Scheme (RES) was established in 1973 by the Government of Kenya following an agreement between the Government and East African Power & Lighting Company (now The Kenya Power and Lighting Company Plc (KPLC)). The Scheme was established with the specific objective of extending electricity to the rural areas

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

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

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

(t) Cash and cash equivalents

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

- (i) Whether it is probable that future taxable profits will be available against which temporary differences can be utilised;
- (ii) Classification of financial assets: whether the business model in which financial assets are held has as its objective the holding of such assets to collect contractual cash flows or to both collect contractual cash flows and sell the assets; and whether the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest; and whether credit risk on financial assets has increased significantly since initial recognition.

(b) Key sources of estimation uncertainty

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

Deferred prepaid revenue

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

Further details on deferred prepaid revenue are disclosed in Note 29(b).

Impairment losses on trade and other receivables

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

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

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

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

Provisions

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

Further details on provisions are disclosed in Note 29.

Deferred income tax assets

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of the carrying value of recognised tax losses at 30 June 2025 are provided in Note 28.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Details of the defined benefit asset at 30 June 2025 are provided in Note 33.

Useful lives of property and equipment

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

Further details on useful lives of property and equipment are provided in Note 17.

Estimating the incremental borrowing rate

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

Further details on the IBR are disclosed in Notes 3 (h) and 31.

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

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

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create

an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

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

Property lease classification – Company as lessor

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

Amortisation of capital contribution

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

Further details on amortisation of capital contribution are disclosed in Note 27.

Provision for slow moving inventories

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

Further details on provisions for slow moving inventories are disclosed in Note 21.

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5. OPERATING SEGMENTS

The Company's internal reporting is based on eight administrative regions: Nairobi, Coast, Central Rift, Mt Kenya, North-Eastern, Western, South Nyanza, and North Rift. These regions represent the Company's operating segments, each managed by a Regional Manager who is responsible for monitoring performance, allocating resources, and driving operational decisions. However, for the purposes of external segment reporting, these operating segments have been aggregated into four reportable segments: Nairobi, Coast, West Kenya, and Mount Kenya. The aggregation is based on the similarity of economic characteristics, nature of services, and customer profiles across the regions.

The table below shows the Company's revenue, expenses, assets and liabilities per region. The table also shows capital expenditure and depreciation by region for the year. There are no inter-segment sales, and all revenue is from external customers. Energy purchase and head office expenses are apportioned to various regions based on percentage unit sales.

2025	Nairobi Region Shs'000	West Kenya Region Shs'000	Coast Region Shs'000	Mount Kenya Region Shs'000	Total Shs'000
Revenue	101,763,750	42,238,472	37,974,244	37,308,102	219,284,568
Energy purchases	(62,254,883)	(32,621,388)	(23,692,764)	(26,094,570)	(144,663,605)
Operating expenses	(14,411,617)	(14,393,234)	(5,048,637)	(8,567,949)	(42,421,437)
Other income	<u>2,684,116</u>	<u>1,793,362</u>	<u>1,036,300</u>	<u>1,752,781</u>	<u>7,266,559</u>
Operating profit	<u>27,781,366</u>	<u>(2,982,788)</u>	<u>10,269,143</u>	<u>4,398,364</u>	<u>39,466,085</u>
Finance income					625,218
Finance costs					(4,716,619)
Income tax expense					<u>(10,908,159)</u>
Profit for the year					<u>24,466,525</u>
Assets	<u>113,129,716</u>	<u>139,048,429</u>	<u>39,682,569</u>	<u>97,178,780</u>	<u>389,039,491</u>
Liabilities	<u>96,594,012</u>	<u>72,665,569</u>	<u>46,350,886</u>	<u>64,035,375</u>	<u>279,645,842</u>
Capital expenditure (including intangible assets)	<u>16,147,297</u>	<u>5,689,275</u>	<u>5,003,032</u>	<u>2,673,076</u>	<u>29,512,680</u>
Depreciation/amortization	<u>6,809,700</u>	<u>5,212,306</u>	<u>2,016,407</u>	<u>3,554,548</u>	<u>17,592,961</u>

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There were no revenues deriving from transactions with a single external customer that amounted to 10% or more of the Company's revenue. Finance income, finance costs and tax expenses are not segment specific and are largely head office items and therefore have not been apportioned to the operating segments.

2024	Nairobi Region Shs'000	West Kenya Region Shs'000	Coast Region Shs'000	Mount Kenya Region Shs'000	Total Shs'000
Revenue	105,578,988	44,833,417	41,599,166	39,112,026	231,123,597
Energy purchases	(82,833,247)	(27,109,063)	(27,109,063)	(13,554,531)	(150,605,904)
Operating expenses	(17,474,344)	(14,493,667)	(5,774,628)	(8,535,300)	(46,277,939)
Other income	<u>3,443,824</u>	<u>1,634,249</u>	<u>995,588</u>	<u>1,175,860</u>	<u>7,249,521</u>
Operating profit	<u>8,715,221</u>	<u>4,864,936</u>	<u>9,711,063</u>	<u>18,198,055</u>	<u>41,489,275</u>
Finance income					1,493,956
Finance costs					682,798
Income tax expense					<u>(13,585,659)</u>
Profit for the year					<u>30,080,370</u>
Assets	<u>120,001,077</u>	<u>127,906,313</u>	<u>41,483,777</u>	<u>68,695,032</u>	<u>358,086,199</u>
Liabilities	<u>122,299,867</u>	<u>62,117,695</u>	<u>45,423,845</u>	<u>40,930,630</u>	<u>270,772,037</u>
Capital expenditure (including intangible assets)	<u>13,729,114</u>	<u>4,837,262</u>	<u>4,253,789</u>	<u>2,272,762</u>	<u>25,092,927</u>
Depreciation/amortization	<u>6,877,620</u>	<u>4,896,341</u>	<u>1,953,105</u>	<u>2,768,433</u>	<u>16,495,499</u>

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The Company's core business in the four regions (reporting segments) continues to be the transmission, distribution and retail of electricity. There is no distinguishable component of the Company that is engaged in providing an individual service that is subject to risks and returns that are different from those of other business segments.

The information on property and equipment details at net book values is shown below:

2025	Land and buildings* Shs'000	Lines Shs'000	Machinery Shs'000	Motor vehicles Shs'000	Furniture equipment and other Shs'000	Intangible assets Shs'000	Total Shs'000
Transmission Distribution	361,859 <u>11,142,523</u>	16,193,191 <u>211,982,813</u>	3,910 <u>768,815</u>	4,603 <u>1,676,236</u>	315,608 <u>22,192,440</u>	- <u>2,052,797</u>	16,879,171 <u>249,815,624</u>
Total	<u>11,504,382</u>	<u>228,176,004</u>	<u>772,725</u>	<u>1,680,839</u>	<u>22,508,048</u>	<u>2,052,797</u>	<u>266,694,795</u>
2024							
Transmission Distribution	370,337 <u>11,334,079</u>	17,233,855 <u>208,078,646</u>	4,142 <u>828,103</u>	7,791 <u>1,667,916</u>	294,588 <u>16,625,181</u>	- <u>2,013,305</u>	17,910,713 <u>240,547,230</u>
Total	<u>11,704,416</u>	<u>225,312,501</u>	<u>832,245</u>	<u>1,675,707</u>	<u>16,919,769</u>	<u>2,013,305</u>	<u>258,457,943</u>

* Includes freehold land and buildings and prepaid leases on leasehold land disclosed in Note 17 and Note 18 respectively.

6. FINANCIAL RISK AND CAPITAL MANAGEMENT

Information about the Company's exposure to risks, its objectives, policies and processes for measuring and managing such risks, as well as quantitative disclosure, is discussed in this Note. The management of capital is also discussed.

The Company has an integrated risk management framework. The Company's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement and reporting. Three types of risks are reported as part of the risk profile, namely operational, strategic and business continuity risks.

For the Company, a strategic risk is a significant unexpected or unpredictable change or outcome beyond what was factored into the organisation's strategy and business model which could have an impact on the Company's performance.

Business continuity risks are those events, hazards, variances and opportunities which could influence the continuity of the Company.

One of the key risks for the Kenya Power and Lighting Company Plc, identified both under the operational and strategic risk categories, is financial sustainability of the Company. The financial risks, as defined by IFRS 7, and the management thereof, form part of this key risk area.

The Board of Directors has delegated the management of the Companywide risk to the Finance and Risk Committee. One of the committee's responsibilities is to review risk management strategies in order to ensure business continuity and survival. Most of the financial risks arising from financial instruments are managed in the centralised finance function of the Company.

The Company's exposure to risk, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated.

The Company has exposure to the following risks as a result of its financial instruments:

(a) Credit Risk

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Credit risk mainly arises from electricity and other receivables, short-term deposits and bank balances.

Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the period of a transaction. Delivery or settlement risk is the risk that counterparty does not deliver on its contractual commitment on maturity date (including the settlement of money and delivery of securities).

Credit risk arising from short-term deposits and bank balances is low because the counter parties are financial institutions with high credit ratings. Bank balances and bank deposits are thus low credit risk assets.

Management assesses the credit quality of each counterparty, taking into account its financial position, past experiences and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

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The tables below detail the credit quality of the Company's financial assets as well as the Company's maximum exposure to credit risk by credit risk rating grade:

	Notes	Gross carrying amount Shs'000	Loss allowance Shs'000	Net amount Shs'000
30 June 2025				
Electricity receivables	22(a)	39,032,248	(13,328,264)	25,703,984
Prepaid fixed charge receivable		2,407,357	(2,407,357)	-
Other receivables		44,923,900	(5,391,703)	39,532,197
Short-term deposits	23(a)	279,471	(4,536)	274,935
Bank balances	23(b)	<u>7,405,969</u>	<u>(93,426)</u>	<u>7,312,543</u>
		<u>94,048,945</u>	<u>(21,225,286)</u>	<u>72,823,659</u>
30 June 2024				
Electricity receivables	22(a)	36,066,667	(19,284,855)	16,781,812
Prepaid fixed charge receivable		2,460,567	(2,460,567)	-
Other receivables		38,757,856	(4,828,241)	33,929,615
Short-term deposits	23(a)	550,460	(7,360)	543,100
Bank balances	23(b)	<u>9,068,894</u>	<u>(71,313)</u>	<u>8,997,581</u>
		<u>86,904,444</u>	<u>(26,652,336)</u>	<u>60,252,108</u>

The customers under the fully performing category are paying their debts.

The loss allowance represents the debt that is fully provided for in line with the expected credit loss model.

Trade Receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customer segments with similar loss patterns.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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Set out below is the information about the credit risk exposure on the Company's electricity receivables and other receivables using a provision matrix:

Total exposure as at 30 June 2025

	0-30	31-90	>90	
	Shs'000	Shs'000	Shs'000	Shs'000
Electricity receivables	16,498,565	4,057,979	18,475,704	39,032,248
Prepaid fixed charge receivable		-	2,407,357	2,407,357
Other receivables	7,666,409	917,808	36,339,682	44,923,899
Short term deposits	279,471	-	-	279,471
Bank balances	<u>7,405,969</u>	<u>-</u>	<u>-</u>	<u>7,405,969</u>
Total	<u>31,850,414</u>	<u>4,975,787</u>	<u>57,222,743</u>	<u>94,048,944</u>

Total exposure as at 30 June 2024

	0-30	31-90	>90	
	Shs'000	Shs'000	Shs'000	Shs'000
Electricity receivables	14,688,764	3,223,554	18,154,349	36,066,667
Prepaid fixed charge receivable		-	2,460,567	2,460,567
Other receivables	5,264,538	537,959	32,955,359	38,757,856
Short term deposits	550,460	-	-	550,460
Bank balances	<u>9,068,894</u>	<u>-</u>	<u>-</u>	<u>9,068,894</u>
Total	<u>29,572,656</u>	<u>3,761,513</u>	<u>53,570,275</u>	<u>86,904,444</u>

Total impairment as at 30 June 2025

	0-30	31-90	>90	
	Shs'000	Shs'000	Shs'000	Shs'000
Electricity receivables	237,451	277,024	12,813,789	13,328,264
Prepaid fixed charge receivable	-	-	2,407,357	2,407,357
Other receivables	166,218	48,132	5,177,352	5,391,702
Short term deposits	4,536	-	-	4,536
Bank balances	<u>93,426</u>	<u>-</u>	<u>-</u>	<u>93,426</u>
Total	<u>501,631</u>	<u>325,156</u>	<u>20,398,498</u>	<u>21,225,285</u>

Total impairment as at 30 June 2024

	0-30	31-90	>90	
	Shs'000	Shs'000	Shs'000	Shs'000
Electricity receivables	639,101	1,330,675	17,315,079	19,284,855
Prepaid fixed charge receivable	-	-	2,460,567	2,460,567
Other receivables	605,970	431,636	3,790,635	4,828,241
Short term deposits	7,360	-	-	7,360
Bank balances	<u>71,313</u>	<u>-</u>	<u>-</u>	<u>71,313</u>
Total	<u>1,323,744</u>	<u>1,762,311</u>	<u>23,566,281</u>	<u>26,652,336</u>

Expected credit loss rate (Electricity receivables) at:

	0-30 days	31-90 days	>90 days
30 June 2025	1%	7%	70%
30 June 2024	4%	41%	95%

Management of credit risk

Financial instruments are managed by the Finance and Commercial Services functions.

Management of electricity receivables

The Company supplies electricity to customers in its licensed areas of supply. A large proportion comprises small commercial and domestic customers who settle their accounts within twenty-one days after receipt of the bill. The Company's exposure to credit risk is influenced by the individual characteristics of each customer.

In monitoring credit risk, customers are grouped according to their credit characteristics, including whether they are large, small or domestic electricity users, profile, security (deposits and guarantees) held and payment history.

The main classes of electricity receivables are industrial, government ministries, local authorities, parastatals, commercial and domestic customers. Electricity supply agreements are entered into with all customers. All postpaid customers are required to deposit an amount equivalent to two times their monthly consumption being security in the form of a cash deposit depending on the load supplied, subject to a minimum of two thousand five hundred shillings. Industrial and large commercial customers have the option of providing a bank guarantee in lieu of a cash deposit. Payment is enforced by way of disconnection of the supply if bills are not paid within twenty-one days after billing. No interest is charged on balances in arrears.

The Company has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include the issue of a notice for disconnection of supply, an internal collection process; follow up of the customer by telephone or in person, negotiations of mutually acceptable payment arrangements and letters of demand. Non-payment will result in disconnection of supply and the account's closure if the disconnection is done and there is no payment within three months. Any collateral, whether a cash deposit or bank guarantee, will be applied against the outstanding debt. The legal collection process is pursued thereafter. The decision to impair overdue amounts is assessed on the probability of recovery based on the customer's credit risk profile.

Progress on the collection process is reviewed on a regular basis and if it is evident that the amount will not be recovered, it is recommended for write-off in terms of the Company's policy. The process of recovery continues unless it is confirmed that there is no prospect of recovery or the costs of such action will exceed the benefits to be derived. Amounts written off are determined after taking into account the value of the security held.

The Company evaluates the concentration of risk with respect to electricity receivables as low, as its customers are located in all regions in Kenya and electricity is supplied to different classes of customers including individual households, private industries, companies and Government institutions. The total cumulative provision for impairment of electricity receivables at 30 June 2025 was Shs 13,328 million (2024: Shs 19,284 million).

The Company continues to install prepaid and smart meters as strategies to minimise the risk of non-collection. In addition, the following strategies are currently in operation and are largely successful in other high-risk areas of non-paying customers. These include:

- disconnections
- increased internal debt management capacity
- use of third party debt collectors
- focus on early identification and requirement for higher security deposits for defaulting customers

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows from revenue and capital and operational outflows.

The objective of the Company's liquidity management is to ensure that all foreseeable operational, capital expansion and loan commitment expenditure can be met under both normal and stressed conditions. The Company has adopted an overall balance sheet approach, which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, profitability and interest rate considerations.

The Company's liquidity management process includes:

- projecting cash flows and considering the cash required by the Company and optimising the short-term requirements as well as the long-term funding;
- monitoring statement of financial position liquidity ratios;
- maintaining a diverse range of funding sources with adequate back-up facilities;
- managing the concentration and profile of debt maturities; and
- maintaining liquidity contingency plans.

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The table below summarises the maturity profile of the Company's financial liabilities based on the remaining period using 30 June as a base period to the contractual maturity date and the undiscounted cash flows:

At 30 June 2025	On demand Shs'000	Less than 3 months Shs'000	3 -12 months Shs'000	1-5 Years Shs'000	>5 years Shs'000	Total Shs'000
Borrowings	-	-	17,496,348	55,892,192	40,389,068	113,777,608
Trade and other payables	373,065	58,024,367	24,630,650	227,325	14,139,344	97,394,751
Lease liabilities	-	-	259,016	469,101	331,595	1,059,712
Dividends payable	1,631,848	-	-	-	-	1,631,848
	<u>2,004,913</u>	<u>58,024,367</u>	<u>42,386,014</u>	<u>56,588,618</u>	<u>54,860,007</u>	<u>213,863,919</u>
At 30 June 2024						
Borrowings	-	-	16,619,184	75,152,127	41,537,733	133,309,044
Trade and other payables	330,636	48,575,338	22,767,601	516,424	14,566,800	86,756,799
Lease liabilities	-	-	230,644	417,716	295,272	943,632
Dividends payable	748,190	-	-	-	-	748,190
	<u>1,078,826</u>	<u>48,575,338</u>	<u>39,617,429</u>	<u>76,086,267</u>	<u>56,399,805</u>	<u>221,757,665</u>

The Company has an established corporate governance structure and process for managing the risks regarding guarantees and contingent liabilities. All significant guarantees issued by the Company are approved by the Board of Directors and are administratively managed by the treasury department. Updated guarantee schedules are compiled every month.

(c) Market Risk

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes in foreign exchange rates, commodity prices and interest rates. The objective of market risk management policy is to protect and enhance the statement of financial position and statement of comprehensive income by managing and controlling market risk exposures within acceptable parameters and to optimise the funding of business operations and facilitate capital expansion. The Company is exposed to the following risks:

Currency Risk

Currency risk arises primarily from purchasing imported goods and services directly from overseas or indirectly via local suppliers and foreign borrowings. The Company is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities that are denominated in a currency other than the Functional Currency of the Company.

The following table demonstrates the sensitivity to a reasonably possible change in the respective foreign currency/Shs exchange rate, with all other variables held constant, on the Company's loss/profit before income tax (due to changes in the fair value of monetary assets and liabilities).

Currency	Appreciation/ (depreciation) of exchange rate	Effect on profit/(loss) before tax Shs million	Effect on equity Shs million
Year 2025			
US\$	+/-5%	+/- 4,293	+/- 3,005
Euro	+/-4%	+/- 821	+/- 575
Year 2024			
US\$	+/-5%	+/- 4,820	+/- 3,374
Euro	+/-4%	+/- 749	+/- 524

Management of currency risk

Exposure due to foreign currency risk is managed by recovering from customers the realised fluctuations in the exchange rates not factored in the retail tariffs.

Commodity or price risk

Commodity or price risk arises from the fuel that is used for the generation of electricity.

Exposure due to commodity risk is managed by passing the cost of fuel used in generation to customers. In addition, the Company has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include the issue of a notice of disconnection of supply, an internal collection process; follow up of the customer by telephone or in person, negotiations of mutually acceptable payment arrangements and letters of demand. Non-payment will result in disconnection of supply and the customer's account being closed. The legal collection process is pursued thereafter.

The decision to impair overdue amounts is assessed on the probability of recovery based on the customer's credit risk profile.

(iii) Interest rate risk

Interest rate risk is the risk that the Company's financial condition may be adversely affected as a result of changes in interest rate levels. The Company's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Long-term borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The interest rate risk exposure arises mainly from interest rate movements on the Company's borrowings.

Management of interest rate risk

To manage the interest rate risk, the Company monitors the changes in interest rates in the currencies in which loans and borrowings are denominated. Additionally, the Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Based on the various scenarios, the Company also manages its fair value interest rate risk by using floating –to- fixed interest rate swaps, where applicable.

Sensitivity Analysis

The Company analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The calculation excludes borrowing costs capitalised in terms of the Company's accounting policy. The analysis has been performed on the same basis as the prior year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Change in interest rate	Effect on profit / (loss) before tax Shs' 000	Effect on equity Shs' 000
2025			
	1%	<u>876,352</u>	<u>613,446</u>
	5%	<u>4,381,759</u>	<u>3,067,231</u>
2024			
	1%	<u>945,518</u>	<u>661,863</u>
	5%	<u>4,727,592</u>	<u>3,309,314</u>

The assumed movement in interest rate is based on the currently observable market environment.

d) Capital Management

Capital managed by the Company is the equity attributable to the equity holders. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2025 and 30 June 2024.

The Company monitors capital using a gearing ratio. This ratio is calculated as net debt divided by capital. Net debt is calculated as total of interest-bearing loans and borrowings, less cash and cash equivalents.

	2025	2024
	Shs' million	Shs' million
Interest-bearing loans and borrowings (Note 37 (b)(i)))	87,635	98,515
Cash and cash equivalents (Note 37 (b)(i)))	<u>(7,685)</u>	<u>(9,574)</u>
Net debt	<u>79,950</u>	<u>88,941</u>
Equity	<u>109,336</u>	<u>87,314</u>
Gearing Ratio	<u>73%</u>	<u>102%</u>

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. Further information on compliance of debt covenants is disclosed in Note 31 (d).

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2025 and 30 June 2024.

(e) Fair Values of Financial Assets and Liabilities

The management assessed that the fair values of the Company's financial instruments approximate their carrying amounts.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

None of the financial instruments is carried at fair value.

7. REVENUE

IFRS 15 Revenue from contracts with customers requires disclosure to reflect the nature, timing, amount and uncertainty of its revenue within its disclosure requirements. The Company has determined that the disaggregation using the below segments and the nature of revenues is appropriate for its circumstances.

(a) Revenue from contracts with customers

	2025 Shs'000	2024 Shs'000
Electricity sales*		
• Post-paid	146,508,705	150,969,121
• Prepaid	37,565,704	34,297,848
Foreign exchange adjustment	10,412,662	23,938,217
Fuel cost charge	<u>27,168,969</u>	<u>24,292,059</u>
	221,656,040	233,497,245
Revenue apportioned to RES**	<u>(2,371,472)</u>	<u>(2,373,648)</u>
	<u>219,284,568</u>	<u>231,123,597</u>

*All electricity sales are recognised at a point in time.

**Revenue apportioned to RES based on electricity retail tariff approved by EPRA.

(b) Unit sales

Analysis of unit sales by broad customer category in gigawatt-hours (GWh) is as follows:

	2025 GWh	2024 GWh
Type of customers		
Domestic	3,649	3,220
Small Commercial	1,910	1,717
Commercial and Industrial	5,621	5,432
Street Lighting	150	104
Exports	73	43
	11,403	10,516
Less:		
RES unit sales	<u>(760)</u>	<u>(661)</u>
KPLC unit sales	<u>10,643</u>	<u>9,855</u>

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(c) Other income

	2025	2024
	Shs'000	Shs'000
Amortisation of capital contribution (Note 27)	2,804,165	3,675,584
Fibre optic leases	935,873	939,530
Miscellaneous Revenue	2,339,597	1,322,782
Capital contribution- KPLC last mile	135,700	162,606
Reconnection charges	930,607	1,004,351
Rent	120,617	144,668
	<u>7,266,559</u>	<u>7,249,521</u>

8. COST OF SALES

	2025	2024
	Shs'000	Shs'000
Renewable energy (8 (a))	100,031,199	106,366,490
Thermal energy (8 (b))	44,198,185	43,756,771
Unrealised foreign exchange costs (8 (d))	416,110	279,497
Other power purchase costs*	<u>18,111</u>	<u>203,146</u>
	<u>144,663,605</u>	<u>150,605,904</u>

2025

(a) Renewable Energy

The purchase costs from renewable energy sources, categorised by generation technology and power producer, were as follows:

	Units	Energy	Capacity	Forex	Steam	Total
	GWh	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
(i) Hydro						
KenGen						
Major hydros	3,374	1,029,683	7,783,902	587,570	-	9,401,155
Small hydros	75	740,072	-	2,474	-	742,546
	3,449	1,769,755	7,783,902	590,044	-	10,143,701
Independent Power Producers						
Regen-Terem	22	275,802	-	-	-	275,802
Metumi Power Plant	15	150,105	-	-	-	150,105
Gura	13	132,461	-	-	-	132,461
Hydro Project Services Peters	3	43,686	-	-	-	43,686
Power Technology Solutions Limited	1	18,156	-	-	-	18,156
Chania Power Limited	0.8	1,166	-	-	-	1,166
Imenti Tea Factory	0.014	109	-	-	-	109
	55	621,485	-	-	-	621,485
Hydros Total	3,504	2,391,240	7,783,902	590,044	-	10,765,186

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(ii) Geothermal

	Units	Energy	Capacity	Forex	Steam	Total
	GWh	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
KenGen						
Olkaria II	689	90,390	2,888,377	277,737	-	3,256,504
Olkaria IV	993	1,259,209	4,160,320	390,355	2,569,335	8,379,219
Olkaria I AU (units 4 & 5)	786	996,095	2,649,574	341,542	2,033,780	6,020,991
Olkaria V	1,183	1,548,991	7,620,809	343,193	-	9,512,993
Olkaria I (unit 6)	586	638,765	3,768,834	264,326	-	4,671,925
Eburru Hill	4	43,540	-	-	-	43,540
Wellheads	268	1,837,674	-	-	1,041,450	2,879,124
	4,509	6,414,664	21,087,914	1,617,153	5,644,565	34,764,296

Independent Power Producers

OrPower 4 Inc.	883	4,061,735	10,939,359	-	-	15,001,094
Sosian Menengai	326	2,212,644		-	-	2,212,644
GDC	-	-	-	-	845,333	845,333
	1,209	6,274,379	10,939,359		845,333	18,059,071
Geothermal Total	5,718	12,689,043	32,027,273	1,617,153	6,489,898	52,823,367

(iii) Wind

KenGen

Ngong	48	331,074	-	72,707	-	403,781
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Independent Power Producers

Lake Turkana	1,437	16,376,255	-	-	-	16,376,255
Wind Power						
Kipeto Energy Plc	423	6,561,562	-	-	-	6,561,562
	1,860	22,937,817	-	-	-	22,937,817
Wind Total	1,908	23,268,891	-	72,707	-	23,341,598

(iv) Solar

Independent Power Producers

Strathmore University	0.07	1,157	-	-	-	1,157
Selenkei Solar Farm	94	1,511,124	-	-	-	1,511,124
Cedate Solar Farm	92	1,487,384	-	-	-	1,487,384
Malindi Solar Group	97	1,552,729	-	-	-	1,552,729
Alten Kenya	107	1,724,960	-	-	-	1,724,960
	390	6,277,354	-	-	-	6,277,354
REREC Garissa Solar Plant	83	588,396	-	-	-	588,396
Solar Total	473	6,865,750	-	-	-	6,865,750

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	Units GWh	Energy Shs'000	Capacity Shs'000	Forex Shs'000	Steam Shs'000	Total Shs'000
(v) Cogeneration						
Biojoule Kenya Limited	0.003	47	-	-	-	47
(vi) Imports						
Uganda Electricity Transmission Company Limited	226	2,692,854	-	-	-	2,692,854
Ethiopia Electricity Power Company (EEP)	1,268	11,480,474	-	-	-	11,480,474
Ethiopian Electric Utility (EEU) Moyale	6	163,858	-	-	-	163,858
TANESCO- 400kV	34	419,715				419,715
Imports Total	1,534	14,756,901	-	-	-	14,756,901
	13,136	60,203,468	39,811,175	2,279,904	6,489,898	108,552,849
Less:						
Recharged to RES	(876)	-	-	-	-	(8,521,650)
	12,260	60,203,468	39,811,175	2,279,904	6,489,898	100,031,199

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(b) Thermal energy

The purchase costs from thermal energy sources, categorised by power producer, were as follows:

	Units GWh	Energy Shs'000	Capacity Shs'000	Fuel Shs'000	Forex Shs'000	Total Shs'000
KenGen						
Kipevu Diesel Power III	461	487,864	2,352,535	8,900,148	303,035	12,043,582
Muhoroni GT	15	10,004	288,769	714,823	-	1,013,596
	476	497,868	2,641,304	9,614,971	303,035	13,057,178
Independent Power Producers						
Rabai Power Limited	489	681,801	3,051,159	8,361,731	-	12,094,691
Thika Power Limited	133	200,618	2,657,861	2,438,981	-	5,297,460
Iberafrica Power (E.A.) Company Limited	60	107,795	2,139,313	1,259,672	-	3,506,780
Gulf Power Limited	42	54,421	2,590,200	919,510	-	3,564,131
Triumph Power Generating Company Limited	47	74,453	3,555,953	884,603	-	4,515,009
	771	1,119,088	13,994,486	13,864,497	-	28,978,071
Off grid power stations	88	-	-	4,017,883	-	4,017,883
	1,335	1,616,956	16,635,790	27,497,351	303,035	46,053,132
Less:						
Recharged to RES	(89)	-	-	-	-	<u>(1,854,947)</u>
	1,246	1,616,956	16,635,790	27,497,351	303,035	44,198,185

Fuel cost is a pass through cost. During the year, fuel cost amounted to Shs 23,479 million (2024: Shs 24,910 million) against recovery of Shs 27,169 million (2024: Shs 24,292 million).

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2024

(a) Renewable Energy

The non-thermal purchase costs according to technology of generation and the source/ power producer were as follows:

	Units GWh	Energy Shs'000	Capacity Shs'000	Forex Shs'000	Steam Shs'000	Total Shs'000
(i) Hydro						
KenGen						
Major hydros	3,260	1,000,334	7,874,949	938,564	-	9,813,847
Small hydros	75	773,697	-	49,326	-	823,022
	3,335	1,774,031	7,874,949	987,890	-	10,636,869

Independent Power Producers

Regen-Terem	23	319,103	-	-	-	319,103
Metumi Power Plant	17	264,178	-	-	-	264,178
Gura	14	156,219	-	-	-	156,219
Hydro Project Services Peters	3	48,796	-	-	-	48,796
Power Technology Solutions Limited	2	22,264	-	-	-	22,264
Chania Power Limited	1	29,949	-	-	-	29,949
Imenti Tea Factory	1	8,296	-	-	-	8,296
	61	848,805	-	-	-	848,805
Hydros Total	3,396	2,622,836	7,874,949	987,890	-	11,485,674

(ii) Geothermal

	Units GWh	Energy Shs'000	Capacity Shs'000	Forex Shs'000	Steam Shs'000	Total Shs'000
KenGen						
Olkaria I (units 1,2 & 3)	-	-	-	-	-	-
Olkaria II	627	79,879	2,404,278	350,510	-	2,834,667
Olkaria IV	970	1,195,332	4,132,285	594,980	2,801,603	8,724,200
Olkaria I AU (units 4 & 5)	1,020	1,257,907	3,758,096	588,227	3,019,308	8,623,538
Olkaria V	1,164	1,485,429	7,583,782	529,298	-	9,598,509
Olkaria I (unit 6)	583	620,116	3,975,645	470,020	-	5,065,781
Eburru Hill	9	107,132	-	-	-	107,132
Wellheads	260	2,074,317	-	-	1,144,257	3,218,574
	4,633	6,820,112	21,854,086	2,533,035	6,965,168	38,172,401

Independent Power Producers

OrPower 4 Inc.	793	4,204,212	11,501,045	-	-	15,705,257
Sosian Menengai	281	2,092,779	-	-	-	2,092,779
GDC	-	-	-	-	760,181	760,181
	1,074	6,296,991	11,501,045	-	760,181	18,558,217
Geothermal Total	5,707	13,117,103	33,355,131	2,533,035	7,725,349	56,730,618

(iii) Wind

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KenGen						
Ngong	50	350,145	-	89,931	-	440,076

Independent Power Producers

Lake Turkana Wind Power	1,326	18,294,625	-	-	-	18,294,625
Kipeto Energy Plc	404	7,159,634	-	-	-	7,159,634
	1,730	25,454,259	-	-	-	25,454,259
Wind Total	1,780	25,804,404	-	89,931	-	25,894,335

(iv) Solar

Independent Power Producers

Strathmore University	0.08	1,463	-	-	-	1,463
Selenkei Solar Farm	94	1,704,844	-	-	-	1,704,844
Cedate Solar Farm	96	1,716,217	-	-	-	1,716,217
Malindi Solar Group	99	1,743,485	-	-	-	1,743,485
Alten Kenya	100	1,822,605	-	-	-	1,822,605
	389	6,988,614	-	-	-	6,988,614
REREC Garissa Solar Plant	84	674,942	-	-	-	674,942
Solar Total	473	7,663,556	-	-	-	7,663,556

	Units GWh	Energy Shs'000	Capacity Shs'000	Forex Shs'000	Steam Shs'000	Total Shs'000
(v) Cogeneration						
Biojoule Kenya Limited	0.11	1686	-	-	-	1686
(vi) Imports						
Uganda Electricity Transmission Company Limited	217	3,559,726	-	-	-	3,559,726
Ethiopia Electricity Power Company (EEP)	977	9248359	-	-	-	9,248,359
Ethiopian Electric Utility (EEU) Moyale	5	124218	-	-	-	124,218
Imports Total	1,199	12,932,303	-	-	-	12,932,303
	12,555	62,141,888	41,230,080	3,610,856	7,725,349	114,708,172
Less:						
Recharged to RES	(789)	-	-	-	-	(8,341,683)
	<u>11,766</u>	-	-	-	-	<u>106,366,489</u>

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(b) Thermal energy

	Units GWh	Energy Shs'000	Capacity Shs'000	Fuel Shs'000	Forex Shs'000	Total Shs'000
KenGen						
Kipevu Diesel Power I	-	-	-	-	-	-
Kipevu Diesel Power III	365	375,528	2,315,205	7,935,049	131,038	10,756,820
Muhoroni GT	0.09	-	-	-	-	-
	365	375,528	2,315,205	7,935,049	131,038	10,756,820
Independent Power Producers						
Rabai Power Limited	441	658,418	3,337,569	8,652,568	-	12,648,555
Thika Power Limited	121	204,228	2,914,922	2,465,364	-	5,584,514
Iberafrica Power (E.A.) Company Limited	38	76,200	2,393,082	866,376	-	3,335,658
Gulf Power Limited	53	76,177	2,836,230	1,176,676	-	4,089,083
Triumph Power Generating Company Limited	26	46,413	3,481,344	525,410	-	4,053,167
	679	1,061,436	14,963,147	13,686,394	-	29,710,977
Off grid power stations	85	-	-	4,981,992	-	4,981,992
	1,129	1,436,964	17,278,352	26,603,435	131,038	45,449,789
Less:						
Recharged to RES	(71)	-	-	(1,693,018)	-	(1,693,018)
	<u>1,058</u>	<u>1,436,964</u>	<u>17,278,352</u>	<u>24,910,417</u>	<u>131,038</u>	<u>43,756,771</u>

(c) Summary of purchased energy units

Analysis of power purchases by utility source in gigawatt-hours (GWh) is as follows:

	2025 GWh	2024 GWh
Geothermal	5,718	5,707
Hydro	3,504	3,396
Wind	1,908	1,780
Thermal	1,335	1,129
Solar	473	473
Imports	1,534	1,199
	14,472	13,684
Less:		
Recharged to RES	<u>(965)</u>	<u>(860)</u>
	<u>13,507</u>	<u>12,824</u>

(d) Unrealised foreign exchange costs

The unrealized foreign exchange costs according to source/ power producer were as follows:

	2025	2024
	Shs'000	Shs'000
KenGen	(3,640)	19,315
Lake Turkana Wind Power	252,545	630,653
OrPower 4 Inc.	(8,516)	(226,445)
Kipeto Energy Plc	(939)	130,076
Uganda Electricity Transmission Company Limited	(579)	41,235
Rabai Power Limited	85,971	(107,106)
Triumph Power Generating Company Limited	(2,846)	16,728
Thika Power Limited	75,003	135,708
Gulf Power Limited	53,871	58,391
Iberafrica Power (E.A.) Company Limited	(1,443)	(10,786)
Cedate	(588)	(6,556)
Selenkei Solar Farm	(589)	(2,143)
Malindi	(373)	9,118
Garissa Solar Power Plant	101	20,214
Tsavo Power Company Limited	(187)	(8,658)
Gura	(54)	(839)
Regen-Terem	(170)	1,976
Metumi Power Plant	(1,673)	(97,925)
Ethiopia Electricity Power Company (EEP)	(345)	(238,423)
Ethiopian Electric Utility (EEU)	(181)	(150)
Hydro Project Services Peters	(10)	(904)
Power Technology Solutions Limited	12	(375)
Chania Power Limited	(116)	(6,171)
Geothermal Development Company (GDC)	(179)	(2,738)
Sosian Menengai Geothermal	400	(44,477)
Biojoule Kenya Limited	-	40
Alten Kenya Solarfarm	420	(11,219)
Imenti Tea Factory	(1)	(212)
Tanzania Electric Supply Company Limited	(61)	(24)
Strathmore University	(1)	(72)
	445,832	298,231
Less:		
Recharged to RES	<u>(29,722)</u>	<u>(18,734)</u>
	<u>416,110</u>	<u>279,497</u>

9. NET OPERATING EXPENSES

(a) Network management

	2025 Shs'000	2024 Shs'000
Salaries and wages	9,262,801	8,347,921
Depreciation of property and equipment	13,202,391	12,363,447
Impairment loss on WIP	22,544	2,858
Reversal of impairment loss on WIP	-	(1,636)
Wheeling charges – KETRACO*	5,580,707	5,215,614
Loss on disposal of fixed assets	681,412	498,377
Losses on transformer repairs	9,282	199,143
Fuel costs	1,175,584	1,337,158
Consumable goods	789,696	903,812
Staff welfare	649,531	415,018
Repairs & maintenance- vehicles	456,341	399,411
Transport and travelling	(657,443)	(258,547)
Office expenses	1,297	1,380
Net recharge of distribution and transmission costs to RES	(6,826,022)	(6,451,036)
	<u>24,348,121</u>	<u>22,972,920</u>

* These are fees levied by KETRACO for the use of their transmission lines to transport electricity from the generators. The amount is determined by EPRA.

	2025 Shs'000	2024 Shs'000
(b) Commercial services		
Salaries and wages	5,390,191	4,967,294
Depreciation of property and equipment	2,733,731	2,222,840
Advertising and public relations	3,073	11,513
Staff welfare	345,016	225,944
Transport and travelling	162,128	114,099
Consumable goods	2,228	2,644
Office expenses	2,484	805
Net recharge of customer service costs to RES	(2,520,835)	(1,588,924)
	<u>6,118,016</u>	<u>5,956,215</u>

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(c) Administration

	2025	2024
	Shs'000	Shs'000
Salaries and wages	6,149,195	5,287,919
Depreciation of property and equipment	1,077,866	1,405,706
Staff welfare	1,468,527	1,410,010
Depreciation- ROU asset (Note 20)	413,617	273,596
Amortisation of intangible assets (Notes 19, 37 (a))	137,750	208,206
Amortisation of operating lease prepayment (Notes 18,37 (a))	27,605	27,696
Repairs and maintenance	538,153	612,013
Security and surveillance	996,634	827,448
Transport and travelling	935,645	849,927
External services	1,364,298	724,291
Office expenses	100,851	127,821
Other financial expenses*	64,928	53,726
Licenses	1,360,253	1,646,529
Legal expenses	292,560	185,606
Insurance	574,247	408,838
Public relations	191,264	323,128
Company electricity expenses	370,711	200,076
Training expenses and consumer services	147,606	192,522
Other consumable goods	366,271	287,252
Movement in leave obligation (Note 34 (a))	(54,979)	155,434
Movement in gratuity provision (Note 34 (c))	223,926	229,938
Movement in leave allowance provision (Note 34 (b))	(46,501)	31,914
Consultancy fees	135,490	249,918
Directors' emoluments	23,525	19,509
Auditor's remuneration	20,509	20,509
Other Directors' expenses	25,263	19,070
Allowance for inventories (Note 21)	243,286	836
Expense relating to leases of low-value assets (Note 20)	19,978	16,375
Other costs**	205,350	112,710
Retirement benefit plan debits (Note 33)	24,414	877,394
	17,398,242	16,785,917
Recharge of administration costs to RES***	<u>(1,009,798)</u>	<u>(615,602)</u>
	<u>16,388,444</u>	<u>16,170,315</u>

*Other financial expenses mainly relate to bank charges, excise duty on financial services and exchange differences arising from foreign denominated transactions.

**Other costs mainly relate to prepaid vendor commission, wayleaves, representation, AGM costs, local authority taxes, utilities and contracted services including cleaning, service maintenance contracts among others.

*** Recharges to RES relate to operating costs apportioned to RES based on the predetermined formula developed by the Government of Kenya.

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(d) Expected credit losses on financial assets	2025 Shs'000	2024 Shs'000
Provision for electricity debtors (Note 22(c))	(4,962,684)	1,998,622
Provision /(Write back) for other receivables, bank deposits and bank balances and guarantees	582,751	(757,143)
Write back of provisions for prepaid fixed charge (Note 22(c))	(53,211)	(62,990)
Movement in expected credit losses	<u>(4,433,144)</u>	<u>1,178,489</u>

The Company conducted a comprehensive review of its IFRS 9 provisioning model and transitioned to an enhanced framework that incorporates updated macroeconomic indicators, refined debt collection trends, and improved analysis of customer payment behaviour. The initial model, which had been in use since the adoption of IFRS 9 in FY 2018/2019, had become less effective in capturing evolving credit risk dynamics, necessitating a methodological upgrade. As a result, expected credit losses decreased by KShs. 4,433,144,000 during the year under review.

10. EMPLOYEE BENEFITS

	2025 Shs'000	2024 Shs'000
Salaries and wages		
Salaries and allowances of permanent employees	19,291,138	17,768,360
Wages of temporary employees	1,522,489	1,216,122
Recharge of capital works supervision to capital jobs*	(1,296,723)	(1,515,474)
NSSF employer contributions	346,936	191,862
Pension costs – defined contribution	<u>938,346</u>	<u>942,265</u>
Salaries and wages	20,802,186	18,603,135
Pension credit - defined benefit scheme (Note 33)	24,414	877,394
	20,826,600	19,480,529
Movement in leave pay provision (Note 34 (a))	(54,979)	155,434
Movement in gratuity and leave allowance provisions (Note 34 (b) and Note 34 (c))	<u>177,425</u>	<u>261,852</u>
	<u>20,949,046</u>	<u>19,897,815</u>

* Recharge of recurrent expenditure to capital jobs relates to the labour and transport costs incurred by staff on capital jobs.

11 FINANCE INCOME

	2025 Shs'000	2024 Shs'000
(a) Finance income		
Interest income on bank and other deposits (Note 37 (g))	<u>625,218</u>	<u>1,493,956</u>

12 FINANCE COSTS

	2025 Shs'000	2024 Shs'000
Interest incurred on:		
• Loans	(3,459,567)	(6,038,662)
• Bank overdrafts	(271)	(83)
• Lease liabilities (Note 30)	(67,864)	(76,813)
Foreign exchange differences on loans*	(793,792)	7,881,752
Interest on late payment of invoices	(382,718)	(981,803)
Time value of money of RES receivable (Note 22 (b))	(10,477)	(99,663)
Dividends on cumulative preference shares	<u>(1,930)</u>	<u>(1,930)</u>
	<u>(4,716,619)</u>	<u>682,798</u>

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* Finance costs include unrealised foreign exchange loss of Shs 794 million against a gain of Shs 7,882 million in 2024 arising from movement of the Shilling against the USD and EURO in which some of the loans are denominated in.

13. EXPENSES BY NATURE

The profit before income tax is arrived at after charging/(crediting):

	2025	2024
	Shs'000	Shs'000
Employee benefits (Note 10)	20,949,046	19,897,815
Depreciation of property and equipment (Note 17)	17,013,988	15,991,991
Impairment loss on WIP (Note 17)	22,544	1,221
Finance costs (Note 12)	4,716,619	(682,798)
Expected credit losses on financial assets (Note 9 (d))	(4,433,144)	1,178,489
Amortisation of intangible assets (Note 19)	137,750	208,206
Loss on disposal/retirement of assets (Note 37 (d))	(681,412)	(498,377)
Movement in leave provision (Note 34 (a))	(54,979)	155,434
Movement in gratuity provision (Note 34 (c))	223,926	229,938
Movement in leave allowance provision (Note 34 (b))	(46,501)	31,914
Amortisation of leasehold land (Note 18)	27,605	27,696
Directors' emoluments:		
- Fees (Note 38 c (ii))	9,000	5,145
- Other (Note 38 c (ii))	14,305	14,366
Other Directors' expenses	25,483	18,220
Auditor's remuneration (Note 9 (c))	20,509	20,509
Movement in provision for inventories (Note 21)	243,286	836
Retirement benefit debit (Note 33)	<u>24,414</u>	<u>877,394</u>

14. (a) INCOME TAX EXPENSE

	2025	2024
	Shs'000	Shs'000
<i>Statement of profit or loss</i>		
Income tax:		
Current income tax (Note 14 (c))	4,894,889	3,446,951
Deferred income tax:		
Adjustment in respect of deferred tax for previous year (Note 28)	93,074	156,929
Movement for the year (Note 28)	<u>5,920,196</u>	<u>9,981,779</u>
Tax charge	<u>10,908,159</u>	<u>13,585,659</u>

14. (b) RECONCILIATION OF INCOME TAX EXPENSE

Reconciliation of the income tax expense and the accounting profit multiplied by the statutory income tax rate for 2025 and 2024:

	2025	2024
	Shs'000	Shs'000
Profit before income tax	35,374,684	43,666,029
Tax calculated at the statutory income tax rate of 30%	10,612,406	13,099,809
Tax effect of adjustments on taxable income:		
Expenses not deductible for tax purposes	171,043	485,850
Prior year adjustment	<u>124,710</u>	<u>-</u>
Income tax expense	<u>10,908,159</u>	<u>13,585,659</u>

(c) CURRENT INCOME TAX RECOVERABLE

At start of year	(2,861,362)	(12,136)
Tax paid	4,822,826	597,725
Tax charge (Note 14 (a))	<u>(4,894,889)</u>	<u>(3,446,951)</u>
At end of year	<u>(2,933,425)</u>	<u>(2,861,362)</u>

15. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on continuing operations attributable to the ordinary equity holders of the Company. There were no discontinued operations during the year. There were no potentially dilutive ordinary shares as at 30 June 2025 and 2024. Diluted earnings per share is therefore the same as basic earnings per share.

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2025	2024
	Shs'000	Shs'000
Profit for the year attributable to owners of the Company	<u>24,466,525</u>	<u>30,080,370</u>

The total number of shares and the weighted average number of shares for the purpose of calculating the basic and diluted earnings are as follows:

	2025	2024
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,951,467,045	1,951,467,045

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the number of ordinary shares.

	2025	2024
Basic earnings per share (Shs)	12.54	15.41
Diluted earnings per share (Shs)	12.54	15.41

16. DIVIDENDS PER SHARE

Proposed dividends are accrued after they have been ratified at an Annual General Meeting. An interim dividend of Kshs 0.20 per ordinary shares was paid (2023/2024: Nil). At the Annual General Meeting to be held before 31 December 2025, the Directors will recommend a final dividend payment of Kshs 0.80 per ordinary share in respect of the year ended 30 June 2025 (2024: Kshs 0.70).

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17. PROPERTY AND EQUIPMENT

2025	Freehold land	Buildings	Transmission lines	Distribution lines	Machinery	Motor Vehicles**	Furniture equipment	Work in Progress	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost									
At 1 July 2024	785,710	13,378,925	33,320,201	298,737,190	1,330,906	8,563,959	67,130,164	20,275,415	443,522,470
Work in progress additions	-	-	-	-	-	-	-	29,512,680	29,512,680
Transfers from work in progress	230	198,356	826	15,560,308	2,570	420,582	9,846,281	(26,029,153)	-
Retirements	-	-	-	(1,203,074)	-	(35,746)	-	-	(1,238,820)
At 30 June 2025	785,940	13,577,281	33,321,027	313,094,424	1,333,476	8,948,795	76,976,445	23,758,942	471,796,330
Depreciation									
At 1 July 2024	-	3,114,304	16,086,346	90,658,544	499,095	6,903,739	50,210,395	-	167,472,423
Charge for the year	-	371,015	1,041,490	10,885,438	61,656	396,388	4,258,002	-	17,013,989
Retirements	-	-	-	(432,371)	-	(32,172)	-	-	(464,543)
At 30 June 2025	-	3,485,319	17,127,836	101,111,611	560,751	7,267,955	54,468,397	-	184,021,869
Impairment									
At 1 July 2024	-	-	-	-	-	-	-	275,214	275,214
Impairment loss for the year*	-	-	-	-	-	-	-	22,544	22,544
At 30 June 2025	-	-	-	-	-	-	-	297,758	297,758
Net book value									
At 30 June 2025	785,940	10,091,962	16,193,191	211,982,813	772,725	1,680,840	22,508,048	23,461,184	287,476,703

Included in property, plant and equipment are certain parcels of land subject to historical charges and liens amounting to Shs. 33,950,080 (2024: Shs. 33,950,080); the Company is actively pursuing release of these titles.

Included in property and equipment as at 30 June 2025 are assets with a gross value of Shs 71,592,541,221 (2024: Shs 61,124,759,739) which are fully depreciated but still in use. The notional depreciation charge on these assets for the year would have been Shs 12,351,491,119.24(2024: Shs 11,219,289,739)

*This relates to impairment loss on Work in Progress (WIP) relating to projects that have stalled for the last three years.

**Included in motor vehicles is an aircraft with a gross value of Shs 297,700,693 (2024: Shs 297,700,693) and accumulated depreciation of Shs 265,008,337 (2024: Shs 261,820,384)

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17. PROPERTY AND EQUIPMENT (Continued)

2024	Freehold land	Buildings	Transmission lines	Distribution lines	Machinery	Motor Vehicles**	Furniture equipment	Work in Progress	Total
Cost	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 1 July 2023	785,710	13,027,318	33,318,332	284,738,549	1,328,844	8,219,319	61,875,270	16,941,963	420,235,305
Work in progress additions	-	-	-	-	-	-	-	24,382,155	24,382,155
Transfers from work in progress	-	351,607	1,869	14,828,166	2,062	610,003	5,254,996	(21,048,703)	-
Retirements	-	-	-	(829,525)	-	(265,363)	(102)	-	(1,094,990)
At 30 June 2024	785,710	13,378,925	33,320,201	298,737,190	1,330,906	8,563,959	67,130,164	20,275,415	443,522,470
Depreciation									
At 1 July 2023	-	2,747,881	15,033,587	80,561,218	437,571	6,680,224	46,526,366	-	151,986,847
Charge for the year	-	366,423	1,052,759	10,364,844	61,524	462,367	3,684,073	-	15,991,990
Retirements	-	-	-	(267,518)	-	(238,852)	(44)	-	(506,414)
At 30 June 2024	-	3,114,304	16,086,346	90,658,544	499,095	6,903,739	50,210,395	-	167,472,423
Impairment									
At 1 July 2023	-	-	-	-	-	-	-	273,992	273,992
Impairment loss for the year	-	-	-	-	-	-	-	2,858	2,858
Reversal	-	-	-	-	-	-	-	(1,636)	(1,636)
At 30 June 2024	-	-	-	-	-	-	-	275,214	275,214
Net book value									
At 30 June 2024	785,710	10,264,621	17,233,855	208,078,646	831,811	1,660,220	16,919,769	20,000,201	275,774,833

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18. LEASEHOLD LAND	2025	2024
	Shs'000	Shs'000
Cost		
At start of year	866,532	871,032
Additions	-	-
Transfer to ROUA	-	(4,500)
Disposal	-	-
At end of year	<u>866,532</u>	<u>866,532</u>
Amortisation		
At start of year	(212,447)	(185,338)
Charge for the year	(27,605)	(27,696)
Transfer to ROUA	--	587
Charge on disposals	-	-
At end of year	<u>(240,052)</u>	<u>(212,447)</u>
Net book value	<u>626,480</u>	<u>654,085</u>
19. INTANGIBLE ASSETS		
Cost		
At start of year	9,879,759	9,322,381
Additions	177,242	557,378
Disposal	(272,929)	-
At end of year	<u>9,784,072</u>	<u>9,879,759</u>
Amortisation		
At start of year	(7,866,454)	(7,658,248)
Charge for the year	(137,750)	(208,206)
Charge on disposals	272,929	-
At end of year	<u>(7,731,275)</u>	<u>(7,866,454)</u>
Net book value	<u>2,052,797</u>	<u>2,013,305</u>

As at 30 June 2025, the Company continues to use certain intangible assets, primarily computer software, which have been fully amortised. The gross carrying amount of these assets is Shs 7,321,302,026 (2024: Shs 7,549,234,420.55).

In line with IAS 38, the useful lives of intangible assets are reviewed at each reporting date. Assets assessed to have no foreseeable limit to the period over which they will generate economic benefits are classified as having an indefinite useful life and are subject to annual impairment testing under IAS 36.

20. RIGHT-OF-USE (ROU) ASSET

	2025 Shs'000	2024 Shs'000
Cost		
At start of year	1,238,581	1,801,561
Additions	406,031	82,642
Retirements	<u>(110,214)</u>	<u>(645,622)</u>
At end of year	<u>1,534,398</u>	<u>1,238,581</u>
Depreciation		
At start of year	(574,784)	(938,799)
Charge for the year	(413,617)	(273,596)
Charge on retirements	<u>110,214</u>	<u>637,611</u>
At end of year	<u>(878,187)</u>	<u>(574,784)</u>
Net book value	<u>656,211</u>	<u>663,797</u>

The following are the amounts recognized in profit or loss:

	2025 Shs '000	2024 Shs '000
Depreciation expense of right-of-use assets (Note 9 (c))	407,149	270,589
Interest expense on lease liabilities (Note 30)	67,864	105,047
Expense relating to leases of low-value assets ((Note 9 (c))	<u>19,978</u>	<u>16,375</u>
	<u>494,991</u>	<u>392,011</u>

The Company had total cash outflows for leases of Shs 521,907,000 in 2025 (2024: Shs 395,582,000). The Company also had non-cash additions to right-of-use assets and lease liabilities of Shs 406,031,000 in 2025 (2024: Shs 82,642,000). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 41.

21. INVENTORIES

	2025 Shs'000	2024 Shs'000
General stores	8,686,052	5,489,378
Transformers	2,072,918	2,179,221
Conductors and cables	3,345,015	2,201,550
Metering accessories	1,955,109	1,212,874
Poles	795,062	294,374
Fuel and oil	347,998	244,384
Motor vehicle spares	145,535	127,700
Engineering spares	<u>12,113</u>	<u>12,114</u>
	17,359,802	11,761,595
Provision for impairment	<u>(2,751,678)</u>	<u>(2,513,189)</u>
	<u>14,608,124</u>	<u>9,248,406</u>

Movements in the provisions for inventories were as follows:

At start of year	(2,513,189)	(2,878,763)
Correction of incomplete good issues during system transition	-	170,745
Write off	4,797	195,665
Additional provision Note 9 (c))	<u>(243,286)</u>	<u>(836)</u>
At end of year	<u>(2,751,678)</u>	<u>(2,513,189)</u>

22. TRADE AND OTHER RECEIVABLES

(a) Non-current - Trade and other receivables

	2025 Shs'000	2024 Shs'000
Prepayments-loan origination fee*	10,267	190,460

This relates to arrangement costs charged upfront on long-term loans extended by NCBA Kenya Bank Plc (2024: Standard Chartered Bank, NCBA Kenya Bank Plc and Rand Merchant Bank). The fee is amortised over the tenure of the loans.

(b) Current - Trade and other receivables

	2025 Shs'000	2024 Shs'000
Electricity receivables (Note 22(c))	39,032,248	36,066,667
Receivable from Government of Kenya-RES recurrent losses***** (Note 38 (b) (ii))	34,770,199	30,886,124
RES – intercompany (Note 38 (b) (ii))	8,057,991	6,104,883
Prepayments- Loan origination fees	177,043	189,642
Receivable from Government of Kenya***** (Note 38 (b))	478,642	424,549
Last mile prepaid debtors	1,613,148	1,710,840
Sundry debtors & prepayments	84,429	110,582
Conversion to prepaid debt	2,836,697	510,216
Non-commercial debt	734,391	792,983
Last mile token contribution for RES	607,039	597,834
Prepaid fixed charge debt	2,407,357	2,460,567
VAT recoverable (Note 38 (b) (ii))	2,110,772	1,784,046
Project funds****	587,592	46,103
Due from KETRACO**	1,715,063	1,715,063
Staff receivables	838,947	803,114
Stima loan deferred payment customers *	157,145	200,402
GPOBA prepaid debtors***	36,834	36,915
Other *****	2,180,895	1,932,673
Gross trade and other receivables	98,426,432	86,373,203
Provision for credit losses		
Electricity receivables	(13,328,264)	(19,284,855)
Prepaid fixed charge	(2,407,357)	(2,460,567)
Last mile debtors	(1,587,141)	(1,299,727)
Receivable from GOK-RES Recurrent	(150,545)	(150,753)
Staff debtors	(268,812)	(349,249)
Other receivables	(3,385,204)	(3,028,512)
	(21,127,323)	(26,573,663)
Impairment of RES receivable*****	<u>(1,277,678)</u>	<u>(1,267,201)</u>
Net trade and other receivables	<u>76,021,431</u>	<u>58,532,339</u>

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Movement in impairment of RES receivable is as follows;

	2025 Shs'000	2024 Shs'000
At start of year	1,267,201	1,167,539
Increase during year (Note 12)	<u>10,477</u>	<u>99,662</u>
At end of year	<u>1,277,678</u>	<u>1,267,201</u>

Trade and other receivables are non – interest bearing.

* Deferred payment customers balances represent debts outstanding under the Stima Loan Revolving Fund Programme which was established in 2010 to facilitate credit access to the low-income segments of the market for the purpose of electricity connection. It is funded by Agence Francaise de Development (AFD).

**This represents amounts due from KETRACO for local costs incurred in the construction of Sondu Miriu transmission and distribution line and repayments in relation to 0.75% Japan Bank for International Corporation loan that was transferred to KETRACO in 2018 upon signing of the Novation agreement.

***GPOBA prepaid debtors relate to the Global Partnership on Output Based Assistance (GPOBA) project for customers with prepaid meters. This project aims to provide safe, legal and affordable electricity to informal settlements. In 2015, the Company entered into an arrangement with the World Bank's International Development Association (IDA), which acts as an administrator of GPOBA. Under the agreement, the Company pre-invests its own resources to provide electricity to informal settlements after which IDA reimburses the Company for every connection done under this project.

**** The Company receives funding from the World Bank through Credit No.5587-KE to support electrification projects. The total amount received as at 30 June 2025 was Shs 15,996,633,000 (2024: Shs 15,996,633,000) and Shs 15,409,041,000(2024: Shs 15,572,000,000) has been spent on the projects.

*****Receivable from Government of Kenya (GoK) relates to subsidies due to the Company to enhance universal access to electricity through connectivity to the national grid. During the year, the Company received Shs nil' disbursements (2024: Shs nil) of which Shs 31,138,000 (2024: Shs 207,092,000) was utilised to improve electricity supply in off grid stations through supply of generators.

*****Included in other receivables is an amount of Shs 247,339,000 (2024: Shs 247,339,000) deposited in Imperial Bank Limited which was placed under receivership in 2015. The balance is fully Impaired.

***** KPLC is the management agent for RES on behalf of Ministry of Energy and Petroleum (MOEP). The Schemes of RES are generally sub-economic since their operational and maintenance costs exceed their revenue. The resultant accumulated deficit is recoverable from the Government of Kenya (GOK) as stipulated in the 1973 agreement signed between KPLC and the GOK through the MOEP.

***** This relates to additional impairment of the RES receivable as a result of the time value of money. The amount was recognised as a finance cost.

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(c) Electricity receivables

	<30 days Shs'000	30-90 days Shs'000	>90 days Shs'000	Total Shs'000
2025				
Gross	16,498,565	4,057,979	18,475,704	39,032,248
Impairment	<u>(237,451)</u>	<u>(277,024)</u>	<u>(12,813,789)</u>	<u>(13,328,264)</u>
Net	<u>16,261,114</u>	<u>3,780,955</u>	<u>5,661,915</u>	<u>25,703,984</u>
2024				
Gross	14,688,764	3,223,554	18,154,349	36,066,667
Impairment	<u>(639,101)</u>	<u>(1,330,675)</u>	<u>(17,315,079)</u>	<u>(19,284,855)</u>
Net	<u>14,049,663</u>	<u>1,892,879</u>	<u>839,270</u>	<u>16,781,812</u>

Information about the credit exposure is disclosed in Note 6 (a).

(d) Movement in the expected credit losses for trade and other receivables is as follows;

	Electricity receivables Shs'000	Prepaid fixed charge Shs'000	Other receivables Shs'000	Total Shs'000
2025				
At start of year	(19,284,855)	(2,460,567)	(4,828,241)	(26,573,663)
Additional provision (Note 9 (d))	-	-	(960,321)	(960,321)
Write back (Note 9 (d))	4,962,684	53,211	396,859	5,412,754
Write off	<u>993,907</u>	-	-	<u>993,907</u>
At end of year (Note 21(b))	<u>(13,328,264)</u>	<u>(2,407,356)</u>	<u>(5,391,703)</u>	<u>(21,127,323)</u>
2024				
At start of year	(17,286,233)	(2,523,558)	(5,460,964)	(25,270,755)
Additional provision (Note 9 (d))	(1,998,622)	-	(377,129)	(2,375,751)
Write back (Note 9 (d))	-	62,990	1,009,853	1,072,843
At end of year (Note 21(b))	<u>(19,284,855)</u>	<u>(2,460,567)</u>	<u>(4,828,241)</u>	<u>(26,573,663)</u>

23. SHORT-TERM DEPOSITS, BANK AND CASH BALANCES

a) Short-term deposits

	2025 Shs'000	2024 Shs'000
Housing Finance Company of Kenya Limited	-	547,848
Short-term deposits – NCBA, KCB & STIMA SACCO	276,859	
The Co-operative Bank of Kenya Limited	<u>2,612</u>	<u>2,612</u>
	279,471	550,460
Expected credit losses- charge for the year	<u>(4,536)</u>	<u>(7,360)</u>
	<u>274,935</u>	<u>543,100</u>

The average effective interest rate on the short-term deposits for the year ended 30 June 2025 was 7.47% (2024: 7.47%).

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Movement in the expected credit losses is as follows;

	2025 Shs'000	2024 Shs'000
At start of year	7,360	7,091
Movement during the year	<u>(2,824)</u>	<u>269</u>
At end of year	<u>4,536</u>	<u>7,360</u>

b) Bank and cash balances

	2025 Shs'000	2024 Shs'000
Cash at bank	7,401,476	9,799,393
Cash on hand	<u>4,493</u>	<u>3,587</u>
	7,405,969	9,802,980
Expected credit losses	<u>(93,426)</u>	<u>(71,313)</u>
	7,312,543	9,731,667

Movement in the expected credit losses is as follows;

At start of year	71,313	192,336
Increase during the year	<u>22,113</u>	<u>(121,023)</u>
At end of year	<u>93,426</u>	<u>71,313</u>

(c) Detailed analysis of the cash and cash equivalents

Description	2025 Kshs	2024 Kshs
a) Current Account		
Other Commercial banks	6,027,741	6,068,279
Sub- Total	6,027,741	6,068,279
b) On - Call Deposits		
Other Commercial banks	373,596	1,685,237
Sub- Total	373,596	1,685,237
c) Fixed Deposits Account		
Other Commercial banks	-	-
Sub- Total	-	-
d) Staff Car Loan/ Mortgage		
Other Commercial banks	19,139	547,848
Sub- Total	19,139	547,848
e) Others		
Cash in transit	1,260,471	2,048,489
Cash in hand	68	68
Mobile money account	4,425	3,519
Sub- Total	1,264,964	2,052,076

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Description	2025 Kshs	2024 Kshs
Grand Total	7,685,440	10,353,440

24. SHARE CAPITAL

Authorised:

2,592,812,000 ordinary shares of Shs 2.50 each	<u>6,482,030</u>	<u>6,482,030</u>
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Issued and fully paid:

1,951,467,045 ordinary shares of Shs 2.50 each	<u>4,878,667</u>	<u>4,878,667</u>
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25. SHARE PREMIUM

The share premium arose from the redemption of the 7.85% redeemable non-cumulative preference shares and a rights issue in the year 2011 at a price of Shs 207.50 giving rise to a share premium of Shs 14,367 million.

A further premium was received from the rights issue of 488,630,245 ordinary shares of Shs 2.50 each at a price of Shs 19.50, hence resulting to a share premium of Shs 17 per share or a total share premium of Shs 8,307 million. The transaction costs amounting to Shs 653 million were netted off against the share premium.

26. RETAINED EARNINGS

The retained earnings balance represents the amount available for distribution to the shareholders of the Company.

Further details on retained earnings are provided in statement of changes in equity.

27. DEFERRED INCOME

Deferred income relates to capital contributions received from electricity customers for the construction of electricity assets. The amounts are amortised through profit or loss on a straight-line basis over five years of the related asset used in delivering the ongoing service.

	2025 Shs'000	2024 Shs'000
At start of year	19,541,124	17,002,674
Additional contributions	6,808,280	6,214,033
Recognised as income (Note 7(c))	<u>(2,804,165)</u>	<u>(3,675,584)</u>
At end of year	<u>23,545,239</u>	<u>19,541,124</u>
Maturity analysis:		
Non-current	19,142,489	15,700,478
Current	<u>4,402,750</u>	<u>3,840,646</u>
At end of year	<u>23,545,239</u>	<u>19,541,124</u>

28. DEFERRED INCOME TAX

	2025 Shs'000	2024 Shs'000
At start of year	37,523,737	27,217,478
(Credit)/ Debit to other comprehensive income	(473,358)	167,551
Prior year adjustment	93,074	156,929
(Credit)/Charge to profit or loss (Note 14 (a))	<u>5,920,196</u>	<u>9,981,779</u>
At end of year	<u>43,063,649</u>	<u>37,523,737</u>

Deferred income tax balance is analysed as follows:

	At July 2024	Prior year adjustments	(Credited)/ Charged to profit or loss	Credited to OCI	At 30 June 2025
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Deferred income tax liabilities					
Property and equipment	54,922,605	41,085	3,693,051	-	58,656,741
Unrealised foreign exchange loss	(7,789,492)	-	918,289	-	(6,871,203)
Right of use asset	199,141	-	(2,276)	-	196,865
Retirement benefit asset	<u>220,264</u>	<u>51,989</u>	<u>65,397</u>	<u>(484,322)</u>	<u>(146,672)</u>
	<u>47,552,518</u>	<u>93,074</u>	<u>4,674,461</u>	<u>(484,322)</u>	<u>51,835,731</u>
Deferred income tax assets					
Lease liabilities	(192,445)	-	9,491	-	(182,954)
Provisions	(9,836,336)	-	1,236,244	10,964	(8,589,128)
Tax losses	-	-	-	-	-
Prior year adjustments					
	<u>(10,028,781)</u>	<u>93,074</u>	<u>1,245,735</u>	<u>10,964</u>	<u>(8,772,082)</u>
Net deferred income tax liabilities	<u>37,523,737</u>	<u>93,074</u>	<u>5,920,196</u>	<u>(473,358)</u>	<u>43,063,649</u>
	At July 2023	Prior year adjustments	(Credited)/ Charged to profit or loss	Credited to OCI	At 30 June 2024
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Deferred income tax liabilities					
Property and equipment	51,424,061	-	3,498,544	-	54,922,605
Unrealised foreign exchange loss	(11,135,828)	-	3,346,336	-	(7,789,492)
Right of use asset	258,830	-	(59,689)	-	199,141
Retirement benefit asset	<u>334,968</u>	<u>-</u>	<u>(263,218)</u>	<u>148,514</u>	<u>220,264</u>
	<u>40,882,03</u>	<u>-</u>	<u>6,521,973</u>	<u>148,514</u>	<u>47,552,518</u>
Deferred income tax assets					
Lease liabilities	(258,371)	-	65,926	-	(192,445)
Provisions	(9,522,348)	-	(333,025)	19,037	(9,836,336)
Tax losses	(3,883,834)	156,929	3,726,905	-	-
Prior year adjustments	-				
	<u>(13,664,553)</u>	<u>156,929</u>	<u>3,459,806</u>	<u>19,037</u>	<u>(10,028,781)</u>
Net deferred income tax liabilities	<u>27,217,478</u>	<u>156,929</u>	<u>9,981,779</u>	<u>167,551</u>	<u>37,523,737</u>

29. TRADE AND OTHER PAYABLES

	2025	2024
	Shs'000	Shs'000
(a) Non-current trade and other payables		
Capital contribution - on-going projects**	12,724,014	12,323,602
Customer deposits*	7,312,118	7,192,801
Capital contributions-projects not commenced	3,128,826	3,732,037
RES current account - capital (Note 38 (b) (iii))	1,941,897	2,350,513
Donor funds	1,213,165	1,236,783
Kenya Off-Grid Solar Access Project (KOSAP)	91,981	110,801
Electrification of health facilities	116	15,572
Sub-Station Installation-GOK Funded Account	150,000	150,000
Nuclear electricity project	4,000	4,000
Other payables	<u>2,483,844</u>	<u>2,588,069</u>
	<u>29,049,961</u>	<u>29,704,178</u>

*Customer deposits are held as a non-current liability because the Company will continue to offer services to the customers for the foreseeable future and the customers are not expected to discontinue their use of electricity in the short run. In addition, the customer deposits are a security for the electric meters supplied to the customer for long-term electricity supply.

**Capital contributions for on-going projects relate to customer contributions for capital works not completed.

	2025	2024
	Shs'000	Shs'000
(b) Current trade and other payables		
KenGen (Note 38 (e))	17,708,072	17,327,379
Other suppliers' accounts	7,739,990	4,980,589
Other electricity suppliers	32,570,974	26,264,483
Other payables	13,412,236	11,285,128
RES current account - Last Mile Project (Note 38 (b) (iii))	1,496,093	1,978,051
Deferred KPLC last mile	1,522,723	1,658,424
RES - EIB Project	2,393	-
Retention money	214,642	479,052
Rural Electrification Authority Levy** ((Note 38 (b) (iii)))	10,414,792	10,591,274
Ketraco wheeling charge (Note 38 (f))	2,678,739	3,485,769
Ministry of Finance (Note 38 (b) (iii))	875,041	875,041
Prepaid revenue****	373,065	330,636
Street lighting project (Note 38 (b) (iii) and Note 39)	590,783	808,619
Energy Regulatory Levy	335,455	236,655
Deferred creditor (Fibre optic)	-	<u>35,326</u>
	89,934,998	80,336,426
Provision for impairment (Note 29 (c))	<u>2,804</u>	<u>2,804</u>
	<u>89,937,802</u>	<u>80,339,230</u>

(c) Movement in the provision for impairment for the Company guaranteed staff loans is as follows;

	2025 Shs'000	2024 Shs'000
At start of year	2,804	6,469
Increase/(decrease) in provision	=	(3,665)
At end of year (Note 29 (b))	<u>2,804</u>	<u>2,804</u>

(d) Aging analysis for trade payables

	2025 Shs'000	% of the total	2024 Shs'000	% of the total
0-30 days	14,340,100	29%	13,233,799	30%
31 -60 days	14,258,980	28%	12,821,144	30%
61 -90 days	10,187,840	20%	7,379,045	17%
Over 90 days	11,492,126	23%	10,040,142	23%
Total	50,279,046		43,474,130	

30. LEASE LIABILITIES

Lease liabilities include the net present value of the fixed lease payments discounted using the incremental borrowing rate.

	2025 Shs'000	2024 Shs'000
Balance at start year	641,485	861,237
Additions for the year	406,031	82,642
Interest charge (Note 12)	67,864	76,813
Payment of interest	(67,864)	(76,813)
Payment of principal	<u>(437,668)</u>	<u>(302,394)</u>
	<u>609,848</u>	<u>641,485</u>

The carrying amount of the current portion is Shs 259,016,000 (2024: Shs 230,644,000) while the non-current portion is Shs 350,832,000 (2024: Shs 410,841,000).

The maturity analysis of undiscounted lease liabilities is disclosed in Note 6 (b).

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31. BORROWINGS

(a) Borrowings summary

Commercial borrowings

Standard Chartered Bank Loan	USD	4.15% + Libor	19/06/2016	23/06/2026	7,067,501	14,167,016
Equity Bank USD Medium Term Loan	USD	4.5% + Libor	30/09/2014	30/09/2025	--	265,948
Rand Merchant Bank Medium Term Loan	USD	7.95%	26/09/2018	26/09/2025	--	2,266,723
NCBA Bank Kenya Plc	Shs	7% (CBR +2%)	09/10/2020	03/10/2032	3,372,927	6,535,382
Accrued Interest (Note 37 (b))					<u>402,800</u>	<u>616,600</u>
					<u>10,843,228</u>	<u>23,851,669</u>

On-lent borrowings

GOK/IDA Kenya Electricity Expansion Project	USD	3.00%	11/05/2011	01/03/2036	16,671,559	17,692,219
GOK/CHINA EXIM BANK (USD 109,414,646)	USD	3.00%	28/08/2014	28/08/2035	17,216,269	18,693,200
GOK/IDA 3958 & 4572 KE ESRP	USD	4.50%	28/06/2005	01/09/2030	11,546,944	13,132,842
GOK/NORDEA	EUR	3.00%	15/12/2014	15/09/2027	2,833,863	3,243,710
GOK/EIB 23324 KE ESRP	EUR	3.97%	10/10/2007	20/07/2026	2,356,278	2,637,120
GOK/Agence Francaise de Development	EUR	4.50%	23/05/2007	30/03/2026	1,420,589	1,589,908
GOK/ Nordic Development Fund 435 ESRP	EUR	4.50%	22/05/2007	15/09/2027	589,867	638,349
KPLC/AFD Revolving Fund Loan	EUR	2.70%	31/12/2014	31/07/2035	3,095,685	3,096,710
GOK/IDA 7343-KE Kenya Green & Resilient	Shs	2.50%			7,364,956	-
Expansion for Energy program	USD	2.00%	27/02/2016	15/11/2053	8,962,955	9,273,038
GOK/IDA 5587 KE LOAN	Shs	7.70%	30/06/2016	30/06/2023	188,349	188,349
GOK/IDA 2966 KE loan	EUR	3.20%	31/12/2014	31/07/2035	1,131,267	1,131,326
GOK/AFD Transformer Densification					<u>3,413,369</u>	<u>3,346,129</u>
Accrued interest (Note 37 (b))					<u>76,791,950</u>	<u>74,662,900</u>
					<u>87,635,178</u>	<u>98,514,569</u>

Total borrowings

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Description	2025 Kshs	2024 Kshs
Commercial borrowings		
Balance at beginning of the year	23,851,669	35,927,660
Repayments of during the year	(12,768,259)	(10,982,041)
Revaluation (gain)/loss	(26,382)	(1,151,150)
Accrued Interest brought forward	(616,600)	(559,400)
Accrued Interest carried forward	402,800	616,600
Balance at end of the year	10,843,228	23,851,669
On Lent borrowings		
Balance at beginning of the year	74,662,900	79,480,477
On lent borrowings during the year	7,364,956	81,452
Repayments during the year	(6,153,600)	-
Capitalised interest	--	5,686,521
Revaluation (gain)/loss	850,454	(4,790,699)
Accrued Interest brought forward	(3,346,129)	(9,140,980)
Accrued Interest carried forward	3,413,369	3,346,129
Balance at end of the year	76,791,950	74,662,900
Total borrowings at end of the period	87,635,178	98,514,569
	2025 Shs'000	2024 Shs'000
Total borrowings	87,635,178	98,514,569
Less: amounts repayable within 12 months	<u>(17,496,348)</u>	<u>(16,619,184)</u>
Non-current	<u>70,138,830</u>	<u>81,895,385</u>

(b) Analysis of borrowings by currency

	Shs Shs' 000	USD Shs' 000	Euros Shs' 000	Total Shs' 000
2025				
Loans	<u>14,742,401</u>	<u>61,465,227</u>	<u>11,427,550</u>	<u>87,635,178</u>
2024				
Loans	<u>10,686,461</u>	<u>75,490,985</u>	<u>12,337,123</u>	<u>98,514,569</u>

(c) Maturity of borrowings

	2025 Shs'000	2024 Shs'000
Due within 1 year	17,496,348	16,619,184
Due between 1 and 2 years	13,095,755	23,970,253
Due between 2 and 5 years	25,789,849	28,314,972
Due after 5 years	<u>31,253,226</u>	<u>29,610,160</u>
	<u>87,635,178</u>	<u>98,514,569</u>

(d) Compliance with debt covenants

During the year, the Company met all its loan repayment obligations. The Company was in compliance with all financial covenants during the year except for the Current Ratio covenant relating to the below borrowings from Standard Chartered Bank. This covenant compares the current assets with the current liabilities.

	Current Shs'000	Non-current Shs'000	Total Shs'000
Standard Chartered Bank USD 350m loan	7,067,501	-	7,067,501
	<u>7,067,501</u>	=	<u>7,067,501</u>
		Covenant requirement	As per the financial statements
<i>For Standard Chartered Bank and Rand Merchant Bank</i>			
Current assets (Shs'000)		-	98,217,033
Current liabilities (Shs'000)		-	117,426,250
Current ratio		1	0.84

Paragraph 74 of IAS 1 'Presentation of financial statements' requires the reclassification of the non-current portion of borrowings with covenant breaches to current. This reclassification has not been performed in the financial statements because the Company obtained waivers before the end of the reporting period, 30 June 2025, which gave consent of extension of the breach from 30 June 2025 to 30 June 2026.

Through a letter from Standard Chartered Bank dated 17 June 2025, the lender communicated consent of extension of the breach from 30 June 2025 to 30 June 2026.

32. PREFERENCE SHARES

	2025 Shs'000	2024 Shs'000
Authorised, issued and fully paid:		
350,000 - 7% cumulative preference shares of Shs 20 each	7,000	7,000
1,800,000 - 4% cumulative preference shares of Shs 20 each	<u>36,000</u>	<u>36,000</u>
	<u>43,000</u>	<u>43,000</u>

The preference shares are treated as financial liabilities because the Company has a contractual obligation to pay preference dividends on the shares.

33. RETIREMENT BENEFIT ASSET

The Company operates a funded defined benefit plan (the "DB Scheme") for its employees that is established under irrevocable trust. The DB Scheme was closed to new members and future accrual of service as from 1 July 2006. Currently, no contributions are payable by employees to the DB Scheme and the Company is on a contribution holiday. DB Scheme assets are invested in a variety of asset classes comprising of government securities, fixed and time deposits, corporate bonds, equities and offshore investments. A separate defined contribution scheme (the "DC Scheme") was setup in respect of service from 1 July 2006. The contributions to the DC Scheme are accounted separately in the Company's statement of profit or loss.

The benefits provided by the DB Scheme are based on a formula taking into account years and complete months of service with the employer since joining the scheme to the closing date. Under the DB Scheme, the employees are entitled to retirement benefits varying between 3 and 5 percent of final pensionable emoluments on attainment of the retirement age.

The DB Scheme is governed by the Retirement Benefits Act, 1997. This requires that an actuarial valuation be carried out at least every three years for the DB Scheme. The most recent actuarial valuation of the DB Scheme was carried out at 31 December 2022 using the Projected Credit Method, by an independent qualified actuary. For the purposes of calculating the actuarial liability under the Scheme as at 30 June 2025 the Company engaged the services of an actuary, Zamara Actuaries, Administrators & Consultants Limited. The Actuary "rolled forward" the results of the actuarial valuation as at 31 December 2022 to 30 June 2025.

The Company is exposed to the following actuarial risks:

a) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently, the plan has a relatively balanced investment in investment properties, government securities, equity investments, corporate bonds and short-term deposits. Due to the long-term nature of the DB Scheme liabilities, management considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the DB Scheme.

b) Interest risk

A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

c) Longevity risk

Benefits in the DB Scheme are payable on retirement, resignation, death or ill-health retirement. The actual cost to the Company of the benefits is therefore subject to the demographic movements of employees.

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- d) The benefits are linked to salary and consequently have an associated risk to increases in salary.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2025	2024
Discount rate	13.3%	18%
Expected rate of return on assets	13.3%	18%
Future salary increases	5.0%	5.0%
Retirement age	50% @ 55, Balance @ 60	55 years

The updated position arising from the Company's obligation in respect of its DB Scheme is as follows:

The current service costs and the net interest expense for the year are included in administration expenses in profit or loss (Note 9 (c)).

The measurement of the defined benefit liability is included in other comprehensive income. The amounts recognised in profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

	2025 Shs'000	2024 Shs'000
Current service cost	191,759	-
Past service cost	(38,511)	1,044,878
Interest cost on defined benefit obligation	2,193,222	1,954,470
Interest income on plan assets	(2,485,407)	(2,289,438)
Interest on the effect of the asset ceiling	<u>163,351</u>	<u>167,484</u>
Net expense recognised in profit or loss (Note 10)	<u>24,414</u>	<u>877,394</u>

	2025 Shs'000	2024 Shs'000
Net actuarial loss/(gain)	1,800,266	(2,291,904)
Return on plan assets (excluding amount in interest cost)	642,590	2,346,695
Changes in effect of asset ceiling (excluding amounts in interest cost)	(1,070,854)	(549,834)
Recognised in other comprehensive income	<u>1,372,002</u>	<u>(495,043)</u>
Total net actuarial losses/ (gains)	<u>2,744,004</u>	<u>(990,086)</u>

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The amount included in the statement of financial position arising from the Company's obligation in respect of its defined benefit retirement plan is as follows:

	2025 Shs'000	2024 Shs'000
Fair value of plan assets	14,712,740	14,745,708
Present value of funded defined benefit obligation	<u>(15,201,652)</u>	<u>(13,277,292)</u>
	(488,912)	1,468,416
Limit on defined benefit asset		<u>(734,209)</u>
	==	)
Present value of funded defined benefit asset	<u>(488,912)</u>	<u>734,207</u>

The reconciliation of the amount included in the statement of financial position is as follows:

	2025 Shs'000	2024 Shs'000
Net asset at the start of the year	734,207	1,116,558
Net expense recognised in profit or loss (Note 9 (c))	(24,414)	(877,394)
Prior year adjustment* – Net expense	415,701	-
Prior year adjustment* – Other comprehensive income	(242,404)	-
Amount recognised in other comprehensive income	<u>(1,372,002)</u>	<u>495,043</u>
Present value of funded defined benefit asset	<u>(488,912)</u>	<u>734,207</u>

Movement in the present value of defined benefit funded obligations in the current year is as follows:

	2025 Shs'000	2024 Shs'000
At start of year	13,277,293	13,458,711
Current service cost	191,759	-
Past service cost	(38,511)	1,044,878
Prior year adjustment*	(346,594)	-
Interest cost on obligation	2,193,222	1,954,470
Actuarial loss/(gain)	1,800,266	(2,291,904)
Benefits paid	<u>(1,875,783)</u>	<u>(888,862)</u>
At end of year	<u>15,201,652</u>	<u>13,277,293</u>

*The adjustment relates to the recognition of updated past service cost based on revised actuarial information received during the current financial year. Since the change arose from updated estimates rather than a prior-period error, the adjustment has been accounted for in the current year and the comparative figures remain unchanged.

Movement in the fair value of defined benefit scheme assets is as follows;

At start of year	(14,745,706)	(15,691,828)
Interest income on plan assets	(2,485,407)	(2,289,438)
Return on plan assets, excluding amount in interest income	642,590	2,346,695
Benefits paid	1,875,783	888,862
At end of year	<u>(14,712,740)</u>	<u>(14,745,709)</u>

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The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	2025 Shs'000	2024 Shs'000
Property	7,296,700	7,418,718
Debt instruments	4,321,500	4,407,057
Equity instruments	2,618,900	2,251,108
Others	<u>475,640</u>	<u>668,825</u>
Total scheme assets	<u>14,712,740</u>	<u>14,745,708</u>

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties are not based on quoted market prices in active markets. This treatment has been implemented during the current and prior years.

Sensitivity analysis

A sensitivity analysis was performed on the model and A 1% p.a. reduction in the discount rate will increase the actuarial liability estimated at 30 June 2025 to around KShs 15.9 billion (with all other assumptions remaining the same).

34. PROVISIONS

This is estimated provision for monetary liability for employees' accrued annual leave entitlement and present value of employee gratuity benefits.

	2025 Shs'000	2024 Shs'000
(a) Leave pay obligation		
At start of year	497,968	342,534
Increase/(decrease) in provisions (Note 9 (c))	<u>(54,979)</u>	<u>155,434</u>
At end of year	<u>442,989</u>	<u>497,968</u>
(b) Leave allowance provision		
At start of year	195,463	163,549
Increase/(decrease) in provisions (Note 9 (c))	<u>(46,501)</u>	<u>31,914</u>
At end of year	<u>148,962</u>	<u>195,463</u>
(c) Gratuity provision		
Opening benefit obligation	161,731	452,459
Current service cost	180,677	185,023
Interest cost	43,249	44,915
Actuarial gain	(73,491)	(63,458)
Actuarial (gain) / loss - due to changes in assumptions	36,945	-
Benefits and expenses paid	<u>(176,001)</u>	<u>(457,208)</u>
Net liability at end of year	<u>173,110</u>	<u>161,731</u>

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Movement in the present value of defined benefit funded obligations in the current year is as follows:

	2025 Shs'000	2024 Shs'000
Present value of the defined benefit obligation at start of year	161,731	452,459
Charge recognised in the profit or loss for the year (Note 9 (c))	223,926	229,938
Benefits paid to the outgoing employees during the year	(176,001)	(457,208)
Actuarial gain on the obligation recognised in other comprehensive income	(36,546)	(63,458)
Present value of the defined obligation at end of year	<u>173,110</u>	<u>161,731</u>
Total provisions	<u>765,061</u>	<u>855,162</u>

35. DIVIDENDS PAYABLE

	2025 Shs'000	2024 Shs'000
Dividends payable on ordinary shares	<u>1,631,848</u>	<u>748,190</u>

These relate to unclaimed dividends payable to different ordinary shareholders.

The movement in the dividend payable account is as follows:

	2025 Shs'000	2024 Shs'000
At start of year	748,190	751,612
Declared during the year		
• 4% and 7% Preference shares dividends	1,930	1,930
• Ordinary shares dividends	1,756,320	-
Paid during the year	<u>(874,592)</u>	<u>(5,352)</u>
At end of year	<u>1,631,848</u>	<u>748,190</u>

36. CONTRACT BALANCES

	2025 Shs'000	2024 Shs'000
Electricity receivables (Note 22(b))	<u>25,703,984</u>	<u>16,781,812</u>
Contract liabilities (Note 29)	<u>12,724,014</u>	<u>12,323,602</u>

The net carrying amount of electricity receivables stood at Shs 25,704 million (2024: Shs 16,782 million.)

Contract liabilities relate to contributions from customers for connection to the Company's electricity network and the works are ongoing. These contributions are held in trade payables as progress payments until the work on the connection has been completed. Once the customers are connected to the electricity supply, the Company would have satisfied its performance obligation hence transferring the capital contributions to deferred income and released to revenue in the income statement over the estimated useful economic lives of the related assets.

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The movement in the contract liabilities is as follows:

	2025	2024
	Shs'000	Shs'000
At start of year	12,323,602	12,079,656
Additions during the year	7,208,692	6,457,979
Transferred to deferred income during the year (Note 27)	<u>(6,808,280)</u>	<u>(6,214,033)</u>
At end of year	<u>12,724,014</u>	<u>12,323,602</u>

37. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to cash generated from operations

	2025	2024
	Shs'000	Shs'000
Profit before taxation	35,374,684	43,666,029
Depreciation of property and equipment (Note 17)	17,013,988	15,991,991
Impairment loss on Work in Progress (WIP) (Note 17)	22,544	2,858
Reversal of impairment loss on WIP	--	(1,636)
Amortisation of intangible assets (Note 19)	137,750	208,206
Amortisation of leasehold land (Note 18)	27,605	27,696
Depreciation of ROU (Right-of-use) asset (Note 20)	413,617	273,596
Amortisation of capital contribution (Note 7 (c))	(2,804,165)	(3,675,584)
Loss on disposal of property and equipment (Note 37 (d))	681,412	486,453
Loss on retirement of ROU (Note 37 (d))	--	8,011
Loss on retirement of leasehold to ROU (Note 37 (d))	--	3,913
Finance income (Note 11)	(625,218)	(1,493,956)
Finance costs (Note 12)	4,679,035	(1,165,260)
Interest expense on lease liabilities (Note 12)	67,864	76,813
Movement in provision for leave pay, gratuity and leave allowance (Note 34)	122,446	417,286
Movement in provisions for credit losses on short-term deposits (Note 23 (a))	(2,824)	269
Movement in provisions for credit losses on bank balances ((Note 23 (b))	22,113	(121,023)
Movement in provisions for company guaranteed loans ((Note 29 (b))	-	(3,665)
Movement in provisions for credit losses on trade and other receivables	(4,452,433)	1,178,489
Movement in provision for slow moving inventories (Note 21)	243,286	836
Retirement benefit plan credits (Note 9 (c))	24,414	877,394
Unrealised foreign exchange losses on cash and cash equivalents (Note 12)	(30,280)	405,647
Working capital changes:		
- Movement in inventories	(5,603,003)	(3,176,248)
- Movement in trade and other receivables	(12,832,333)	(3,039,662)
- Movement in deferred income	6,808,281	6,214,034
- Movement in trade and other payables	8,944,355	(24,580,541)
Cash generated from operations	<u>48,233,138</u>	<u>32,581,946</u>

(b) (i) Analysis of changes in borrowings

	2025 Shs'000	2024 Shs'000
At start of year	98,514,569	115,408,137
Proceeds	7,364,956	81,452
Capitalised interest	-	5,686,520
Repayments	(18,921,858)	(10,982,041)
Repayment of previous year's accrued interest	(3,962,730)	(9,700,380)
Foreign exchange losses	824,072	(5,941,849)
Accrued interest (Note 31 (a))	3,816,169	3,962,730
At end of year	<u>87,635,178</u>	<u>98,514,569</u>

(b) (ii) Net cash/(debt) reconciliation

	2025 Shs'000	2024 Shs'000
Cash and bank balances (Note 23 (b))	7,405,969	8,997,581
Short-term deposits (Note 23 (a))	279,471	576,368
Borrowings (Note 31)	<u>(87,635,178)</u>	<u>(98,514,569)</u>
Net debt	<u>(79,949,738)</u>	<u>(88,940,620)</u>
Cash, bank balances and short-term deposits	7,685,440	9,573,949
Gross debt – fixed interest rates	(76,791,950)	(77,001,223)
Gross debt – variable interest rates	<u>(10,843,228)</u>	<u>(21,513,346)</u>
Net debt	<u>(79,949,738)</u>	<u>(88,940,620)</u>

(c) Analysis of cash and cash equivalents

Short-term deposits (Note 23 (a))	279,470	550,460
Cash and bank balances (Note 23(b))	<u>7,405,969</u>	<u>9,802,980</u>
	<u>7,685,439</u>	<u>10,353,440</u>

For the purpose of the cash flow statement, cash and cash equivalents include short-term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired; less advances from banks repayable within three months from date of disbursement or date of confirmation of the advance.

(d) Analysis of proceeds from disposal of property and equipment

Proceeds from disposal of property and equipment	92,865	102,123
Less: disposed assets at net book value	<u>(774,277)</u>	<u>(588,576)</u>
Loss on disposal of property and equipment	<u>(681,412)</u>	<u>(486,453)</u>
Proceeds of retirement of right of use assets (ROU)		
Proceeds from retirement of ROU	-	-
Less: retired assets at net book value	-	<u>8,011</u>
Loss on retirement of ROU	<u>-</u>	<u>(8,011)</u>
Proceeds on retirement of leasehold land		
Proceeds from retirement of leasehold land	-	-
Less: retired assets at net book value	-	<u>3,913</u>
Loss on retirement of leasehold land	<u>-</u>	<u>(3,913)</u>
Loss on disposal/retirement of non-current assets (Note 9 (a))	<u>(681,412)</u>	<u>(498,377)</u>

(e) Analysis of interest paid

	2025 Shs'000	2024 Shs'000
Interest on loans (Note 12)	3,459,567	6,038,662
Overdraft interest (Note 12)	271	83
Interest on late payment invoices (Note 12)	<u>382,718</u>	<u>981,803</u>
	3,842,556	7,020,548
Accrued interest brought forward (Note 31 (a))	3,962,730	9,700,380
Interest on loans capitalised		(5,686,520)
Revaluation of Interest capitalised		(2,469,972)
Accrued interest carried forward (Note 31 (a))	<u>(3,816,169)</u>	<u>(3,962,730)</u>
Interest paid	<u>3,989,117</u>	<u>4,601,706</u>

(f) Analysis of dividends paid

	2025 Shs'000	2024 Shs'000
At start of year	748,190	751,612
Declared during the year		
• 4% and 7% Preference shares dividends	1,930	1,930
• Ordinary shares dividends	1,756,320	-
At end of year	<u>(1,631,848)</u>	<u>(748,190)</u>
Dividends paid	<u>874,592</u>	<u>5,352</u>

(g) Analysis of interest received

Interest received on bank and other deposits (Note 11)	625,218	1,493,956
Accrued interest brought forward	7,890	39,656
Accrued interest carried forward	<u>(42,500)</u>	<u>(7,890)</u>
Interest received	<u>590,608</u>	<u>1,525,722</u>

(h) Purchase of property and equipment

Work in progress additions (Note 17)	29,512,680	24,382,155
Exchange loss on loans for on-going projects capitalised	<u>-</u>	<u>-</u>
Property and equipment purchased	<u>29,512,680</u>	<u>24,382,155</u>

*The Company capitalises interest on qualifying projects quarterly at the average cost of debt of 3.84% (2024: 5.03%).

38. RELATED PARTY DISCLOSURES

The Government of Kenya is the principal shareholder in The Kenya Power & Lighting Company Plc (KPLC) holding a 50.1% equity interest. The Government also holds 70% and 100% of the equity interest in Kenya Electricity Generating Company Plc (KenGen) and Kenya Electricity Transmission Company (KETRACO), respectively. The Company is related to KenGen and KETRACO through common control. During the year, the following transactions were carried out with related parties:

(a) The Company had no individually significant transactions carried out on non-market terms.

(b) Other transactions that are collectively significant are detailed as follows:

	2025 Shs'000	2024 Shs'000
(i) Ministries:		
Electricity sales to Government Ministries	6,457,058	5,321,714
Electricity sales to strategic parastatals	1,996,461	2,221,635
(ii) Outstanding balances at the year-end included in trade and other receivables:		
Receivable from Government of Kenya-RES recurrent losses (Note 22 (b))	34,770,199	30,886,124
Receivable from Government of Kenya (Note 22 (b))	478,642	424,549
VAT recoverable (Note 22 (b))	2,110,772	1,784,046
Due from KETRACO (Note 22 (b))	1,715,063	1,715,063
RES – intercompany (Note 22 (b))	8,057,991	6,104,883
Last mile token contribution for RES	607,039	597,834
Ministries & County governments- Electricity sales receivable*	6,713,515	5,340,628
Strategic parastatals- Electricity sales receivable	417,639	463,957
Rural Electrification Authority current account (Note 22 (b))	-	-
Ministry of Energy and other sector entities	158,393	158,393
	55,029,253	47,475,477

* Ministries & County governments includes devolved services and public health facilities

(iii) Outstanding balances at the year-end included in trade and other payables:

	2025 Shs'000	2024 Shs'000
RES current account - Last Mile (Note 29 (b))	1,496,093	1,978,051
Rural Electrification Authority levy (Note 29 (b))	10,414,792	10,591,274
KETRACO- wheeling charge (Note 29 (b))	2,678,739	3,485,769
REREC Garissa Solar Plant	236,277	160,181
Ministry of Finance (Note 29 (b))	875,041	875,041
Government of Kenya - Street lighting project (Note 29 (b))	590,783	808,619
RES – capital (Note 29 (a))	1,941,897	2,350,513
	18,233,622	20,249,448
Net amount owed by Government of Kenya	36,795,631	27,226,029

The tariffs applicable to Government institutions are the same as those charged to other ordinary customers.

(c) Staff

	2025 Shs'000	2024 Shs'000
(i) Advances to staff included in trade and other receivables	<u>839,891</u>	<u>803,114</u>

The Company advances loans to staff at an interest charge of 12% (2024:12%). The loans are mainly classified into salary, motorcycle, laptop and domestic appliances loans. The outstanding amounts are recovered from payroll on a monthly basis. The repayment period is between 12 to 36 months.

(ii) Key management compensation

	2025 Shs'000	2024 Shs'000
Short-term employee benefits	5,963	8,131
Termination benefits	<u>30,093</u>	<u>28,327</u>
	<u>36,056</u>	<u>36,458</u>

Short-term employee benefits include those relating to the Managing Director and Chief Executive Officer who is also a Director are disclosed below:

	2025 Shs'000	2024 Shs'000
Fees for services as Director Non-Executive Directors (Note 13)	9,000	5,145
Other emoluments		
Salaries and other short-term employment benefits:		
Non-Executive Directors (Note 13)	14,305	14,366
Executive Directors and key management staff	<u>36,056</u>	<u>36,458</u>
	<u>50,361</u>	<u>50,824</u>
	<u>59,361</u>	<u>55,969</u>

(d) Rural Electrification Scheme (RES)

The Company continued to manage the RES under the Rural Electrification Programme (REP), on behalf of the Government of Kenya.

The Rural Electrification Programme (REP) was established in 1973 by the Government of Kenya following an agreement between the Government and East African Power & Lighting Company Limited, the predecessor to The Kenya Power & Lighting Company Plc. The programme was established with the specific objective to extend electricity to the sub-economic rural areas. In order to intensify the expansion of these sub-economic regions, the Government has established the Rural Electrification Authority (REA). However, KPLC continues to operate and maintain the whole network, in addition to implementing projects for the Authority on contract basis.

The Company has entered into a Mutual Co-operation and Provision of Services Agreement with REA to operate and maintain lines owned by REA. In return, the Company will retain revenues generated from

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RES customers to cover maintenance costs incurred by the Company. However, the Company continues to invoice the Government for the expenditure incurred to complete on-going projects.

The REP is funded by the Government of Kenya. Any property acquired by REP remains the property of the Government of Kenya. KPLC only acts as a management agent on behalf of the Government. The balances due to RES are disclosed in Note 37 (b) (ii) and (iii).

(e) KenGen

	2025 Shs'000	2024 Shs'000
Electricity purchases (before allocation to RES)	58,368,957	60,006,167
Amounts due to KenGen on electricity purchases (Note 29 (b))	17,708,072	17,327,379
Electricity sales	336,260	553,568
Amounts due from KenGen on account of electricity sales	(251,336)	186,746
Amounts due from KenGen on account of sector entities media campaign	30,000	30,000
Amounts due from KenGen on account of lease of fiber	41,004	29,586

(f) KETRACO

	2025 Shs'000	2024 Shs'000
During the year, the following transactions were carried out with KETRACO		
Wheeling charge KETRACO (Note 9 (a))	5,580,707	5,215,614
	<u>5,580,707</u>	<u>5,215,614</u>
Outstanding balances at the year-end included in trade and other payables:		
KETRACO wheeling charge (Note 29 (b))	<u>2,678,739</u>	<u>3,485,769</u>
Outstanding balances at the year-end included in trade and other receivables:		
KEEP/KETRACO 132KV Transmission lines	47,208	47,208
KEEP/KETRACO 132/33KV substations	107,391	107,391
Interest paid on repayment of 2.5% Exim Bank Loan	27,695	27,695
Amount due from Ketraco on account of local costs*	567,642	567,642
Amount due from Ketraco on 0.75% JICA loan (inclusive of interest)	221,272	221,272
Maintenance costs for Transmission lines	<u>743,855</u>	<u>743,855</u>
	<u>1,715,063</u>	<u>1,715,063</u>

*These are local costs incurred by KPLC in the construction of Kisii Chemosit and Kamburu- Meru lines

(g) KPLC Staff Retirement Benefits Scheme

The Company rents property owned by the staff retirement benefits scheme for office space. Rent paid to the scheme in the year amounted to Shs 177 million (2024: Shs 177 million). The outstanding balance to the retirement benefit scheme as at 30 June 2025 was Shs nil million (2024: Shs nil million).

The year-end outstanding balances with related parties are interest free and settlement occurs in cash.

(h) Information and Communications Technology Authority (ICTA)

The Government, through the Information and Communications Technology Authority (ICTA), contracted the Company to implement the Last-Mile Fibre Optic Connectivity to government institutions across the country under the Digital Super Highway (DSH) Project. The Company's mandate includes the design, supply, and installation of fibre infrastructure nationwide. In line with the agreed project milestones and deliverables, the Company received a reimbursement of KShs. 940,610,307.10 from ICTA as at 30 June 2025. This amount represents a partial settlement of the contract sum invoiced for works partially completed in accordance with the project agreement.

39. CAPITAL COMMITMENTS

The capital commitments relate to the ongoing capital projects which have been approved and are at various stages of implementation.

	2025 Shs'000	2024 Shs'000
Authorised and contracted for	53,452,354	62,749,332
Less: amount incurred and included in work-in-progress	<u>(16,275,680)</u>	<u>(10,375,190)</u>
	<u>37,176,674</u>	<u>52,374,142</u>

40. CONTINGENT LIABILITIES

	2025 Shs'000	2024 Shs'000
Bank guarantees	740,002	663,525
Claims on the Company	8,565,518	7,917,493
	<u>9,305,520</u>	<u>8,581,018</u>

Cases filed against the Company are being handled by legal counsel appointed by the Company.

The Directors, based on professional advice and previous courts' pronouncements, are of the opinion that significant loss may arise from these matters.

The following is a highlight of the significant claims against the Company: -

Litigation and claims

- i) Case No. 1720 of 2002 is a case for alleged trespass to land.
- ii) Case No. 3564 of 2003 seeks compensation for the wayleaves trace.
- iii) Case No. 87 of 2012 (formerly CoA 73 of 2016) is a claim for an alleged trespass to land.
- iv) Case No. 1048 of 2014 is a case for alleged trespass to land.
- v) Case No. 166 of 2016 seeks for payments, interest, and demurrages charges for an alleged loss occasioned as a result of an alleged breach of contract.
- vi) Case No. 311 of 2016 is a claim on account of the alleged losses incurred due to alleged transformer failure.
- vii) Case No. 322 of 2017 is a claim for an alleged breach of contract.
- viii) Case No. E049 of 2018 claims for alleged breach of contracts for supply of poles.
- ix) Case No. 206 of 2018 is a claim for an alleged breach of contract.
- x) Miscellaneous Application No. 331 of 2018 seeks to stop the Company from disconnecting power supply to the Plaintiff arising out of unpaid electricity debt.
- xi) Petition No. 448 of 2018 seeks orders to stop the commissioning of a project.

- xii) Cause No. 17 of 2019 (formerly Case No. 74 of 2003) is an employment matter instituted by former staff.
- xiii) Case No. E091 of 2020 claims for alleged breach of contracts for supply of poles.
- xiv) Case No. E006 of 2021 is a claim for alleged breach of contract.
- xv) Case No. E008 of 2021 is a claim for alleged trespass on land.
- xvi) Case No. E307 of 2021 is a claim for alleged trespass on land.
- xvii) Case No. E802 of 2021 is a claim arising out of a procurement.
- xviii) Case No. E047 of 2022 is a claim for alleged trespass on land.
- xix) Case No. E106 of 2022 is a claim for compensation for an alleged breach of contract.
- xx) Case No. E157 of 2022 claims for alleged breach of contract for supply of wooden poles.
- xxi) Case No. E215 of 2022 is a dispute regarding alleged termination of contracts for supply of transformers.
- xxii) Petition No. E103 of 2023 challenges the implementation of the RTA.
- xxiii) Case No. E727 of 2024 is a claim for compensation for an alleged breach of contract.
- xxiv) Case No. E010 of 2024 is a claim for compensation for an alleged breach of contract.
- xxv) Case No. E005 of 2024 is a claim for compensation for an alleged breach of contract.

Other claims lodged against the Company relate to civil suits which have arisen in the normal course of business.

41. FUTURE RENTAL COMMITMENTS UNDER OPERATING LEASES

As lessor:

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2025	2024
	Shs'000	Shs'000
Not later than 1 year	107,819	100,213
Later than 1 year and not later than 5 years	333,183	347,498
More than 5 years	81,327	80,465
	<u>522,329</u>	<u>528,176</u>

As a lessor, the Company has entered into commercial property leases on its property, and it retains all the significant risks and rewards of ownership of these properties and therefore accounts for the contracts as operating leases.

42. WORLD BANK FINANCING

(a) KEEP Loan (IDA Credit No. 4743-KE)

The Company received funding from the World Bank through Credit No.4743-KE to support electricity expansion projects.

Included in the long-term borrowings is an amount of Shs 16,671,559,000(US\$ 129,002,588) (2024: Shs 17,692,219,000 (US\$ 136,590,975) in respect of the amounts disbursed under the loan to date. The proceeds of the World Bank loan have been expended in accordance with the intended purpose as specified in the loan agreement.

(b) KEMP (IDA Credit No. 5587-KE) LOAN

The Company received funding from the World Bank through Credit No.5587-KE to support electricity modernization projects. Summary information on transactions under KEMP Loan during the two years ended 30 June 2025 and 2024 were as follows:

	2025 Shs'000	2024 Shs'000
At start of year	33,045	102,797
Amounts received during the year	-	-
Net interest income	851	1,447
Expenditure during the year	=	(71,199)
Balance at end of year	<u>33,896</u>	<u>33,045</u>

The closing balances shown above are included in cash and cash equivalents and represent balances in the World Bank funded Special Account No. 1400266765947 held at Equity Bank Limited. Included in the long-term borrowings is an amount of Shs 8,962,955,000(US\$ 69,354,305) (2024: Shs 9,273,038,000(US\$ 71,591,541) in respect of the amounts disbursed under the loan to date. The proceeds of the World Bank through Credit No.5587-KE have been expended in accordance with the intended purpose as specified in the loan agreement.

(c) KEMP (IDA Credit No. 5587-KE) GRANT

The Company received funding from the World Bank through Credit No.5587-KE to support electrification projects. Summary information on transactions under KEMP Grant during the two years ended 30 June 2025 and 2024 were as follows:

	2025 Shs'000	2024 Shs'000
At start of year	38,199	55,099
Amounts received during year	-	-
Net interest income	984	1,068
Expenditure during year	=	(17,968)
Balance at end of year	<u>39,183</u>	<u>38,199</u>

The closing balances shown above are included in cash and cash equivalents and represent balances on the World Bank funded Special Account No.1400266766088 held at Equity Bank Limited. The proceeds of World Bank grant have been expended in accordance with the intended purpose as specified in the loan agreement.

(d) Kenya Green and Resilient Expansion for Energy (GREEN)Program (IDA Credit No. 7343-KE &7344-KE) LOAN

The Company received funding from the World Bank through Credit No.7343-KE & 7344-KE to support the Green and Resilient energy expansion program. Summary information on transactions under GREEN Program Loan during the years ended 30 June 2025 and 2024 were as follows:

	2025 Shs'000	2024 Shs'000
At start of year	-	-
Amounts received during year	7,364,956	-
Net interest income	121,338	-
Expenditure during year	(5,873,954)	=
Balance at end of year	<u>1,612,340</u>	<u>=</u>

The closing balances shown above are included in cash and cash equivalents and represent balances in the World Bank funded Special Account No. 01100690198002 held at Cooperative Bank Limited. Included in the long-term borrowings is an amount of Shs 7,364,956,000 (2024: Shs Nil) in respect of the amounts disbursed under the loan to date. The proceeds of the World Bank through Credit No. 7343-KE & 7344-KE have been expended in accordance with the intended purpose as specified in the loan agreement.

43. EUROPEAN INVESTMENT BANK (EIB) FINANCING

The Company received financial support from EIB for Grid development. Included in the long-term borrowings is an amount of Shs 2,356,278,000 (Euro 15,537,606) (2024: Shs 2,637,120,000 (Euro 18,990,408) in respect of the outstanding loan balance. The proceeds of the European Investment Bank loan have been expended in accordance with the intended purpose as specified in the loan agreement.

44. EVENTS AFTER THE REPORTING DATE

The Directors are not aware of any other material events after the reporting date that would require adjustment to, or disclosure in, these financial statements.

ANNEXURE I: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS

Matter in the 2024 Auditor-General Report	Status in 2025	Management Response	Timeframe
Material Uncertainty Relating to Going Concern	Recurring	The strategic initiatives put in place will strengthen the Company's financial position and improve its performance. The working capital position continues to improve with the liability position decreasing from Kshs. 27,439 Million in June 2024 to Kshs. 19,209 Million in June 2025. We have accelerated loan repayments; 2 loans are also scheduled to mature in FY 2025/26 with significant improvement on working capital. The Company has taken various steps towards expediting registration of the parcels by the relevant Government agencies, including:	30.06.2026
Land Without Titles	Recurring	I. Collaboration with Government departments including request for support made to the Directorate of Survey with a view to hastening survey processes covering survey and resurvey of various KPLC land parcels. We have further closely collaborated with National Land Commission to progress issuance of letters of allotments. II. Engagement of external physical planners as consultants to complement the internal professional capacity. III. Corresponding with various agencies based on the stage of the process. These include county governments, county land registrars under the Ministry of Lands and various offices at the National Lands Commission. IV. KPLC has maintained key ownership documents to support the titling and registration process. V. Amongst the parcels under adjudication, the adjudication process for Kapkoiwa (Baringo) is complete and is now at transfer to KPLC. VI. Visits and enquiries to the Land Adjudication offices in various counties to make follow-up on progress and provide information on KPLC's interests. Planning, adjudication, survey and subsequent registration of the previously unregistered areas is a preserve of the National Government through the Ministry of Lands and is carried out as per the plans and programs of the Ministry. All	30.06.2026

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

ANNEXURE I: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS

Matter in the 2024 Auditor-General Report	Status in 2025	Management Response	Timeframe
Unsupported decline in value of leased land	Resolved	landowners (including KPLC) are therefore subject to the Ministry plans and programs. "	
Unprocedural procurement of off-grid generation fuel	Resolved		
Acting allowance beyond the limit	Resolved	Majority of the positions were filled & the rest have been advertised for competitive filling.	30.06.2026
Non-Compliance with the One-Third Basic Salary Rule	Recurring		30.06.2026
Non-Authentication of Academic Qualifications for Employees	Recurring	3638 certificates had been forwarded to various institutions for verifications.	30.06.2026
Non-Compliance with Age Limit requirement for Appointment to Board	Resolved		
Penalties on Overdue Invoices	Recurring	The interest in late payment of invoices is aimed at compensating the counterparties for payments made outside the agreed credit period as provided for in the Power purchase agreement. KPLC incurred this interest based on the following; Owing to the persistent negative working capital position of the business, KPLC had, over the last seven years, accumulated overdue obligations for which payment plans had to be entered into with the counterparties. In the	

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		year under review KPLC made payments of over Ksh 24 billion (KenGen Ksh 5.2b, IPPs Ksh 18.3b, Ketraco Ksh 0.9b) over and above the annual invoice total in a deliberate effort to reduce the overdue amounts that lead to penalty charges. Relatedly, if KPLC was to make payment of all outstanding obligations within the credit period, it would have to borrow funds thus incurring a financing cost at the market rate that is much higher than the charges incurred. The acute shortage of foreign currency in the market over the past two years drove up the outstanding obligations especially considering that a significant part of power purchase is denominated in foreign currency. This was a situation beyond KPLC's control and thus not avoidable.	
Comparative Cost of Power Purchase Between KenGen and Independent Power Producers	Recurring		30.06.2026
Failure to prepare financial statements for a Donor Project	Resolved		
Long Outstanding Receivables from Government Entities	Recurring	- The Company wrote to the MOE requesting the Cabinet Secretary to assist in demanding the sector agencies to honour their commitments and settle the outstanding payments. - The Company has since stopped invoicing the County Governments and has subsequently sought MOEP approval for any County Street Lighting requirement. MOEP has since given consent for the implementation of Street Lighting projects utilizing funds allocated for the National Street lighting program. The Company is seeking assistance of the National Government in having the county governments pay these amounts.	30.06.2026

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Matter in the 2024 Auditor-General Report	Status in 2025	Management Response	Timeframe
Outstanding Rent	Recurring	- The RES deficit of Ksh. 30,734,586,000 is an accumulation of carried forward deficit ksh.26,926,060,000 plus current deficit of Ksh. 4,618,026,000 less part repayment of Ksh. 809,500,000 by GOK in the year 2023/24. The 19,400,000,000 provided in The MOEP Budget is yet to be disbursed. The Company, on a monthly basis, provides the MOEP with a reconciliation on RES Schemes, hence Ministry is aware of the increasing RES Deficit. The issue in respect to vacated tenants has been addressed as follows: - Part of the arrears equivalent to Kshs. 1,054,075.00 has been covered by the tenants' security deposit held. - The Company has initiated recovery of Kshs 4,734,002.87 through a court process. The case is live before a Mombasa High Court awaiting determination. - The Company has engaged external debt collection agents to facilitate arrears collection. Debt of Kshs 5,693,705.22 has been transferred to debt collectors. - The Company has sought National Treasury approval for write-off of the unrecoverable debt of Kshs 4,199,742.29 accrued by deceased sole proprietors and untraceable and dissolved companies. - Two tenants with arrears of Kshs 539,847.24 are making periodic payments in installments. - The Company has carried out reconciliation of tenants' accounts and determined that Kshs 995,109.35 that were part of the stated arrears had been paid. Mitigation measures on current tenants to minimize the risk of accruing rent arrears:	30.06.2026

**THE KENYA POWER AND LIGHTING COMPANY PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

ANNEXURE I: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS			
Matter in the 2024 Auditor-General Report	Status in 2025	Management Response	Timeframe
		i. Billing one month in advance to ensure advance payment of quarterly rent. Holding of security deposit equivalent to the highest quarterly rent payable in the course of the lease period to cover for any quarter rent owed in the course of the tenancy. Engaging auctioneers where the rent is one quarter overdue. The Company has listed the services of auctioneers to proclaim, attach and sell items belonging to tenants who are more than one-quarter in arrears. ii. In-person visits to tenant premises to demand for rent payment. This escalates to reentering the premises and terminating the lease where the tenant is reasonably determined to be unable to continue meeting their rent payment obligations, to avoid accumulation of rent arrears. iii. Expansion of the scope of third-party debt collectors to include the collection of non-electricity arrears.	
Delays in completion of customer electricity connection projects	Recurring	During the year under review there has been enhanced customer connectivity and schemes over 3 years reduced from 21,231 as reported in last year audit findings to the reported 2,202 schemes in the year under Audit. The rapid response initiative to connect all pending customers are still ongoing in the current financial year.	30.06.2026
Weaknesses in project management	Not Resolved	Major challenges of materials availability has been addressed and project implementation has made considerable progress. Currently there are 4,293 valued at 1,048,361,933 under implementation. Additionally, project management framework has already been developed and is awaiting management approval.	31.12.2025
Weaknesses in Electricity Consumption Billings	Not Resolved		30.06.2026

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Network Inefficiencies Power Losses	Recurring	The segregation findings have been shared with the Ministry of Energy and the regulator with a view of having the losses apportioned to each entity separately rather than have KPLC bear the responsibility for the entire losses of the sector. To exact the figure of actual losses for each of the network segments of Transmission and Distribution, The Ministry of Energy has retained a consultant with support of the World Bank with task of segregation of losses. The kickoff meeting was held on 15th October 2024 and the report should be completed by June 2025.	30 June 2026
Instabilities in the Power Supply Network	Resolved	Management has in place robust plans to ensure enhanced grid stability and reduce the frequency of interruptions experienced by customers as a strategy to also increase sales. Despite the plans in place and their execution, two critical factors of intermittent generation impact and generation shortfall affected the quality of supply. Implementation of the recommendations arising out of the cited investigation reports, are either complete or ongoing.	
Weaknesses in Management of Risks	Resolved	Engagement with stakeholders is ongoing, which is part of the expanded investigation. Disciplinary action has been taken against implicated employees.	

Dr. Eng. Joseph Siror
Managing Director and CEO

