

CHAIRMAN'S ABRIDGED COMMENTARY

"The country experienced a steady growth in power generated, rising by 5.8% from 12,566 GWh in 2021/22 to 13,290 GWh in the period under review."

Dear Shareholders,

It is my pleasure to present to you the Integrated Annual Report for the year ended 30th June 2023. This is my maiden annual general meeting as your chairman, having taken over from my predecessor General (Rtd) Samson Mwathethe, whom we owe gratitude for his stewardship of the Company.

I am delighted to brief you on how your company performed. Our results demonstrate the forward-thinking, innovative, and integrated organization we have become. Despite the tremendous challenges in both the global and domestic economic environment, we have navigated these headwinds and delivered on our mandate.

The past year presented us with a myriad of challenges, the most significant one being the drought, which impacted our hydro generation. Despite the challenge, our geothermal driven strategy saved the day by providing the country with the much-needed electricity allaying fears of power rationing. At the same time, we have made further progress towards achieving our strategic priorities, and, in turn, we are pleased to see the good results we achieved.

The country experienced a steady growth in power generated, rising by 5.8% from 12,566 GWh in 2021/22 to 13,290 GWh in the period under review. Demand also rose by 4.5% to a new peak of 2,149 MW on 14th December 2022 from 2,057 MW on 15th June 2022, showcasing the impetus for development in the country.

Future Ready

Our focus continues to be provision of reliable and competitively priced electricity, for you shareholders and our fellow Kenyans, to drive our Nation to greater heights. The efficiency of our power plants, run by the some of the best professionals in the market, coupled by prudent management of our renewable resources, is our bloodline.

Sustainability at the Heart of KenGen

It is beyond question that the defining issue of our time is climate change. KenGen is committed to mitigating and adapting to the effects of climate change. Through our continued membership in the UN Global Compact (UNGC) and zealous implementation of its Ten Principles, KenGen promotes transparency in its climate-change disclosures and works to demonstrate to stakeholders how we mitigate on its impact with diligence and determination. These further cements our role in the path towards Kenya's 100% renewable energy transition by 2050.



I am proud of the great strides KenGen has made in growing and maintaining its generation capacity from renewable energy sources. During the year, 96% of the electricity generated by the Company was from renewable sources. Our project pipeline comprises geothermal, solar, wind and hydro which are expected to result in over 98% of our generation capacity coming from renewable sources therefore accelerating Kenya's journey of towards net zero.

Africa Energy Forum

During the year, KenGen, as a global leader in the development of renewable energy, received global recognition and was honored to be appointed as the country host for the 25th edition of the Africa Energy Forum (aef) in 2023. This historic aef forum, held under the theme 'Africa for Africa Building Energy for the Just Transition,' marked the first time the aef had ever been hosted in Africa. The conference, graced by the presence of the President of the Republic of Kenya, H.E. Dr. William Ruto, provided an open and interactive platform for meaningful dialogue on Africa's energy aspirations and the alignment of international investment with these goals.

Dividends

The Board is pleased to propose a first and final dividend of Kshs 0.30 per ordinary share for the financial year ended 30th June 2023. This is a 50% increase over last year's dividend payout of Kshs 0.20 per share. If approved at the Annual General Meeting, the dividend will be paid out on or about 15th February 2024.

Appreciation

I would like to thank the Board for their diligence and commitment during the year in providing effective oversight and guidance to management.

Mr. Julius Ogamba
Chairman of the Board

MANAGING DIRECTOR & CEO'S ABRIDGED COMMENTARY

"Our capacity expansion agenda, pegged on the national power development plan, internal capacity, and available green resources, focuses on availing electricity to power demands for future generations' while ensuring your investment in the Company is secure."



Sustainable Investments

At KenGen, we are steadfast in our mission to be a driving force behind Kenya's sustainable development. KenGen is pursuing its business strategy that incorporates Economic, Environmental, Social, and Governance (ESG) principles into our policies, practices, and processes to create long-term benefits for shared prosperity through the alignment of our strategy. Our business plays a crucial role in providing clean, reliable, and affordable energy to power economic growth, enhance livelihoods, and elevate the quality of life of Kenyans.

Economic Contribution

Partnering with the government, communities, schools, and financial development institutions through our Community Social Investment (CSI) work, we jointly identify opportunities for long term social and economic development, which we then collectively deliver. Through the KenGen Foundation, we are committed to working with other businesses and organisations that support local economies.

Financial Performance

In the financial year ended 30th June 2023, revenue increased by 14% to KShs 53,964 million compared to KShs 47,477 million reported in the previous year largely supported by enhanced operational efficiency across our generating assets and additional generation capacity following commissioning of Olkaria I Unit 6 in the beginning of the year under review. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) amounted to KShs 24,941 million, 31% increase supported by increased revenue, operational efficiency, financial discipline, and cost control. Consequently, profit after tax grew by 48% from KShs 3,382 million reported for the preceding year to KShs 5,017 million for the year ending 30th June 2023.

Future Outlook

Dear shareholders, I am confident of a bright future as the nation's demand for power continues to rise. The lifting of the moratorium on Power Purchase Agreements will provide an opportunity for us to aggressively deploy our project pipeline unabatedly. The agility and resilience displayed by the KenGen team, coupled with the progressive support of our vigilant Board and parent Ministry, fuels our drive to generate electric energy better, safer and cheaper, to propel Kenya forward.

I am proud to walk this journey with you all and assure you that we shall live up to our motto Energy for the Nation.

Eng. Peter Njenga
Managing Director & CEO

Dear Shareholders,

I am delighted to present to you my first statement to introduce KenGen's performance for the year ended 30th June 2023. I joined the Company in August 2023 and I take this early opportunity to thank my predecessor, Mr. Abraham Serem for his valuable stewardship of the Company in an acting capacity. The Company's past achievements and continued future success have been and will continue to be fuelled by our strategic priorities for which I am pleased to say that we have made good progress. Individually and collectively, we have been guided by our mandate of providing energy for the nation by focusing on increasing capacity expansion, lowering the cost of electricity tariff while delivering value to our shareholders.

Our Business Strategy

KenGen is founded on a solid strategy that has seen the Company navigate many hurdles. Our corporate Good-to-Great Strategy continues to shepherd us towards our vision to be the market leader in the Eastern Africa region. Committed to powering the nation and availing reliable, cost-effective electricity, we are pulling all the stops to achieve our goal.

Our capacity expansion agenda, pegged on the national power development plan, internal capacity, and available green resources, focuses on availing electricity to power demands for future generations' while ensuring your investment in the Company is secure. This will be achieved by rehabilitating our existing fleet - Olkaria I Unit 1,2 & 3, Uprating of Olkaria IV, Olkaria I Unit 4 & 5 redevelopment and uprating of Gogo hydro plant and additional generation in solar and geothermal.

People and Culture

We take pride in the agility of our employees. Recognizing that our human capital is the most critical resource for the successful delivery of our strategy, the company took deliberate steps to equip them with the requisite skills and tools for optimum performance and productivity while focusing on engagement programs to enhance motivation and personal wellbeing.



14%

Revenue increased by 14% from KShs 47,477 million in 2022 to KShs 53,964 million.



66%

We ensure reliable supply of clean energy to our nation, contributing to over 66% of renewable electricity consumption.

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	30 June 2023	30 June 2022
	KShs Million	Restated KShs Million
Revenue	53,964	47,477
Reimbursable expenses (Fuel and water costs)	(8,121)	(9,753)
Revenue less reimbursable expenses	45,843	37,724
Other income	2,084	769
Other gains/(losses)-net forex and fair valuation of Financial assets	428	(515)
	48,355	37,978
Expenses		
Depreciation & amortization	(15,801)	(12,462)
Operating expenses	(19,254)	(15,741)
Steam Costs	(3,731)	(3,093)
IFRS 9 Allowance for the expected loss	(1)	(602)
Operating Profit	9,568	6,080
Finance Income	1,689	2,073
Finance Costs	(2,732)	(1,961)
Profit Before Tax	8,525	6,192
Income Tax Expense	(3,508)	(2,810)
Profit After Tax	5,017	3,382
Other Comprehensive(loss)/ Income	(4,102)	66,211
Total comprehensive income	915	69,593
Basic and diluted earnings per share (KShs)	0.76	0.51

SUMMARY STATEMENT OF FINANCIAL POSITION

	30 June 2023	30 June 2022	30 June 2021
	KShs Million	Restated KShs Million	Restated KShs Million
ASSETS			
Property, plant and equipment	432,483	440,181	353,249
Other non-current Assets	38,221	22,349	25,039
Current Assets	45,873	37,782	42,633
	516,577	500,312	420,921
EQUITY AND LIABILITIES			
Total Equity	274,193	274,597	206,982
Non-current Liabilities	220,197	203,594	192,451
Current Liabilities	22,187	22,121	21,488
	516,577	500,312	420,921

SUMMARY STATEMENT OF CASH FLOWS

	30 June 2023	30 June 2022
	KShs Million	Restated KShs Million
Cash generated from operations	22,355	26,179
Finance income received	1,302	1,176
Tax paid	(430)	(701)
Net Cash generated from operating activities	23,227	26,654
Net Cash used in investing activities	(13,858)	(15,974)
Net Cash used from financing activities	(7,130)	(12,100)
Net increase/(decrease) in cash and cash equivalents	2,238	(1,419)
At the beginning of the year	12,655	13,859
Effects of exchange rate changes on cash and cash equivalents	581	215
Cash and cash equivalents at the end of the period	15,474	12,655

SUMMARY STATEMENT OF CHANGES IN EQUITY

	Share Capital & Share Premium	Other Reserves	Retained Earnings	Total Equity
	KShs Million			
At 30 June & 1 July 2021-Restated	38,639	65,051	103,292	206,982
Total comprehensive income for the year	-	66,211	3,382	69,593
Transfer of excess depreciation	-	(2,843)	2,843	-
Deferred tax on excess depreciation	-	853	(853)	-
Dividends paid	-	-	(1,978)	(1,978)
At 30 June & 1 July 2022-Restated	38,639	129,272	106,686	274,597
Total comprehensive income for the year	-	(4,102)	5,017	915
Transfer of excess depreciation	-	(4,013)	4,013	-
Deferred tax on excess depreciation	-	1,204	(1,204)	-
Dividends declared	-	-	(1,319)	(1,319)
At 30 June 2023	38,639	122,361	113,193	274,193

REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY GENERATING COMPANY PLC FOR THE YEAR ENDED 30TH JUNE 2023

REPUBLIC OF KENYA		HEADQUARTERS					
OFFICE OF THE AUDITOR-GENERAL		MURORINI TOWERS					
Enhancing Accountability		P.O. Box 30054-00100					
		NAIROBI					
<p>Telephone: +254 (0) 33140000 E-mail: info@oagkenya.go.ke Website: www.oagkenya.go.ke</p> <p>REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY GENERATING COMPANY PLC FOR THE YEAR ENDED 30 JUNE, 2023</p> <p>PREAMBLE</p> <p>I draw your attention to the contents of my report which is in three parts:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.</p> <p>The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 228 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.</p> <p>REPORT ON THE FINANCIAL STATEMENTS</p> <p>Opinion</p> <p>The accompanying financial statements of Kenya Electricity Generating Company PLC set out on pages 126 to 211 which comprise of the statement of financial position as at 30 June, 2023, 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 & Touche, 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.</p> <p>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, 2023, and 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.</p> <p>Basis for Opinion</p> <p>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.</p> <p>Emphasis of Matter</p> <p>1. Financial Assets Held at Amortised Cost-Contract Asset</p> <p>I draw attention to Note 18 (d) to the financial statements which discloses contract asset held at amortised cost amounting to KShs 5,347,560,000 relating to the Okaria IV and I AU substation. The construction of the assets was done by the Company and completed in the year 2015. The asset has been utilized by Kenya Electricity Transmission Company Limited (KETRACO) since completion in the year 2015 for evacuation of power from Okaria to the National grid.</p> <p>The asset construction and implementation agreement indicated that the Company was to sign a novation agreement with KETRACO that would govern the transfer of assets in fulfillment of obligations thereof. This was in line with the Kenya Electricity Transmission Company Ltd mandate as outlined in Sessional Paper No 4 of 2004, on Energy and Energy Act, 2016 to evacuate all power generated in the country to the national grid. However, by the time of conclusion of the audit, the novation agreement had not been signed even though the operation of the substation had already been transferred to KETRACO. There have been ongoing discussions for the National Treasury as per letter referenced DC/PE/foams/64 dated 21 August, 2023 to take over the Ken in respect to this asset and facilitate full transfer of the asset to KETRACO. As at the time of the audit the agreement with the National Treasury was yet to be concluded.</p>							
<p>2. Impairment of Property, Plant and Equipment</p> <p>The statement of profit or loss and other comprehensive income includes a net impairment charge amounting to KShs 4,980,578,000, as recorded in the other comprehensive loss, and KShs 899,760,000 recorded in profit or loss as disclosed in Note 10(g). These amounts relate to provisions made for assets that have been deemed as impaired by the Company. Included in these amounts are KShs 1,899,235,000 and KShs 208,888,000 respectively, that represent full impairment of Muhoroni power station. The Power Purchase Agreement (PPA) for this plant expired in April, 2023 and is currently under negotiation for extension. Evidence obtained during the audit indicated that the negotiations are ongoing for an extension of the PPA for a period of two years, with a clearance from the Ministry of Energy as per letter referenced MOE/CON/1/169 dated 23 August, 2023. However, the effect of this potential extension has not been factored in determining the level of impairment that has been recorded in the financial statements as Management is of the opinion that the extension is uncertain since the plant has been idle and off grid since April, 2023 to date.</p> <p>My opinion is not modified in respect of the effects of the above matters.</p> <p>Key Audit Matters</p> <p>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.</p> <table border="1"> <thead> <tr> <th>Key Audit Matter</th> <th>How Audit Addressed the Key Audit Matter</th> </tr> </thead> <tbody> <tr> <td>Impairment of Property, Plant and Equipment</td> <td>I performed the following procedures, among others, to address the key audit matter: The carrying value of the Company's property, plant and equipment amounts to KShs 432 billion as reported on the statement of financial position and include the following main categories of assets - land, buildings, transmission lines, plant and machinery and work in progress. These assets are disclosed in Note 15 to the financial statements and are significant to the statement of financial position. An impairment assessment was performed on these assets by Management and a net impairment provision of KShs 4,980,578,000 and KShs 899,760,000 made in the statement of profit or loss and other comprehensive income respectively. These provisions have been disclosed under other comprehensive income and Note 10(g) to the financial statements respectively. In particular, Management identified impairment indicators in the plant and machinery assets related to Okaria 1, Muhoroni and Kipevu 1 power stations, whose Power Purchase Agreements (PPA) expired in February 2023, April 2023 and June 2023, respectively. Okaria 1 is undergoing rehabilitation while the PPA for Muhoroni power station is undergoing negotiation for a possible extension of two years. Management reported that there was no substantive discussion on the PPA related to Kipevu 1 power station as a decision had not been made. Significant judgments are required by the directors in the impairment assessment of these assets in line with the accounting policies and International Accounting Standards (IAS 38), Impairment of Assets. My audit attention was directed at this area because of the significance of the carrying values of these assets and the risk that inappropriate judgments or assumptions could lead to material misstatements in the financial statements. For the purposes of the audit, therefore, I identified the impairment of property, plant and equipment as representing a key audit matter.</td> </tr> </tbody> </table>				Key Audit Matter	How Audit Addressed the Key Audit Matter	Impairment of Property, Plant and Equipment	I performed the following procedures, among others, to address the key audit matter: The carrying value of the Company's property, plant and equipment amounts to KShs 432 billion as reported on the statement of financial position and include the following main categories of assets - land, buildings, transmission lines, plant and machinery and work in progress. These assets are disclosed in Note 15 to the financial statements and are significant to the statement of financial position. An impairment assessment was performed on these assets by Management and a net impairment provision of KShs 4,980,578,000 and KShs 899,760,000 made in the statement of profit or loss and other comprehensive income respectively. 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<p>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.</p> <p>Other Information</p> <p>The Directors are responsible for the other information, which comprises Corporate Information, the Chairman's Statement, Managing Director's Statement, the Statement of Corporate Governance, Directors Report, Directors Remuneration Report and the Statement of Directors' Responsibilities. The other information does not include the financial statements and my auditor's report thereon.</p> <p>My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.</p> <p>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</p> <p>Conclusion</p> <p>As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.</p> <p>Basis for Conclusion</p> <p>The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.</p> <p>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</p> <p>Conclusion</p> <p>As required by Section 7(1)(g) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.</p> <p>Basis for Conclusion</p> <p>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.</p> <p>REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS</p> <p>As required by the Companies Act, 2015, I report based on the audit that:</p> <p>(i) In my opinion, the information given in the report of the directors on pages 24 to 25 is consistent with the financial statements.</p> <p>(ii) In my opinion, the auditable part of the directors' remuneration report on pages 28 to 29 has been properly prepared in accordance with the Companies Act, 2015 and are in agreement with the accounting records.</p> <p>Responsibilities of Management and Board of Directors</p> <p>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.</p> <p>In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company or to cease operations.</p> <p>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.</p> <p>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.</p> <p>The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.</p> <p>Auditor-General's Responsibilities for the Audit</p> <p>The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but</p>							
<p>is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.</p> <p>In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution, and submit the audit report in compliance with Article 229(7) of the Constitution.</p> <p>Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(g) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.</p> <p>Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.</p> <p>As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements. Perform such other procedures as I consider necessary in the circumstances. <p>I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.</p> <p>I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with all my relationships and other matters which may reasonably be thought to bear on my independence and where applicable, related safeguards.</p> <p>From the matters communicated with Management, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. These matters are described in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.</p>							
<p>CPA Nancy Githinji, CBS AUDITOR-GENERAL</p> <p>Nairobi 26 October, 2023</p>							

Notice of the Annual General Meeting

Following the approval by the Registrar of Companies, **NOTICE IS HEREBY GIVEN** to Shareholders that, in accordance with the provisions of section 280 of the Companies Act, 2015 and Articles of Association of the Company Article 54A, the Seventy First Annual General Meeting of Kenya Electricity Generating Company PLC will be held via electronic communication on Thursday, 30 November 2023 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out below:

Ordinary Business

1. To table the proxies and note the presence of a quorum.
2. To read the Notice convening the meeting.
3. To consider and if approved, adopt the Company's Audited Financial Statements for the year ended 30th June 2023, together with the Chairman's, Directors' and Auditors' Reports thereon.
4. To approve the payment of a final dividend of Kshs. 0.30 per ordinary share of Kshs. 2.50, subject to withholding tax where applicable, in respect of the financial year ended 30 June 2023.
5. To consider and approve the Directors' Remuneration Report and approve payment of the Directors Fees for the year ended 30 June 2023.
6. **Auditors:**
To note that the audit of the Company's books of accounts will continue to be undertaken by the Auditor-General or an audit firm appointed by him in accordance with Section 23 of the Public Audit Act 2015.
7. To authorize the Directors to fix the remuneration of the Auditors.
8. In accordance with the provisions of Section 769 of the Companies Act, 2015 the following directors, being members of the Audit, Risk & Compliance Committee of the Board be elected to continue to serve as members of the said Committee:

(i)	Mr. Bernard Ndungu,	Alternate to Prof. Njuguna Ndungu (Cabinet Secretary -The National Treasury)
(ii)	Ms. Winnie Pertet	[Subject to re-election to the Board as per Agenda item 9(i)]
(iii)	Ms. Josephine Koisaba	[Subject to re-election to the Board as per Agenda item 9 (v)]
(iv)	Hon. Stephen Mutai	[Subject to re-election to the Board as per Agenda item 9(vi)]
9. **To Elect Directors:**
 - (i) Ms. Winnie Pertet who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director of the Company.
 - (ii) To approve the Special Notice pursuant to Sections 131 and 287 of the Companies Act 2015 having been received by the Company of the intention to move a resolution that Mr. James Opindi who has attained the age of 70 years is re-elected as a Director of the Company notwithstanding his having attained such age, to consider, and if thought fit, pass the following resolution as an Ordinary Resolution:
"That Mr. James Opindi who has attained the age of 70 years, and who retires by rotation and being eligible offers himself for re-election for one term as a Director of the Company under the Articles of Association of the Company."
 - (iii) Mr. Samuel Kimani who retires on rotation in accordance with Article 104 of the Articles of Association of the Company does not offer himself for re-election as a Director of the Company
 - (iv) Mr. William Rahedi was appointed during the financial year to fill a casual vacancy on the Board. He retires in accordance with the provisions of Article 104 of the Articles of Association of the Company and being eligible, offers himself for election.
 - (v) Ms. Josephine Koisaba was appointed during the financial year to fill a casual vacancy on the Board. She retires in accordance with the provisions of Article 104 of the Articles of Association of the Company and being eligible, offers herself for election.
 - (vi) Mr. Stephen Mutai was appointed during the financial year to fill a casual vacancy on the Board. He retires in accordance with the provisions of Article 104 of the Articles of Association of the Company and being eligible, offers himself for election.

SPECIAL BUSINESS:

10. To consider and if appropriate, pass the following Special Resolution:
"That the existing Memorandum and Articles of Association of the Company be deleted in their entirety and replaced with the new amended Articles attached as Annexure 1 of the resolution."
11. To consider any other business for which due notice has been given.

By Order of the Board

FCS. Austin Ouko
Company Secretary
9 November 2023

NOTES:

Shareholders will be able to register to follow the meeting, vote electronically or by proxy and may ask questions in advance before the date of the Annual General meeting in the manner detailed as follows:

- i) KenGen PLC has convened and will conduct its Seventieth Annual General meeting via virtual/electronic means in accordance with Article 54A of the Articles of Association of the Company which provides that "The Members may, if they think fit, confer or hold a meeting by radio, telephone, closed circuit television, video conferencing or other electronic, or other, means of audio or audio/visual communication, or a combination thereof ("Conference"). Notwithstanding that the Members are not present together in one place at the time of the Conference, a resolution passed by the Members constituting a quorum at such a Conference shall be deemed to have been passed at a General Meeting held on the day on which and at the time at which the Conference was held. The provisions of these Articles relating to proceedings of Members apply insofar as they are capable of application mutatis mutandis to such Conference." KenGen intends to hold a Virtual Annual General Meeting for the financial year ended 30th June 2023.
- (ii) Shareholders wishing to participate in the meeting should register for the AGM using either of the following means:

- (a) Dialling *483*901# on their mobile telephone and follow the various prompts on the registration process or;
- (b) Send an email request to be registered to kengenagm@image.co.ke providing their details i.e., Name, Passport/ID No., DS No. and Mobile telephone number requesting to be registered. Image Registrars shall register shareholders and send them an email notification once registered.
- (c) Shareholders with email addresses will receive a registration link via email through which they can use to register.
- (iii) To complete the registration process, shareholders will need to provide their National ID/Passport Numbers which they used to purchase their shares and/or their CDSC Account Number. For assistance shareholders should dial the following helpline number: +254 709170 000/709170 016 from 9.00 a.m. to 3.00 p.m. from Monday to Friday. Shareholders outside Kenya should dial the helpline number for assistance during registration.
- (iv) Registration for the AGM opens on **Thursday, 9 November 2023 at 9.00 a.m.** and will close on **Tuesday, 28 November 2023 at 5.00 p.m.** Shareholders will not be able to register after this time.
- (v) In accordance with Article 174 of the Company's Articles of Association, the following documents may be viewed on the Company's website www.kengen.co.ke.
 - (a) A copy of this Notice and the Proxy Form;
 - (b) The Company's Annual Report & Audited Financial Statements for the year ended 30th June 2023;
 The reports may also be accessed upon request by dialling the USSD *483*901# and selecting the reports option. The reports and agenda can also be accessed on the livestream link.
- (vi) Any shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. Such proxy need not be a member of the Company.
- (vii) A Proxy Form is provided with the Annual Report & Accounts. The Proxy Form can also be obtained from the Company's website www.kengen.co.ke or from Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street, P. O. Box 9287-00100, Nairobi, Kenya. Shareholders who do not wish to attend the Annual General Meeting have an option to complete and return the Proxy Form to Image Registrars Limited, or alternatively to the Registered Office of the Company so as to arrive not later than **11.00 a.m. on 28 November 2023**.
- (viii) Duly signed proxy forms may also be emailed to kengenagm@image.co.ke in PDF format. A proxy form must be signed by the appointor or his attorney duly authorized in writing. If the appointor is a body corporate, the instrument appointing the proxy shall be given under the Company's common seal or under the hand of an officer or duly authorized attorney of such body corporate.
- (ix) Shareholders wishing to raise any questions or clarifications regarding the AGM may do so may do so by sending their written questions:
 - a) Sending their written questions by email to agmquestions@kengen.co.ke; or
 - b) By dialling USSD code *483*901# and selecting the option (Ask Question) on the prompts; or
 - c) To the extent possible, physically delivering or posting their written questions with a return physical, postal or email address to the registered office of the Company or P.O. Box 47938 – 00100, Nairobi, or to Image Registrars offices at P. O. Box 9287-00100, Nairobi, Kenya.
 - d) Shareholders must provide their full details (full names, National ID/Passport Number/ CDSC Account Number) when submitting their questions or clarifications via email or letter.
 - e) The Company's Directors will provide responses to questions received via the channel used by shareholders to send their questions i.e SMS (for USSD option) , Email, Letters or Telephone call. Questions will also be responded to during the meeting.

A full list of all questions received and the answers thereto will be published on the Company's website not later than 24 hours following the conclusion of the meeting.

- (x) The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, as a reminder that the AGM will begin in one hour and providing a link to the live stream.
- (xi) Shareholders and proxies who have registered to attend the AGM may follow the proceedings using the live stream platform, access the agenda and vote when prompted by the Chairman via the USSD prompts.
- (xii) Results of the resolutions voted on will be published on the Company's website that is, www.kengen.co.ke within 24 hours following conclusion of the AGM. Shareholders are encouraged to continuously monitor the Company's website for any updates relating to the AGM.
- (xiii) Dividends: To ensure receipt of future dividends in a timely manner, Shareholders are hereby requested to provide their bank details and update their payment option to electronic funds transfer method through their respective stockbrokers or the Registrar to facilitate remittance of dividends through their bank accounts in future. In addition, shareholders can opt-in for their future dividends to be paid to them via mobile money transfer when registering for the AGM.

FINAL DIVIDEND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Closure of Register and Date of Payment

The Register of Members will be closed from Friday, 1st December 2023 to Tuesday, 5th December 2023 both dates inclusive. If approved, the dividend will be paid, less withholding tax where applicable on or about Thursday, 15th February 2024 to the shareholders whose names appear in the Register of Members at the close of business on Thursday, 30th November 2023.