

REPUBLIC OF KENYA



**REPORT**

**OF**


**THE AUDITOR-GENERAL**

**ON**

**KENYA ELECTRICITY GENERATING  
COMPANY PLC**

**FOR THE YEAR ENDED**

**30 JUNE, 2025**

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: 06 NOV 2025	
DAY: Thursday	
TABLED BY:	Hon Naomi Wago, mp Deputy Majority Party Whip
CLERK-AT THE-TABLE:	A. Shibuko





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**KENYA ELECTRICITY GENERATING COMPANY PLC**  
**AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

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Prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board

Kenya Electricity Generating Company Plc  
Annual Report and Financial Statements  
For the year ended 30 June 2025

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Kenya Electricity Generating Company Plc  
Key Corporate Information  
For the year ended 30 June 2025

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**Background Information**

Kenya Electricity Generating Company PLC (KenGen) was incorporated in 1954 under the Companies Act (Cap 486) as Kenya Power Company Limited (KPC) renamed as Kenya Electricity Generating Company Limited (KenGen) in 1998 following the implementation of the reforms in the energy sector. It is listed on the Nairobi Securities Exchange with the Government of Kenya owning 70% shareholding and the public 30%. At cabinet level, the Company is represented by the Cabinet Secretary for Energy and Petroleum, who is responsible for the general policy and strategic direction of the entity. The Company is domiciled in Kenya.

**Principal Activities**

The principal mandate of the Company is to generate electricity through the development, management and operation of power plants and currently has an installed capacity of 1,786 Megawatts, spread across four generation modes namely, Geothermal (754MW), Hydro (826MW), Thermal (180MW) and Wind (26MW).

KenGen operates in a liberalized environment and contributes at least 61% of electric energy sales in Kenya with Independent Power Producers (IPPs) supplying the balance. The Kenya Power and Lighting Company PLC. (KPLC) is the sole buyer of electricity generated and sold by KenGen and IPPs under separate power purchase agreements. The Energy and Petroleum Regulatory Authority (EPRA) undertakes the regulatory function in the sub-sector.

The Company is propelled by the Good-to-Great (G2G) Transformation Strategy to a “Great Company” through the creation of sustainable value from “One Generation” to the “Next Generation”. As a result, KenGen is able to generate competitively priced electric energy leveraging on skilled talent, engaging stakeholders, employing efficient processes and utilizing modern technology in line with the core values of Team Spirit, Integrity, Professionalism and Safety Culture. The vision, mission, and core values of the Company are:

**The Vision**

To be the market leader in the provision of renewable energy solutions.

**The Mission**

To deliver competitively priced electricity to the region by leveraging our highly skilled talent, engaging closely with stakeholders, employing efficient processes and utilizing modern technology.

**Core Values**

Core values are our guiding principles and form the foundation of our culture. They guide our business processes and underpin each action we take. They are Team Spirit, Integrity, Professionalism and Safety Culture.

Kenya Electricity Generating Company Plc  
Key Corporate Information (Continued)  
For the year ended 30 June 2025

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**Board of Directors**

The Directors who served the Company during the period under review are:

Alfred Agoi	Appointed Board Chairman on 5 December 2024
Frank Konuche	Elected as a Director at the AGM on 30 November 2023 (Appointed by the Board of Directors on 28 October 2024 to serve as the Chairman of the Board until the 2024 Annual General Meeting (AGM))
Julius Ogamba	Chairman of the Board (retired on 8 August 2024)
Peter Njenga	Managing Director & CEO
John Mbadi	Cabinet Secretary, The National Treasury and Economic Planning
Alex Wachira	Principal Secretary, State Department for Energy
Stephen Mutai	
William Rahedi	
Josephine Koisaba	
Bernard Ngugi	
Umuro Wario	
Rehema Hassan	Elected on 28 November 2024
Rosemarie Wanyoike	Retired on 28 November 2024
Kennedy Ondieki	Alternate Director to CS, The National Treasury and Economic Planning
Chrispin Lupe	Alternate Director to Principal Secretary, State Department for Energy
Chrisologus Makokha	Representative, Inspectorate of State Corporations

Kenya Electricity Generating Company Plc  
Key Corporate Information (Continued)  
For the year ended 30 June 2025

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**Corporate Information**

Company Secretary	FCPS Austin A. O. Ouko Certified Public Secretary (Kenya) KenGen Pension Plaza Kolobot Road, P.O. Box 47936-00100 GPO Nairobi, Kenya	
Registered Office Head Office	KenGen Pension Plaza 2 Kolobot Road, P.O. Box 47936-00100 GPO Nairobi, Kenya	
Registrars	Image Registrars Limited ABSA Towers, 5th Floor, Loita Street P. O Box 9287-00100 GPO, Nairobi, Kenya	
Principal Auditor	The Auditor-General Anniversary Towers P.O. Box 30084-00100 GPO, Nairobi, Kenya	
Delegated Auditor	Deloitte & Touche LLP Certified Public Accountants (Kenya) Deloitte Place, Waiyaki Way/Muthangari P.O. Box 40092-00100 GPO Nairobi, Kenya	
Principal Bankers	Citibank N.A. Kenya Upper Hill P.O. Box 30711 - 00100 GPO Nairobi	KCB Bank Kenya Limited Moi Avenue Branch P. O. Box 24030 - 00100 GPO Nairobi
	Co-operative Bank of Kenya Limited Stima Plaza P.O Box 38764-00600 Nairobi	Standard Chartered Bank Kenya Limited Harambee Avenue P.O. Box 30003 - 00100 GPO Nairobi
	NCBA Bank Kenya Plc Wabera Street P. O. Box 30437- 00100 GPO Nairobi	Absa Bank Kenya Plc Westend Building Off Waiyaki Way Corporate Banking Center P.O. Box 30120 – 00100 GPO Nairobi
	Stanbic Bank Kenya Limited Kenyatta Avenue Branch P.O Box 30552-00100 GPO Nairobi	Bank of Africa Kenya Limited Sameer Business Park Unit C. 1 <sup>st</sup> Floor P.O. Box 69562 - 00400 Nairobi
	Equity Bank Kenya Limited Westlands Supreme Centre P.O. Box 14253 – 00800 Nairobi	

Kenya Electricity Generating Company Plc  
Key Corporate Information (Continued)  
For the year ended 30 June 2025

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<b>Management Team</b>	Eng. Peter Njenga FCPS Austin Ouko CPA Mary Maalu Elizabeth Njenga Peketsa Mangi Julius Odumbe CPA Erick Audi Ahmed Issack Beatrice Kandie Ronoh Kibet Vincent Mamboleo	Managing Director & CEO Company Secretary & General Manager Legal Affairs General Manager, Finance General Manager, Business Development & Strategy General Manager, Geothermal Development General Manager, Operations General Manager, Internal Audit General Manager, Information Communication & Technology General Manager, Corporate Services General Manager, Commercial Services General Manager, Supply Chain
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**Board Committees**

Audit, Risk & Compliance Committee	Mr. Bernard Ngugi (Chair) Mr. Kennedy Ondieki (Alternate Director to the CS The National Treasury) Hon. Stephen Mutai Ms. Josephine Koisaba Mr. Umuro Wario
Strategy Committee	Eng. Frank Konuche (Chair) Mr. Chrispin O. Lupe (Alternate Director to PS-State Department for Energy) Mr. Umuro Wario Mr. William Rahedi Eng. Peter Njenga
Human Resource & Nomination Committee	Hon. Rehema Hassan (Chair) Eng. Frank Konuche Ms. Josephine Koisaba Mr. Bernard Ngugi Eng. Peter Njenga
Governance Advisory Committee	Hon. Stephen Mutai (Chair) Ms. Josephine Koisaba Mr. Bernard Ngugi Hon. Rehema Hassan Eng. Peter Njenga
Finance and Investment Committee	Mr. William Rahedi (Chair) Mr. Kennedy Ondieki (Alternate Director to the CS The National Treasury) Mr. Chrispin O. Lupe (Alternate Director to PS-State Department for Energy) Eng. Frank Konuche Eng. Peter Njenga

**The Board of Directors**

**Hon. Alfred Agoi Masadia - Chairman of the Board (Independent and Non-Executive Director)**



Hon. Masadia is a seasoned and recognised leader, a self-driven professional with over 22 years of experience in Public Policy, strategic management and leadership. He was born in 1965, holds a Bachelor of Arts (Economics, Government) and master's in business administration (Strategic Management) both from the University of Nairobi.

He has previously worked as the Marketing Director at Ideal Office Products Limited and the Chief Executive Officer at Kingsway Business Systems Limited. He is the immediate former Member of Parliament for Sabatia Constituency which he served for two terms from 2013 till 2022. During his tenure in Parliament, Hon Masadia was a member of several Parliamentary Committees including the Budget Appropriations Committee, Health Committee, Regional Integration Committee and the Special Funds Accounts Committee.

**Eng. Peter Njenga ~ Managing Director & CEO**

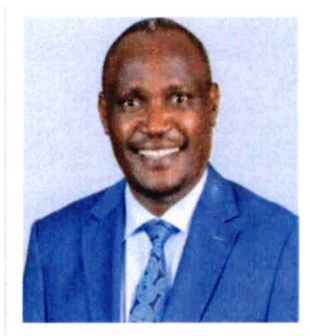


Eng. Peter Njenga is the Managing Director and CEO of Kenya Electricity Generating Company PLC (KenGen), East Africa's foremost electricity generation company, distinguished by its impressive 86% reliance on renewable and clean energy sources. With a tenure that formally commenced on 17<sup>th</sup> August 2023, Eng. Njenga boasts an illustrious 32-year career in the energy sector, marked by exceptional leadership. He holds a bachelor's degree in electrical engineering, complemented by Master of Business Administration (MBA) in Strategic Management from the prestigious University of Nairobi. His status as a registered professional engineer adds to his credentials, standing as a paragon of expertise, augmented by a collection of certificates in senior leadership management, notably from Strathmore University

and Harvard Business School, among other esteemed institutions. Throughout his journey, Eng. Njenga has consistently showcased unwavering dedication to professionalism, excellence in service delivery, strategic acumen, and ethical stewardship, leaving an indelible imprint on industry growth and innovation.

His remarkable ascent from Trainee Electrical Engineer to the esteemed position of General Manager of Infrastructure Development at Kenya Power & Lighting Company PLC (KPLC), to CEO of KenGen is a testament to his character, resilience, and visionary prowess. Notably, his influential role as Chair in pivotal committees within the energy sector in Kenya underscores his resolute commitment to catalysing transformative change, extending to the spheres of sustainability and climate action. Eng. Njenga seamlessly integrates his technical proficiencies with a results-oriented mindset, further reinforcing KenGen's ongoing triumph in delivering sustainable and dependable energy solutions, while also championing initiatives like tree planting to combat climate change. Beyond his professional pursuits, Eng. Njenga is a passionate advocate for youth development and family values, reflecting his devotion to both his Christian faith and family life. In his leisure time, he finds enjoyment in cycling and swimming, showcasing a well-rounded persona both in and out of the boardroom.

**Hon. CPA John Mbadi Ng'ongo, EGH – Cabinet Secretary, The National Treasury (Non -Executive Director)**



Hon. John Mbadi is the Cabinet Secretary (CS) for The National Treasury and Economic Planning. 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.

The CS has a rich history in legislative leadership, having served as the elected MP for Suba South Constituency, Suba Constituency, and Gwassi Constituency. His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly. Throughout his parliamentary tenure, he was a member of numerous key committees, including the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee, Public Accounts Committee, Public Investments Committee, Constitutional Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations

Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.

In addition to his political and legislative accomplishments, the CS is a seasoned finance professional with over 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 from 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.

**Alex Wachira ~ Principal Secretary, State Department for Energy (Non - Executive Director)**



Mr. Alex Wachira born in 1982, was appointed the Principal Secretary, State Department for Energy on 2<sup>nd</sup> 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 Stockbrokers and Investment Bankers. He has

spearheaded community initiatives such as youth mentorship programme and sports tournaments among other similar projects.

**Eng. Frank Konuche - Independent and Non-Executive Director**



Eng. Frank Konuche born in 1959, holds a Master's in engineering from Technical University of Nova Scotia, Canada and Bachelor of Engineering (Hons) from Liverpool University, UK. He holds a Certificate in Senior Management Leadership from the Strathmore Business School. He has attended various professional training programs in power generation, management, industrial relations, performance management, strategic planning and management of energy organizations amongst others.

He has over 33 years engineering experience in the energy sector, power generation and public service. He has previously worked at the Centre for Energy Studies, Nova Scotia, Canada. He started his career in Kenya Power in 1988 as a Shift Engineer and progressed to hold various positions including Chief Engineer-Thermal before moving to KenGen where he worked in various roles: Generation

Manager- Kipevu Power Station, Regional Operations Manager- Central Office and Western Region until his retirement from KenGen in 2019.

**Josephine Koisaba (Independent & Non-Executive Director)**



Ms. Josephine Koisaba born in 1978 is a leadership and management expert with over 20 years of experience in Government policies, Gender, Human rights and Community Development. She has worked in several non-Governmental organizations and taken lead in Social Work, developing and managing Performance Contracts, Resource Mobilization, Food & Nutrition and Child Development Rights, among others. Ms. Koisaba holds a degree in Leadership and Management from St. Paul's University, a Diploma of Education from Universiteit van Amsterdam (Quality Improvement in Education) and a Diploma in Community Development from Kenya Institute of Social Work and Community Development. She is a Member of the Institute of Directors (K).

**William Rahedi (Independent & Non-Executive Director)**



Mr. William Rahedi born in 1961 is a seasoned Independent Business and Finance Consultant with many years of multi-disciplinary experiences and strengths in Business Investment Advisory, Banking, Finance, Treasury Management, Loan Negotiations and Agreements, Financial and Business Restructuring. It has been his privilege to serve with multinational and regional corporations over the years with TDB Bank (Eastern and Southern African Trade and Development Bank), African Reinsurance Corporation and World Vision International. He is currently the Chairman of Spire Bank Kenya Limited and Director of Nairobi Hospice.

Mr. Rahedi holds a Bachelor of Science in Business Administration (Accounting) from the United States International University (USIU) and a Master of Business Administration (Finance) from the University of Nairobi. He is a Certified Public Accountant and a Member of Institute of Certified Public Accountants of Kenya (ICPAK) and a Member of the Institute of Directors (K).

**Hon. Stephen Mutai (Independent & Non-Executive Director)**



Mr. Stephen Mutai born in 1965 is a transformational leader with unmatched experience in Health Care Management, Policy Formulation, Implementation and Reporting, Community Mobilization and Budgeting.

Mr. Stephen Mutai holds a Bachelors Degree in Commerce, Masters in Business Administration (MBA) in Health Administration and has attended trainings on governance. He is member of the Institute of Internal Auditors and a Member of the Institute of Directors (K). He has previously served as a Director and Board member at Agricultural Finance Corporation (AFC) where he spearheaded the development of new financial systems. Mr. Mutai also headed the Finance and Procurement Committee of the Board at the National Hospital Insurance Fund (NHIF).

**Bernard Ngugi (Independent & Non- Executive Director)**



Mr. Bernard Ngugi born in 1963 holds a Master of Business Administration (MBA) in Finance and Bachelor of Commerce in Accounting both from University of Nairobi. He is a Certified Public Accountant of Kenya and a member of the Institute of Certified Public Accountants of Kenya. He is also a Certified Secretary and a member of the Institute of Certified Secretaries of Kenya. Additionally, he holds a Graduate Diploma from the Chartered Institute of Purchasing and Supplies and is a member of the Kenya Institute of Supplies Management.

Mr. Ngugi is a former Managing Director and Chief Executive Officer of Kenya Power. Prior to his appointment, he was the Kenya Power General Manager, Supply Chain. Mr. Ngugi has had over 32 years' experience at Kenya Power with expertise in financial and revenue accounting, internal audit and supply chain management.

**Umuro Wario - (Independent & Non-Executive Director)**



Mr. Umuro Wario was born in 1974, holds MBA (Finance) and Bachelor of Commerce (Accounting) degrees from the University of Nairobi. He is a Certified Public Accountant and a practicing member of the Institute of Certified Public Accountants of Kenya.

Mr. Wario is an Auditor and Public Finance Management Specialist with over 25 years' experience providing technical assistance focused on strengthening public sector service delivery systems and transformation, with focus on revenue maximization, VfM spend, timely budget execution, external Aid alignment and fiduciary risks mitigation. He is a seasoned PFM specialist with deep practice knowledge and experience in basic education financing. He has worked as PFM Advisor on results based basic education systems strengthening and education outcomes programs in Kenya and Tanzania for many years. He believes resources must follow education outcomes. He has held senior PFM advisor roles at Mott MacDonald UK and Global Partnership for Education. He previously worked at PricewaterhouseCoopers in Kenya and served as the first Chief executive Officer, Youth Enterprise Development Fund. He currently serves on the ICPAK Council's Public Sector sub-committee.

**Hon. Rehema Hassan - (Independent & Non-Executive Director)**



Hon. Rehema Hassan born in 1968 is a seasoned public policy expert and practitioner with a 30-year track record in implementing government policy and driving positive outcomes. She holds a Bachelor of Business Administration-Human Resources Management degree from Kenya Methodist University and a Diploma in Human Resource Management from Kenya Institute of Management. She is the immediate former Women Representative for Tana River County which she actively served from 2017 till 2022. At the National Assembly, Ms. Hassan served as the Patron of the National Government Affirmative Action Fund for Tana River County, Member of the Environment & Natural Resources Select Committee for the Twelfth Parliament and Member of the Members Service & Facilities Committee for the Twelfth Parliament.

She has previously served as the Assistant Director Human Resources, Tana River County, Human Resource Manager – Malindi District Commissioner’s Office and also served in various positions at the Tana River District Commissioner’s Office.

**Kennedy Ondieki Alternate to Cabinet Secretary the National Treasury - (Non-Executive Director)**



Mr. Ondieki is an Alternate to the Cabinet Secretary-The National Treasury in the Board. He is the Director of Investments, in charge of Government Investments and Public Enterprises. He is responsible for developing strategic objectives and policies relating to the overall and fiscal/financial oversight and management of state corporations.

Mr. Ondieki has long cherished career in the public service spanning over 25 years. He sits on the Finance & Investment Committee and the Audit, Risk & Compliance Committee of the Board.

**Chrispin O. Lupe Alternate Director to Principal Secretary, State Department for Energy (Non-Executive Director)**

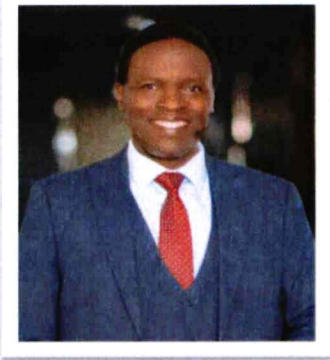


Geol. Chrispin Lupe is currently the Head of the Geo-exploration Directorate in the State Department for Energy, Ministry of Energy and Petroleum. He has worked in the Civil Service for 32 years garnering both technical and managerial experience in the Civil Service. Over the years, he has risen to his current level of Chief Geologist. He has previously served as Alternate Director to Principal Secretary in the Board of Directors of several state corporations.

Geol. Lupe holds a Master of Science Degree in Geo-informatics from International Institute for Geo-Information Science and Earth Observation (ITC) Netherlands and a Bachelor of Science Degree in Geology from the University of Nairobi. He is a Registered Geologist with the Geologists Registration Board of Kenya, a Professional Member of the Geological Society of Kenya and Member of the

Institute of Directors (Kenya). He has also attended various other trainings programs for acquiring skills in technical, managerial and Board Directorship.

**Chrisologus Makokha ~ Inspectorate of State Corporations**



Mr. Makokha is experienced and professional in advising Boards and Management of State Corporations on Corporate Governance and Compliance issues, Monitoring the Performance of State Corporations, Management Audits and undertaking surcharges for restitution of misappropriated Public Funds. He has over 26 years of work experience in various Ministries and Government Institutions and extensive exposure and experience in Strategic Planning and Strategy Execution.

He is an expert in the field of Statistics, encompassing Data Collection, Analysis and Dissemination, as well as Monitoring and Evaluation. He is currently a Senior Deputy Inspector General of State Corporations in the Inspectorate of State Corporations, Office of the President. He represents the Secretary, Inspectorate of State Corporations in the Kenya Forestry Research Institute (KEFRI) Board. Mr. Chrisologus Makokha holds a Master of Business Administration from Jomo Kenyatta University of Agriculture and Technology. He is currently a student at the

same University, undertaking a PhD in Business Management.

## Who Leads Us

### Management

**Eng. Peter Njenga**  
**Managing Director & CEO**



Eng. Peter Njenga is the Managing Director and CEO of Kenya Electricity Generating Company PLC (KenGen), East Africa's foremost electricity generation company, distinguished by its impressive 86% reliance on renewable and clean energy sources. With a tenure that formally commenced on August 17, 2023, Eng. Njenga boasts an illustrious 32-year career in the energy sector, marked by exceptional leadership. He holds a bachelor's degree in electrical engineering, complemented by Masters in Business Administration (MBA) in Strategic Management from the prestigious University of Nairobi. His status as a registered professional engineer adds to his credentials, standing as a paragon of expertise, augmented by a collection of certificates in senior leadership management, notably from Strathmore University and Harvard Business School, among other esteemed institutions. Throughout his journey, Eng. Njenga has consistently showcased unwavering dedication to professionalism, excellence in service delivery, strategic acumen, and ethical stewardship, leaving an indelible imprint on industry growth and innovation.

His remarkable ascent from Trainee Electrical Engineer to the esteemed position of General Manager of Infrastructure Development at Kenya Power & Lighting Company PLC (KPLC), to CEO of KenGen is a testament to his character, resilience, and visionary prowess. Notably, his influential role as Chair in pivotal committees within the energy sector in Kenya underscores his resolute commitment to catalysing transformative change, extending to the spheres of sustainability and climate action. Eng. Njenga seamlessly integrates his technical proficiencies with a results-oriented mindset, further reinforcing KenGen's ongoing triumph in delivering sustainable and dependable energy solutions, while also championing initiatives like

### Responsibilities

Eng. Peter Njenga is the Managing Director & CEO of Kenya Electricity Generating Company PLC (KenGen),

Provides strategic leadership, ensures operational efficiency, upholds corporate governance, drives stakeholder engagement, and steers the company towards sustainable growth and innovation.

Kenya Electricity Generating Company Plc  
Management Team (continued)  
For the year ended 30 June 2025

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**Management**

tree planting to combat climate change. Beyond his professional pursuits, Eng. Njenga is a passionate advocate for youth development and family values, reflecting his devotion to both his Christian faith and family life. In his leisure time, he finds enjoyment in cycling and swimming, showcasing a well-rounded persona both in and out of the boardroom.

***Divisions: Security & Investigations, KenGen Foundation and Protocol***

**FCPS Austin Ouko**  
**Company Secretary & General Manager, Legal Affairs**  
**JSM, LL.M, LL.B, FCI Arb**



FCPS Austin A. O. Ouko holds a Bachelor of Laws (LL. B) and a Master of Laws (LL.M) in Public Finance & Financial Services Law from the University of Nairobi, as well as a Master of the Science of Law (J.S.M) from Stanford University Law School, California, USA. He also possesses a Diploma in Law from the Kenya School of Law, a Practice Diploma in International Commercial Law from the College of Law of England & Wales, a Postgraduate Diploma in Domestic Arbitration from the Chartered Institute of Arbitrators, an Advanced Diploma in Business Administration, and a Diploma in Management of Information Systems.

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

With over 17 years of experience in both the public and private sectors, Austin has served as General Manager, -Corporate Affairs/Corporation Secretary in an acting capacity, Legal Manager at the National Social Security Fund (NSSF) and a Senior Legal Officer at the Standard Group Limited. As the Company Secretary & General Manager, Legal Affairs Austin oversees all legal matters for KenGen.

***Divisions: Legal, Shares & Board Services, Insurance & Ethics and Integrity***

**Responsibilities**

He is responsible for driving the Company's corporate governance agenda, providing legal guidance and support to the Board & Management and is the Secretary to the Board and all its committees.

## Management

### **CPA Mary Maalu** **General Manager, Finance**



CPA Mary Maalu is a Finance Expert with extensive experience in Audit, Financial Management and Corporate Finance. She holds Master of Business Administration (MBA) and Bachelor of Commerce (BCom) Degrees from the University of Nairobi. She is currently pursuing a PhD in Finance from the same University. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She also holds a Certificate in Advanced Management Programme (AMP) from Strathmore University, a Certificate in Utility Regulation and Strategy from University of Florida and a Certificate in Private Participation in Infrastructure Development & Project Finance from Georgetown University.

Prior to joining KenGen, Mary held senior positions at Ernst & Young and Kenya Airways, where she held several managerial positions as Manager Credit Control, Manager Outstations Finance, and Manager Treasury. Mary has risen through the ranks at KenGen, having held several leadership roles as Corporate Finance Manager, General Manager of Corporate & Regulatory Services and Acting general Manager ICT.

Currently she is the General Manager, Finance responsible for the management of the company's finances, financial reporting, budgeting process management, and managing relationships with key stakeholders within the financial and energy sector. She oversees KenGen's Financial Accounting & Reporting, Management Accounting, and Corporate Finance.

***Divisions: Financial Accounting & Reporting, Management Accounting and Corporate Finance***

## Responsibilities

Her key responsibilities include management of the Company's finances, financial reporting, raising capital for power generation projects, securing working capital facilities, budgeting process management as well managing relationships with key stakeholders within the financial markets.

**Management**

**CPA Elizabeth Njenga**  
**General Manager, Business Development & Strategy**



CPA Elizabeth Njenga holds a Master's degree in Public Policy and Management from Strathmore University Business School, a Master's degree in Business Administration from the University of Nairobi, and a Bachelor of Arts in Accounting and Economics from Moi University. She also earned a Postgraduate Diploma in Financial Management from the Maastricht School of Management in the Netherlands and is a Certified Public Accountant of Kenya (CPA-K).

With over 20 years of experience in finance, strategy, and power project planning and development in the energy sector, she is a highly skilled expert in energy strategy, power project planning, appraisal, development, and financing, with a strong interest in public policy. She has built her career at KenGen through various positions: Capital Planning and Public-Private Partnerships Manager (2014 to 2021) and Capital Planning and Strategy Manager from 2009 to 2014.

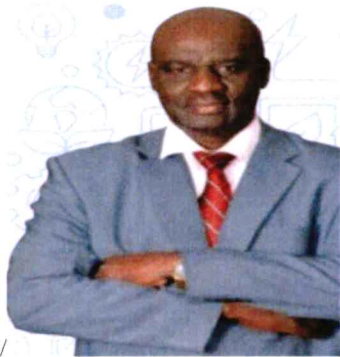
***Divisions: Design & Construction, Capital & Energy Planning, Strategy, Business Process Improvement & Innovation and Monitoring & Evaluation***

**Responsibilities**

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

## Management

### **Peketsa Mangi** General Manager, Geothermal Development



Mr. Peketsa Mangi is an astute geothermal energy expert with vast experience spanning over 20 years both locally and regionally. He holds a Master of Science (Information Science) from Moi University and is currently pursuing a PhD in Information Science from the same university. He is a Certified Project Manager (IPMA Level C) and holds a variety of professional certifications, including Earth Sciences, reservoir management, drilling technology, master negotiation skills, public procurement, geothermal project management, and financing, among others. He is currently the Vice Chairman of the Geothermal Association of Kenya (GAK) and a member of the Geological Society of Kenya (GSK) and International Geothermal Association (IGA).

He has risen through the ranks to the position of the General Manager Geothermal Development, having initially served as the Resource Development and Infrastructure Manager.

He oversees geothermal resource development, geothermal operations, drilling and logistics, reservoir management, and steam field management.

***Divisions: Drilling & Logistics, Geothermal Resource Assessment, Reservoir & Steamfield and Civil Infrastructure.***

## Responsibilities

Key responsibilities comprise: human resource management and administration, power plant availability, steam availability, reservoir management, drilling operations and management, resource exploration, projects planning and management, infrastructure development, budget management, and coordinating environmental and social impacts assessment frameworks.

## Management

### Eng. Julius Odumbe General Manager, Operations



Eng. Julius Odumbe is a licensed Consulting Engineer with an illustrious career in Operation and Maintenance (O&M) of equipment spanning over 30 years. He holds a Master of Business Administration (MBA) Degree from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Bachelor of Science Degree in Mechanical Engineering from the University of Nairobi and a Diploma in Project Management from Galilee College, (Israel).

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

He is a professional engineer, a Fellow in the Institute of Engineers of Kenya (IEK), and a licensed consulting engineer by the Engineers Board of Kenya (EBK). Prior to his appointment as General Manager Operations, he was the Regional Manager at KenGen's Eastern Region. As the General Manager of Operations he oversees KenGen power plant operations, including plant rehabilitation and upgrades, planning outages, power distribution, energy evacuation, Power Purchase Agreement negotiation, coordination of bulk energy billing and coordination with key sector players to ensure national grid stability and safety.

He oversees KenGen's Eastern Region, Western Region, Upper Tana, Geothermal Operations, Central Office Operations, Thermal Region, Technical Services, and Electricity Dispatch.

***Divisions: Power Generation - Geothermal, Eastern, Western, Thermal, Wind Farms, Electrical & Automation Engineering, Electricity Dispatch and Quality & Safety***

## Responsibilities

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

## Management

**CPA, CIA Erick Audi**  
**General Manager, Internal Audit**



CPA Audi is a meticulous professional with over 20 years of working experience, having worked in different organizations and honed his skills in accounting, financial, auditing, governance, risk management, and internal control processes.

He holds an MBA (Finance) and a bachelor's degree in commerce (Accounting option), both from the University of Nairobi. He is a Certified Public Accountant (CPA), a Certified Internal Auditor (CIA), and a Certified Information Systems Auditor (CISA), as well as a member of the Institute of Internal Auditors (IIA) Kenya and the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing.

Prior to joining KenGen in 2016, he held several leadership roles as head of internal auditor function at Kenya Revenue Authority (KRA), Kenya Rural Roads Authority (KeRRA), and Kenya Electricity Transmission Company Limited (KETRACO). He is currently the General Manager, Internal Audit.

***Divisions: Internal Audit, System & process Audit and Risk Assurance.***

## Responsibilities

He is responsible for operating an efficient & effective Internal Audit Function, liaison with Audit Committee, Senior Management and External Auditors to ensure value addition through successful implementation of Internal and external audit recommendations, provide advisory services to internal stakeholders & render secretarial services to the KenGen's Audit, Risk & Compliance Committee of the Board.

**Management**

**Ahmed Haji Issack**  
**General Manager, ICT**



Ahmed Haji Issack holds a Bachelor of Science in Information Technology (BSc IT) from Jomo Kenyatta University of Agriculture and Technology (JKUAT), a Master of Science in Information Systems and Management (MSc ISM) from the University of Warwick. He also has an Executive Leadership Programme training from Saïd Business School, University of Oxford.

With over 19 years of experience, Issack has immense expertise in delivering complex and high-impact ICT projects across both the public and private sectors. As an astute ICT professional, he has experience in project management, risk management, quality control, systems integration, and Digital Transformation.

Issack joined KenGen PLC in November 2024 as the General Manager, ICT after working for Kenya Airports Authority (KAA) in different capacities as ICT Manager, Projects and ICT Business Analyst.

***Divisions: Relationship & Technical Support, System & Application, Networks & Infrastructure.***

**Responsibilities**

He oversees the development, implementation, and management of the Information Communication Technology (ICT) strategy, ensuring it supports the company's operational and strategic goals while maintaining efficient and secure Information Technology (IT) operations.

## Management

**Beatrice Kandie**  
General Manager, Corporate Services



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

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

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

***Divisions: Human Resource Management, Administration, Property Management and Community Relation***

## Responsibilities

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

**Management**

**Ronoh Kibet**  
**General Manager, Commercial Services**



Ronoh is a qualified Electrical Engineer, from the Jomo Kenyatta University of Agriculture and Technology (JKUAT) with a specialization in Telecommunication and Information Engineering. He holds a Master of Science in Project Management and is currently pursuing a PhD in the same field at the JKUAT.

He is a certified Project Management Professional (PMP) and is also a Certified Project System Consultant with SAP. Additionally, he has completed an Organizational Leadership program at the renowned Harvard Business School.

Ronoh is an active member of several prestigious professional organizations, including the Engineers Board of Kenya (EBK), the Institute of Engineers of Kenya (IEK), the Geothermal Association of Kenya (GAK) and as an Associate Member of the Institute of Management Information Systems (IMIS).

***Divisions: Power Purchase, Sustainable Development, Marketing & Corporate Communications, Alternative Business and Investments***

**Responsibilities**

His responsibilities include: development and management of the Company's Commercial services among them Power Purchase Agreement (PPA) Negotiation and Management, New Business & Investments, Marketing & Corporate Communication, and Sustainable Development Agenda at KenGen

## **Management**

### **Vincent Mamboleo General Manager, Supply Chain Management**



Vincent Mamboleo holds both a bachelor's degree in business administration and a master's degree in the same field. He also holds a Professional Diploma in Purchasing and Supplies (MCIPS) and a Diploma in Shipping. He is a professional member of the Chartered Institute of Purchasing and Supply (CIPS, UK) and Kenya Institute of Supplies Management (KISM, Kenya).

With over 24 years of experience in supply chain management, Vincent has a wide-spanning and rich career in the supply chain. Vincent joined KenGen in 2017 having previously worked for several multinational companies, including Kwale International Sugar Company Ltd., Lafarge East Africa (Bamburi Cement) Ltd., Nation Media Group Ltd., and Tata Chemicals (Magadi Soda Company Ltd.)

***Divisions: Procurement, Logistics & Inventory and Compliance & Reporting***

## **Responsibilities**

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

Kenya Electricity Generating Company Plc  
Shareholding  
For the year ended 30 June 2025

**Shareholding**

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

**List of top ten shareholders as at 30 June 2025**

NO.	Names	Number of Shares	Percentage
1	The National Treasury and Economic Planning	4,615,424,088	69.99%
2	Stanbic Nominees Limited A/C Nr13931504	495,348,189	7.51%
3	Standard Chartered Nominees Ltd A/C Ke002339	120,000,000	1.82%
4	Standard Chartered Nominees Resd A/C Ke11450	64,702,437	0.98%
5	Stanbic Nominees Limited R6631578	60,148,649	0.91%
6	Standard Chartered Nominees Resd A/C Ke11443	35,163,194	0.53%
7	Mavji, Ramila Harji	30,000,000	0.45%
8	Njihia, Waithaka Ng'ang'a	22,176,900	0.34%
9	Standard Chartered Nominees Resd A/C Ke11436	16,650,190	0.25%
10	Standard Chartered Kenya Nominees Ltd A/C 131550500013	15,250,000	0.23%
11	Others-A/C 193647	1,119,658,692	16.98%
<b>Grand Totals:</b>		<b>6,594,522,339</b>	<b>100.00%</b>

**Distribution of Shareholders**

NO.	Range	Records	Range Total	Percentage
1	1 to 500	84,604	20,085,559	0.30%
2	501 to 1000	34,562	27,554,820	0.42%
3	1001 to 5000	49,176	109,648,030	1.66%
4	5001 to 10000	16,304	110,062,916	1.67%
5	10001 to 50000	7,128	145,047,588	2.20%
6	50001 to 100000	890	63,578,177	0.96%
7	100001 to 500000	724	147,931,444	2.24%
8	500001 to 1000000	129	92,594,316	1.40%
9	1000001 to 2000000000	140	5,878,019,489	89.13%
<b>Grand Totals:</b>		<b>193,657</b>	<b>6,594,522,339</b>	<b>100.00%</b>

**Summary Returns**

Investor Pool	Records	Shares	Percentage
Local Institutions	7,736	5,004,267,982	75.89%
Local Individuals	185,008	899,895,903	13.65%
Foreign Investors	913	690,358,454	10.47%
<b>Grand Totals:</b>	<b>193,657</b>	<b>6,594,522,339</b>	<b>100.00%</b>

Kenya Electricity Generating Company Plc  
 Business Overview  
 For the year ended 30 June 2025

**Business Overview**

The Company delivered a resilient performance for the year ended 30 June 2025, supported by a diversified generation mix, the recommissioning of the Muhoroni Power Plant in October 2024, and favourable hydrology. While lower geothermal output slowed growth in unit sales, higher thermal and hydro generation cushioned the impact. Strong cost control, disciplined capital management, and revenue diversification reinforced profitability and operational stability.

Overall, unit sales increased by 1% from 8,383 GWh in 2024 to 8,482 GWh for the period ended 30 June 2025. Through government intervention, KenGen received formal communication from the Energy and Petroleum Regulatory Authority (EPRA) supporting the immediate resumption of operations at Muhoroni as an interim measure for grid stability. This resulted in the parties negotiating and drafting a new Power Purchase Agreement (PPA) covering renewed operations at Muhoroni. The plant started operations on 30 October 2024 which impacted thermal generation positively. Further, favourable hydrology contributed positively to the increase of 3.4% in hydro generation. The generation mix per energy source is summarized below.

**Electricity Unit Sales (GWh)**

Source	2025	2024	Change
Hydro	3,448	3,335	3%
Geothermal	4,509	4,633	(3%)
Thermal	476	365	30%
Wind	49	50	(2%)
<b>Total</b>	<b>8,482</b>	<b>8,383</b>	<b>1%</b>

**Revenue**

The Company demonstrated strong resilience by maintaining overall revenue levels, despite scheduled maintenance activities at the power plants, which lowered availability and saw total revenue decline slightly from Shs 56,297 million in the previous year to Shs 56,098 million in 2025. This was mainly due to decreases in electricity and steam revenues, which fell by 2.0% and 17.9% respectively.

The drop in electricity revenue was largely a result of reduced geothermal generation caused by lower dispatch, which impacted overall performance. On the other hand, fuel revenue from thermal operations rose by 21.3%, driven by increased dispatch from Kipevu III Power Plant and the resumption of generation at the Muhoroni Power Plant in October 2024. Revenue from diversification sources also grew significantly by 235.4%, mainly due to the completion of consultancy work in Eswatini during the year under review.

**Other income and gains/(losses)**

Other income decreased by 34.4%, falling from Shs 1,297 million in the previous year to Shs 851 million in the current year. This decline is mainly due to the one-off insurance compensation of Shs 739 million for Olkaria II Unit 3 received in the prior year.

Other gains/(losses) arose from foreign exchange revaluations and fair value adjustments of financial assets. The Company reported a gain of Shs 1,453 million in the current year, compared to a loss of Shs 722 million in the previous period. This was mainly attributable to favourable foreign exchange revaluations and fair value adjustments on financial assets and foreign denominated transactions.

**Reimbursable expenses**

Reimbursable expenses, which relate to the cost of fuel and water used in electricity generation, increased by 20.5% from Shs 8,003 million to Shs 9,647 million. This rise is mainly due to higher dispatch from thermal power plants and improved hydrology compared to the previous period.

Kenya Electricity Generating Company Plc  
Business Overview (continued)  
For the year ended 30 June 2025

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### Expenses

Depreciation and amortization expenses declined by 7.8%, dropping from Shs 15,708 million to Shs 14,485 million, primarily due to optimized depreciation charges through changes in depreciation policy which introduced 10% residual value for buildings, transmission line and plant & Equipment classes of assets.

Employee expenses also fell by 11.2%, from Shs 10,376 million to Shs 9,210 million, largely as a result of cost optimization initiatives and a reduction in the financing of the actuarial valuation deficit during the period.

Steam costs, incurred for steam supplied from third-party geothermal wells for power generation, decreased by 20.4% from Shs 4,394 million to Shs 3,496 million. This was due to lower dispatch from wells for Olkaria I AU, Olkaria IV, and Wellhead plants.

Plant operation and maintenance (O&M) expenses dropped by 36.3%, from Shs 3,668 million to Shs 2,337 million, mainly reflecting operational efficiencies and cost optimization initiatives. Further, the prior year's costs included rig equipment demobilization expenses from Ethiopian contract.

Other expenses decreased by 15.5%, from Shs 5,740 million to Shs 4,847 million, largely due to lower costs for insurance, transport, office operations, and provisions for impairment of assets.

### Finance income/ expense

Finance income decreased by 2.2% from Shs 4,202 million in 2024 to Shs 4,110 million in 2025 mainly attributable to reduction of interest rates in the period under review.

Finance costs decreased by 19.7% from Shs 2,806 million in the previous year to Shs 2,253 million, mainly attributable to reduction in loan balances due to repayment.

### Results

The profit before tax rose by 41.3%, increasing from Shs 10,947 million in 2024 to Shs 15,473 million in 2025. Similarly, profit after tax grew by 54.2%, rising from Shs 6,797 million in 2024 to Shs 10,481 million in 2025. Further, other comprehensive income increased significantly from a loss of Shs 906 million in 2024 to a gain of Shs 247 million in 2025 attributable to a reduction in re-measurement loss of defined benefit during the period.

### Non-Current Assets

Non-current assets increased by Shs 8,980 million, from Shs 443,102 million as at 30 June, 2024 to Shs 452,082 million, as at 30 June, 2025 mainly due to net increase in property plant and equipment and increase in fair value measurements of financial assets through profit or loss and restricted cash.

### Trade Receivables

There was minimal change in trade receivables compared to previous period. The amount increased slightly by Shs 17 million from Shs 16,630 million in 2024 to Shs 16,647 million net of expected credit loss (ECL) in 2025 due to billings for Muhoroni Power Station following resumption of operations from October 2024.

### Cash and bank balances

Cash and cash equivalents increased by Shs 4,467 million, rising from Shs 24,850 million as at the end of financial year 2024 to Shs 29,317 million as at the end of financial year 2025. This growth is mainly driven by higher profits for the year, improved collections from The Kenya Power and Lighting Company Plc (KPLC) and prudent cash management. The Company strategically invested available cash balances in call and fixed deposit accounts, optimising returns while maintaining liquidity to support ongoing operations and future investments.

Kenya Electricity Generating Company Plc  
Business Overview (continued)  
For the year ended 30 June 2025

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**Borrowings**

Borrowings increased slightly by Shs 3,413 million, from Shs 117,784 million at end of 2024 to Shs 121,197 million at the end of 2025, mainly due new disbursements for Olkaria I Rehabilitation and revaluation of foreign currency denominated loans owing to depreciation of the Kenyan Shilling against major currencies (JPY and Euro).

**Trade and other payables**

Trade and other payables decreased by Shs 246 million from Shs 8,579 million at the end of 2024 to Shs 8,333 million at the end of 2025 and relates to payments made to contractors as well as release of project retention monies held in respect of defects liability period.

**Effective Financial Structure**

A sound and well-balanced capital structure is essential for accessing financing on competitive terms to support the Company's continued investment in renewable energy. The Company actively monitors its financial ratios to ensure compliance with lender requirements. Although specific covenant thresholds vary across the long-term debt portfolio, they generally converge on maintaining the total leverage ratio, debt service coverage ratio, current ratio, and self-financing ratio within acceptable ranges.

Kenya Electricity Generating Company Plc  
Report of Directors  
For the year ended 30 June 2025

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## REPORT OF DIRECTORS

The Directors submit their report together with the audited financial statements of Kenya Electricity Generating Company Plc (the "Company" or "KenGen") for the year ended 30 June 2025.

### Principal Activities

The principal activity of the Company is the generation and sale of electricity to The Kenya Power and Lighting Company Plc (KPLC), the authorised national distributor. The Company operates a diversified portfolio of power plants using geothermal, hydro, thermal, and wind resources strategically spread across the country, ensuring a stable and reliable supply of electricity to the national grid under long-term Power Purchase Agreements (PPAs).

Beyond generation, the Company continues to invest in expanding capacity to meet the country's growing energy needs and supports regional projects through consultancy services and partnerships. These additional activities help diversify income streams while reinforcing the Company's role in promoting sustainable energy and driving Kenya's socio-economic development.

### Results

The results of the entity for the year ended 30 June 2025 are set out on page 33 - 34. Below is summary of the profit or loss and other comprehensive income made during the year.

	2025 Shs'000	2024 Shs'000
<b>Profit before income tax</b>	<b>15,472,953</b>	<b>10,946,865</b>
Income tax charge	(4,991,876)	(4,149,853)
<b>Profit for the year</b>	<b>10,481,077</b>	<b>6,797,012</b>
Other comprehensive income/(loss) for the year, net of tax	246,954	(906,188)
<b>Total comprehensive income for the year</b>	<b>10,728,031</b>	<b>5,890,824</b>

### Recommended dividend

Subject to the approval of the shareholders, the Directors propose payment of a first and final dividend of Shs 0.90 (2024: Shs 0.65) per issued ordinary share.

### Directors

The Directors who held office during the year and to the date of this report are disclosed on page 2.

### Disclosures to the auditor

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

- (a) There was, as far as each director is aware, no relevant audit information of which the Company's auditor is unaware;
- (b) Each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Kenya Electricity Generating Company Plc  
Report of Directors (continued)  
For the year ended 30 June 2025

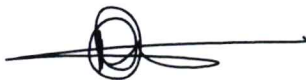
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**Terms of appointment of auditors**

The Auditor-General is responsible for the statutory audit of the Company's financial statements in accordance with Section 35 of the Public Audit Act, 2015. Section 23(1) of the Act empowers the Auditor-General to appoint other auditors to carry out the audit on his behalf. Accordingly, Deloitte & Touche LLP were appointed to carry out the audit for the year ended 30 June 2025.

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

**By order of the Board**



Company Secretary

30<sup>th</sup> October, 2025

Kenya Electricity Generating Company Plc  
Statement of Directors' Responsibilities  
For the year ended 30 June 2025

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**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 its profit or loss for that year. The Directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company and disclose with reasonable accuracy the financial position of the Company. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and error.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

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

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

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



.....  
**Hon. Alfred Agoi Masadia**  
Chairman



.....  
**Bernard Ngugi**  
Director



.....  
**Peter Njenga**  
Managing Director & CEO

.....  
*30th October*, 2025

Kenya Electricity Generating Company Plc  
Directors' Remuneration report  
For the year ended 30 June 2025

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**INFORMATION NOT SUBJECT TO AUDIT**

**The Company's Directors Remuneration Policy and Strategy**

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

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

In accordance with the guidelines provided in the State Corporations Act and issued by the Salaries & Remuneration Commission as well as shareholder approval granted at the Annual General Meeting; The Directors are paid a taxable sitting allowance of Shs 20,000 for every meeting attended. The Chairman is paid a monthly honorarium of Shs 80,000. The Board members are paid an annual Directors fee of Shs 600,000 subject to approval by the shareholders. It is proposed that each non-executive Director receives a fee of Shs 600,000 excluding sitting allowances and honorarium for the financial year ended 30 June 2025 subject to approval by shareholders during the Annual General Meeting.

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

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

**Contract of Service**

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

The Managing Director and CEO has a three (3) year renewable contract of service with Kenya Electricity Generating Company Plc. The Managing Director & CEO was appointed on 17<sup>th</sup> August 2023.

**Changes to Directors Remuneration**

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

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

During the Annual General Meeting held on 28<sup>th</sup> November 2024, the shareholders approved the payments of Directors fees for the year ended 30 June 2024 through virtual voting.

Approval will be sought at the upcoming Annual General Meeting from shareholders to pay Directors fees for the financial year ended 30 June 2025.

Kenya Electricity Generating Company Plc  
Directors' Remuneration report (continued)  
For the year ended 30 June 2025

**INFORMATION SUBJECT TO AUDIT**

The following tables shows a single figure remuneration for the Managing Director and CEO and Non-Executive Directors in respect of qualifying services for the year ended 30 June 2025 together with the comparative figures for 30 June 2024. The aggregate Directors' emoluments are shown in note 36(f).

**For the year ended 30 June 2025**

**Non-Executive Directors**

Name	Category & Period of Service	Salary Shs'000	Directors' Fees Shs'000	Sitting	Honarium Shs '000	Telephone Shs '000	Total Shs '000
				Allowances Shs'000			
Hon. Alfred Agoi	Chairman (Appointed Board Chairman on 5 December 2024)	-	500	1,500	560	49	2,609
Julius Migos Ogamba	Chairman (retired 8 August 2024)	-	100	100	160	14	374
Hon. CPA John Mbadi	Non-Executive (Cabinet Secretary: National Treasury)	-	600	-	-	-	600
Alex Wachira	Non-Executive (Principal Secretary, Ministry of Energy)	-	600	120	-	-	720
Josephine Koisaba	Non-Executive	-	600	1,800	-	-	2,400
William Rahedi	Non-Executive	-	600	1,160	-	-	1,760
Hon. Mutai Stephen Kipkoech	Non-Executive	-	600	1,416	-	-	2,016
Dr. Rosemarie Wairimu Wanyoike	Non-Executive (Served until 28 November 2024)	-	250	800	-	-	1,050
Frank Konuche	Non-Executive- (Appointed by the Board of Directors on 28 October as the Chairman of the Board until the 2024 AGM)	-	600	1,740	80	7	2,427
Bernard Ngugi	Non-Executive	-	600	1,740	-	-	2,340
Umuro Wario	Non-Executive	-	600	1,560	-	-	2,160
Rehema Hassan	Non-Executive (Elected on the 28 November 2024)	-	350	1,020	-	-	1,370
Kennedy Ondieki	Alternate to CS National Treasury & Planning	-	-	1,000	-	-	1,000
Chrispin Lupe	Alternate to PS Ministry of Energy	-	-	1,280	-	-	1,280
Chrisologus Makokha	Representative, Inspectorate of State Corporations	-	-	1,300	-	-	1,300
<b>Total</b>		-	<b>6,000</b>	<b>16,536</b>	<b>800</b>	<b>70</b>	<b>23,406</b>

**Executive Directors**

Peter Njenga	Managing Director and CEO	14,694	-	-	-	-	14,694
<b>Total</b>		<b>14,694</b>	-	-	-	-	<b>14,694</b>

# REPUBLIC OF KENYA

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HEADQUARTERS  
Anniversary Towers  
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P.O Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY GENERATING COMPANY PLC FOR THE YEAR ENDED 30 JUNE, 2025

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

An Unmodified Opinion 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

The accompanying financial statements of Kenya Electricity Generating Company PLC set out on pages 33 to 124, which comprise of the statement of financial position as at

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*Report of the Auditor-General on Kenya Electricity Generating Company Plc for the year ended 30 June, 2025*

30 June, 2025, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte and Touché, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

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

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Change in Assets Depreciation and Net Book Value Estimation**

The statement of profit or loss and other comprehensive income reflects depreciation and amortization charge amounting to Kshs.14,484,645,000 against a prior year charge balance of Kshs.15,707,703,000. The decrease was despite an increase in assets cost at the beginning of the year to Kshs.472,659,536,000 compared to Kshs.463,057,086,000 in the prior year.

As disclosed in Note 15(a) to the financial statements, the Company applies an assets revaluation model to determine subsequent values of assets, except for furniture and motor vehicle assets classes where a cost model is applied. In addition, the Company uses a straight-line depreciation method for all its asset classes. During the year under review, Management changed the depreciation measurement approach by assigning a residual value equivalent to 10% of the cost to depreciable asset classes, a departure from prior years measurement where a residual value was only assigned to assets under cost valuation model.

The departure in the assets valuation resulted in a decrease of depreciation charge for the year, and significantly impacted on the net book value of the assets at the end of the year.

My opinion is not modified in respect of this matter.

## Key Audit Matters

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

Key Audit Matter	How Audit Addressed the Key Audit Matter
<p><b>Impairment of Property, Plant and Equipment</b></p> <p>The carrying value of the Company's property, plant and equipment amounts to Kshs.429,556,183,000 (2024 - Kshs.426,723,308,000) as reported in the statement of financial position. The balance includes an amount of Kshs.350,547,360,000 (2024: Kshs.354,892,274,000) in respect of buildings, transmission lines, plant and machinery.</p> <p>As disclosed in Note 15 to the financial statements, these power generation assets are significant to the statement of financial position and are carried at revalued amounts less accumulated depreciation and accumulated impairment losses.</p> <p>Property, plant and equipment balance also includes capital work in progress amounting to Kshs.71,001,022,000 (2024 – Kshs.63,921,181,000) which is carried at cost less of impairment losses.</p> <p>During the year, an impairment assessment was carried out on the capital work in progress and a loss of Kshs.538,052,000 (2024 – Kshs.39,478,000) was charged to the statement of profit or loss as disclosed in Note 10(g) to the financial statements. In particular, Management identified impairment indicators in the capital work in progress projects that were determined not to be economically viable or environmentally sustainable.</p> <p>Significant judgments are required to be applied by the Management in the impairment assessment of these assets in line with the accounting policies and IAS 36 - Impairment of Assets. The Standard requires an entity to assess, at the end of each reporting period, whether</p>	<p>To address the key audit matter, Management's assessment of the indicators of impairment were obtained and the key assumptions made were reviewed with the objective of testing their reasonableness based on evidence provided.</p> <p>Additionally, significant judgments made and conclusions reached were reviewed and challenged.</p> <p>The audit procedures also focused on understanding the basis of the judgments made and considered audit evidence which were obtained during the audit and the understanding of the nature and use of these assets.</p> <p>An assessment was conducted on whether the approach and methodology used by Management was appropriate and consistent with requirements of IAS 36 - Impairment of Assets.</p> <p>Impairment workings and analyses prepared by</p>

<b>Key Audit Matter</b>	<b>How Audit Addressed the Key Audit Matter</b>
<p>there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The objective of the Standard is to prescribe procedures that an entity applies to ensure that its assets are carried at no more than the recoverable amount.</p> <p>An asset is carried at more than its recoverable amount if the carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and the entity is required to recognise an impairment loss. The Standard also specifies when an entity should reverse an impairment loss and prescribes disclosures.</p> <p>My attention was directed at this area because of the significance of the carrying values of these assets and the risk that inappropriate judgments or key assumptions could lead to material misstatements in the financial statements. I therefore identified the impairment assessment of plant, machinery, buildings, transmission lines and capital work in progress as representing a key audit matter for purposes of my audit.</p>	<p>Management were obtained and the approach applied was tested for appropriateness.</p> <p>The data and inputs used in the impairment assessment was tested and calculations for accuracy and completeness reviewed.</p> <p>Additionally, the adequacy of impairment related disclosures in the financial statements, including the judgments and assumptions used were assessed.</p>

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

### **Other Matter**

#### **Delay in Compensation of Land Acquired for Roads Expansion**

As previously reported, part of the Company's land located in Changamwe was acquired by the Kenya National Highways Authority (KeNHA) for dualling of the Mombasa-Mariakani Road. The construction of the road rendered the staff houses in Changamwe temporarily uninhabitable as they were disconnected from the sewer line, and a perimeter wall securing the property was also damaged. Management indicated that the two affected residential flats would realize a net rental income of Kshs.768,000 per year for the Company.

Review of records indicates that Management has made several correspondences to the National Land Commission (NLC) and KeNHA seeking compensation of Kshs.250,611,659 but no response has been received by the time of the audit. The State Department for Roads had also written to The National Treasury, on behalf of KeNHA, requesting for the allocation of funds to settle the long outstanding compensation of the Company's land.

### **Other Information**

The Directors are responsible for the Other Information set out on page 1 to 31 which comprise of Key Corporate Information, Board of Directors, Management Team, Shareholding, Business Overview, Report of the Directors, Statement of Directors Responsibilities and The Company's Directors Remuneration Policy and Strategy. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's 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.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **Delay in Completion of an Office Block and Parking Yard at Olkaria Power Station**

On 4 May, 2021, Management contracted a local contractor to undertake construction works of an office block and a parking yard at Olkaria Geothermal Power Station in Naivasha at a cost of Kshs.11,534,357. According to procurement records, the works were to be undertaken in two phases where phase one encompassed construction of an office block while phase two involved construction of a parking yard. The expected

completion date was on 24 August, 2022. However, the date was extended to 3 November, 2022 due to non-completion of works within the initial contract period.

Despite the extension, the contractor failed to mobilize adequate resources and did not achieve satisfactory progress, leading the Management to institute termination proceedings. The contract was formally terminated in accordance with the provisions of the Public Procurement and disposal Act, 2015. At the time of termination, the contractor had been paid an amount of Kshs.7,176,945 for completed and certified works. Management had not yet initiated procurement process for completion of the works at the time of the audit.

In the circumstances, the value for money incurred on the project could not be confirmed.

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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for effect of the matters described in the Basis for 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 overall governance were not effective.

### Basis for Conclusion

#### 1. Trade Receivables - Balance Due to from The Kenya Power and Lighting Company Plc

The statement of financial position reflects trade receivables balance of Kshs.16,646,382,000 (2024: Kshs.16,629,593,000) which, as disclosed in Note 21 to the financial statements is net allowance of impairment amounting to Kshs.830,990,000 (2024: Kshs.466,706,000) due from The Kenya Power and Lighting Company Limited. Review of records indicates that the two companies had executed a Purchase Power Agreements (PPAs) with an agreed credit period of 40 days. Although Management indicated that measures were in place to enhance collection of outstanding amounts which included agreeing on payments plans with KPLC on a monthly basis, the collection period remains high at an average of 113 days against the credit period of 40 days which had been agreed in the Purchase Power Agreements (PPAs).

In the circumstances, failure to collect receivables in optimal time and lack of an effective regular resolution of reconciliation items leading to delays in settling of the outstanding amounts negatively, impacts the company's working capital which could lead to future disputes and eventual risk of impairment.

## **2. Long Outstanding Receivables from Non-Commercial Clients**

The statement of financial position reflects other receivables and prepayments balance of Kshs.2,340,298,000 (2024: Kshs.3,027,582,000) which as disclosed in Note 22 to the financial statements includes Kshs.1,272,743,000 (2024: Kshs.982,420,000) in respect of non-commercial clients' receivables with a total provision of Kshs.545,000,000 (2024: Kshs.308,000,000). The balance has been outstanding above the average credit period of between 30 – 90 days. The most significant overdue amounts are owed two firms, one of which was foreign, with an outstanding total balance of Kshs.890,000,000 representing 70% of the total balance. The extended outstanding receivables are attributed to weak contractual terms with clients which do not sufficiently safeguard timely payment.

Delayed collection of receivables would negatively affect the Company's cashflows and working capital position while the prolonged outstanding balances increases the risk of bad debts, which may require additional provisions and results into financial losses. The situation could also impact on the company's ability to funds operations and meet its obligations when they fall due. Management indicated that the Government of Djibouti, through its Embassy in Kenya reaffirmed its commitment to honour all contractual obligations under the Galla-le-Koma Geothermal Project once donor disbursements are finalized.

In the circumstances, the existence of an effective enforcement mechanism of payment and debt recovery strategies 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **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 25 to 27 is consistent with the financial statements; and
- iii. The auditable part of the directors' remuneration report on pages 28 to 30 has been properly prepared in accordance with the Companies Act, 2015.

## **Basis for Conclusion**

The Companies Act, 2015, requires that I report on the legal and 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 Board of Directors**

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 International Standards of Supreme Audit Institutions (ISSAIs). The standards require 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 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**

**30 October, 2025**

Kenya Electricity Generating Company Plc  
Directors' Remuneration report (Continued)  
For the year ended 30 June 2025

**INFORMATION SUBJECT TO AUDIT (continued)**

For the year ended 30 June 2024

**Non-Executive Directors**

Name	Category & Period of Service	Salary Shs'000	Directors' Fees		Sitting Allowances Shs'000	Honorarium Shs '000	Telephone Shs '000	Total Shs '000
			Shs'000	Shs'000				
Julius Migos Ogamba	Chairman (retired 8 August 2024)	-	600		1,860	960	84	3,504
Prof. Njuguna Ndung'u	Non-Executive (Cabinet Secretary: National Treasury)	-	600		-	-	-	600
Alex Wachira	Non-Executive (Principal Secretary, Ministry of Energy)	-	600		60	-	-	660
Josephine Koisaba	Non-Executive	-	600		1,660	-	-	2,260
William Rahedi	Non-Executive	-	600		1,620	-	-	2,220
Hon. Mutai Stephen Kipkoech	Non-Executive	-	600		1,710	-	-	2,310
Dr. Rosemarie Wairimu Wanyoike	Non-Executive	-	600		1,600	-	-	2,200
Frank Konuche	Non-Executive- Elected as a Director at the AGM on 30 November 2023 (Appointed by the Board of Directors on 28 October as the Chairman of the Board until the 2024 AGM)	-	350		960	-	-	1,310
Umuro Wario	Non-Executive-(Appointed on 1 December 2023)	-	350		900	-	-	1,250
Bernard Ngugi	Non-Executive-(Appointed on 1 December 2023)	-	350		1,020	-	-	1,370
Chrisologus Makokha	(Appointed on 26 January 2023)	-	-		1,140	-	-	1,140
Kennedy Ondieki	(Alternate to CS National Treasury & Planning: Appointed on 30 April 2024)	-	-		120	-	-	120
Chrispin O. Lupe	(Alternate to PS Ministry of Energy: Appointed on 6 May 2024)	-	-		140	-	-	140
James Opindi	Non-Executive (Retired on 30 November 2023)	-	250		840	-	-	1,090
Samuel Kimani	Non-Executive (Retired on 30 November 2023)	-	250		420	-	-	670
Winnie Pertet	Non-Executive (Retired on 30 November 2023)	-	250		720	-	-	970
Bernard Ndungu	(Alternate to CS National Treasury & Planning: Retired on 30 April 2024)	-	-		80	-	-	80
Stephen Njue	(Alternate to PS Ministry of Energy: Retired on 6 May 2024)	-	-		820	-	-	820
<b>Total</b>		-	<b>6,000</b>		<b>15,670</b>	<b>960</b>	<b>84</b>	<b>22,714</b>

**Executive Directors**

Abraham Serem	Ag. Managing Director and CEO (Served until on 17 August 2023)	2,621	-	-	-	-	2,621
Peter Njenga	Managing Director and CEO (Appointed on 17 August 2023)	12,021	-	-	-	-	12,021
<b>Total</b>		<b>14,642</b>	-	-	-	-	<b>14,642</b>

On behalf of the Board



Company Secretary

Date: 30<sup>th</sup> October, 2025

Kenya Electricity Generating Company Plc  
Financial Statements (continued)  
For the year ended 30 June 2025

**Statement of profit or loss and other comprehensive income**

	Notes	2025 Shs'000	2024 Shs'000
<b>Revenues from contracts with customers</b>			
Electricity revenue	6 (a)	40,410,264	41,252,372
Steam revenue	6 (a)	5,644,330	6,875,964
Fuel charge	6 (a)	9,607,542	7,923,700
Water charge	6 (a)	172,275	166,593
Revenue from diversification sources	6 (a)	263,626	78,593
Total revenue		<b>56,098,037</b>	<b>56,297,222</b>
<b>Reimbursable expenses</b>			
Fuel costs	7	(9,474,812)	(7,836,831)
Water costs	7	(172,275)	(166,593)
Total reimbursable expenses	7	(9,647,087)	(8,003,424)
<b>Revenue less reimbursable expenses</b>		<b>46,450,950</b>	<b>48,293,798</b>
Other income	8	851,139	1,296,534
Other gains/(losses) – net foreign exchange and fair valuation of financial assets	9	1,452,929	(722,117)
<b>Operating income</b>		<b>48,755,018</b>	<b>48,868,215</b>
<b>Expenses</b>			
Depreciation and amortization	10 (a)	(14,484,645)	(15,707,703)
Employee expenses	10 (b)	(9,210,137)	(10,376,066)
Steam costs	10 (c)	(3,496,434)	(4,393,595)
Plant operation and maintenance expenses	10 (d)	(2,337,451)	(3,667,517)
Other expenses	10 (e)	(4,847,405)	(5,739,660)
Allowance for expected credit losses -(charge)/credit	10 (f)	(762,397)	567,366
<b>Operating profit</b>		<b>13,616,549</b>	<b>9,551,040</b>
Finance income	11	4,109,861	4,201,745
Finance costs	12	(2,253,457)	(2,805,920)
<b>Profit before income tax</b>		<b>15,472,953</b>	<b>10,946,865</b>
Income tax charge	13(a)	(4,991,876)	(4,149,853)
<b>Profit for the year</b>		<b>10,481,077</b>	<b>6,797,012</b>
<b>Earnings per share:</b>			
Basic and diluted (Shs per share)	14	<b>1.59</b>	<b>1.03</b>

Kenya Electricity Generating Company Plc  
Financial Statements (continued)  
For the year ended 30 June 2025

**Statement of profit or loss and other comprehensive income (continued)**


	Notes	2025 Shs'000	2024 Shs'000
<b>Profit for the year</b>		<u>10,481,077</u>	<u>6,797,012</u>
<b>Other comprehensive income/(loss), net of income tax:</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement loss of retirement benefit obligations	29a(ii)	(121,142)	(912,714)
Deferred income tax credit on defined benefit obligations	26	36,343	273,814
Net impairment of revalued assets-reversal/(charge)	26	421,372	(382,572)
Deferred income tax (charge)/credit on impairment of assets	26	<u>(126,412)</u>	<u>114,772</u>
		<u>210,161</u>	<u>(906,700)</u>
<b>Items that may be reclassified subsequently to profit or loss when specific conditions are met:</b>			
Net gain on revaluation on financial instruments measured at FVOCI	26	52,562	732
Deferred income tax charge on valuation of financial instruments	26	<u>(15,769)</u>	<u>(220)</u>
		<u>36,793</u>	<u>512</u>
Other comprehensive income/(loss) for the year, net of tax		<u>246,954</u>	<u>(906,188)</u>
<b>Total comprehensive income for the year</b>		<u>10,728,031</u>	<u>5,890,824</u>


Kenya Electricity Generating Company Plc  
Financial Statements (continued)  
As at 30 June 2025


**Statement of financial position**

<b>ASSETS</b>	<b>Notes</b>	<b>2025 Shs'000</b>	<b>2024 Shs'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	15(a)	429,556,183	426,723,308
Intangible assets	16	2,226,724	2,118,932
Right of Use assets	17	6,948,159	6,665,185
Financial assets held at amortized cost	18	4,004,585	4,153,672
Financial assets held at fair value through profit or loss	19	6,177,905	728,515
Restricted cash balances	24(b)(i)	3,169,124	2,712,749
		<b>452,082,680</b>	<b>443,102,361</b>
<b>Current assets</b>			
Inventories	20	2,923,924	2,136,284
Trade receivables	21	16,646,382	16,629,593
Corporate tax recoverable	13(c)	448,697	195,667
Financial assets held at amortized cost	18	129,083	133,954
Financial assets held at fair value through profit or loss	19	1,311,203	895,818
Other receivables and prepayments	22	2,340,298	3,027,582
Financial asset held at fair value through other comprehensive income	23	373,716	321,154
Cash and bank balances	24(a)	29,317,145	24,850,342
		<b>53,490,448</b>	<b>48,190,394</b>
<b>TOTAL ASSETS</b>		<b>505,573,128</b>	<b>491,292,755</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners</b>			
Share capital	25	16,486,305	16,487,710
Share premium	25	22,148,855	22,151,131
Other reserves	26	116,314,989	118,730,184
Retained earnings	27	129,593,680	120,736,895
		<b>284,543,829</b>	<b>278,105,920</b>
<b>Non-current liabilities</b>			
Borrowings	28	109,271,273	107,748,716
Deferred tax liability	30	88,649,269	84,531,405
Lease liabilities	31	768,324	891,499
Grants	32	1,948,090	1,228,401
		<b>200,636,956</b>	<b>194,400,021</b>
<b>Current liabilities</b>			
Borrowings	28	11,926,138	10,035,376
Trade and other payables	33	8,332,919	8,579,311
Lease liabilities	31	133,286	172,127
		<b>20,392,343</b>	<b>18,786,814</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>505,573,128</b>	<b>491,292,755</b>

The financial statements on pages 33 to 124 were approved and authorised for issue by the Board of Directors on 30th October, 2025 and were signed on its behalf by:

  
.....  
**Hon. Alfred Agoi Masadia**  
Chairman

  
.....  
**Bernard Ngugi**  
Director

  
.....  
**Peter Njenga**  
Managing Director & CEO

Kenya Electricity Generating Company Plc  
Financial Statements (continued)  
For the year ended 30 June 2025

**Statement of changes in equity**

	Share capital Shs'000	Share premium Shs'000	Other Reserves Shs'000	Retained earnings Shs'000	Total Shs'000
<b>Year ended 30 June 2025</b>					
<b>As at 1 July 2024</b>	<b>16,487,710</b>	<b>22,151,131</b>	<b>118,730,184</b>	<b>120,736,895</b>	<b>278,105,920</b>
Profit for the year	-	-	-	10,481,077	10,481,077
Other comprehensive income	-	-	246,954	-	246,954
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>246,954</b>	<b>10,481,077</b>	<b>10,728,031</b>
Unallotted shares refund	(1,405)	(2,276)	-	-	(3,681)
Transfer of excess depreciation	-	-	(3,803,070)	3,803,070	-
Deferred tax on excess depreciation	-	-	1,140,921	(1,140,921)	-
Dividends declared and paid to equity holders (Note 34)	-	-	-	(4,286,441)	(4,286,441)
<b>As at 30 June 2025</b>	<b><u>16,486,305</u></b>	<b><u>22,148,855</u></b>	<b><u>116,314,989</u></b>	<b><u>129,593,680</u></b>	<b><u>284,543,829</u></b>
<b>Year ended 30 June 2024</b>					
<b>As at 1 July 2023</b>	<b>16,487,710</b>	<b>22,151,131</b>	<b>122,361,165</b>	<b>113,193,447</b>	<b>274,193,453</b>
Profit for the year	-	-	-	6,797,012	6,797,012
Other comprehensive loss	-	-	(906,188)	-	(906,188)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(906,188)</b>	<b>6,797,012</b>	<b>5,890,824</b>
Transfer of excess depreciation	-	-	(3,892,561)	3,892,561	-
Deferred tax on excess depreciation	-	-	1,167,768	(1,167,768)	-
Dividends declared to equity holders (Note 34)	-	-	-	(1,978,357)	(1,978,357)
<b>As at 30 June 2024</b>	<b><u>16,487,710</u></b>	<b><u>22,151,131</u></b>	<b><u>118,730,184</u></b>	<b><u>120,736,895</u></b>	<b><u>278,105,920</u></b>
Note	25	25	26	27	

Kenya Electricity Generating Company Plc  
Financial Statements (continued)  
For the year ended 30 June 2025

**Statement of cash flows**

	Note	2025 Shs '000	2024 Shs '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	35(a)	27,892,048	34,278,056
Net income tax paid	13(c)	(1,232,880)	(614,022)
Finance income received	35(b)	<u>3,957,555</u>	<u>3,181,275</u>
<b>Net cash generated from operating activities</b>		<b><u>30,616,723</u></b>	<b><u>36,845,309</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	15(a)	(13,592,324)	(8,917,415)
Staff costs incurred in capital projects	15(a)	(2,430,922)	(2,318,808)
Interest costs incurred in capital projects	15(a)	(544,617)	(754,632)
Purchase of intangible assets	16	(361,338)	(108,416)
Purchase of leasehold land	17	(616,130)	-
Movement in restricted cash balances	24(b)iii	(464,177)	(858,379)
Grants received	32	721,330	396,828
Proceeds on disposal of assets	35(d)	<u>311,796</u>	<u>8,988</u>
<b>Net cash used in investing activities</b>		<b><u>(16,976,382)</u></b>	<b><u>(12,551,834)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	28(d)	5,922,033	1,620,282
Principal loan repayments	28(d)	(8,320,538)	(9,701,910)
Finance costs paid	35(c)	(2,173,309)	(2,878,118)
Dividends paid	34	(4,286,441)	(2,901,443)
Payment of lease liabilities - principal	31	(167,623)	(120,091)
Payment of lease liabilities - interest	31	(100,800)	(155,794)
<b>Net cash used in financing activities</b>		<b><u>(9,126,678)</u></b>	<b><u>(14,137,074)</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>4,513,663</b>	<b>10,156,401</b>
Cash and cash equivalents at beginning of the year		25,618,247	15,474,003
Effects of exchange rate changes on cash and bank balances	35(f)	(7,724)	(12,157)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>24</b>	<b><u>30,124,186</u></b>	<b><u>25,618,247</u></b>

Kenya Electricity Generating Company Plc  
Notes to the financial statements  
For the year ended 30 June 2025

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**1. General Information**

Kenya Electricity Generating Company PLC (KenGen) is a company limited by shares incorporated and registered in Kenya under the Kenyan Companies Act, 2015. The Company was incorporated in 1954 as Kenya Power Company Limited (KPC) and was under management of The Kenya Power & Lighting Company Plc (Kenya Power). In 1998, following reforms in the energy sector, the management was separated from Kenya Power and Lighting Company, and the Company was renamed Kenya Electricity Generating Company Plc (KenGen). The principal activity is to develop, manage and operate power generation plants to supply electric power to the Kenyan market. The equity shares of the Company are listed on the Nairobi Securities Exchange.

These financial statements are presented in Kenya Shillings and are rounded to the nearest thousand (Shs'000).

**2. Statement of Compliance and Basis of Preparation**

**(a) Basis of preparation**

The financial statements are prepared on a going concern basis and is in compliance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015. The directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, management has considered the company's financial position, cash flow forecasts, and current commitments, alongside available borrowing facilities and access to capital markets. The assessment also included consideration of potential risks such as market volatility, operational disruptions, and regulatory changes. Accordingly, the financial statements have been prepared on a going concern basis, in accordance with IAS 1 Presentation of Financial Statements.

The financial statements are presented in Kenya Shillings, which is also the functional currency, rounded to the nearest thousand (Shs'000).

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

Financial statements have been prepared using accrual basis of accounting.

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

*(i) Basis of Measurement*

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

**2. Statement of Compliance and Basis of Preparation (continued)**

**(a) Basis of preparation measurement(continued)**

*(i) Basis of Measurement (continued)*

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

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

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

*(ii) Use of Estimates*

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

**3. Application of New and Revised IFRS Accounting Standards as issued by the International Accounting Standards Board**

**i) New and Amended IFRS Accounting Standards and Interpretations Effective during the Year**

The Company has already applied the following new and amended standards and interpretations for the annual reporting period commencing 1 July 2024. The adoption of these standards and amendments did not have a material impact on the financial statements of the Company unless otherwise indicated.

<b>Standard / Amendment</b>	<b>Effective Date</b>
IAS 1: Classification of Liabilities as Current or Non-current with Covenants	1 January 2024
IFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
IAS 7 / IFRS 7: Supplier Finance Arrangements	1 January 2024
IFRS 1 / IAS 21: Lack of Exchangeability	1 January 2025

**3 Application of New and Revised IFRS Accounting Standards as issued by the International Accounting Standards Board (continued)**

**i) New and Amended IFRS Accounting Standards and Interpretations Effective during the Year (continued)**

*i. IAS 1 – Classification of Liabilities as Current or Non-current*

The amendments clarify that liability is classified as non-current only if the entity has a substantive right to defer settlement for at least twelve months after the reporting period. The right must exist at the end of the reporting period and must not depend on the likelihood of the entity exercising it. Covenants that must be met on or before the reporting date affect the assessment of the right.

**Impact:** These amendments did not have a material impact on the Company's financial position or classification of liabilities.

*ii. IFRS 16 – Lease Liability in a Sale and Leaseback*

The amendments clarify the measurement requirements for lease liabilities and right-of-use assets arising from sale and leaseback transactions. The seller-lessee is required to measure the leaseback liability based on the expected lease payments, including those not defined as lease payments under IFRS 16

**Impact:** These amendments did not have a material impact on the Company's financial statements.

*iii. IAS 7 / IFRS 7 – Supplier Finance Arrangements*

The amendments require disclosures that allow users to assess the effects of supplier finance arrangements on an entity's liabilities and cash flows, and the entity's exposure to liquidity risk.

**Impact:** The Company has assessed its supplier finance arrangements and determined that the amendments do not have a material effect on its disclosures.

*iv. IFRS 1 / IAS 21 – Lack of Exchangeability*

The amendments clarify the determination of exchange rates where exchangeability is lacking. The entity must disclose the nature and financial impact of the lack of exchangeability.

**Impact:** These amendments did not have a material impact on the Company's financial statements.

**ii) New Standards and Interpretations Not Yet Adopted**

The following new standards and amendments have been issued but are not yet effective and have not been early adopted by the Company. Management intends to adopt the standards when they become effective, subject to endorsement where applicable. The expected impacts of these standards are being assessed.

<b>Standard / Amendment</b>	<b>Effective Date</b>
IFRS 10 / IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2026
IFRS 9 / IFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 9 / IFRS 7: Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18 / IAS 1: Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19: Subsidiaries without Public Accountability – Disclosures	1 January 2027
IFRS S1: General Requirements for Sustainability-related Financial Disclosures	1 January 2027
IFRS S2: Climate-related Disclosures	1 January 2027

**3 Application of New and Revised IFRS Accounting Standards as issued by the International Accounting Standards Board (continued)**

**ii. New Standards and Interpretations Not Yet Adopted (Continued)**

*i. IFRS 10 / IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

These amendments address the inconsistency between IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture. The recognition of full or partial gains depends on whether the transferred assets constitute a business.

**Management assessment:** Ongoing. Relevant to diversification initiatives.

*ii. IFRS 9 / IFRS 7 – Contracts Referencing Nature-dependent Electricity*

Applicable to contracts linked to electricity generation dependent on uncontrollable natural conditions. Entities must disclose variability, risk exposure, commitments, and financial effects.

**Management assessment:** Ongoing. Relevance to power purchase agreements and variability risk is under review.

*iii. IFRS 9 / IFRS 7 – Classification and Measurement of Financial Instruments*

The amendments clarify: - Derecognition timing for financial liabilities settled via electronic transfers; - Contractual cash flow characteristics of financial assets with contingent features; - Disclosure requirements for equity instruments and contingent features.

**Management assessment:** Ongoing.

*iv. IFRS 18 / IAS 1 – Presentation and Disclosure in Financial Statements*

This standard aims to improve the consistency and transparency of presentation and disclosures. It requires clearly identifiable financial statements, consistent classification, and enhanced disclosure of entity-specific information including comparative and narrative details.

**Impact:** Not expected to have a material impact on the Company.

*v. IFRS 19 – Subsidiaries without Public Accountability: Disclosures*

Permits eligible subsidiaries to apply full IFRS recognition and measurement requirements with reduced disclosures.

**Applicability:** Not applicable to the Company's operations.

*vi. IFRS S1 – General Sustainability-related Financial Disclosure Requirements*

Requires disclosure of all material sustainability-related risks and opportunities relevant to investor decision-making. It links sustainability information with financial statements and refers to industry-specific standards.

**Management assessment:** Ongoing.

*vii. IFRS S2 – Climate-related Disclosures*

Mandates disclosures on climate-related strategy, governance, risk management, metrics, and targets. Includes scenario analysis and emissions reporting across Scopes 1, 2, and 3.

**Management assessment:** Ongoing.

#### 4. Summary of Material Accounting Policy Information

##### (a) Foreign currency translation

###### *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Kenya Shillings in thousands (Shs '000) which is the Company's functional currency.

###### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except for differences arising on translation of non-monetary financial assets carried at fair value through other comprehensive income, which are recognized in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'gains/ losses-net'.

##### (b) Revenue Recognition

The Company recognizes revenue as and when it satisfies performance obligation by transferring control of services to Kenya Power and other customers. The amount of revenue recognized is the amount the Company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties such as Value Added Tax and withholding taxes. Other income and finance income are recognized as and when earned.

Revenue recognition is in accordance with IFRS 15 which provides a single control-based revenue recognition model and clarifies the principles for recognising revenue from contracts with customers. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when a customer obtains control of a good or service. Customers obtain control when they can direct the use of and obtain the benefits from the good or service.

The principal activity of the Company is to generate and sell electricity to the authorised distributor, Kenya Power and Lighting Company. The performance obligation is the supply of electricity, and the terms of the contracts can be regarded as electricity service contracts.

**Electricity revenue** is recognized based on available capacity and energy sold to the authorised distributor's transmission systems. The Power Purchase Agreements (PPAs) with the Kenya Power and Lighting Company (Kenya Power) provide for the following categories of revenue:

- **Capacity revenue** – This relates to the amounts earned from Kenya Power in respect of the contracted capacity as provided for in the PPAs. The charge rates comprise of the investment component and a fixed charge. Contracted capacity is expressed in Megawatts (MW).
- **Energy revenue** – This relates to the amounts earned from Kenya Power in respect of the Net Electrical Output (NEO) as provided for in the PPAs. NEO refers to the electrical energy delivered to Kenya Power from the plant measured in Kilowatt hours (kWh).

**4. Summary of Material Accounting Policy Information (continued)**

**b) Revenue Recognition(continued)**

***Steam Revenue***

KenGen acts as a principal with regards to steam revenue. Steam revenue is recognized based on the geothermal power sold to the authorised distributor's transmission system as provided for in the PPAs. Steam revenue is divided into the following categories;

- Third party steam revenue – This relates to steam revenue earned from Kenya Power relating to steam purchased from a third party, Geothermal Development Company (GDC). The GDC wells from which this steam is obtained are managed by KenGen. Out of the total revenue generated, 69.5% is billed by GDC and is recognized as a cost, under steam costs.
- KenGen steam revenue- This relates to steam revenue earned from Kenya Power for the use of steam obtained from KenGen's own wells.

***Fuel charge***

Fuel charge is recognized based on amounts billed to Kenya Power for fuel used in the generation of electricity. The fuel revenue is billed based on a predetermined formula embedded in the Power Purchase Agreements (PPAs). The corresponding cost incurred by the Company for the fuel used in the power generation is recognized as a cost, under reimbursable expenses.

***Water charge***

Water charge is recognized based on amounts billed to Kenya Power for water used in the generation of electricity. The corresponding cost incurred by the Company for the water used in the power generation is recognized as a cost, under reimbursable expenses.

***Revenue from diversification sources***

Revenue from diversification sources is recognized in accordance with IFRS 15 upon satisfaction of contractual performance obligations, which typically occurs when consultancy, drilling, or construction services are rendered to customers. These revenues arise from consultancy and geoscientific advisory engagements as well as drilling and related services performed under contracts in various regional markets, including Ethiopia, Djibouti, and Eswatini.

***Revenue from other sources***

**Other income**

Other income comprises mainly of rental income, club revenues, insurance compensation and consultancy fees. Rental income arises from operating leases and is recognized on a straight-line basis over the period of the lease. Club revenues, insurance compensation and consultancy fees are recognized when earned. Rental income is recognized in the income statement as it accrues using the effective rent or rates in lease agreements.

**Finance income**

Interest income is recognized on a time proportion basis using the effective interest method. Interest is earned through investment of surplus funds on call or fixed deposits. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. Interest income from Kenya Power arises from delayed payments of electricity sales as per the Power Purchase Agreements (PPAs).

**4. Summary of Material Accounting Policy Information (continued)**

**(b) Revenue Recognition (continued)**

**(ii) Revenue from other sources (continued)**

The company recognizes revenue from electricity sales in line with IFRS 15 when performance obligations are satisfied by transferring control to customers, primarily Kenya Power and Lighting Company PLC. KenGen also regularly reviews its contracts to ensure that revenue recognition aligns with IFRS 15 principles.

Key judgements in revenue recognition include:

**Timing of Satisfaction of Performance Obligations:**

Revenue is recognized when electricity or steam is delivered to the customer, reflecting contracted capacity (MW) and energy output (kWh) under Power Purchase Agreements (PPAs). Both electricity and steam revenue is therefore earned at a point in time. Steam revenue is recognized based on whether the steam comes from KenGen's wells or third-party wells.

**Transaction Price and Allocation:**

The transaction price, determined by PPAs, includes fixed and variable charges for capacity and energy. Fuel and water charges are calculated using predetermined formulas and considering related costs.

Revenue from diversification sources, including consultancy services, is recognized upon fulfilling performance obligations.

**(c) Grants**

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Grants from National Government are recognized in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income.

Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**(d) Taxation**

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognized in the profit and loss account except when it relates to items recognized in other comprehensive income, in which case it is also recognized in other comprehensive income, or to items recognized directly in equity, in which case it is also recognized directly in equity.

**(i) Current tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**4. Summary of Material Accounting Policy Information (continued)**

**(d) Taxation (continued)**

**(ii) Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Measurement is based on tax rates and laws enacted or substantively enacted at the reporting date and reflects the manner in which the Company expects to recover assets or settle liabilities.

Deferred tax liabilities are recorded for taxable temporary differences, such as accelerated tax depreciation or fair value gains, except where they arise on the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit at the time of the transaction.

Deferred tax assets are recognized for deductible temporary differences and the carryforward of unused tax losses or credits, but only to the extent that it is probable that future taxable profits will be available to utilize them. The recoverability of deferred tax assets is reassessed at each reporting date.

For investment property measured at fair value, deferred tax is generally recognized on the presumption that the carrying amount will be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax balances and they relate to income taxes levied by the same taxation authority on the same entity, or on different entities intending to settle on a net basis.

**(e) Employment Benefits**

**(i) Retirement benefit obligation**

**Defined contribution**

The Company operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance Company. A defined contribution plan is a plan under which the Company pays fixed contributions into a separate fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The Company's contributions are charged to the profit and loss account in the year to which they relate.

**Defined benefit**

The Company also operated a defined benefit scheme until 2011 when the scheme was closed to new entrants. Further details on the scheme are provided in note 29.

The liability/asset recognized in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligations at the balance sheet date less the fair value of the plan assets. The defined obligation is calculated annually by independent actuaries using the projected unit credit method.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The net defined benefit asset is the surplus adjusted for any effect of limiting it to the asset ceiling. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the functional currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

**4. Summary of Material Accounting Policy Information (continued)**

**(e) Employment Benefits (continued)**

**(i) Retirement benefit obligation (continued)**

**(ii) Deferred tax**

The following components of defined benefit cost are included in profit or loss:

- The service cost of the defined benefit plan (comprising current service costs, past service costs and any gain or loss on settlement)
- The net interest on the net defined benefit liability/asset.

Remeasurements of the net defined benefit liability/asset are recognized in other comprehensive income, with no reclassification to profit or loss in a subsequent period. Remeasurements comprise actuarial gains/losses and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability/asset.

**Contributions to National Social Security Fund (NSSF)**

The Company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the Company's contributions are charged to the profit and loss account in the year to which they relate.

**(iii) Termination benefits**

Company employees who retire at retirement age or whose services are terminated for reasons other than gross misconduct are entitled to gratuity payments in accordance with the prevailing unionisable staff Collective Bargaining Agreement. Service gratuity is provided in the financial statements as it accrues to each employee. Employees engaged in contract terms are entitled to service gratuity after the expiry of the contract. Liabilities recognised in respect of contract employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**(iv) Leave Entitlements**

The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognized as an employment cost accrual.

**(v) Other benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, service gratuity, and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

**(f) Property, plant and equipment**

All categories of property, plant and equipment are initially recognized at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Land and buildings, transmission lines and plant and equipment and fittings are subsequently carried at a revalued amount, based on valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. Computer software, including the operating system, that is an integral part of the related hardware is capitalized as part of the computer equipment under intangible assets. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the Company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss in the year in which they are incurred.

**4. Summary of Material Accounting Policy Information (continued)**

**(f) Property, plant and equipment (continued)**

Depreciation is calculated using the straight-line method to write down the cost or the revalued amount of an asset over its useful life.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading 'property revaluation reserve'. Decreases that offset previous increases of the same asset are recognized in other comprehensive income. All other decreases are charged to profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

Below are Classes of Assets and the Rate of Depreciation (%)

Class of Asset	Rate of Depreciation (%)
<b>Freehold Land</b>	<b>Not Applicable</b>
<b>Leasehold Land</b>	<b>Lease period</b>
<b>Buildings</b>	
-Permanent	2.85
-Semi-Permanent	10
-Air strip	20
-Street Lighting	10
<b>Internal Roads</b>	
-Bitumen Roads	10
-Earth Roads	50
-Concrete Bridge	10
<b>Transmission Lines and Transformers</b>	2.5
<b>Plant and Machinery:</b>	
Hydro Plants:	
-Intakes and Tunnels	1
-Dams/Reservoir	1
-Hydro Plants	2
Geothermal Plants	4
Geothermal Wells	4
Geothermal Wellheads	4
Thermal Plants	5
Wind Plants	5
Rigs	6.67
<b>Motor Vehicles:</b>	
-Heavy Earth Moving Equipment	25
-Heavy Commercial Vehicles	25
-Motor Cars	25
-Electric Cars	25
-Motor cycles	25
-Boat	25
<b>Furniture, Fixtures &amp; Fittings</b>	6.67
<b>Tools, Implements and Equipment,</b>	20
<b>Office Machines:</b>	
-Computers, Laptops and Printers	25
-Office application Servers, and ICT gadgets	30
-Electronics General	30
<b>Intangible Assets:</b>	
Plant Monitoring Software	5
Licenses and Software	License period
Intellectual Property	License period

**4. Summary of Material Accounting Policy Information (continued)**

**(f) Property, plant and equipment (continued)**

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial reporting date.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are considered in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

All productive wells are capitalized in property, plant and equipment when connected and are depreciated over their useful lives. The useful life is currently estimated to be twenty-five years from the date of commencement of commercial operation. The unproductive wells are utilized for reinjection in the steam fields for reservoir sustainability.

**Capitalisation of employee costs**

The employee costs directly attributable to projects associated with development of power generating resources are capitalized. Capitalisation rates are based on estimated time and effort spent on the related project activities.

**Capitalisation of depreciation and Amortization**

The depreciation and amortization costs directly attributable to projects associated with development of power generating resources are capitalized. Capitalisation rates are based on estimated depreciation rates and time of use by the project.

**(g) Intangible assets**

Intangible assets comprise of computer software, Licences and SCADA acquired for business process and operations. Those acquired separately are measured on initial recognition at cost less subsequent amortization and any accumulated impairment losses. The SCADA is part of the operation of the power plants and is assessed for impairment during revaluation of assets. The useful life of the assets depends on the duration of the licences. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the Amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the profit or loss in the expense category consistent with the function of the intangible asset. An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

**(h) Impairment of tangible and intangible assets**

At each reporting date the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the

**4. Summary of Material Accounting Policy Information (continued)**

**(h) Impairment of tangible and intangible assets (continued)**

Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years adjusted for subsequent depreciation. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(i) Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. However, leasehold land is initially recognized at cost and is subsequently carried at a revalued amount, based on valuations by external independent valuers, less accumulated depreciation, and accumulated impairment losses.

Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- i. Land 2 to 99 years
- ii. Buildings 2 to 35 years
- iii. Plant and machinery 2 to 20 years
- iv. Motor vehicles and other equipment 2 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

**4. Summary of Material Accounting Policy Information (continued)**

**(i) Right of Use Asset (continued)**

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

**(j) Borrowings**

KenGen's borrowings and debt management play a crucial role in its financial health and ability to fund ongoing and future projects. KenGen's borrowing involves securing funds through various financial instruments, including:

- **Loans from Financial Institutions:** KenGen secures both local and international loans to finance its projects, particularly those related to expanding and upgrading its power generation capacity.
- **Corporate Bonds:** The company has issued corporate bonds in the past to raise capital from the public and institutional investors.
- **Government Support:** As a state-owned enterprise, KenGen sometimes receives financial support or guarantees from the Kenyan government, which can facilitate access to favourable loan terms.
- KenGen's debt structure typically includes both short-term and long-term borrowings. Key Considerations include:
- **Interest Rates:** The cost of borrowing is influenced by prevailing interest rates, which can impact the company's profitability and cash flow.
- **Currency Risk:** Given that most of the loans are in foreign currencies, the company is exposed to currency risk, which can affect the cost of servicing its debt.
- **Debt Servicing Capacity:** The Company's ability to generate sufficient cash flow to meet its debt obligations is a key measure of its financial health.
- **Debt to Equity Ratio:** This ratio indicates the proportion of debt used in the company's capital structure and is an important indicator of financial leverage.

Borrowings are classified as non-current liabilities unless the settlement of the liability is least 12 months after year end or a event has occurred to have it paid in advance.

Borrowings for the financial year ended 30 June 2025 is found in note 28.

**Commitment expenses**

Commitments fee paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is expensed to the project as occurred.

**Capitalization of borrowing costs**

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalized costs include interest charges on borrowings for projects under construction. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**4. Summary of Material Accounting Policy Information (continued)**

**(k) Inventories**

Inventories are valued at the lower of cost or net realisable value. Cost is determined on a moving average basis and comprises expenditure incurred in the normal course of business, including direct material costs. Net realisable value is the price at which the inventory can be realized in the normal course of business after allowing for the costs of realisation. Obsolete and defective inventories are fully provided for write off.

Engineering spares which are used for more than one period are categorized as plant and equipment. All other spares used on normal operations are categorized as consumables and classified under inventory.

**(l) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification and measurement**

The Company recognizes financial assets when it first becomes a party to the contractual rights and obligations in the contract. The company's financial assets comprise of trade and other receivables, treasury bonds, cash and cash equivalents and financial assets at fair value through profit or loss.

The classification requirements for debt instruments are described below:

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

Debt instruments held by the Company are now classified under these categories; Amortized Cost, Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVPL).

**Subsequent measurement**

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

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**4. Summary of Material Accounting Policy Information (continued)**

**(l) Financial instruments (continued)**

**Financial assets (continued)**

**Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through profit or loss (FVPL)**

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A business model where KenGen manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in an FVPL business model.

**Impairment**

The Company assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI. The Company recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 5.

**De-recognition**

Financial instruments or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either the Company transfers substantially all the risks and rewards of ownership, or neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

**Fixed interest investments (bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. The Company has a credit period of 40 days with Kenya Power and 30 days for other customers, after which they are considered as overdue. These are assessed for impairment on a continuing basis after 90 days. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

The company provisions trade and other receivables in accordance with the company's policy on financial instruments. Bad debts are written off after all efforts at recovery have been exhausted.

**4. Summary of Material Accounting Policy Information (continued)**

**(l) Financial instruments (continued)**

**Financial liabilities**

Financial liabilities are classified as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss.

**De-recognition**

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

**(m) Lease Liabilities**

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including the substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of the profit or loss.

**4. Summary of Material Accounting Policy Information (continued)**

**(n) Share capital**

Ordinary shares are classified as share capital in equity. Any premium received over and above the par value (Shs 2.50) of the shares is classified as share premium in equity. Ordinary shares represent the residual economic value of a Company. They carry rights to distribution of profits through dividend, to the surplus assets of a Company on a winding up and to votes at general meetings of the Company. There are no differences in the voting rights of the ordinary shares held by the shareholders of the Company.

**Dividends on ordinary shares**

Dividends on ordinary shares are recognized as a liability and deducted from retained earnings when approved by the Company's shareholders. Interim dividends are deducted from retained earnings when they are declared and no longer at the discretion of the Company.

**Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

**(o) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. This includes provisions for employee leave pay and other similar obligations.

**(p) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and petty cash accounted for at the end of the financial year.

**(q) Restricted Cash**

Restricted Cash represents cash and cash equivalents that are set aside for specific purposes and not available for general use by the Company. These funds are segregated from the Company's operational cash and are held for purposes such as compliance with contractual obligations, collateral for borrowings, or other restrictions imposed by legal or regulatory requirements.

Classification and Measurement: Restricted cash is classified as either current or non-current on the statement of financial position based on the nature of the restriction and the expected timing of its release. Current restricted cash is expected to be used within the next 12 months, while non-current restricted cash pertains to funds that will be used beyond this period.

Presentation: The restricted cash is presented separately from unrestricted cash to provide a clear distinction between funds that are readily available for operational purposes and those that are restricted

Restricted cash comprise deposits held with Stima DT Sacco Limited and KCB Limited. The cash is used as a backup for the staff car and mortgage loans and its withdrawal is restricted, up to the point when the mortgage has been repaid (See note 24 (b)).

#### 4. Summary of Material Accounting Policy Information (continued)

##### (r) Payables and Accruals

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within 12 months or otherwise, they are presented as non-current liabilities. Payables and accrued expenses are derecognised when the obligation under the liability is discharged or cancelled or expires without claim. Long outstanding payables are assessed for remission to the Unclaimed Financial assets Authority (UFAA). The standard payment terms of the Company are Net 30 or Net 60 depending on negotiations. This includes the time frame within which the company commits to paying its suppliers.

#### 5. Material Accounting Judgments and Estimates

##### Critical judgements and key sources of estimating uncertainty in applying accounting policies

The preparation of the Company's financial statements in conformity with IFRS Accounting Standards requires management and directors to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The Directors also need to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgment or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial years. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### 5.1 Critical Judgements in Applying the Company's Accounting Policies

In preparing these financial statements, management has made a number of judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised. These judgements involve complex assessments of facts and circumstances, interpretation of contractual terms, and application of the Company's accounting policies in accordance with IFRS Accounting Standards. The following are the critical judgements applied:

###### (a) Classification of leases

Management determines whether a contract contains a lease by evaluating whether the arrangement conveys the right to control the use of an identified asset for a specified period in exchange for consideration. This assessment requires judgement in determining:

- Whether the asset is specifically identified in the agreement.
- Whether the Company obtains substantially all of the economic benefits from use of the asset.
- Whether the Company has the right to direct how and for what purpose the asset is used.

This determination affects whether lease liabilities and right-of-use assets are recognised on the statement of financial position in accordance with IFRS 16.

###### (b) Determination of functional currency

The functional currency is the currency of the primary economic environment in which the Company operates. Determining the functional currency involves considering several factors, including:

- The currency that mainly influences sales prices of electricity.
- The currency of the country whose competitive forces and regulations mainly determine sales prices.
- The currency that mainly influences labour, material, and other costs of providing electricity.

In the Company's case, the Kenya Shilling (KES) has been determined to be the functional currency after evaluating these indicators under IAS 21.

**5. Material Accounting Judgments and Estimates (continued)**

**5.1 Critical Judgements in Applying the Company's Accounting Policies(continued)**

**(c) Timing of revenue recognition under Power Purchase Agreements (PPAs)**

Electricity sales are governed by long-term PPAs with the offtaker. Judgement is required in determining whether revenue is recognised over time or at a point in time. Management assesses:

- Whether the offtaker simultaneously receives and consumes the electricity as it is generated.
- Whether any performance obligations exist beyond delivery of electricity (e.g., capacity charges).
- How adjustments such as deemed energy, capacity penalties, and foreign currency indexation are treated under IFRS 15.

**(d) Assessment of control, joint control, or significant influence**

Where the Company has interests in other entities, management applies IFRS 10, IFRS 11, and IAS 28 to assess the nature of its involvement. This requires judgement in determining whether the Company has:

- Power over the investee's relevant activities.
- Exposure to variable returns from its involvement.
- The ability to use its power to affect those returns.

KenGen Foundation was established by KenGen PLC as a public charitable trust by Declaration of trust deed dated 2009 and is domiciled in Kenya. The Foundation serves as the philanthropic arm of KenGen and is mandated to: Turn short term one-off CSR (Corporate Social Responsibility) Projects into CSI (Corporate Social Investments); Upscale CSI activities for greater impact and increase and diversify resources available for CSI projects.

The Foundation is wholly controlled by the Company. However, it has not been consolidated as the Foundation is considered immaterial to these financial statements.

**(e) Classification of financial assets and liabilities**

Judgement is exercised in classifying financial instruments under IFRS 9 as measured at:

- Amortised cost.
- Fair value through other comprehensive income (FVOCI).
- Fair value through profit or loss (FVTPL).

This classification impacts how changes in value are recognised in the financial statements.

**(f) Determining whether arrangements contain embedded derivatives**

Certain contracts, such as PPAs and loan agreements, may include terms that meet the definition of embedded derivatives under IFRS 9. Management evaluates whether these derivatives are closely related to the host contract and therefore do not require separate accounting, or whether they must be measured at fair value with changes recognised in profit or loss.

**(g) Evaluation of provisions and contingent liabilities**

The Company considers whether a present obligation exists as a result of a past event and whether settlement is probable. This involves judgement in interpreting contractual obligations, legal requirements, and the likelihood of future events.

## 5. Material Accounting Judgments and Estimates (continued)

### 5.1 Critical Judgements in Applying the Company's Accounting Policies(continued)

#### (h) Capitalisation of borrowing costs

IAS 23 requires borrowing costs to be capitalised on qualifying assets. Management exercises judgement in:

- Determining which projects qualify.
- Establishing the commencement and cessation dates for capitalisation.
- Assessing whether delays or interruptions are substantial enough to suspend capitalisation.

#### (i) Componentisation of property, plant, and equipment

Significant generation assets are composed of major parts that have differing useful lives. Judgement is applied in identifying components that require separate depreciation schedules to ensure an accurate reflection of the asset's consumption pattern in line with IAS 16.

#### (j) Recognition of deferred tax assets

IAS 12 requires that deferred tax assets are recognised only when it is probable that future taxable profits will be available to utilise deductible temporary differences. This involves judgement in assessing:

- Forecasted profitability.
- Reversal patterns of temporary differences.
- Impact of tax laws and potential changes in legislation.

### 5.2 Key Sources of Estimation Uncertainty

In addition to the above judgements, the preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets, liabilities, income, and expenses. Actual results may differ from these estimates. The key areas involving estimation uncertainty are as follows:

#### (a) Useful lives of property, plant, and equipment

Determining the useful lives and residual values of significant assets requires estimation based on historical experience, expected usage patterns, technical evaluations, and industry practices. Changes in technology, market demand, or regulatory requirements may necessitate adjustments.

#### (b) Fair value measurements

For assets and liabilities measured at fair value, such as certain financial instruments, management uses valuation techniques involving observable and unobservable inputs. The choice of methodology and assumptions (e.g., discount rates, market prices, expected cash flows) can significantly affect the reported amounts.

#### (c) Impairment of non-financial assets

When indicators of impairment exist, management estimates the recoverable amount of the asset or cash-generating unit by discounting estimated future cash flows. This involves significant estimation of:

- Future revenue and operating costs.
- Long-term discount rates.
- Residual values.

**5. Material Accounting Judgments and Estimates (continued)**

**5.2 Key Sources of Estimation Uncertainty(continued)**

**(d) Provision for asset retirement and environmental restoration**

The Company estimates the future cost of dismantling and removing generating assets and restoring the site. These estimates are based on:

- i)** Current legal requirements
- ii)** Expected technological changes
- iii)** Estimated timing of settlement

**(e) Expected credit losses (ECL) on receivables**

The Company applies the simplified approach under IFRS 9 to measure ECLs for trade receivables. This requires the use of historical default rates, adjusted for forward-looking information such as macroeconomic conditions, inflation, and the creditworthiness of the offtaker. The parameters and assumptions applied in the calculation of Expected Credit Losses (ECL) during the current period are consistent with those used in the previous reporting period. No changes have been made to the methodologies, inputs, or forward-looking assumptions applied in determining ECL.

**(f) Provisions for legal and other claims**

Where litigation or disputes are in progress, the Company estimates the likely outcome based on legal advice, past experience, and current evidence. The outcome is inherently uncertain and actual results may differ from the estimates made.

**(g) Inventory valuation**

Spare parts and consumables are carried at the lower of cost and net realisable value. Estimation is required to determine whether inventory is obsolete or slow-moving and whether provisions are required.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

6. Revenue

a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services in the following revenue types.

	Geothermal Shs 000	Hydro Shs 000	Thermal Shs 000	Wind Shs 000	Diversified source Shs 000	Total Shs 000
<b>30 June 2025</b>						
Electricity revenue						
• Capacity	20,963,717	7,783,901	2,649,076	-	-	31,396,694
• Energy	6,485,067	1,632,419	497,868	398,216	-	9,013,570
	27,448,784	9,416,320	3,146,944	398,216	-	40,410,264
Steam revenue (note 6(c))	5,644,330	-	-	-	-	5,644,330
Fuel charge	-	-	9,607,542	-	-	9,607,542
Water charge	-	172,275	-	-	-	172,275
Revenue from diversification sources*	-	-	-	-	263,626	263,626
<b>Total revenue</b>	<b>33,093,114</b>	<b>9,588,595</b>	<b>12,754,486</b>	<b>398,216</b>	<b>263,626</b>	<b>56,098,037</b>
<b>30 June 2024</b>						
Electricity revenue						
• Capacity	21,710,393	7,887,730	2,341,426	-	-	31,939,549
• Energy	6,813,130	1,696,049	375,528	428,116	-	9,312,823
	28,523,523	9,583,779	2,716,954	428,116	-	41,252,372
Steam revenue (note 6(c))	6,875,964	-	-	-	-	6,875,964
Fuel charge	-	-	7,923,700	-	-	7,923,700
Water charge	-	166,593	-	-	-	166,593
Revenue from diversification sources*	-	-	-	-	78,593	78,593
<b>Total revenue</b>	<b>35,399,487</b>	<b>9,750,372</b>	<b>10,640,654</b>	<b>428,116</b>	<b>78,593</b>	<b>56,297,222</b>

\*This relates to revenue earned through drilling and consultancy services. The projects span across the region in Ethiopia, Djibouti, and Eswatini, covering drilling, rig management, and technical support. The Company also earns revenue from supporting Kenya Petroleum Refineries Limited (KPRL) in restoring a 9.2 MW power plant in Changamwe, billed based on costs incurred. These revenues reflect the Company's growing regional presence and expertise in geothermal development.

Kenya Electricity Generating Company Plc  
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For the year ended 30 June 2025

**6. Revenue (continued)**

**b) Deferred income - Contract assets and liabilities**

During the year, the Company entered into various drilling and consultancy service contracts in Tanzania. In line with the contractual terms, the Company received advance payments of **Shs. 47,675,000** as at 30 June 2025 (2024: Shs. nil). These amounts have been recognised as contract liabilities (deferred income) and will be released to revenue as the related services are rendered. The balances are disclosed under sundry creditors and accruals in **Note 33**.

Contract liabilities arise in the following circumstances:

- i. Advance payments – Amounts received in advance are recognised as contract liabilities until control of services is transferred to the customer at which point revenue is recognised.
- ii. Maintenance services – Reimbursements relating to maintenance of the Garissa Solar Plant are recognised as revenue over time, even though customers make full payment upfront.

**c) Steam revenue**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Third party revenue*	4,808,531	6,072,378
KenGen steam revenue**	<u>835,799</u>	<u>803,586</u>
Total steam revenue (Note 6(a))	<u>5,644,330</u>	<u>6,875,964</u>

\*This relates to steam income from wells vested to Geothermal Development Company.

\*\*This relates to income from KenGen's own wells.

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>7. Reimbursable expenses</b>		
Fuel costs <sup>1</sup>	9,474,812	7,836,831
Water costs <sup>2</sup>	<u>172,275</u>	<u>166,593</u>
	<u>9,647,087</u>	<u>8,003,424</u>

<sup>1</sup> In line with the provisions of the Power Purchase Agreements, the Company is reimbursed by the Kenya Power and Lighting Company Plc for fuel costs incurred in the production of thermal electricity based on pre-agreed plant fuel usage.

<sup>2</sup>The Water Resource Management Rules 2007 (Water Regulations) was Gazetted by the Government through Legal Notice No. 171 of September 2007. The regulation provided for water use charge at the rate of 0.05 Shs/kWh for power plants with capacity of over 1MW. With approval from the Energy Regulatory Commission (Now Energy and Petroleum Regulatory Authority), the Company is reimbursed by the Kenya Power and Lighting Company Plc for the cost of water charges.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**8. Other income**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Insurance compensation*	316,170	782,082
Club income**	104,197	166,813
Miscellaneous income***	140,735	175,270
Rent receivable	59,161	60,257
Geothermal spa	32,384	25,118
Contract asset reimbursement****	-	83,148
Gain on disposal of property, plant and equipment Note 35(d)	198,492	3,846
	<u>851,139</u>	<u>1,296,534</u>

\* The insurance compensation received mainly relates to fire claim for Well Head that occurred in the year 2021 and fire claim for Olkaria II-unit 3 for current and prior year.

\*\* Club income relates to income earned from the staff welfare clubs in the various operational areas.

\*\*\* Miscellaneous income relates to income earned from disposal of obsolete materials, sludge, sale of tenders, sale of water, supply of steam for heating purposes, and training facilitation.

\*\*\*\* Contract asset reimbursement from financial asset relates to reimbursable of interest paid on behalf of KETRACO.

**9. Other gains /(losses)– net foreign exchange and fair valuation of financial assets**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Realized foreign exchange gain recovered through billing- others transactions (Note 36(a) (i))	1,465,830	1,512,403
Realized foreign exchange loss not billed- borrowings (Note 19)	(6,317)	(98,933)
Foreign exchange loss from other monetary items	(210,961)	(1,288,984)
Bond premium expense (Note 18(c))	(13,557)	(12,355)
Unrealized exchange movement on revaluation of the financial assets held at fair value through profit or loss (Note 19)	6,955,156	(16,455,406)
Realized exchange difference on EIB Loan on settlement of KETRACO contract asset (Note 19)	-	(949,982)
Unrealized foreign exchange gain on financial assets not recoverable through KPLC billings (Note 19)	217,934	115,734
Unrealized foreign exchange (loss)/gain on borrowings (Note 28(d))	<u>(6,955,156)</u>	<u>16,455,406</u>
	<u>1,452,929</u>	<u>(722,117)</u>

**10. Expenses**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>(a) Depreciation and Amortization</b>		
Depreciation (Note (15(a)))	14,360,774	15,603,783
Less: Amount capitalized (Note 15(a))	<u>(372,551)</u>	<u>(388,259)</u>
	<u>13,988,223</u>	<u>15,215,524</u>
Intangible assets- software (Note 16)	<u>253,546</u>	<u>245,599</u>
Amortization - Prepaid leases on leasehold land (Note 17)	81,494	80,448
Other Right of Use Assets (Note 17)	<u>161,382</u>	<u>166,132</u>
	<u>242,876</u>	<u>246,580</u>
Total depreciation and amortization charge for the year	<u>14,484,645</u>	<u>15,707,703</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**10. Expenses (continued)**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>(b) Employee expenses</b>		
Salaries, wages and other staff costs	9,797,239	10,694,684
Welfare and benefits	894,689	786,718
Training expenses	212,128	245,495
Retirement benefit cost:		
- Defined contribution scheme	718,475	735,793
- Defined benefit scheme (credit)/charge (Note 29 (a)(i))	(49,995)	195,607
- National Social Security Fund	<u>68,523</u>	<u>36,577</u>
	11,641,059	12,694,874
Less: Capitalized costs* (Note 15(a))	<u>(2,430,922)</u>	<u>(2,318,808)</u>
	<u>9,210,137</u>	<u>10,376,066</u>

\*The employee expenses incurred and attributable to implementation of capital projects are capitalized in line with the application of the Company's accounting policy as disclosed under Note 4.

	<b>2025</b>	<b>2024</b>
	<b>Numbers</b>	<b>Numbers</b>
<b>Number of employees</b>		
The number of persons employed by the Company at the year-end was:		
- Operational employees	1,809	1,880
- Geothermal Development and Business Development departments	<u>616</u>	<u>635</u>
	<u>2,425</u>	<u>2,515</u>
Management staff	1,677	1,715
Union Staff	<u>748</u>	<u>800</u>
<b>Total</b>	<u>2,425</u>	<u>2,515</u>
Permanent employees – management	1,665	1703
Permanent employees – unionizable	728	782
Contract employees-management and Union	32	30
<b>Total</b>	<u>2,425</u>	<u>2,515</u>

**c) Steam costs**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Steam expenses (Note 36(b)(ii))	<u>3,496,434</u>	<u>4,393,595</u>

Steam costs represent amounts payable for steam from Geothermal Development Company wells utilized in generation of power from Olkaria I AU 4 & 5, Olkaria IV and some Wellhead plants. The related income is disclosed under Note 6(c).

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**10. Expenses (continued)**

**(d) Plant operation and maintenance expenses**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Operation and maintenance costs#	1,057,410	1,983,180
Machinery spares and consumables	<u>1,280,041</u>	<u>1,684,337</u>
	<u>2,337,451</u>	<u>3,667,517</u>

#The cost associated with consultancy services as part of revenue diversification amounting to Shs. 146 million (2024: Shs 503 million) have been included in these expenses.

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>(e) Other expenses</b>		
Insurance	1,548,986	1,645,189
Transport and travelling costs	1,523,464	1,291,752
Office	104,954	204,572
Catchment preservation and dam maintenance	107,000	107,000
Consultants' fees	307,286	215,572
Legal and statutory	255,036	197,371
Corporate Social Responsibility	79,411	115,803
Director's fees and allowances (Note 36(f))	23,406	22,714
Director's logistical expenses	43,684	26,127
Advertising	68,923	83,304
Audit fees	11,213	10,925
Club expenses	137,451	199,598
Provisions and impairment of assets (Note 10(g))	376,994	1,288,006
Tax expense for foreign operations	96,939	-
Other costs*	<u>162,658</u>	<u>331,727</u>
	<u>4,847,405</u>	<u>5,739,660</u>

**(f) Allowance for expected credit losses charge/(credit)**

Ketraco-Sondu Miriu line (Note 18(a))	(1,712)	(7,463)
KPLC- Olkaria V transmission lines (Note 18(b))	108,975	(49,089)
Treasury bonds (Note 18 (c))	(768)	678
Ketraco- Olkaria I AU & IV transmission lines (Note 18(d))	-	(215,931)
Trade receivables - KPLC debt (Note 21)	364,284	(399,387)
Other receivables (Note 22)	244,680	(195,494)
Cash and cash equivalents (Note 24 (a))	39,136	292,333
Restricted cash (Note 24 (b))	<u>7,802</u>	<u>6,987</u>
	<u>762,397</u>	<u>(567,366)</u>

**(g) Impairment and provisions for assets**

Provision for inventory obsolescence	40,640	335,698
Impairment of CWIP costs (Note 15(a))**	538,052	39,478
Impairment of assets ***	<u>(201,698)</u>	<u>912,830</u>
	<u>376,994</u>	<u>1,288,006</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**10. Expenses (continued)**

**(g) Impairment and provisions for assets (Continued)**

\*Other costs mainly comprise of subscriptions, environmental management costs, innovation, research and development, disaster management cost among others.

\*\* The current year impairment relates to feasibility studies undertaken for prospective generation projects which, upon review, were determined not to be economically viable or were discontinued at preliminary stages. In line with IAS 36 – Impairment of Assets, the carrying amounts of these feasibility study costs, previously capitalized under capital work in progress, were written down to their recoverable amounts (nil), as no future economic benefits are expected to flow from the studies. This treatment ensures that only costs associated with viable projects continue to be carried forward as assets in the financial statements.

\*\*\* Relates to reversal of Impairment for Muhoroni power plant after resumption of operations. Prior year relates to impairment of assets.

**11. Finance income**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Interest income from Kenya Power and Lighting Company Plc (Note 36(a)(i)) *	303,717	710,165
Interest income from treasury bonds	282,022	282,795
Interest income from banks and other financial institutions	3,466,463	3,147,569
Interest on Olkaria V financial asset (Note 18(b))	51,848	53,686
Interest income from staff advances	5,811	7,530
	<u>4,109,861</u>	<u>4,201,745</u>

\*This relates to interest penalties charged to Kenya Power on account of delayed settlement of invoices. Interest on late payments accrues upon the expiry of 40 days from the billing date and acknowledgment of the invoice by Kenya Power, or upon lapse of the agreed credit period, whichever comes earlier.

The Company earned Shs 3,748,485,363 in 2025 (2024: 3,430,364,328) in interest income from cash and investments, achieving an effective annual rate of 11.1% in 2025 (2024:12.1%). This reflects returns consistent with prevailing market rates on short- and long-term placements.

**12. Finance costs**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Interest on borrowings	2,694,828	3,404,758
Interest on leases as per IFRS 16 (Note 31)	103,246	155,794
Less: capitalized interest* (Note 15(a))	<u>(544,617)</u>	<u>(754,632)</u>
Interest expensed	<u>2,253,457</u>	<u>2,805,920</u>

\*Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the cost of those assets as per IAS 23:26(b), in accordance with the Company's accounting policy disclosed under Note 4. The capitalization rate applied was 20% in 2025 (2024: 22%).

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

	2025 Shs'000	2024 Shs'000
<b>13. Income tax charge</b>		
(a) Taxation charge		
Current income tax*	979,850	860,068
Deferred tax charge (Note 30)	4,012,092	3,277,671
Prior year (over)/under provision – deferred tax (Note 30)	<u>(66)</u>	<u>12,114</u>
	<u>4,991,876</u>	<u>4,149,853</u>

\*Current income tax is computed on taxable income from the Company's separate sources of income. These include rental income, and investment income. The tax charge for the year represents the aggregate of tax liabilities arising from each source, adjusted for prior year under/over-provisions and applicable tax credits.

(b) Reconciliation of expected tax based on profit before income tax-to- income tax charge	2025 Shs'000	2024 Shs'000
Profit before income tax	<u>15,472,953</u>	<u>10,946,865</u>
Tax applicable rate of 30%	4,641,886	3,284,059
Tax effect of expenses not deductible for tax purposes	350,056	853,680
Prior year (over)/under provision – deferred tax	<u>(66)</u>	<u>12,114</u>
Total income tax charge	<u>4,991,876</u>	<u>4,149,853</u>

The effective tax rate of 32% (2024: 38%) is above the 30% corporate tax rate. This is as a result of several factors, such as non-deductible expenses, differences between accounting profits and taxable income, and deferred tax adjustments. The increase in the tax charge is due to higher profit before tax from Shs 10.9 billion in prior year to Shs 15.5 billion in current year.

(c) Corporate tax recoverable	2025 Shs'000	2024 Shs'000
As at start of the year	(195,667)	(441,713)
Current income tax payable (Note 13(a))	979,850	860,068
Tax paid during the year	<u>(1,232,880)</u>	<u>(614,022)</u>
As at end of the year	<u>(448,697)</u>	<u>(195,667)</u>

**14. Earnings per share**

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive shares as at 30 June 2025 and 30 June 2024.

	2025 Shs'000	2024 Shs'000
Profits attributable to ordinary shareholders (in Shs'000)	<u>10,481,077</u>	<u>6,797,012</u>
Number of ordinary shares in issue at end of year (in '000 ') (Note 25)	<u>6,594,522</u>	<u>6,594,522</u>
Basic and diluted earnings per share (Shs)	<u>1.59</u>	<u>1.03</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)

15(a). Property, plant and equipment

	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, equipment and fittings Shs'000	Work-in- progress Shs'000	Total Shs'000
<b>Year ended 30 June 2025</b>								
<b>Cost or Valuation</b>								
At 1 July 2024	4,972,513	69,175,464	5,160,819	317,766,568	3,216,719	8,446,272	63,921,181	472,659,536
Additions	-	-	-	-	-	-	13,592,324	13,592,324
Foreign exchange capitalized (Note 19)	-	-	-	-	-	-	188,080	188,080
Staff cost capitalized (Note 10(b))	-	-	-	-	-	-	2,430,922	2,430,922
Interest cost capitalized (Note 12)	-	-	-	-	-	-	544,617	544,617
Depreciation capitalized (Note 10 (a))	-	-	-	-	-	-	372,551	372,551
Impairment of CWIP costs*(Note 10(g))	-	-	-	-	-	-	(538,052)	(538,052)
Transfers from WIP	-	797,094	-	7,662,051	172,267	879,189	(9,510,601)	-
Reversal of impairment for assets re-instated**	-	32,370	7,633	616,879	-	-	-	656,882
Disposals of assets	-	(29,370)	-	-	(92,824)	(12,008)	-	(134,202)
<b>At 30 June 2025</b>	<b>4,972,513</b>	<b>69,975,558</b>	<b>5,168,452</b>	<b>326,045,498</b>	<b>3,296,162</b>	<b>9,313,453</b>	<b>71,001,022</b>	<b>489,772,658</b>
<b>Accumulated depreciation</b>								
At 1 July 2024	-	5,722,174	1,393,683	30,094,720	2,281,780	6,443,871	-	45,936,228
Charge for year	-	1,529,890	234,391	11,669,516	236,544	690,433	-	14,360,774
Depreciation reversal	-	(2,227)	-	-	(70,056)	(8,244)	-	(80,527)
<b>At 30 June 2025</b>	<b>-</b>	<b>7,249,837</b>	<b>1,628,074</b>	<b>41,764,236</b>	<b>2,448,267</b>	<b>7,126,060</b>	<b>-</b>	<b>60,216,475</b>
<b>Net book value at 30 June 2025</b>	<b>4,972,513</b>	<b>62,725,721</b>	<b>3,540,378</b>	<b>284,281,261</b>	<b>847,895</b>	<b>2,187,393</b>	<b>71,001,022</b>	<b>429,556,183</b>
<b>Net book value at 30 June 2025 (cost basis)</b>	<b>619,613</b>	<b>37,512,467</b>	<b>294,287</b>	<b>180,177,983</b>	<b>847,895</b>	<b>2,187,393</b>	<b>71,001,022</b>	<b>292,640,660</b>

\*An assessment for impairment was carried out in respect to capital work in progress (CWIP) and feasibility studies costs were impaired.

\*\*Muhoroni power station which had been impaired was reinstated to the books following start of operations.

\*\*\* Capital works in progress includes unconnected wells, feasibility studies conducted before commencement of a project and ongoing projects that are being undertaken.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)

15(a). Property, plant and equipment (continued)

	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, equipment and fittings Shs'000	Work-in- progress Shs'000	Total Shs'000
<b>Year ended 30 June 2024</b>								
<b>Cost or Valuation</b>								
At 1 July 2023	4,972,513	68,025,456	5,154,190	317,101,695	2,848,395	7,846,562	57,108,275	463,057,086
Additions	-	-	-	-	-	-	8,917,415	8,917,415
Foreign exchange capitalized (Note 19)	-	-	-	-	-	-	(1,195,318)	(1,195,318)
Staff cost capitalized (Note 10(b))	-	-	-	-	-	-	2,318,808	2,318,808
Interest cost capitalized (Note 12)	-	-	-	-	-	-	754,632	754,632
Depreciation capitalized (Note 10 (a))	-	-	-	-	-	-	388,259	388,259
Impairment of CWIP costs*(Note 10(g))	-	-	-	-	-	-	(39,478)	(39,478)
Transfers from WIP	-	1,150,008	6,629	2,151,881	423,184	599,710	(4,331,412)	-
Impairment of assets**	-	-	-	(1,487,008)	-	-	-	(1,487,008)
Disposals of Assets	-	-	-	-	(54,860)	-	-	(54,860)
<b>At 30 June 2024</b>	<b>4,972,513</b>	<b>69,175,464</b>	<b>5,160,819</b>	<b>317,766,568</b>	<b>3,216,719</b>	<b>8,446,272</b>	<b>63,921,181</b>	<b>472,659,536</b>
<b>Accumulated depreciation</b>								
At 1 July 2023	-	4,010,645	1,152,227	17,357,932	2,190,609	5,862,357	-	30,573,770
Charge for year	-	1,711,529	241,456	12,928,395	140,889	581,514	-	15,603,783
Depreciation reversal on impairment	-	-	-	(191,607)	-	-	-	(191,607)
Depreciation reversal on disposal of assets	-	-	-	-	(49,718)	-	-	(49,718)
<b>At 30 June 2024</b>	<b>-</b>	<b>5,722,174</b>	<b>1,393,683</b>	<b>30,094,720</b>	<b>2,281,780</b>	<b>6,443,871</b>	<b>-</b>	<b>45,936,228</b>
<b>Net book value at 30 June 2024</b>	<b>4,972,513</b>	<b>63,453,290</b>	<b>3,767,136</b>	<b>287,671,848</b>	<b>934,939</b>	<b>2,002,401</b>	<b>63,921,181</b>	<b>426,723,308</b>
<b>Net book value at 30 June 2024 (cost basis)</b>	<b>619,613</b>	<b>38,147,741</b>	<b>528,677</b>	<b>180,422,400</b>	<b>934,939</b>	<b>2,002,401</b>	<b>63,921,181</b>	<b>286,576,952</b>

\*An assessment for impairment was carried out in respect to capital work in progress (CWIP) and feasibility studies costs were impaired. This is after review of economic viability and carrying amounts of the costs in line with IAS 36.

\*\*An assessment for impairment was carried out in respect to PPE. It was determined that some Geothermal wells under plant and machinery could no longer be utilised and therefore they were impaired.

\*\*\* Capital works in progress includes unconnected wells, feasibility studies conducted before commencement of a project and ongoing projects that are being undertaken.

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For the year ended 30 June 2025

**15(b). Revaluation of property plant and equipment**

Plant, machinery and transmission lines were last professionally valued on 30 June 2022 by Aon Risk Services Australia Limited registered professional valuers, on a depreciated replacement cost basis which represents the plant, machinery and transmission lines' highest and best use value.

The freehold land and buildings were last revalued, and the report adopted on 30 June 2022 based on prevailing market values by Ebony limited, Zenith Limited and Syagga Associates registered professional valuers.

The values were incorporated in the financial statements for the year ended 30 June 2022. Valuation is carried out after every 5 years in accordance with the company policy.

**15(c). Property plant and equipment – other disclosures**

The Company's freehold and leasehold land is located in the following locations:

<input type="checkbox"/>	Olkaria	<input type="checkbox"/>	Turkwel	<input type="checkbox"/>	Mesco
<input type="checkbox"/>	Gitaru	<input type="checkbox"/>	Sosiani	<input type="checkbox"/>	Garissa
<input type="checkbox"/>	Kiambere	<input type="checkbox"/>	Gogo	<input type="checkbox"/>	Lamu
<input type="checkbox"/>	Kamburu	<input type="checkbox"/>	Wanjii	<input type="checkbox"/>	Kipevu
<input type="checkbox"/>	Kindaruma	<input type="checkbox"/>	Tana	<input type="checkbox"/>	Sondu Miriu
<input type="checkbox"/>	Masinga	<input type="checkbox"/>	Sagana		
<input type="checkbox"/>	Sangoro	<input type="checkbox"/>	Ndula		

If the freehold land, buildings, plant and machinery and transmission lines were stated on the historical cost basis, the amounts would be as follows:

	<b>Freehold land Shs'000</b>	<b>Buildings Shs'000</b>	<b>Transmission lines Shs'000</b>	<b>Plant and machinery Shs'000</b>	<b>Total Shs'000</b>
At 30 June 2025					
At cost	619,613	60,736,255	3,753,065	270,115,628	335,224,561
Accumulated depreciation	-	(23,223,787)	(3,458,778)	(89,937,645)	(116,620,210)
	<u>619,613</u>	<u>37,512,467</u>	<u>294,287</u>	<u>180,177,983</u>	<u>218,604,351</u>
At 30 June 2024					
At cost	619,613	59,939,161	3,753,065	262,453,577	326,765,416
Accumulated depreciation	-	(21,791,420)	(3,224,388)	(82,031,177)	(107,046,985)
	<u>619,613</u>	<u>38,147,741</u>	<u>528,677</u>	<u>180,422,400</u>	<u>219,718,431</u>

*Impairment*

At each reporting date, the directors review the conditions of property, plant and equipment to determine whether there are any indicators of impairment. If any such indication exists, an impairment assessment is performed.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**16. Intangible assets**

<b>Year ended 30 June 2025</b>	<b>Computer software and licences Shs'000</b>	<b>Plant monitoring software Shs'000</b>	<b>Work-in- progress Shs'000</b>	<b>Total Amount Shs'000</b>
<b>Cost or Valuation</b>				
At 1 July 2024	2,156,587	885,311	185,619	3,227,517
Additions	-	-	361,338	361,338
Transfers	229,538	-	(229,538)	-
<b>At 30 June 2025</b>	<b>2,386,125</b>	<b>885,311</b>	<b>317,419</b>	<b>3,588,855</b>
<b>Accumulated amortization</b>				
At 1 July 2024	753,013	355,572	-	1,108,585
Charge for the year	185,619	67,927	-	253,546
<b>At 30 June 2025</b>	<b>938,632</b>	<b>423,499</b>	<b>-</b>	<b>1,362,131</b>
<b>Net book value At 30 June 2025</b>	<b>1,447,493</b>	<b>461,812</b>	<b>317,419</b>	<b>2,226,724</b>
<b>Net book value At 30 June 2024</b>	<b>1,403,574</b>	<b>529,739</b>	<b>185,619</b>	<b>2,118,932</b>

Intangible assets comprise Supervisory Control and Data Acquisition (SCADA) software, computer software and licences that are acquired for business process and operations and have a useful life of over one year. They were acquired separately and measured on initial recognition at cost less subsequent amortization and any accumulated impairment losses. The SCADA is part of the operation of the power plants and was last professionally revalued as at 30 June 2022 on a depreciated replacement cost basis which represents the intangible asset's highest and best use value by Aon Risk Services Australia Limited.

Work in progress under intangible assets represents costs incurred on projects that are still under development as at the reporting date. These primarily relate to software development and system upgrades that are expected to result in identifiable intangible assets upon completion.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

16. Intangible assets (continued)

Year ended 30 June 2024	Computer software and licences Shs'000	Plant monitoring software Shs'000	Work-in- progress Shs'000	Total Amount Shs'000
<b>Cost or Valuation</b>				
At 1 July 2023	2,122,075	853,721	143,305	3,119,101
Additions	-	-	108,416	108,416
Transfers	34,512	31,590	(66,102)	-
<b>At 30 June 2024</b>	<b><u>2,156,587</u></b>	<b><u>885,311</u></b>	<b><u>185,619</u></b>	<b><u>3,227,517</u></b>
<b>Accumulated amortization</b>				
At 1 July 2023	577,852	285,134	-	862,986
Charge for the year	175,161	70,438	-	245,599
<b>At 30 June 2024</b>	<b><u>753,013</u></b>	<b><u>355,572</u></b>	<b><u>-</u></b>	<b><u>1,108,585</u></b>
<b>Net book value At 30 June 2024</b>	<b><u>1,403,574</u></b>	<b><u>529,739</u></b>	<b><u>185,619</u></b>	<b><u>2,118,932</u></b>
<b>Net book value At 30 June 2023</b>	<b><u>1,544,223</u></b>	<b><u>568,586</u></b>	<b><u>143,305</u></b>	<b><u>2,256,114</u></b>

If the Intangible Assets were stated on the historical cost basis, the amounts would be as follows:

	Computer software and licences Shs'000	Plant monitoring software Shs'000	Work-in- progress Shs'000	Total Shs'000
<b>At 30 June 2025</b>				
At cost	2,156,587	880,625	185,619	3,222,831
Additions	229,538	-	131,800	361,338
Accumulated depreciation	(938,632)	(514,202)	-	(1,452,834)
	<b><u>1,447,493</u></b>	<b><u>366,423</u></b>	<b><u>317,419</u></b>	<b><u>2,131,335</u></b>
<b>At 30 June 2024</b>				
At cost	2,122,075	849,035	143,305	3,114,415
Additions	34,512	31,590	42,314	108,416
Accumulated depreciation	(753,013)	(446,275)	-	(1,199,288)
	<b><u>1,403,574</u></b>	<b><u>434,350</u></b>	<b><u>185,619</u></b>	<b><u>2,023,543</u></b>

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17. Right of use assets

Year ended 30 June 2025	IFRS 16			
	Leasehold Land Shs'000	Lease Land Shs'000	Buildings Shs'000	Total Shs'000
<b>Cost or valuation</b>				
At 1 July 2024	5,900,864	644,722	944,936	7,490,522
Additions (Note 31)	616,130	3,161	-	619,291
Disposals	(97,260)	-	-	(97,260)
At 30 June 2025	<b>6,419,734</b>	<b>647,883</b>	<b>944,936</b>	<b>8,012,553</b>
<b>Accumulated depreciation</b>				
At 1 July 2024	133,625	50,125	641,587	825,337
Charge for the year (Note 10(a))	81,494	11,695	149,687	242,876
Depreciation reversal on disposal	(3,819)	-	-	(3,819)
At 30 June 2025	<b>211,300</b>	<b>61,820</b>	<b>791,274</b>	<b>1,064,394</b>
<b>Net carrying value</b>				
At 30 June 2025	<b>6,208,434</b>	<b>586,063</b>	<b>153,662</b>	<b>6,948,159</b>

The Leasehold land was last revalued on 30 June 2022 based on prevailing market values and amortised to reflect carrying amounts by Ebony Limited, Zenith Limited and Syagga Associates Registered Professional Valuers.

The values were incorporated in the financial statements for the year ended 30 June 2022.

Year ended 30 June 2024	IFRS 16			
	Leasehold Land Shs'000	Lease Land Shs'000	Buildings Shs'000	Total Shs'000
<b>Cost or valuation</b>				
At 1 July 2023	5,900,864	312,707	944,936	7,158,507
Adjustments* (Note 31)	-	332,015	-	332,015
At 30 June 2024	<b>5,900,864</b>	<b>644,722</b>	<b>944,936</b>	<b>7,490,522</b>
<b>Accumulated depreciation</b>				
At 1 July 2023	53,177	35,078	490,502	578,757
Charge for the year (Note 10(a))	80,448	15,047	151,085	246,580
At 30 June 2024	<b>133,625</b>	<b>50,125</b>	<b>641,587</b>	<b>825,337</b>
<b>Net carrying value</b>				
At 30 June 2024	<b>5,767,239</b>	<b>594,597</b>	<b>303,349</b>	<b>6,665,185</b>

\*During the previous year, an adjustment to correct the lease liability with respect to service charge was made to align the lease obligations under IFRS 16.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**17. Right of use assets (continued)**

**Presentation of Right of Use assets at cost**

Year ended 30 June 2025	Leasehold Land Shs'000	Buildings Shs'000	Total Shs'000
Cost			
At 1 July 2024	2,451,346	944,936	3,396,282
Additions	619,291	-	619,291
Accumulated depreciation	(625,067)	(900,492)	(1,525,559)
At 30 June 2025	<u>2,445,570</u>	<u>44,444</u>	<u>2,490,014</u>
Cost			
At 1 July 2023	2,119,331	944,936	3,064,267
Additions	332,015	-	332,015
Accumulated depreciation	(511,583)	(641,587)	(1,153,170)
At 30 June 2024	<u>1,939,763</u>	<u>303,349</u>	<u>2,243,112</u>

**18. Financial assets held at amortized cost**

	2025 Shs'000	2024 Shs'000
Deferred debt due from KETRACO-Sondu Miriu transmission line (Note 18(a))	706,539	666,385
Financial asset due from KPLC-Olkaria V transmission line (Note 18(b))	1,116,875	1,298,199
Treasury bonds held at amortised cost (Note 18 (c))	<u>2,310,254</u>	<u>2,323,042</u>
	<u>4,133,668</u>	<u>4,287,626</u>
Presentation analysis:		
Non-current	4,004,585	4,153,672
Current	<u>129,083</u>	<u>133,954</u>
	<u>4,133,668</u>	<u>4,287,626</u>

**a) Deferred debt due from Kenya Electricity Transmission Company Limited (KETRACO)**

Deferred debt relates to the amounts recoverable from Kenya Electricity Transmission Company Limited (KETRACO) in respect of a loan taken out by the Company for the construction of the Sondu Miriu transmission and sub-station project implemented by the Company on behalf of KETRACO under a management agreement. Japan Bank for International Corporation funded the foreign component of the Sondu Miriu project under the loan agreement between the Japan Bank for International Corporation and the Company. The debt is payable over a period of 30 years commencing 15 August 2014.

Kenya Electricity Generating Company Plc  
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For the year ended 30 June 2025

**18. Financial assets held at amortized cost(continued)**

**a) Deferred debt due from Kenya Electricity Transmission Company Limited (KETRACO) (continued)**

The effective interest rate in Japanese Yen on the deferred debt during the year was 0.75% (2024: 0.75%).

The deferred debt and corresponding loan from Japan Bank for International Corporation are both denominated in Japanese Yen (JPY). The amount outstanding as at year end was JPY 814,008,182 (2024: JPY 858,008,628).

Deferred debt due from KETRACO (Sundu Miriu Transmission Line)

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
At start of year	692,885	875,055
Interest charge	6,761	7,936
Repayment during the year	(42,643)	(50,678)
Foreign exchange gain/(loss)	74,323	(139,428)
	<u>731,327</u>	<u>692,885</u>
Allowance for impairment	<u>(24,788)</u>	<u>(26,500)</u>
At end of year	<u>706,539</u>	<u>666,385</u>
Maturity analysis of deferred debt is as follows:		
Within one year	38,190	34,174
After one year	<u>668,349</u>	<u>632,211</u>
	<u>706,539</u>	<u>666,385</u>

The movement in the allowance for impairment in the year is as follows:

At start of year	(26,500)	(33,963)
Credit to profit or loss (Note 10(f))	<u>1,712</u>	<u>7,463</u>
Allowance for impairment	<u>(24,788)</u>	<u>(26,500)</u>

**b) Financial asset due from KPLC-Olkaria V transmission line**

KenGen implemented Substation and Transmission lines component for Olkaria V Geothermal Power Plant on behalf of The Kenya Power and Lighting Company Plc (KPLC). The cost of the Substation and Transmission line will be recovered through the PPA. During implementation of the project the costs were booked in WIP and later transferred to financial asset account as per IFRIC 12 "Service Concession Arrangements". On full recovery of the costs through PPA, the transmission assets will be transferred to KPLC.

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For the year ended 30 June 2025

**18. Financial assets held at amortized cost (continued)**

**b) Financial asset due from KPLC-Olkaria V transmission line (Continued)**

	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
At start of year	1,302,371	1,372,280
Interest amortization (Note 11)	51,848	53,686
Recoveries through billing	<u>(124,198)</u>	<u>(123,595)</u>
	1,230,022	1,302,371
Allowance for impairment	<u>(113,147)</u>	<u>(4,172)</u>
At end of year	<u>1,116,875</u>	<u>1,298,199</u>
Maturity analysis of deferred debt is as follows:		
Within one year	90,893	99,780
After one year	<u>1,025,982</u>	<u>1,198,419</u>
Net book amount	<u>1,116,875</u>	<u>1,298,199</u>

The movement in the allowance for impairment in the year is as follows;

	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
At start of year	(4,172)	(53,261)
(Charge)/credit to profit or loss (Note 10(f))	<u>(108,975)</u>	<u>49,089</u>
Allowance for expected credit loss	<u>(113,147)</u>	<u>(4,172)</u>

Kenya Electricity Generating Company Plc  
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**18. Financial assets held at amortized cost(continued)**

**c) Treasury Bonds (T. BOND FD1 2010/25)**

The company invested in 25 years treasury bonds (non-current asset) maturing in 2035 which continues to earn interest on a semi-annual basis. They are recognized as financial assets at amortized cost. The coupon rate is 11.25%.

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
At start of year	2,347,528	2,359,883
Bond premium amortization (Note 9)	(13,557)	(12,355)
	<u>2,333,971</u>	<u>2,347,528</u>
Allowance for expected credit loss	(23,717)	(24,486)
	<u>2,310,254</u>	<u>2,323,042</u>

The movement in the provision of expected credit losses in the year is as follows

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
At start of year	(24,486)	(23,808)
Credit/(charge) to profit or loss (Note 10(f))	768	(678)
	<u>(23,717)</u>	<u>(24,486)</u>

**d) Contract asset -KETRACO-Olkaria 280MW transmission line**

On or around the year 2010 the Government of the Republic of Kenya received financing for the Kenya Electricity Expansion Project (KEEP) from various financiers for the construction of 280MW Olkaria of Olkaria IV & I AU Geothermal Project. KenGen was the Implementing Agency for the construction of Olkaria IV & I AU power plants, High Voltage Substations and Transmission Lines (the Project). These High Voltage Substations and Transmission Lines (Lot C) were implemented by KenGen on behalf of KETRACO.

The Project was financed by European Investment Bank (EIB) (through an on-lent loan) and Kreditanstalt Für Wiederaufbau (KfW) through a Government-guaranteed loan. On September 8th, 2010, KenGen and KETRACO signed an Implementation Agreement Framework to collaborate on certain services related to the transmission of electricity as part of the Kenya Electricity Expansion Project (KEEP) Project. According to the agreement, KenGen was responsible for constructing high voltage transmission lines and substations to transfer power from the Olkaria Geothermal hub, and upon completion, transfer the asset and associated liability to KETRACO. KETRACO had the obligation to reimburse KenGen for the costs incurred in the implementation, and upon project completion, take over the entire loan and its repayments.

Upon completion of the Project in 2015 and in accordance with the Implementation Agreement, KenGen was to sign a novation agreement that would govern the transfer of assets and fulfilment of obligations thereof. This is in line with KETRACO's mandate as outlined in the Sessional Paper No.4, 2004, on Energy

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**18. Financial assets held at amortized cost(continued)**

**d) Contract asset -KETRACO-Olkaria 280MW transmission line (continued)**

and Energy Act No. 12, 2006. KenGen incurred costs in the implementation of the project and had been servicing the loan principal and interest since June, 2015 to June, 2024. The total cost incurred and due to KenGen by KETRACO amounts to (EURO 36,897,460 equivalent to Shs 5,123,798,954). In June 2024, the Government signed an amendment to the subsidiary loan agreement with KenGen to offset an equivalent amount from on-lent loan as consideration for the transfer of the asset to KETRACO. A novation agreement was subsequently signed on with KETRACO for the transfer.

	2025 Shs'000	2024 Shs'000
At start of year	-	5,563,491
Movement during the year*	-	(439,692)
Settlement**(Note 28d)	-	(5,123,799)
	-	-
Allowance for impairment	-	-
At end of year	-	-
Maturity analysis of deferred debt is as follows:		
Within one year	-	-
After one year	-	-
Net book amount	-	-

The movement in the allowance for impairment in the year is as follows;

	2025 Shs'000	2024 Shs'000
At start of year	-	(215,931)
Credit to profit or loss (Note 10(f))	-	215,931
Allowance for expected credit loss	-	-

\*The movement in the financial year ended 30<sup>th</sup> June, 2024 related to additional interest paid on the European Investment Bank (EIB) and Kreditanstalt Für Wiederaufbank (KfW) loan facilities and foreign exchange (gains)/losses on the valuation of the Contract Asset.

\*\*The settlement was effected in the financial year ended 30<sup>th</sup> June, 2024 by offsetting the KETRACO Contract Asset with existing European Investment Bank (EIB) on-lent loan facility as approved by The National Treasury. This resulted in the Contract Asset and a similar amount of EIB on-lent loan in the borrowings being extinguished.

Kenya Electricity Generating Company Plc  
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**19. Financial assets held at fair value through profit or loss**

The financial assets at fair value through profit or loss relates to unrealized exchange differences on foreign denominated borrowings recoverable from The Kenya Power & Lighting Company Plc under the respective Power Purchase Agreements (“PPAs”) with Kenya Power. The derivative financial instrument is entered into to manage foreign exchange borrowings exposures. The PPA provides that the amounts should be billed to Kenya Power as the related borrowings are repaid. This allows the Company to bill and recover all realized foreign currency fluctuations relative to the base rates allowed by the PPA. The amount in the statement of financial position relates to fair value of this financial asset.

The movement in the financial asset during the year is as follows:

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
At start of year	1,624,333	20,053,353
Realized foreign exchange loss recovered through billing	(1,117,110)	(2,229,463)
Realized foreign exchange gain/(loss) capitalized	3,192	(6,288)
Realized foreign exchange loss not billed – borrowings (Note 9)	(6,317)	(98,933)
Unrealized exchange movement on revaluation of the financial assets held at fair value through profit or loss (Note 9)	6,955,156	(16,455,406)
Realized exchange difference on EIB Loan on settlement of KETRACO contract asset (Note 9) *	-	(949,982)
Unrecoverable foreign exchange differences (Note 9)	217,934	115,734
Unrealized foreign exchange (gain)/loss capitalised (Note 15)	<u>(188,080)</u>	<u>1,195,318</u>
At end of year	7,489,108	1,624,333
Less: current portion	<u>(1,311,203)</u>	<u>(895,818)</u>
At end of year (long term portion)	<u>6,177,905</u>	<u>728,515</u>

\* The foreign exchange loss amount related to EIB loan was reversed as the PPAs do not permit recovery when the loans are repaid through the offset described in (Note 18)(d)).

**20. Inventories**

	<b>2025</b>	<b>2024</b>
	<b>Sh'000</b>	<b>Sh'000</b>
Machinery and consumable spares	3,494,250	2,753,564
Fuel and lubricants	145,012	178,141
General stores	<u>738,604</u>	<u>617,881</u>
	4,377,866	3,549,586
Allowance for impairment and provisions	<u>(1,453,942)</u>	<u>(1,413,302)</u>
	<u>2,923,924</u>	<u>2,136,284</u>

\*The cost of inventories purchased and recognized in operating expense and fuel consumed amounted to Shs 1,280,041,000 (2024: Shs 1,684,337,000) and Shs 9,474,812,000 (2024: Shs 7,836,831,000) respectively. Impairment allowance for inventory is recognized on items that are slow moving and/or obsolete.

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**21. Trade receivables**

The following amounts due from the Kenya Power and Lighting Company Plc (KPLC) relate to outstanding balances at year end arising from billings as per the respective PPAs.

	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
Due from KPLC	17,477,372	17,096,299
Allowance for impairment	<u>(830,990)</u>	<u>(466,706)</u>
Balance at end of the year	<u>16,646,382</u>	<u>16,629,593</u>

The amounts include Shs 2,981,507,000 (2024: Shs 2,525,202,000) which is denominated in foreign currency.

The movement in the allowance for expected credit losses in the year is as follows:

	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
At start of year	(466,706)	(866,093)
(Charge)/credit to profit or loss (Note 10(f))	<u>(364,284)</u>	<u>399,387</u>
Allowance for expected credit loss	<u>(830,990)</u>	<u>(466,706)</u>

**22. Other receivables and prepayments**

	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
Receivables from diversification sources	84,187	57,426
Prepayments*	867,454	1,725,637
Sundry debtors**	314,485	472,987
Due from KPLC*** (Note 33)	251,336	-
Staff receivables	116,683	111,022
Other commercial receivables****	<u>1,272,743</u>	<u>982,420</u>
	2,906,888	3,349,492
Allowance for expected credit loss*****	<u>(566,590)</u>	<u>(321,910)</u>
	<u>2,340,298</u>	<u>3,027,582</u>

\*Included in prepayments is an amount of Shs 501,324,000 (2024: Shs 1,464,278,000) relating to advances to Contractors for ongoing projects.

\*\*Sundry debtors comprise amounts receivable that do not fall under the main trade receivables category. The balance mainly includes advances to suppliers and other accrued income arising from normal business operations.

\*\*\* Towards the end of the year the Company received a credit note of Shs 625 million from KPLC in respect of its electricity consumption which resulted into this supply account being in a receivable position.

\*\*\*\* Other receivables represent other commercial customers that the company transacts with.

\*\*\*\* Expected credit loss on other receivables includes provisions on non-commercial receivables that have been assessed as qualifying as financial assets.

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Notes to the financial statements (continued)  
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**22. Other receivables and prepayments (continued)**

The movement in the allowance for impairment in the year is as follows:

	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
At start of year	(321,910)	(517,404)
(Charge)/credit to profit or loss (Note 10(f))	<u>(244,680)</u>	<u>195,494</u>
Allowance for impairment	<u>(566,590)</u>	<u>(321,910)</u>

**23. Financial asset at fair value through other comprehensive income**

At start of year	321,154	320,422
Fair value gain through other comprehensive income	<u>52,562</u>	<u>732</u>
At end of year	<u>373,716</u>	<u>321,154</u>

The FVOCI asset represents a 25-year Treasury Bond, **FXD1/2010/25**, with a coupon rate of **11.25%**. The bond is classified as *current* and *held for sale*, reflecting management's intention to dispose of it when the need arises.

**24. (a) Cash and bank balances**

	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
Cash at bank	30,124,186	25,618,247
Allowance for expected credit loss	(807,041)	(767,905)
	<u>29,317,145</u>	<u>24,850,342</u>

The movement in the allowance for impairment in the year is as follows;

At start of year	(767,905)	(475,572)
Charge to profit or loss (Note 10(f))	(39,136)	(292,333)
Allowance for expected credit loss	<u>(807,041)</u>	<u>(767,905)</u>

For purposes of the statement of cash flows, the cash and cash equivalents are presented as;

	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
Cash at bank*	<u>30,124,186</u>	<u>25,618,247</u>

\*Included in the cash at bank balances is local currency amount of Shs 26,588,367,000 (2024: Shs 21,831,636,000) and foreign currency amount of Shs 3,535,819,000 (2024: Shs 3,786,611,000).

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**24. (b) Restricted cash balances**

**i) Restricted cash balances**

The restricted cash balances relate to funds deposited with institutions to enable those institutions to facilitate lending of car and mortgage facilities to the Company employees at affordable interest rates. The funds earn a nominal interest and are not available for use since they are locked. It can only be accessed if management decides to stop the staff loan schemes.

	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
Restricted cash	3,197,762	2,733,585
Allowance for expected credit loss	(28,638)	(20,836)
	<u>3,169,124</u>	<u>2,712,749</u>

**ii) Restricted cash movement in the cash flows**

At start of year	2,733,585	1,875,206
Movement during the year	464,177	858,379
	<u>3,197,762</u>	<u>2,733,585</u>

**iii) Restricted cash detailed movement**

At start of year	2,712,749	1,861,357
Un-utilized funds as year end	20,836	13,849
Staff mortgage funding	400,000	800,000
Interest earned	64,177	58,379
Allowance for expected credit loss	(28,638)	(20,836)
	<u>3,169,124</u>	<u>2,712,749</u>

**iv) Expected credit loss on restricted cash balances**

	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
At start of the year	(20,836)	(13,849)
Charge to profit or loss (Note 10(f))	<u>(7,802)</u>	<u>(6,987)</u>
Allowance for expected credit loss	<u>(28,638)</u>	<u>(20,836)</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

24. Cash and bank balances (continued)

c) Detailed analysis of the cash and balances held with financial institutions

Description Financial institution	Account number	2025 Shs'000	2024 Shs'000
<b>a. Current Account</b>			
Various commercial banks	Various	<u>7,281,031</u>	<u>3,497,547</u>
<b>Sub- Total</b>		<b><u>7,281,031</u></b>	<b><u>3,497,547</u></b>
<b>b. On - Call Deposits</b>			
Various commercial banks	Various	<u>2,292,343</u>	<u>5,084,484</u>
<b>Sub- Total</b>		<b><u>2,292,343</u></b>	<b><u>5,084,484</u></b>
<b>c. Fixed Deposits Account</b>			
Various commercial banks	Various	<u>20,550,812</u>	<u>17,036,216</u>
<b>Sub- Total</b>		<b><u>20,550,812</u></b>	<b><u>17,036,216</u></b>
<b>d. Others (Specify)</b>			
Restricted cash-KCB and Stima SACCO		<u>3,197,762</u>	<u>2,733,585</u>
<b>Sub- Total</b>		<b><u>3,197,762</u></b>	<b><u>2,733,585</u></b>
<b>Grand Total</b>		<b><u>33,321,948</u></b>	<b><u>28,351,832</u></b>

25. Ordinary share capital and share premium

Ordinary share capital and share premium	Number of shares (Thousands)	Ordinary shares Shs'000	Share premium Shs'000
<b>Authorised</b>			
At 30 June 2025 and 30 June 2024	<u>10,000,000</u>	<u>25,000,000</u>	<u>-</u>
<b>Issued and fully paid</b>			
At 30 June 2024	<u>6,594,522</u>	<u>16,487,710</u>	<u>22,151,131</u>
At 30 June 2025	<u>6,594,522</u>	<u>16,486,305</u>	<u>22,148,855</u>

The total authorised number of ordinary shares is 10,000,000,000 with a par value of Shs 2.50 per share. All issued shares are fully paid.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

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**25. Ordinary share capital and share premium (continued)**

**Movement in Ordinary Share Capital and Share Premium**

	<b>Ordinary shares Shs'000</b>	<b>Share premium Shs'000</b>
<b>Issued and fully paid</b>		
At 30 June 2024	16,487,710	22,151,131
Adjustment*	<u>(1,405)</u>	<u>(2,276)</u>
At 30 June 2025	<u>16,486,305</u>	<u>22,148,855</u>

\*The decrease relates to unallotted shares that was to be remitted to the Unclaimed Financial Assets Authority (UFAA).

Kenya Electricity Generating Company Plc  
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For the year ended 30 June 2025

26. Other reserves

Year ended 30 June 2025	Capital reserve Shs'000	Investment revaluation reserve Shs'000	Property revaluation reserve Shs'000	Actuarial gains/ (losses) Shs'000	Total Shs'000
At 1 July 2024	8,579,722	(93,710)	112,522,952	(2,278,780)	118,730,184
Other comprehensive loss for the year;					
- Net gain on revaluation on investments in financial instruments measured at FVOCI	-	52,562	-	-	52,562
- Remeasurement loss of retirement benefit obligations	-	-	-	(121,142)	(121,142)
- Net movement of revalued assets*	-	-	421,372	-	421,372
- Deferred income tax charge on revaluation of financial instruments measured at FVOCI	-	(15,769)	-	-	(15,769)
- Deferred income tax credit on remeasurement of retirement benefit	-	-	-	36,343	36,343
- Deferred income tax charge on revalued assets	-	-	(126,412)	-	(126,412)
Total other comprehensive gain(loss) for the year	-	36,793	294,960	(84,799)	246,954
Transfer of excess depreciation	-	-	(3,803,070)	-	(3,803,070)
Deferred tax on excess depreciation	-	-	1,140,921	-	1,140,921
At 30 June 2025	<u>8,579,722</u>	<u>(56,917)</u>	<u>110,155,763</u>	<u>(2,363,579)</u>	<u>116,314,989</u>

\*Net movement in revalued assets relates to re-statement of Muhoroni Power Station Shs 455,184,000 and reversal of revaluation surplus of Shs 33,812,000 on disposal of Changamwe land giving a net of Shs 421,372,000.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**26. Other reserves (continued)**

<b>Year ended 30 June 2024</b>	<b>Capital reserve Shs'000</b>	<b>Investment revaluation reserve Shs'000</b>	<b>Property revaluation reserve Shs'000</b>	<b>Actuarial gains/ (losses) Shs'000</b>	<b>Total Shs'000</b>
At 1 July 2023	8,579,722	(94,222)	115,515,545	(1,639,880)	122,361,165
Other comprehensive loss for the year;					
- Net gain on revaluation on investments in financial instruments measured at FVOCI	-	732	-	-	732
- Remeasurement loss of retirement benefit obligations	-	-	-	(912,714)	(912,714)
- Net impairment of revalued assets-(charge)	-	-	(382,572)	-	(382,572)
- Deferred income tax on revaluation of financial instruments	-	(220)	-	-	(220)
- Deferred income tax credit on defined benefit obligations	-	-	-	273,814	273,814
- Deferred income tax credit on impairment of assets	-	-	114,772	-	114,772
Total other comprehensive gain(loss) for the year	-	512	(267,800)	(638,900)	(906,188)
Transfer of excess depreciation	-	-	(3,892,561)	-	(3,892,561)
Deferred tax on excess depreciation	-	-	1,167,768	-	1,167,768
At 30 June 2024	<u>8,579,722</u>	<u>(93,710)</u>	<u>112,522,952</u>	<u>(2,278,780)</u>	<u>118,730,184</u>

**26. Other reserves (Continued)**

- (a) The capital reserve relates to development surcharge received from Kenya Power and Lighting Company Plc (KPLC) for financing the development of certain power projects for the period on or before 1998. The reserve is not distributable to shareholders.
- (b) The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of. The reserve is not distributable to shareholders.
- (c) The property revaluation reserve arises on the revaluation of property, plant & machinery and intangible assets as well as leasehold land which is part of Right of Use Assets. When revalued property, plant and equipment are disposed, the portion of the plant and machinery revaluation reserve that relates to that asset is transferred directly to retained earnings. The reserve is not distributable to shareholders.
- (d) Actuarial reserves represent the accumulated remeasurements arising from the Retirement Benefit Scheme recognized through other comprehensive income as disclosed under Note 29. The reserve is not distributable to shareholders.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**27. Retained earnings**

The retained earnings represent amounts available for distribution to the Company's shareholders. Undistributed retained earnings are retained to finance the Company's business activities.

**28. Borrowings**

The movement in borrowings is as follows:

	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
At start of year	116,870,508	148,866,024
External borrowings received in the year (inclusive of net foreign exchange movements)	5,922,033	1,620,282
External borrowings repayments in the year (inclusive of net foreign exchange movements)	(9,440,772)	(12,036,593)
Borrowing offset of KETRACO contract asset (Note 18d)	-	(5,123,799)
Unrealised exchange loss/(gain) on revaluation of borrowings (Note 9)	6,955,156	(16,455,406)
At end of year	120,306,925	116,870,508
Add: Accrued interest	890,486	913,584
At end of year	121,197,411	117,784,092
Less: Amounts due within one year (Current portion)	(11,926,138)	(10,035,376)
Amounts due after one year (Non-current portion)	109,271,273	107,748,716

(a) Analysis of interest-bearing borrowings:

	<b>Maturity Year</b>	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
<b>Government of Kenya Guaranteed loans</b>			
2.6% Japan Bank for International Cooperation (JICA) KE P20-Kipevu I (JPY nil)	2025	-	343,464
2.3% Japan Bank for International Cooperation (JICA) KE P21 – Sondu Miriu (JPY 676,388,000)	2027	607,685	819,326
0.75% Japan Bank for International Cooperation (JICA) KE P23-Sondu Miriu (JPY 6,574,570,001)	2044	5,906,770	5,588,730
0.75% Japan Bank for International Cooperation (JICA) KE P24-Sangoro (JPY 3,114,584,000)	2047	2,798,226	2,629,509
0.20% Japan International Cooperation Agency (JICA) KE P26-Olkaria I & IV (JPY 17,928,494,882)	2040	16,107,444	15,527,646
2.2% Kreditanstalt Fur Wiederaufbau (KfW)-Olkaria I & IV (EURO 5,218,000.00)	2026	791,309	1,449,204
0.98% DSSI I (JICA KP20, KP21, KP23, KP24 & KP26) (JPY 585,560,000)	2027	526,083	709,303
0.68% DSSI II (JICA KP20, KP21, KP23, KP24 & KP26) (JPY 728,675,000)	2027	654,661	823,818
Accrued interest		38,719	41,739
		<u>27,430,897</u>	<u>27,932,739</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**28. Borrowings (Continued)**

(a) Analysis of interest-bearing borrowings: (continued)

	<b>Maturity Year</b>	<b>2025 Shs'000</b>	<b>2024 Shs'000</b>
<b>Government of Kenya onlent loans</b>			
3.5% International Development Association IDA 4743 KE- Olkaria I & IV (USD 18,580,565.26)	2035	2,401,247	2,647,353
2.003% Agence Francaise de Development (AFD) - Olkaria I & IV (EURO 37,688,445.08)	2031	5,715,453	6,038,815
2.50% Export-Import Bank of China (EXIM) – 89 wells (USD 220,673,076.92)	2033	28,518,531	32,394,205
1.50% Kingdom of Spain-Ngong Phase II - 13.6MW (EURO 9,163,741.10)	2030	1,389,681	1,503,900
0.50% National Bank of Belgium (NBB) Ngong 1 Phase 11 - 6.8 MW (EURO 5,470,200.00)	2043	829,556	801,826
3.5% International Development Association IDA 5844-KE Olkaria I& IV (USD 46,847,868.64)	2041	6,054,352	6,447,318
0.20% Japan International Cooperation Agency (JICA) (KE-P31) Olkaria V (JPY 29,978,516,823)	2046	26,933,509	24,160,814
3.5% European Investment Bank (EIB) Olkaria 1 Unit 6 (Euro 42,372,565.86)	2042	6,425,800	4,487,692
1.0% Japan International Cooperation Agency (JICA) KE-P33 - Olkaria I Rehabilitation (JPY 4,794,907,372)	2048	4,307,874	135,425
Accrued interest		402,213	405,610
		<u>82,978,217</u>	<u>79,022,958</u>
<b>Direct borrowings</b>			
6 months SOFR + 4.6% Absa Bank Loan (USD 80,000,000)	2035	10,338,744	10,362,160
Accrued interest		449,553	466,235
		<u>10,788,297</u>	<u>10,828,395</u>
		<u>121,197,411</u>	<u>117,784,092</u>
<b>(b) Borrowings maturity analysis:</b>			
<b>i) Discounted (does not include interest to maturity)</b>			
Due within 1 year		11,926,138	10,035,376
Due between 1 and 2 years		10,901,257	10,403,831
Due between 2 and 5 years		30,779,246	29,436,789
Due after 5 years		67,590,770	67,908,096
		<u>121,197,411</u>	<u>117,784,092</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**28. Borrowings (continued)**

(b) Borrowings maturity analysis: (continued)

	<b>2025</b> <b>Shs'000</b>	<b>2024</b> <b>Shs'000</b>
<b>ii) Undiscounted (includes interest to maturity)</b>		
Due within 1 year	14,901,335	12,730,203
Due between 1 and 2 years	13,187,607	13,379,029
Due between 2 and 5 years	36,027,697	31,723,138
Due after 5 years	72,528,295	78,094,073
	<u>136,644,934</u>	<u>135,926,443</u>

(c) Analysis of loans by currency:

Borrowing in US\$	47,312,872	51,851,036
Borrowings in JPY	57,842,254	50,738,035
Borrowings in EUR	15,151,799	14,281,437
	<u>120,306,925</u>	<u>116,870,508</u>
Borrowings in foreign currencies		
Accrued interest	890,486	913,584
	<u>121,197,411</u>	<u>117,784,092</u>
Total		

On-lent loan facilities are entered into by the Government of Kenya with Development Finance Institutions (DFIs) and subsequently on-lend to the Company through subsidiary loan agreements.

Securities:

The Government of Kenya has issued guarantees to the lenders in relation to the guaranteed borrowings.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**28. Borrowings (continued)**

(d) The movement in borrowings is as follows:

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
At start of year	116,870,508	148,866,024
Received in the year	5,922,033	1,620,282
Repayments in the year	(8,320,538)	(9,701,910)
Realized exchange gain on repayment of borrowings billed to KPLC (Note 19)	(1,117,110)	(2,229,463)
Realized foreign exchange gain/(loss) capitalized	3,193	(6,287)
Realized exchange gain on repayment of borrowings not billed to KPLC	(6,317)	(98,933)
Borrowing offset from KETRACO contract asset (Note 18d)	-	(5,123,799)
Unrealized exchange loss/(gain) on revaluation of borrowings (Note 19)	6,955,156	(16,455,406)
At end of year	120,306,925	116,870,508
Add: Accrued interest	890,486	913,584
At end of year	121,197,411	117,784,092
Less: Amounts due within one year (current portion)	(11,926,138)	(10,035,376)
Amounts due after one year (non-current portion)	109,271,273	107,748,716

**29. Retirement benefits asset**

The Company operated a joint defined benefit scheme with Kenya Power, which was funded by contributions from both the Company and employees up to 31 December 1999.

The Company registered its own defined benefits scheme in 2000 and commenced making contributions to the scheme, alongside employees' contributions, with effect from 1 January 2000. The scheme is administered internally by a Secretariat while Sanlam Asset Managers and GenAfrica Investment Services act as investment managers for the scheme. NCBA bank Kenya plc are the custodians of the Scheme.

Under the plan, the employees are entitled to retirement benefits of 3% of final pensionable emoluments for pensionable service up to 1 January 2000 and 2% of final pensionable emoluments for pensionable service after 1 January 2000 on attainment of a retirement age of 60 years. No other post-retirement benefits are provided to these employees.

The KenGen Staff Retirement Benefits Scheme (DB Scheme) is established under trust and was closed to new entrants and to future accrual of benefits with effect from 31 December 2011 in respect of members aged below 45 years. A new Defined Contribution Scheme, the KenGen Defined Contribution (DC Scheme) 2012 was established effective 1 January 2012, for all new eligible employees. All active in-service members aged 45 years and over as at 31 December 2011 had an option to either remain in the DB scheme for future benefit accrual or join the new DC scheme. Some members opted to join the new DC scheme for future benefit accrual while others opted to remain in the DB scheme. The DC scheme is administered internally by a Secretariat while ICEA Lion Investment Asset Management Limited and Old Mutual Investment Group Limited act as Investment Managers for the Scheme. The Company therefore only makes contributions to the DB scheme in respect of those members who opted to remain in the DB scheme. DB scheme member contributions are a fixed percentage of their basic pay with the Company responsible for the balance of the contributions.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**29. Retirement benefits asset (continued)**

An actuarial valuation to fulfill the financial reporting and disclosure requirements of IAS 19 was carried out as at 30 June 2025 by Kenbright Actuarial & Financial Services Limited. On this basis, the present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	<b>2025</b>	<b>2024</b>
Discount rate(s) <sup>1</sup>	12.45%	15.26%
Future salary increases	8%	8%
Future pension increases per annum		
- Pre KPLC-Service Pension	3%	3%
- Post KPLC Service Pension	0%	0%
Mortality (pre-retirement)	A(52) males/Female Ultimate	A(55) males/Female Ultimate
Mortality (post-retirement)	N/A	N/A
Withdrawals	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Ill health	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Retirement age	60 years	60 years

IAS 19 requires the discount rate to be determined by reference to market yields on high quality corporate bonds, or where there no deep market in such bonds, the market yield on government bonds. The discount rate assumption has been determined with reference to Nairobi Stock Exchange (NSE) bond yields based on the weighted average duration of the defined benefit obligation as at the valuation date.

**Recognition**

The amount recognized in the statement of profit or loss and other comprehensive income and statement of financial position in respect of the defined benefit plan are as shown below:

**(a) Amounts recognized in the statement of profit or loss and other comprehensive Income**

The amount recognized in the statement of profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>(i) Statement of profit or loss</b>		
Service cost:		
Current service cost (employer)	(118,328)	(307,990)
	(118,328)	(307,990)
Interest costs		
Interest cost on defined benefit obligation	(1,142,158)	(996,314)
Interest income on plan assets	1,416,260	1,272,863
Interest income on the effect of the asset ceiling	(105,779)	(164,166)
	168,323	112,383
Net (credit)/charge included in profit or loss in respect of scheme (Note 10(b))	49,995	(195,607)

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**29. Retirement benefits asset (Continued)**

**Recognition (Continued)**

**(a) Amounts recognized in the statement of profit or loss and other comprehensive Income (continued)**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>(ii) Other comprehensive income (OCI)</b>		
Actuarial loss due to change in financial assumptions	(1,121,921)	(1,056,087)
Gain/(loss) on plan assets	407,227	(403,516)
Change in effect of asset ceiling (excluding amount in interest cost)	<u>593,552</u>	<u>546,889</u>
Amount recognized in OCI (Note 26)	<u>(121,142)</u>	<u>(912,714)</u>
<b>(iii) Movement in retirement benefit asset</b>		
Net asset at start of the year	-	-
Net (credit)/charge included in profit or loss in respect of scheme	49,995	(195,607)
Employer contributions	71,147	1,108,321
Amount recognized in OCI (Note 26)	<u>(121,142)</u>	<u>(912,714)</u>
Net asset at end of the year	<u>-</u>	<u>-</u>

**(b) Amounts recognized in the statement of financial position**

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Present value of funded defined benefit obligation	(9,755,512)	(8,590,166)
Fair value of plan assets	<u>9,961,116</u>	<u>9,283,544</u>
	205,604	693,377
Effect of asset ceiling	<u>(205,604)</u>	<u>(693,377)</u>
	<u>-</u>	<u>-</u>

Reconciliation of the effect of asset ceiling is as follows:

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Effect of asset ceiling	(693,377)	(1,076,100)
Interest effect of the asset ceiling	(105,779)	(164,166)
Change in the effect of the asset ceiling excluding interest	<u>593,552</u>	<u>546,889</u>
Effect of asset ceiling at end of the period	<u>(205,604)</u>	<u>(693,377)</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**29. Retirement benefits asset (continued)**

**Recognition (continued)**

**(b) Amounts recognized in the statement of financial position (continued)**

The reconciliation of the amount included in the statement of financial position is as follows:

Movements in the present value of the defined benefit obligation in the current year were as follows:

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Opening benefit obligation	(8,590,166)	(7,267,478)
Current service cost	(118,328)	(307,990)
Interest cost	(1,142,158)	(996,314)
Employee contributions	(4,624)	(6,960)
Actuarial loss due to change in financial assumptions	(1,121,921)	(1,056,087)
Benefits paid	<u>1,221,685</u>	<u>1,044,663</u>
Closing defined benefit obligation	<u>(9,755,512)</u>	<u>(8,590,166)</u>

Movements in the present value of the plan assets in the current year were as follows:

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Opening market value of assets	9,283,544	8,343,578
Interest income on plan assets	1,416,260	1,272,863
Employer contributions	71,147	1,108,321
Employee contributions	4,624	6,960
Gain/(loss) on plan assets	407,227	(403,516)
Benefits paid	<u>(1,221,685)</u>	<u>(1,044,663)</u>
Closing fair value of plan assets	<u>9,961,116</u>	<u>9,283,544</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

29. Retirement benefits asset (Continued)

Recognition (continued)

(b) Amount recognized in the statement of financial position (continued)

The fair values of the plan assets at the end of the reporting period for each category are as follows:

Asset Class	2025 Shs'000	2024 Shs'000
*Government Securities	5,072,599	4,098,516
Quoted Equities	724,268	528,798
Immovable Property in Kenya	4,045,766	4,124,827
Listed Corporate Bonds	36,431	34,366
Fixed Deposits	162,533	168,620
Offshore Investments	181,244	161,030
Cash & Demand Deposits	52,953	182,110
**Any Other Asset	328,801	80,375
Creditors & Payables	<u>(643,479)</u>	<u>(95,098)</u>
Closing Market Value of Assets	<u><b>9,961,116</b></u>	<u><b>9,283,544</b></u>

\*Government Securities include Treasury Bills and Treasury Bonds

\*\*Other Current Assets

(c) Sensitivity analysis

When there is an unfavorable change in the principal assumptions, they negatively affect the Company's obligation. The sensitivity of the defined benefit obligation to changes in the principal assumptions is as follows:

Parameter	Sensitivity	2025	Change in assumption	Impact on defined benefit obligation
Discount rate	11.95	12.45	Decrease by 0.5%	Increase in the present value of obligation by Shs 356,188,000
Discount rate	12.95	12.45	Increase by 0.5%	Decrease in the present value of obligation by Shs 502,255,000
Salary	7%	8%	Decrease by 1%	Increase in the present value of obligation by Shs 101,241,000
Salary	9%	8%	Increase by 1%	Decrease in the present value of obligation by Shs 95,226,000
Retirement age	55	60	Decrease by 5yrs	Increase in the present value of obligation by Shs 475,397,000

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit asset recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

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**30. Deferred Taxation**

Deferred taxes are calculated on all temporary differences under the liability method using the applicable rate, currently at 30%. The makeup of the deferred tax liabilities in the year and the movement on the deferred tax account during the year are presented below:

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Movement on the deferred tax account is as follows:		
At the start of year	84,531,405	81,629,986
Income statement charge (Note 13(a))	4,012,092	3,277,671
Prior year (over)/under provision (Note 13(a))	(66)	12,114
Credit to other comprehensive income (Note 26)	<u>105,838</u>	<u>(388,366)</u>
At the end of the year	<u>88,649,269</u>	<u>84,531,405</u>

The increase in deferred tax liability arises from reinstatement of revalued assets and profit for the year.

The Company has recognized deferred tax assets mainly relate to tax losses carried forward, capital allowances and other temporary differences. Utilization of these assets depends on the availability of sufficient future taxable profits.

Management has assessed the recoverability of the deferred tax assets based on approved business plans and forecasts of future taxable income. It is considered probable that sufficient taxable profits will be available to utilize the deferred tax assets within the foreseeable future.

The assumptions underlying this assessment will be reviewed at each reporting date to ensure the recognition of deferred tax assets remains appropriate.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**30. Deferred tax (continued)**

	At start of year Shs'000	Charged / (Credited) to P/L Shs'000	Charged / (Credited) to OCI Shs'000	At end of year Shs'000
<b>Year ended 30 June 2025</b>				
Deferred tax assets:				
Tax losses	(4,917,323)	3,164,935	-	(1,752,388)
Provisions and other temporary differences	(2,173,053)	(526,199)	(20,574)	(2,719,826)
Overprovision in the prior year	12,114	(12,180)	-	(66)
Unrealized exchange (loss)/gains	(319,285)	261,299	-	(57,987)
	<u>(7,397,547)</u>	<u>2,887,855</u>	<u>(20,574)</u>	<u>(4,530,267)</u>
Deferred tax liabilities:				
Revaluation surplus - capital gains	511,194	-	-	511,194
Revaluation surplus	42,700,051	(1,140,921)	126,412	41,685,542
Accelerated capital allowances	48,717,707	2,265,092	-	50,982,800
	<u>91,928,952</u>	<u>1,124,171</u>	<u>126,412</u>	<u>93,179,536</u>
Net deferred tax liability	<u>84,531,405</u>	<u>4,012,026</u>	<u>105,838</u>	<u>88,649,269</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**30. Deferred tax (continued)**

	At start of year Shs'000	Charged / (Credited) to P/L Shs'000	Charged / (Credited) to OCI Shs'000	At end of year Shs'000
<b>Year ended 30 June 2024</b>				
Deferred tax assets:				
Tax losses	(7,997,326)	3,080,003	-	(4,917,323)
Provisions and other temporary differences	(1,646,599)	(252,860)	(273,594)	(2,173,053)
Overprovision in the prior year	-	12,114	-	12,114
Unrealized exchange (loss)/gains	560,734	(880,019)	-	(319,285)
	<u>(9,083,191)</u>	<u>1,959,238</u>	<u>(273,594)</u>	<u>(7,397,547)</u>
Deferred tax liabilities:				
Revaluation surplus - capital gains	511,194	-	-	511,194
Revaluation surplus	43,982,591	(1,167,768)	(114,772)	42,700,051
Accelerated capital allowances	46,219,392	2,498,315	-	48,717,707
	<u>90,713,177</u>	<u>1,330,547</u>	<u>(114,772)</u>	<u>91,928,952</u>
Net deferred tax liability	<u>81,629,986</u>	<u>3,289,785</u>	<u>(388,366)</u>	<u>84,531,405</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**31. Lease Liabilities**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
At the start of year	1,063,626	851,702
Additional leases (Note 17)	3,161	332,015
Interest on lease liability (Note 12)	103,246	155,794
Paid during the year (Principal and interest)	(268,423)	(275,885)
	<u>901,610</u>	<u>1,063,626</u>
At the end of year		
Comprising:		
Current Portion	133,286	172,127
Non- current portion	768,324	891,499
	<u>901,610</u>	<u>1,063,626</u>

**Maturity Analysis of undiscounted cash flows**

Year 1	224,342	275,227
Year 2	130,077	223,041
Year 3	65,915	130,077
Year 4	65,609	115,064
Year 5 and beyond	2,695,969	2,658,098
	<u>3,181,912</u>	<u>3,401,507</u>

**32. Grants**

At the start of year	1,228,401	833,351
Received during the year	721,330	396,828
Amortization credit to profit or loss	(1,641)	(1,778)
	<u>1,948,090</u>	<u>1,228,401</u>
*At the end of year		

\*This relates to funds received from the World Bank as a grant towards the construction of the East Africa Skills for Transformation and Regional Integration Projects (EASTRIP) and Subsidy for Olkaria 1 Unit 6 for exploration and development of geothermal resources in Kenya. The EASTRIP Project is expected to be completed in the financial year 2026/27.

Other grants which the Company has benefited through funding from Donors where funds were disbursed directly to the consultants include Marsabit Wind Feasibility Study (**Euros 642,898.00**) from AFD, Floating Solar Pre-feasibility Study (**Euros 148,898.40**) from KfW, Raising Masinga Dam Feasibility Study update (**Euros 818,260.30**) from AFD, and Redevelopment of Gogo Hydro Power Development Feasibility Study (Euros **590,446.00**) from European Union (EU).

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**33. Trade and other payables**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Contractors and retention money*	955,039	322,187
Trade payables	5,370,877	5,934,937
Due to KPLC (note 36(a)(ii)) **	-	156,223
Sundry creditors accruals***	1,670,539	1,844,558
Gratuity accrual	165,309	121,798
Leave accrual	171,155	199,608
	<u>8,332,919</u>	<u>8,579,311</u>
Total trade and other payables	<u>8,332,919</u>	<u>8,579,311</u>

\* The increase in retention is in relation to Olkaria I Rehabilitation which is ongoing.

\*\* Towards the end of the year the company received a credit note of Shs 625 million from KPLC in respect of its electricity consumption which resulted into this supply account being net receivable (Note 22).

\*\*\*Sundry creditors represent amounts payable to third parties other than trade suppliers and are classified as current liabilities. These mainly include accruals, statutory deductions, and amounts due to staff and service providers. The amounts also include deferred income of Shs 47,675,000 with respect to drilling activities in Tanzania. Other amounts are short term, unsecured, non-interest bearing and are normally settled within the Company's normal operating cycle.

**34. Dividends payable**

Proposed dividends are accounted for as part of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM, a final dividend in respect of the year ended 30 June 2025 of Shs. 0.90 (2024: Shs. 0.65) for every ordinary share of par value of Shs.2.50 is to be proposed. No interim dividend was declared during the year. The dividend account is as follows:

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
At start of year	-	923,086
Approved dividends	4,286,441	1,978,357
Amount paid during the year	<u>(4,286,441)</u>	<u>(2,901,443)</u>
At end of year	<u>-</u>	<u>-</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**35. Notes to the statement of cash flows**

(a) Reconciliation of profit before income tax to cash generated from operations.

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>Profit before income tax</b>	<b>15,472,953</b>	<b>10,946,865</b>
<i>Adjustments for:</i>		
Depreciation (Note 10(a))	13,988,223	15,215,524
Amortization of intangible assets (Note 10(a))	253,546	245,599
Depreciation of Right of use assets (Note 10(a))	242,876	246,580
Finance income (Note 11)	(4,109,861)	(4,201,745)
Finance cost (Note 12)	2,253,457	2,805,920
Net decrease in contract asset (Note 18(d))	-	439,692
Gain on disposal of property, plant and equipment (Note 8)	(198,492)	(3,846)
Amortization of treasury bonds (Note 18(c))	13,557	(12,355)
Impairment of deferred debt (Note 18(a))	(1,712)	(7,463)
Impairment of held-to-maturity treasury bonds (Note 18(c))	(768)	678
Impairment of capital work in progress (Note 10(g))	538,052	39,478
Impairment of property, plant and equipment (Note 10(g))	(201,698)	912,830
Impairment of financial asset due from KPLC (Note 18(b and d))	108,975	(265,020)
Decrease in financial asset through profit or loss	(324,660)	1,560,692
Tax expense for foreign operations	96,939	-
Financial asset recoveries (Note 18(b))	124,198	123,595
<b>Operating profit before working capital changes</b>	<b><u>28,255,585</u></b>	<b><u>28,047,024</u></b>
<i>Changes in working capital:</i>		
Increase in inventories (Note 20)	(787,640)	(287,838)
(Increase)/decrease in trade receivables (Note 21)	(16,789)	4,819,285
Decrease in other receivables (Note 22)	687,284	1,414,116
(Decrease)/increase in trade and other payables (Note 33)	(246,392)	285,469
<b>Cash generated from operations</b>	<b><u>27,892,048</u></b>	<b><u>34,278,056</u></b>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**35. Notes to the statement of cash flows (continued)**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
(b) Movement in finance income		
At start of year	425,874	115,569
Interest income (Note 11)	4,109,861	4,201,745
Finance income received	(3,957,555)	(3,181,275)
Accrued interest from Kenya Power (Note 11)	<u>(303,717)</u>	<u>(710,165)</u>
At end of year	<b><u>274,463</u></b>	<b><u>425,874</u></b>
(c) Movement in interest payables on borrowings		
At start of year	913,584	985,782
Interest expense (Note 12)	2,150,211	2,805,920
Interest paid on borrowings	<u>(2,173,309)</u>	<u>(2,878,118)</u>
At end of year (Note 28)	<b><u>890,486</u></b>	<b><u>913,584</u></b>

	<b>2025</b>		<b>2024</b>	
	<b>Land</b>	<b>Property, plant &amp; equipment</b>	<b>Total</b>	<b>Property, plant &amp; equipment</b>
	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>
(d) Analysis of proceeds from disposal of Assets				
Proceeds from disposal of assets	250,612	61,184	311,796	8,988
Less: Disposed assets net book value	(93,441)	(53,675)	(147,116)	(5,142)
Add: Reversal of revaluation surplus	<u>33,812</u>	<u>-</u>	<u>33,812</u>	<u>-</u>
<b>Net gain on disposal of property, plant and equipment</b>	<b><u>190,983</u></b>	<b><u>7,509</u></b>	<b><u>198,492</u></b>	<b><u>3,846</u></b>

(e) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Cash and bank balances (Note 24)	29,317,145	24,850,342
Borrowings repayable within one year (Note 28)	(11,926,138)	(10,035,376)
Borrowings repayable after one year (Note 28)	<u>(109,271,273)</u>	<u>(107,748,716)</u>
Net debt	<b><u>(91,880,266)</u></b>	<b><u>(92,933,750)</u></b>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**35. Notes to the statement of cash flows (continued)**

(f) Net debt reconciliation (continued)

	Shs'000 Cash and bank balances	Shs'000 Borrowings	Shs'000 Net Debt
Net debt as 1 July 2024	25,618,247	(116,870,508)	(91,252,261)
Net increase in cash and cash equivalents	4,513,663	-	4,513,663
Received in the year	-	(5,922,033)	(5,922,033)
Repaid in the year	-	8,320,538	8,320,538
Realised exchange gain on repayments of borrowings		1,120,234	1,120,234
Unrealised exchange loss in the year	-	(6,955,156)	(6,955,156)
Accrued interest	-	(890,486)	(890,486)
Expected credit loss on cash and bank balances	(807,041)	-	(807,041)
Effects of foreign exchange rate changes	(7,724)	-	(7,724)
Net debt as at 30 June 2025	<b><u>29,317,145</u></b>	<b><u>(121,197,411)</u></b>	<b><u>(91,880,266)</u></b>
Net debt as 1 July 2023	15,474,003	(148,866,024)	(133,392,021)
Net increase in cash and cash equivalents	10,156,401	-	10,156,401
Received in the year	-	(1,620,282)	(1,620,282)
Repaid in the year	-	9,701,910	9,701,910
Realized exchange loss on repayment of borrowings		2,334,683	2,334,683
Borrowing offset from KETRACO contract asset	-	5,123,799	5,123,799
Unrealised exchange gain in the year	-	16,455,406	16,455,406
Accrued interest	-	(913,584)	(913,584)
Expected credit loss on cash and bank balances	(767,905)	-	(767,905)
Effects of foreign exchange rates changes	(12,157)	-	(12,157)
Net debt as at 30 June 2024	<b><u>24,850,342</u></b>	<b><u>(117,784,092)</u></b>	<b><u>(92,933,750)</u></b>

\*The opening balance of net debt does not reconcile exactly with the prior year's closing balance primarily due to adjustments arising from accrued interest on borrowings and expected credit loss on cash balances. These adjustments are recognized directly in the statement of financial position and not through the cash flow statement. As a result, the opening net debt reflects the restated carrying values of borrowings and cash balances as at the beginning of the year, which differ from the previously reported closing balances.

**36. Related party transactions**

The Company is 70% owned by the Government of Kenya. The remaining 30% of the shares are widely held by the public. In line with the exemptions in IAS 24, and by virtue that the government is the major shareholder of the company, we do not consider as related parties: providers of finance, trade unions, public utilities and any agencies, departments of the government of Kenya, any state corporations or other state or county entities that do not control, jointly control or significantly influence the reporting entity. The Government of Kenya has provided some guarantees to long-term external lenders of the entity and on-lent loans to the Company (Note 28).

The company's main related parties include Government of Kenya - Ministry of Energy, The National Treasury, The Kenya Power and Lighting Company Plc (Kenya Power), Geothermal Development Company Limited (GDC), Rural Electrification & Renewable Energy Corporation, Water Resource Authority (WRA), Board of Directors and Key Management.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**36. Related party transactions (continued)**

**(a) Kenya Power and Lighting Company Plc (KPLC)**

Kenya Power is the authorised electricity distributor in Kenya with its majority shareholder being the Government of Kenya.

(i) During the year the following transactions were carried out with KPLC;

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Electricity sales (Note 6(a))	40,410,264	41,252,372
Steam revenue (Note 6 (a))	5,644,330	6,875,964
Fuel charges billed (Note 6(a))	9,607,542	7,923,700
Water charges billed (Note 6(a))	172,275	166,593
Interest income on amounts due (Note 11)	303,717	710,165
Realized foreign exchange loss billed to KPLC- borrowings (Note 28(d))	1,117,110,	2,229,463
Realized foreign exchange loss billed to KPLC-other transactions (Note 9)	1,465,830	1,512,403
Recovery of the Olkaria V transmission line cost	124,198	123,595
	<u><b>58,845,266</b></u>	<u><b>60,794,255</b></u>
Electricity purchases from KPLC	<u>384,730</u>	<u>648,563</u>

(ii) The following amounts due from/to KPLC relate to outstanding balances at year end for purchase of electricity.

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Trade payables (Note 33)	<u>-</u>	<u>156,223</u>
	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Other receivables and prepayments (Note 22)	<u>251,336</u>	<u>-</u>

The sales to Kenya Power are made in accordance with the signed Power Purchase Agreements whereas the purchases from Kenya Power are made at normal market prices.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**36. Related party transactions (continued)**

**(a) Kenya Power and Lighting Company Plc (KPLC) (continued)**

(iii) Amounts due from KPLC

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Amount due for electricity sales (Note 21)	17,477,372	17,096,299
Emergency power receivable (Note 37)	<u>230,700</u>	<u>231,085</u>
	17,708,072	17,327,384
Financial asset due from KPLC-Olkaria V transmission line (Note 18(b))	<u>1,230,022</u>	<u>1,302,371</u>
	<u>18,938,094</u>	<u>18,629,755</u>
(iv) Recoverable foreign exchange differences (Note 19)	<u>7,489,108</u>	<u>1,624,333</u>

**(b) Geothermal Development Company Limited (GDC)**

Geothermal Development Company Limited is wholly owned by the Government of Kenya and its principal activities are the development of geothermal resources in Kenya through surface exploration and drilling for steam, and to avail steam power to developers for electricity generation.

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
(i) Amount due to GDC (included in trade payables)	<u>1,393,188</u>	<u>1,097,353</u>
(ii) Steam purchases (Note 10(c))	<u>3,496,434</u>	<u>4,393,595</u>

**(c) Rural Electrification and Renewable Energy Corporation (REREC)**

At the start of year	44,298	111,894
Receipts during the year	113,000	-
Payments during the year	<u>(78,051)</u>	<u>(67,596)</u>
Amounts due to REREC at end of year (included in other payables)	<u>79,247</u>	<u>44,298</u>

The balance represents funds received in advance from REREC for the operation and maintenance of the 50MW Garissa Solar Plant, which KenGen manages on behalf of REREC.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**36. Related party transactions (continued)**

**(d) Water Resource Authority (WRA)**

WRA charges for water use at the rate of 0.05 Shs/kWh for power plants with capacity of over 1MW with approval from the Energy Regulatory and Petroleum Regulation.

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Amount due to WRA (included in trade payables)	<u>112,806</u>	<u>179,482</u>
Water charge	<u>172,275</u>	<u>166,593</u>

The Water Resource Regulations 2021 introduced an increase of water use charges from Shs 0.05 cents/kWh to KShs. 2/kWh for hydro power generation above 1MW and additional 5% conservation levy. The same has not been validated since there is court Order that suspended the implementation of the said Regulations. Additionally, the increase has not been gazetted by Energy & Petroleum Regulatory Authority (EPPRA) as a pass-through cost of energy. Following the commencement of the Regulations, WRA billed the Company Shs. 493,685,414 for the water use charges in February and March 2023. The court allowed a temporary injunction setting aside the implementation of the Regulations as proposed by WRA and as at the reporting period the matter was still pending before the High Court.

**(e) Kenya Electricity Transmission Company Limited (KETRACO) – Balances due from:**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Sondu Miriu Transmission Line (Note 18(a))	<u>731,327</u>	<u>692,885</u>
Amounts due from KETRACO	<u>731,327</u>	<u>692,885</u>

**(f) Directors' remuneration, other expenses and key management compensation**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>Directors' remuneration and other expenses</b>		
Fees for services as a director	6,000	6,000
Sitting and other allowances	<u>17,406</u>	<u>16,714</u>
	<u>23,406</u>	<u>22,714</u>
<b>Key management compensation</b>		
Salaries and other short-term employment benefits		
Key management (Departmental Heads)	88,850	95,686
Managing Director and CEO	14,694	14,642
Leave accrual – Managing Director and CEO	<u>503</u>	<u>403</u>
	<u>104,047</u>	<u>110,731</u>
Total fees, salaries and other emoluments	<u>127,453</u>	<u>133,445</u>

**36. Related party transactions (continued)**

**(f) Directors' remuneration and key management compensation (continued)**

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including director (whether executive or otherwise) of the entity.

**(g) Loans to/from directors of the Company**

There were no loans to/from directors outstanding at 30 June 2025 (2024: Nil).

**(h) Loans from Shareholders**

Government of Kenya on-lent loans amounted to Shs 82.5 billion (2024:78.6 billion).

**(i) Donations to KenGen Foundation**

Donations made during the year amounted to Shs 61.6 million (2024: Shs 92 million).

**(j) Kerio Valley Development Authority (KVDA)**

Payments made during the year amounted to Shs 45 million (2024: Shs 45 million) for dam and environmental management. There is no outstanding amount.

**(k) Tana and Athi River Development Authority (TARDA)**

Payments made during the year amounted to Shs 62 million (2024: Shs 62 million) for dam and environmental management. There is no outstanding amount.

**(l) Kenya National Highways Authority (KeNHA)**

Included in other receivables is an amount of Shs. 250.6 million due from the Kenya National Highways Authority (KeNHA) as at 30 June 2025. The balance relates to compensation receivable for land and improvements.

**(m) Subsidiary**

The following relationships exists within KenGen PLC:

Related parties	Held by	Percentage of interest held as	
		at 30 June 2025	2024
KenGen Foundation	KenGen	<u>100%</u>	<u>100%</u>

KenGen Foundation was established by KenGen PLC as a public charitable trust by Declaration of trust deed dated 2009 and is domiciled in Kenya. The Foundation serves as the philanthropic arm of KenGen and is mandated to: Turn short term one-off CSR Projects into CSI-Corporate Social Investments; Upscale CSI activities for greater impact and increase and diversify resources available for CSI projects. The Foundation is wholly controlled by KenGen Plc but its financial statements have not been consolidated as it is considered immaterial by the directors.

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For the year ended 30 June 2025

**37. Emergency Power Project**

The Company managed an Emergency Power Supply project known as Aggreko International Projects as an implementing commissioning agent on behalf of the Ministry of Energy. These funds are held in an Escrow bank account at the NCBA Bank Kenya Plc. Movements in the Escrow account which are not included in the Company's cash and cash equivalents, are summarized below:

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
At start of year	559,440	598,475
Interest income	7,544	7,550
Loss on foreign exchange during the year*	<u>(1,279)</u>	<u>(46,585)</u>
At end of year	<u>565,705</u>	<u>559,440</u>

\*The amount relates to foreign exchange fluctuations.

An amount of Shs 231 million (2024: Shs 231 million) for Emergency Power Project is due from Kenya Power and Lighting Company Plc.

**38. Contingent liabilities and assets**

**i. Letters of credit**

Letters of credit signify commitment by the Company to make payments to third parties for contracts entered into, generally relating to foreign payments. Outstanding letters of credit as at 30 June 2025 amounted to Shs 640,168,522 (30 June 2024 Shs: 1,235,169,162).

**ii. Compensating Tax and Withholding Tax Assessment**

Kenya Revenue Authority (KRA) issued an assessment of KShs. 2,945,067,645 on Compensating Tax and Withholding tax on dividends for the period 2019 to 2023. KenGen appealed against KRA's decision to the Tax Appeals Tribunal as provided by the Tax Appeals Tribunal Act. The matter is currently at the Tax Appeals Tribunal pending hearing and determination.

**iii. Customs Duty**

Kenya Revenue Authority (KRA) conducted a post clearance audit for the period 2019 to 2022. KRA raised an estimated assessment of KShs 342,780,004 relating to tariff classification, valuation for custom duties, proof of exports and temporary importation of equipment. Through a Government-to-Government engagement, KenGen and KRA resolved to drop assessment amounting to KShs 124,312,190, while KShs 164,355,339 was deemed payable and an amount of KShs 54,112,475 is still under engagement under the Government to Government initiative.

KenGen and KRA entered an eight (8) month payment plan for the amount of KShs 164,355,339. KenGen settled the entire amount of KShs 164,355,339 by December 2024. During the Government – Government engagement, there was an outstanding assessment raised by KRA of KShs 54,112,475 relating to valuation of imported equipment. KenGen is currently engaging KRA to amicably resolve the issue.

**iv. Bank guarantee**

Bank guarantees in the form of Performance Guarantees were issued to third parties on account of contracts signed with them. This amounted to Shs 77.9 million as at 30 June 2025. (2024: Shs 219.3 million).

Kenya Electricity Generating Company Plc  
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**38. Contingent liabilities and assets (continued)**

**v. Legal cases**

The entity is currently named as a defendant in several legal proceedings. After seeking appropriate legal advice, the Board is satisfied that the matters in question are unlikely to result in any material financial liability. The nature of the claims, the status of the proceedings and the strength of the entity's legal position collectively support the conclusion that the probability of significant adverse financial impact is remote.

**39. Capital commitments**

The capital commitments relate to the ongoing capital projects and new projects which have been approved and are at various stages of implementation. They are financed by Development Financial Institutions (DFIs), local banks and internal resources. The projects include rehabilitation of Olkaria I Rehabilitation, Olkaria I & IV uprating, Seven Forks Solar, Gogo Hydro Project, Olkaria VII and Olkaria II Extension among other projects.

Capital commitments at the year-end for which no provision has been made in these financial statements are:

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Authorised but not contracted for*	75,007,127	119,693,830
Authorised and contracted for**	94,577,502	75,535,388
Less: Amounts included in Work in progress	<u>(71,001,022)</u>	<u>(63,921,181)</u>
	<u>98,583,607</u>	<u>131,308,037</u>

\*Authorised but not contracted for commitments represent projects that have been approved by the Board but for which contracts had not been finalized as at the reporting date.

\*\*Authorised and contracted for commitments represent amounts relating to contracts already signed with suppliers and contractors for ongoing projects.

**40. Operating segments**

The Company's Key Management, which consists of the Managing Director & Chief Executive Officer and Departmental General Managers is the Company's Chief Operating Decision Maker (CODM).

In accordance with IFRS 8 - Operating segments, information reported to the CODM for the purposes of resource allocation and assessment of segment performance is focused on the principal activities and the products offered by the Company.

The Company's primary reportable segment is electricity generation. In line with its revenue diversification strategy, KenGen has also undertaken drilling and consultancy services in Ethiopia, Djibouti and Eswatini. Drilling operations in Ethiopia and Djibouti have since concluded.

In determining reportable segments, the CODM considers the following factors:

a) Reported revenue/ Products and Services

All the primary activities of the Company resulted in the generation of revenue from electricity which is the sole product and revenue stream.

b) Geographical areas

All the plants are based in Kenya and operate effectively within one geographical location (Kenya).

**40. Operating segments(continued)**

c) Major customers

The company operates in a regulated industry. Most of its revenue as outlined is derived from one single external customer, Kenya Power and Lighting Company Plc.

d) Assets and liabilities

All the assets and liabilities of the company are managed and operated as per company's policies, procedures laws and regulations.

**41. Financial risk management**

**Introduction and overview**

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Company's business and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance. The key types of risks include:

- Market risk – includes currency, interest rate and other price risk
- Credit risk
- Liquidity risk

The Company's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise potential adverse effects of such risks on its financial performance within the options available by setting acceptable levels of risks.

**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's Finance department identifies, evaluates and hedges financial risks in close cooperation with operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as credit risk, liquidity risk, foreign exchange risk, interest rate risk and price risk. The Company does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

**(a) Market risks**

The Board has assigned the Internal Audit, Risk & Compliance function to assist in monitoring the risks faced by the Company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit, Risk & Compliance Committee.

The Company's Internal Audit, Risk and Compliance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit, Risk & Compliance Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**41. Financial risk management (continued)**

**Introduction and overview(continued)**

**Risk management framework (continued)**

**(a) Market risks(continued)**

*Foreign currency risk*

Foreign currency exposures on borrowings and also through purchases of goods and services that are done in currencies other than the local currency. The Company has loans from multilateral donors, which are denominated in currencies other than the functional local currency. Loan payments are made by using the prevailing exchange rate as there is no forward currency contracts to eliminate the currency exposures. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Exposure to foreign currency risk is mitigated by the terms of the Power Purchase Agreement that allow the Company to recover certain foreign currency losses/gains from Kenya Power.

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities is;

	<b>2025</b>	<b>2024</b>
	<b>Shs '000</b>	<b>Shs '000</b>
<b>Financial assets</b>		
Financial asset at amortised cost (Note 18(a))	731,327	692,885
Trade receivables (Note 21)	2,981,507	2,525,202
Cash and cash equivalents (Note 24(a))	3,535,819	3,786,611
	<u>7,248,653</u>	<u>7,004,698</u>
<b>Liabilities</b>		
Trade and other payables	(3,088,267)	(2,518,639)
Borrowings (Note 28(c))	(121,197,411)	(117,784,092)
	<u>(124,285,678)</u>	<u>(120,302,731)</u>
Net currency liability	<u>(117,037,025)</u>	<u>(113,298,033)</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**41. Financial risk management (continued)**

**Introduction and overview (continued)**

**(a) Market risks (continued)**

*Foreign currency sensitivity analysis*

The following table demonstrates the effect on the Company's profit or loss on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse is also true.

*Foreign currency sensitivity analysis*

	<b>Change in currency rate</b>	<b>Effect on Profit before tax Shs' 000</b>	<b>Effect on Equity Shs' 000</b>
<b>2025</b>			
United States Dollars (US\$)	-0.23%	(97,462)	(29,238)
Japanese Yen (Yen)	11.3%	6,487,657	1,946,297
Euro (Euro)	9.2%	1,394,827	418,448
Total		<u>7,785,022</u>	<u>2,335,507</u>
<b>2024</b>			
United States Dollars (US\$)	-7.8%	(1,115,904)	(2,603,775)
Japanese Yen (Yen)	-16.8%	(2,544,425)	(5,936,991)
Euro (Euro)	-9.2%	(391,886)	(914,401)
Total		<u>(4,052,215)</u>	<u>(9,455,167)</u>

*Interest rate risk*

The Company is exposed to interest rate risk primarily through fluctuations in market lending rates, which may impact the cost of its borrowings and the return on its interest-earning assets.

The Company's non-current borrowings are largely contracted at fixed interest rates, thereby significantly reducing exposure to interest rate volatility over the long term. Exposure to floating interest rates mainly arises from short-term facilities such as bank overdrafts. However, the potential impact of changes in overdraft rates on the Company's financial performance is assessed to be insignificant.

On the asset side, the Company holds interest-earning financial instruments such as investments in government securities and short-term deposits. These instruments carry predetermined and fixed rates of return, further limiting the Company's exposure to variability in market interest rates.

Overall, the Company's risk management approach ensures that exposure to interest rate risk remains minimal and does not pose a material impact on its financial results.

**41. Financial risk management (continued)**

**Introduction and overview (continued)**

**(a) Market risks (continued)**

*Other price risk*

The Company is exposed to other price risk primarily through potential fluctuations in electricity tariffs and the risk of non-renewal of expiring Power Purchase Agreements (PPAs). A reduction in the tariff rate or non-renewal of PPAs could directly impact the Company's future energy revenues.

This exposure is, however, mitigated by the regulatory framework governing the electricity sector in Kenya. Tariffs are determined through negotiations between the Company and Kenya Power, with oversight and approval by the Energy and Petroleum Regulatory Authority (EPRA), ensuring that tariff adjustments are conducted in a structured and transparent manner. Agreed tariffs are documented in the PPAs and run for the entire period of the PPAs thus mitigating the risk.

For thermal generation, where fuel constitutes a significant portion of the production cost, the Company is safeguarded by a fuel cost recovery mechanism under the PPA. This arrangement allows the Company to pass through fuel costs directly to Kenya Power, thereby reducing the impact of fuel price volatility on its financial performance. Overall, while the Company is exposed to tariff and PPA renewal risks, the regulatory environment and contractual arrangements provide a strong framework for mitigating such risks and ensuring revenue stability.

**(b) Credit Risk**

Credit risk is the risk of financial loss if a counterparty fails to meet its contractual obligations. The Company manages credit risk on a company-wide basis and deals only with creditworthy counterparties.

The Company's main customer is Kenya Power, with whom it has a contractual agreement that allows a 40-day credit period. This significantly minimizes credit risk exposure on trade receivables. Staff receivables are recovered directly from salary payments, further reducing default risk.

Credit risk relating to banks and financial institutions is managed by the Finance Department in line with Company policy. Surplus funds are invested only with approved institutions within established credit limits. These limits are reviewed annually by the Management and may be revised during the year with approval from the Board.

Although the Company is highly dependent on Kenya Power as its main customer, measures are in place to manage concentration risk. Credit risk assessments consider whether the probability of default has increased significantly since initial recognition, with payments overdue by more than 40 days deemed to indicate an increase in risk. A default is considered to have occurred where a counterparty breaches contractual terms or where available information suggests that it is unlikely to meet its obligations.

Where individual assessment is not possible, expected credit losses (ECLs) are measured collectively by grouping financial assets with similar credit risk characteristics such as type of instrument, industry, or collateral.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**41. Financial risk management (continued)**

**(b) Credit risk (continued)**

The carrying amount of financial assets represents the maximum exposure to credit risk:

	2025	2024
	Shs '000	Shs '000
Trade receivables-Kenya Power	16,646,382	16,629,593
Treasury bonds at amortized cost	2,310,254	2,323,042
Treasury bonds at FVOCI	373,716	321,154
Financial assets at amortised cost-Deferred debt	706,539	666,385
Financial assets at amortised cost-IFRIC 12	1,116,875	1,298,199
Other receivables (excluding prepayments)	1,472,844	1,301,945
Cash and cash equivalents held at bank	29,317,145	24,850,342
Restricted cash	3,169,124	2,712,749
	<u>55,112,879</u>	<u>50,103,409</u>
Exposure to credit risk	<u>55,112,879</u>	<u>50,103,409</u>

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

In order to minimise credit risk, the Company has to develop and maintained the Company's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12 months Expected Credit Loss (ECL)
Doubtful	Amount is past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
In default	Amount is >360 days past due or there is evidence indicating the asset is credit impaired. This is based on historical experience that indicates financial assets that are outstanding more than 360 days are generally not recoverable.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery and the company has also exhausted all the mechanism to recover the debt e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.	Amount is written off

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**41. Financial risk management (continued)**

**(b) Credit risk (continued)**

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Basis for measurement of loss allowance	Note	External credit rating	Internal credit rating	12 month or Life time ECL	Gross carrying value Shs '000	Credit loss allowance Shs '000	Net carrying amount Shs '000
<b>30 June 2025</b>							
Trade receivables-Kenya Power	21	N/A	Performing	Lifetime ECL	17,477,372	(830,990)	16,646,382
Treasury bonds at amortized cost	18(c)	N/A	Performing	Lifetime ECL	2,333,971	(23,717)	2,310,254
Treasury bonds at FVOCI	23	N/A	Performing	Lifetime ECL	373,716	-	373,716
Deferred debt receivable	18(a)	N/A	Performing	Lifetime ECL	731,327	(24,788)	706,539
Financial asset-IFRIC 12	18(b)	N/A	Performing	Lifetime ECL	1,230,022	(113,147)	1,116,875
Other receivables (excluding prepayments)	22	N/A	Performing	Lifetime ECL	2,039,434	(566,590)	1,472,844
Cash and cash equivalents held at bank	24 (a)	A, BBB, B+, B-	Performing	12 Month ECL	30,124,186	(807,041)	29,317,145
Restricted cash	24 (b)	A, BBB, B+, B-	Performing	12 Month ECL	3,197,762	(28,638)	3,169,124
Exposure to credit risk					<u>57,507,790</u>	<u>(2,394,911)</u>	<u>55,112,879</u>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

41. Financial risk management (continued)

(b) Credit risk (continued)

Basis for measurement of loss allowance	Note	External credit rating	Internal credit rating	12 month or Life time ECL	Gross carrying value Shs '000	Credit loss allowance Shs '000	Net carrying amount Shs '000
<b>30 June 2024</b>							
Trade receivables-Kenya Power	21	N/A	Performing	Lifetime ECL	17,096,299	(466,706)	16,629,593
Treasury bonds at amortized cost	18(c)	N/A	Performing	Lifetime ECL	2,347,528	(24,486)	2,323,042
Treasury bonds at FVOCI	23	N/A	Performing	Lifetime ECL	321,154	-	321,154
Deferred debt receivable	18(a)	N/A	Performing	Lifetime ECL	692,885	(26,500)	666,385
Financial asset-IFRIC 12	18(b)	N/A	Performing	Lifetime ECL	1,302,371	(4,172)	1,298,199
Other receivables (excluding prepayments)	22	N/A	Performing	Lifetime ECL	1,623,855	(321,910)	1,301,945
Cash and cash equivalents held at bank	24 (a)	A, BBB, B+, B-	Performing	12 Month ECL	25,618,247	(767,905)	24,850,342
Restricted cash	24 (b)	A, BBB, B+, B-	Performing	12 Month ECL	<u>2,733,585</u>	<u>(20,836)</u>	<u>2,712,749</u>
Exposure to credit risk					<u>51,735,924</u>	<u>(1,632,515)</u>	<u>50,103,409</u>

- (i) For financial contracts, the gross carrying amount represents the maximum amount the Company is guaranteed under the respective contracts, and the net carrying amount is after deducting the loss allowance recognised for the contracts.
- (ii) For trade receivables, financial assets and contract assets, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on customer rating status in terms of the provision matrix.

The loss allowance on corporate bonds measured at FVTOCI is recognised against other comprehensive income and accumulated in the investment revaluation reserve.

The carrying amount of the Company's financial assets at FVTPL best represents their respective maximum exposure to credit risk. The Company holds no collateral over any of these balances.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

41. Financial risk management (continued)

(b) Credit risk (continued)

Basis for measurement of loss allowance	Gross carrying value Shs '000	Stage 1	Stage 2	Stage 3	Net amount Shs '000
		12 month -ECL Shs '000	Lifetime ECL Shs '000	Lifetime ECL Shs '000	
<b>30 June 2025</b>					
Trade receivables-Kenya Power	17,477,372	(456,582)	(374,408)	-	16,646,382
Treasury bonds at amortized cost	2,333,971	(23,717)	-	-	2,310,254
Treasury bonds at FVOCI	373,716	-	-	-	373,716
Deferred debt receivable	731,327	(24,788)	-	-	706,539
Financial asset-IFRIC 12	1,230,022	(113,147)	-	-	1,116,875
Other receivables (excluding prepayments) *	2,039,434	(22,030)	(17,280)	(527,280)	1,472,844
Cash and cash equivalents held at bank	30,124,186	(807,041)	-	-	29,317,145
Restricted cash	3,197,762	(28,638)	-	-	3,169,124
Exposure to credit risk	<u>57,507,790</u>	<u>(1,475,943)</u>	<u>(391,688)</u>	<u>(527,280)</u>	<u>55,112,879</u>
<b>Basis for measurement of loss allowance 30 June 2024</b>					
Trade receivables-Kenya Power	17,096,299	(420,067)	(46,639)	-	16,629,593
Treasury bonds at amortized cost	2,347,528	(24,486)	-	-	2,323,042
Treasury bonds at FVOCI	321,154	-	-	-	321,154
Deferred debt receivable	692,885	(26,500)	-	-	666,385
Financial asset-IFRIC 12	1,302,371	(4,172)	-	-	1,298,199
Other receivables	1,623,855	(629,938)	15,186	292,842	1,301,945
Cash and cash equivalents held at bank	25,618,247	(767,905)	-	-	24,850,342
Restricted cash	2,733,585	(20,836)	-	-	2,712,749
Exposure to credit risk	<u>51,735,924</u>	<u>(1,893,904)</u>	<u>(31,453)</u>	<u>292,842</u>	<u>50,103,409</u>

\*The Amount in stage 3 mainly relates to AKIRA for the drilling of exploration wells

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

41. Financial risk management (continued)

(b) Credit risk (continued)

Financial assets for which the loss allowances have been measured at an amount equal to lifetime expected credit losses have been analysed based on their credit risk as follows:

- Financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired
- Financial assets that are credit impaired at the balance sheet date
- Trade receivables for which loss allowance is always measured at an equal amount to lifetime expected credit losses.

	Neither past Due nor impaired Shs '000	Lifetime ECL not Credit impaired		Expected credit loss Shs '000	Total Shs '000
		over 60 days Shs '000	over 365 days Shs '000		
<b>At 30 June 2025</b>					
Trade receivables-Kenya Power	14,324,919	504,763	1,816,700	830,990	17,477,372
Financial asset at amortized cost-Treasury bonds	2,310,254	-	-	23,717	2,333,971
Financial asset at FVOCI-Treasury bonds	373,716	-	-	-	373,716
Financial asset at amortized cost-Deferred debt	706,539	-	-	24,788	731,327
Financial asset-IFRIC 12	1,116,875	-	-	113,147	1,230,022
Other receivables (excluding prepayments)	1,472,844	-	-	566,590	2,039,434
Cash and cash equivalents	29,317,145	-	-	807,041	30,124,186
Restricted cash	3,169,124	-	-	28,638	3,197,762
<b>At 30 June 2025</b>	<b>52,791,416</b>	<b>504,763</b>	<b>1,816,700</b>	<b>2,394,911</b>	<b>57,507,790</b>
<b>At 30 June 2024</b>					
Trade receivables-Kenya Power	14,077,809	848,545	1,703,239	466,706	17,096,299
Financial asset at amortized cost-Treasury bonds	2,323,042	-	-	24,486	2,347,528
Financial asset at FVOCI-Treasury bonds	321,154	-	-	-	321,154
Financial asset at amortized cost-Deferred debt	666,385	-	-	26,500	692,885
Financial asset-IFRIC 12	1,298,199	-	-	4,172	1,302,371
Other receivables (excluding prepayments)	1,301,945	-	-	321,910	1,623,855
Cash and cash equivalents	24,850,342	-	-	767,905	25,618,247
Restricted cash	2,712,749	-	-	20,836	2,733,585
<b>At 30 June 2024</b>	<b>47,551,625</b>	<b>848,545</b>	<b>1,703,239</b>	<b>1,632,515</b>	<b>51,735,924</b>

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

**41. Financial risk management (continued)**

**(b) Credit risk (continued)**

The changes in the loss allowance during the year were as follows

<b>Basis for measurement of loss allowance</b>	<b>12-month expected credit losses Shs '000</b>	<b>Lifetime expected credit losses Shs '000</b>	<b>Total Shs '000</b>
<b>Year ended 30 June 2025</b>			
At start of year	(1,893,904)	261,388	(1,632,516)
ECL movement in the year	<u>417,960</u>	<u>(1,180,357)</u>	<u>(762,397)</u>
At end of year	<u>(1,475,944)</u>	<u>(918,969)</u>	<u>(2,394,913)</u>
<b>Year ended 30 June 2024</b>			
At start of year	(824,845)	(1,375,037)	(2,199,882)
ECL movement in the year	<u>(1,069,059)</u>	<u>1,636,425</u>	<u>567,366</u>
At end of year	<u>(1,893,904)</u>	<u>261,388</u>	<u>(1,632,516)</u>

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence.

The Company monitors its risk to shortage of funds using a recurring liquidity planning tool. This tool considers the account receivables from Kenya Power and maturity of financial instruments, together with projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and other borrowings.

Kenya Electricity Generating Company Plc  
Notes to the financial statements (continued)  
For the year ended 30 June 2025

41. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the undiscounted maturity profiles of the financial liabilities of the Company based on the remaining period using 30 June 2024 as a base period to the contractual maturity date. These amounts have not been discounted.

	Weighted average effective interest rate	Less than 1 Months	1-3 Months	3 Months to 1 year	1 to 2 years	3 to 4 years	5 and above years	Total	Carrying Amount
	%	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
<b>At 30 June 2025</b>									
Trade and contractors' payables	-	-	6,325,916	-	-	-	-	6,325,916	6,325,916
Lease liabilities	11	-	-	224,342	130,077	131,524	2,695,969	3,181,912	3,181,912
Borrowings	4	-	-	14,901,335	13,187,607	36,027,697	72,528,295	136,644,934	136,644,934
<i>Off balance sheet items</i>	-	-	-	-	-	-	-	-	-
Letters of credit	-	-	-	640,169	-	-	-	640,169	640,169
Capital commitments	-	-	-	-	98,583,607	-	-	98,583,607	98,583,607
		-	6,325,916	15,765,846	111,901,291	36,159,221	75,224,264	245,376,538	245,376,538
<b>At 30 June 2024</b>									
Trade and contractors' payables	-	-	6,257,124	-	-	-	-	6,257,124	6,257,124
Amount due to Kenya Power	-	156,223	-	-	-	-	-	156,223	156,223
Lease liabilities	11	-	-	275,227	223,041	245,141	2,658,098	3,401,507	3,401,507
Borrowings	4	-	-	12,730,203	13,379,029	31,723,138	78,094,073	135,926,443	135,926,443
<i>Off balance sheet items</i>	-	-	-	-	-	-	-	-	-
Letters of credit	-	-	-	1,235,169	-	-	-	1,235,169	1,235,169
Capital commitments	-	-	-	-	131,308,037	-	-	131,308,037	131,308,037
		156,223	6,257,124	14,240,599	144,910,107	31,968,279	80,752,171	278,284,503	278,284,503

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**41. Financial risk management (continued)**

**(d) Fair value measurement**

Financial instruments

*Fair Value hierarchy*

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

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs used in the valuation techniques of financial instruments are observable or unobservable. Financial instruments are grouped into 3 levels based on the degree to which fair value data / input is observable.

- i. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active trading markets for identical assets or liabilities. This level includes corporate bonds traded on the Nairobi Securities Exchange ("NSE").
- ii. Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices).
- iii. Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

<b>Assets</b>	<b>Level 1 Shs'000</b>	<b>Level 2 Shs'000</b>	<b>Level 3 Shs'000</b>	<b>Total Shs'000</b>
<b>Year ended 30 June 2025</b>				
Financial asset at fair value OCI (Note 23)	-	373,716	-	373,716
Financial asset at fair value through P&L (Note19)	-	7,489,108	-	7,489,108
<b>Total assets</b>	<b>-</b>	<b>7,862,824</b>	<b>-</b>	<b>7,862,824</b>
<b>Assets</b>				
<b>Year ended 30 June 2024</b>				
Financial asset at fair value OCI (Note 23)	-	321,154	-	321,154
Financial asset at fair value through P&L (Note19)	-	1,624,333	-	1,624,333
	-	1,945,487	-	1,945,487

There are no financial liabilities measured at fair value for the year ended 30 June 2025 (2024: Nil).

There were no transfers between levels 1, 2 and 3 for the year ended 30 June 2025 (2024: Nil).

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**41. Financial risk management (continued)**

**d) Fair value measurement (continued)**

*Valuation techniques used to determine fair values*

Specific valuation techniques used to value financial instruments include:

- (i) the use of quoted market prices – This was used to value the treasury bonds

*Sensitivity of fair value of level 2 financial instruments*

The fair value of level 2 financial instruments is determined using valuation techniques which incorporate assumptions that are indirectly supported by prices from observable current market transactions in the same instruments and are based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of these financial instruments.

**Financial instruments not measured at fair value.**

The fair value hierarchy for financial assets not measured at fair value but for which fair value is disclosed as shown in the table below:

These amounts have not been discounted.

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Fair value KShs'000	Carrying value KShs'000
<b>At 30 June 2025</b>					
<b>Assets</b>					
Cash and balances with banks	29,317,145	-	-	29,317,145	29,317,145
Restricted cash	3,169,124	-	-	3,169,124	3,169,124
Financial assets at amortized cost	-	-	1,823,414	1,823,414	1,823,414
Trade receivables	-	-	16,646,382	16,646,382	16,646,382
Financial assets at amortized cost-Treasury bond	-	2,310,254	-	2,310,254	2,310,254
Other receivables	-	-	2,340,298	2,340,298	2,340,298
<b>Total</b>	<b>32,486,269</b>	<b>2,310,254</b>	<b>20,810,094</b>	<b>55,606,617</b>	<b>55,606,617</b>
<b>Liabilities</b>					
Trade and other payables	-	-	6,325,916	6,325,916	6,325,916
Borrowings	-	-	121,197,411	121,197,411	121,197,411
<b>Total</b>	<b>-</b>	<b>-</b>	<b>127,523,327</b>	<b>127,523,327</b>	<b>127,523,327</b>

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41. Financial risk management (continued)

d) Fair value measurement (continued)

Financial instruments measured at fair value (continued)

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Fair value KShs'000	Carrying value KShs'000
<b>At 30 June 2024</b>					
<b>Assets</b>					
Cash and balances with banks	24,850,342	-	-	24,850,342	24,850,342
Restricted cash	2,712,749	-	-	2,712,749	2,712,749
Financial assets at amortized cost	-	-	1,964,584	1,964,584	1,964,584
Trade receivables	-	-	16,629,593	16,629,593	16,629,593
Financial assets at amortized cost- Treasury bond	-	2,323,042	-	2,323,042	2,323,042
Other receivables	-	-	3,027,582	3,027,582	3,027,582
<b>Total</b>	<b>27,563,091</b>	<b>2,323,042</b>	<b>21,621,759</b>	<b>51,507,892</b>	<b>51,507,892</b>
<b>Liabilities</b>					
Trade and other payables	-	-	6,413,347	6,413,347	6,413,347
Borrowings	-	-	117,784,092	117,784,092	117,784,092
<b>Total</b>	<b>-</b>	<b>-</b>	<b>124,197,439</b>	<b>124,197,439</b>	<b>124,197,439</b>

**The valuation techniques used in determining the fair value of financial assets and liabilities classified within level 2 and level 3.**

The table below indicates the valuation techniques and main assumptions used in the determination of the fair value of the level 2 and level 3 assets and liabilities not measured at fair value but for which fair value is disclosed:

	Valuation basis/technique	Main assumptions
Deferred Debt – Kenya Power	Discounted cash flow model	Discount rate
Trade receivables	Discounted cash flow model	Discount rate
Financial assets	Discounted cash flow model	Market yield of the bond
Other receivables	Discounted cash flow model	Discount rate
Trade and other payables	Discounted cash flow model	Discount rate
Borrowings	Discounted cash flow model	Discount rate

**41. Financial risk management (continued)**

**d) Fair value measurement (continued)**

**Non-financial instruments measured at fair value**

This note explains the judgements and estimates made in determining the fair values of non-financial assets recognized and measured at fair value in the financial statements. To provide transparency regarding the reliability of the inputs used in determining fair value, the company has classified its non-financial assets into three levels as prescribed under IFRS 13.

**Sensitivity Analysis for Level 3 Fair Value Measurements**

For Level 3 fair value measurements, which rely on significant unobservable inputs, the following sensitivities to changes in key assumptions are considered:

**Discount rate**

A 1% increase in the discount rate used for the deferred debt, trade receivables, and borrowings would result in a decrease in fair value of approximately 5%. Conversely, a 1% decrease in the discount rate would result in an increase in fair value of approximately 6%.

**Market yield of bonds**

The fair value of financial assets is sensitive to changes in the market yield of bonds. A 0.5% increase in market yield would result in a 3% decrease in fair value, while a 0.5% decrease in market yield would lead to a 3.5% increase in fair value.

**Interrelationships between inputs**

In certain instances, there are interrelationships between unobservable inputs used in the fair value measurements of non-financial assets, which may magnify or mitigate the overall effect on fair value:

<b>Assets</b>	<b>Level 1 Shs'000</b>	<b>Level 2 Shs'000</b>	<b>Level 3 Shs'000</b>	<b>Total Shs'000</b>
<b>Year ended 30 June 2025</b>				
Property plant and equipment			355,519,873	355,519,873
Intangible assets	-	-	1,909,305	1,909,305
Leasehold land	-	-	6,208,434	6,208,434
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>363,637,612</b>	<b>363,637,612</b>
<b>Assets</b>				
<b>Year ended 30 June 2024</b>				
Property plant and equipment	-	-	359,864,787	359,864,787
Intangible assets			1,933,313	1,933,313
Leasehold land			5,767,239	5,767,239
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>367,565,339</b>	<b>367,565,339</b>

There were no transfers between levels 1, 2 and 3 in the period (2024: Nil).

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**41. Financial risk management (continued)**

**d) Fair value measurement (continued)**

Non-financial assets held at fair value (Continued)

*Valuation techniques used to determine level 3 fair values*

The Company obtains independent valuations for its property plant and equipment at least every five years. The valuation method used is the depreciated replacement cost approach. The property plant and equipment classes subject to fair valuation are land and buildings, transmission lines and plant and equipment.

*Fair value measurements using significant unobservable inputs (level 3)*

We have disclosed under Note 15, the changes in level 3 items for the periods ended 30 June 2025 and 30 June 2024 for recurring fair value measurements

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See above for the valuation techniques adopted.

Description	Fair value as at 30 June 2025 Shs'000	Fair value as at 30 June 2024 Shs'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Property plant and equipment	355,519,873	355,519,873	Estimated useful life	The higher the estimated useful life, the higher the fair value
Intangible assets	1,813,916	1,813,916		
Leasehold land	6,208,434	6,208,434		
	<u>363,542,223</u>	<u>367,469,953</u>		

The Company's land, buildings, transmission lines, intangible assets and plant and machinery are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements as at 30 June 2022 were performed by AON valuation services of Australia, Zenith Associates, Syagga and associates and Ebony Limited, independent valuers not related to the Company. These firms have appropriate qualifications in fair value measurement. The valuation conforms to International Valuation Standards.

**42. Capital risk management**

The primary objective of the Company's capital management is to ensure that it maintains some strong and healthy capital ratios to support its business and maximize shareholder value. The Capital Management policy as approved by the Board of Directors (the Board) is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

The Company manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as circumstances would dictate. There were no changes in the Company's approach to capital management as regards the objectives, policies or processes during the year. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's target is to keep the gearing ratios below 70%.

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**42. Capital risk management (continued)**

	<b>2025</b>	<b>2024</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Ordinary shares and distributable reserves	<u>168,209,754</u>	<u>159,375,736</u>
Borrowings	121,197,411	117,784,092
Less: Cash and bank balances (Note 24)	<u>(29,317,145)</u>	<u>(24,850,342)</u>
Net debt	<u>91,880,266</u>	<u>92,933,750</u>
Gearing ratio	<u>35%</u>	<u>37%</u>

**43. Subsequent events**

On 26th September 2025, the Company signed a Power Purchase Agreement (PPA) with Kenya Power and Lighting Company PLC (KPLC) for the Muhoroni GT Power Plant. The PPA will run for the interim period spelled out in the contract and one year from the signing date. The agreement sets out the commercial and operational terms governing the sale of electricity generated from the plant to KPLC. The signing of the PPA marks a key milestone towards the optimisation and continued utilisation of the Muhoroni facility in line with the Company's strategic objective of enhancing generation capacity and supporting national grid stability. This event occurred after the reporting date. However, the impact on the financial statements for the year ended 30 June 2025 had been considered.

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**Appendix 1: Implementation Status of Auditor-General prior year recommendations**

The following is the summary of issues raised by the external auditor and management comments that were provided.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
1	<p><b>Non-Compensation of the Company's Land by National Lands Commission and Kenya National Highways Authority</b>            Part of the Company's property in Changamwe was acquired by the Kenya National Highways Authority (KENHA) for the dualling of the Mombasa-Mariakani Road. The construction of the road rendered the staff houses in Changamwe temporarily unusable since they were disconnected from the sewer line. The security wall was also damaged.            "Management indicated that the two residential flats would realize a net rental income of Shs.768,000 per year for the Company. However, there was no response to correspondences seeking compensation amounting to Shs.250,611,659 from the National Land Commission and KENHA.</p>	<p>Management is proactively following up with KeNHA and the National Land Commission to ensure that the compensation amount of Kshs. 250,611,659 in respect to the Company's land acquired for the dualling of the Mombasa-Mariakani Road is collected. In a letter dated 11th Feb 2025, KeNHA has requested Ministry of Lands for a budget allocation to settle the amount. The amount has been recognised in the company books.</p>	In progress	30 <sup>th</sup> June 2026
2	<p><b>Kipevu III Power Station Fuel Penalties</b>            The Power Purchase Agreement for Kipevu III Power Plant between the Company and Kenya Power sets fuel penalties when the daily fuel stock does not meet the set threshold of eleven thousand five hundred and sixty metric tonnes (11,560 MT) per day. During the year under review, the Company had a contract for supply and delivery of heavy fuel oil at Kipevu III Power Station with a local petroleum company. The contract sets the minimum-security level at six thousand two hundred and eighty metric tonnes (6,280 MT) per day which is below the threshold set in the Power Purchase Agreement. However, the Company incurred penalties amounting to Kshs.11,348,922 because of the supplier not meeting the required security stock levels. In the circumstances, Management was in breach of contractual agreement and value for money for the expenditure incurred on penalties could not be confirmed.</p>	<p>KenGen shifted to a consignment stocking system where it pays only for fuel consumed monthly, reducing costs from unused stock as thermal generation declines. Although the existing contract was set to expire in August 2024, it was extended following Ministry of Energy guidance to await transition to Government-to-Government or Open Tender procurement, during which stock requirements will be addressed.</p>	Resolved	


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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3	<p><b>Irregular Secondment of the Staff</b></p> <p>During the year under review, the Company had seconded fourteen (14) members of staff to different Government entities. However, review of the payroll revealed that the Company had continued to pay salaries of the seconded staff amounting to Shs.48,841,060. This was contrary to the guidelines outlined in Section B.33 of the Public Service Human Resources Policy (3), and the concept of matching principal that the staff should be paid based on where they put on effort.</p>	<p>Following guidance provided by the OAG during last year's audit, KenGen has addressed the issue of staff secondment and reduced the number of seconded staff from eleven (11) to only three (3). Salaries for the remaining seconded staff were stopped in February 2025. Subsequently, the Public Service Commission, through <b>Ref. No. PSC/19/1/(82) dated 27th August 2025</b>, declined requests for regularization of their deployment and directed that they revert to KenGen. The Ministry of Energy &amp; Petroleum, via letters under <b>Ref. No. MOE/CONF/2 dated 15th and 25th September 2025</b>, instructed the immediate release of the officers back to KenGen.</p>	Resolved	
4	<p><b>Lack of Ownership Documents for Turkwel Land</b></p> <p>The Company operates a Hydro Power Plant in Turkwel Multi-Purpose dam which is also utilized by Kerio Valley Development Authority. However, the land on which the Plant and other facilities of the Company are constructed lacks a title deed to prove ownership.</p> <p>Management provided the letter of allotment for the land signifying progress undertaken in the acquisition of the title deed and explained how emotive the issue of land is in the region.</p>	<p>The 1999 Principal Agreement vested KenGen with ownership of the land hosting the Turkwel Power Station and related infrastructure, which the company has since utilized without interruption. KenGen has been working to secure a title for the land, but the survey process has been delayed by security challenges in the area. The company continues to engage</p>	In progress	30 <sup>th</sup> June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>Physical verification carried out in September 2024 revealed that the Turkwel land measuring 20,827 hectares had been encroached. The encroachment poses impairment risk to the power plant. Further, there are public facilities on the land including two (2) schools and a GSU camp.</p> <p>In the circumstances, adequacy of measures, taken to safeguard public property and critical infrastructure could not be confirmed.</p>	<p>security agencies on suitable timing for the survey and is also seeking support from the Ministry of Lands to complete the tilling process.</p>		

**Peter Njenga- Managing Director & CEO**

Signature.....

Date.....*30<sup>th</sup> October, 2025*.....

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**Appendix II: Projects implemented**

**Projects**

Projects implemented by company and funded by development partners.

	<b>Project title</b>	<b>Project Number</b>	<b>Donor</b>	<b>Period/ duration</b>	<b>Donor commitment</b>	<b>Separate donor reporting required as per the donor agreement (Yes/No)</b>	<b>Consolidated in these financial statements (Yes/No)</b>
1	EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION (EASTRIP).	P163399	World Bank	8 years	EURO 9,280,000	Yes	Yes -All Projects are managed under one KenGen CAPEX Records

**Status of Projects completion**

	<b>Project</b>	<b>Total project Cost</b>	<b>Total expended to date</b>	<b>Completion % to date</b>	<b>Budget</b>	<b>Actual</b>	<b>Sources of funds</b>
1	EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION (EASTRIP).	Shs 1,297,215,701	Payments to date 30 <sup>th</sup> June 2025 Kshs 656,430,181 WIP to Date Shs 743,733,058	96%	Gok Budget FY2024/2025 Shs 500Million	Receipts From NT/MOE&P FY2024/2025 Shs 427,055,047	Receipts from NT/ MOE&P