

CHAIRMAN'S COMMENTARY



"KenGen remains steadfast in its commitment to grow and maximise shareholder value through a resilient business model."

Dear Shareholders,

This is our second year of business during these unprecedented times of the pandemic.

The second, third and fourth waves of the Covid-19 variants have had devastating adverse effects both on human life and the business environment. In spite of this, your Company has remained resilient and prudent in running of the business both in managing costs, securing our human capital, and putting stringent business continuity measures.

This has all paid off and I am happy to report that we have recorded another profitable year while continuing to provide safe, reliable, and competitively priced electric energy to the citizens of Kenya.

Business Operating Environment

The country's Gross Domestic Product decelerated by 0.3% in 2020 as compared to a revised growth of 5.0% in 2019. Despite most sectors recording negative growths due to the impact of the Covid-19 pandemic, the economy was supported by accelerated growth in agricultural production (4.8%), construction activities (11.8%), financial and insurance activities (5.6%) and health services activities (6.7%). We have focused on diversification and growing generation capacity to meet local growing demand for electricity as evidenced by the 3.5% growth in pre-Covid peak demand of 1,926 MW in March 2020 to 1,994 MW in June 2021.

Creating Value Through Sustainability

We have surged ahead in our Good-to-Great (G2G) strategy to grow our renewable energy portfolio to 86% as we protect this planet and secure it for the next generations.

Our geothermal prowess has cemented Kenya in the eighth position globally and the leader in Africa. KenGen has broken ground as the first state corporation to expand beyond the Kenyan borders by securing several geothermal drilling contracts in Ethiopia and Djibouti. Rwanda and the Democratic Republic of Congo have engaged KenGen in geoscientific studies with an objective of undertaking drilling subject to the findings.

Stakeholder Engagement

Building strong relationships with our stakeholders gives us a social capital to deliver on our core mandate in line with our long-term values. While we have endeavoured to focus on enabling manufacturing on the Big 4 agenda, we have gone a step further to foster the Universal Healthcare Initiative through construction of a mega Level 5 Hospital in Naivasha. This facility will serve the greater Rift Valley Region and contributing towards attainment of SDG3 on good health and wellbeing for all.

Changes in the Board

At the last Annual General Meeting held on 22nd April 2021, there were transitional changes in the Board with the election of three new Non-executive Directors who joined the KenGen Board. Directors Winnie Pertet, James Opindi and Samuel Kimani have refreshed the Board's mix of skills with their specific expertise and experience for effective oversight by the Board. We welcome them to the Board and the greater KenGen fraternity.

Dividends

The Board proposes a first and final dividend for the year of KShs. 0.30 per ordinary share. This compares to a total dividend of KShs. 0.30 per ordinary share paid in 2020. If approved at this Annual General Meeting by shareholders, the dividend will be paid less withholding tax where applicable on or about Thursday 10th February 2022.

Appreciation

I reassure you that your Board of Directors is alive to the uncertainties in the current business environment and continue to provide the requisite oversight to protect the shareholders' interests and maximise shareholder value to ensure KenGen has a sustainable business ethos. I thank the Government of Kenya and our parent ministry, the Ministry of Energy for the unwavering support and confidence they have accorded the Board of Directors and KenGen as we support the nation building efforts with provision of the critical infrastructure enabler.

In closing, I urge you all to continue to abide by the issued Covid-19 health protocols. Let's keep safe and protect our families.

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

"Our geothermal prowess has cemented Kenya in the eighth position globally and the leader in Africa. KenGen has broken ground as the first state corporation to expand beyond the Kenyan borders by securing several geothermal drilling contracts"

MANAGING DIRECTOR & CEO COMMENTARY

"The strength and agility of our business, combined with our professionalism enabled us to continue delivering a strong operational performance. This reflects full year revenue impact from Olkaria V geothermal power plant."

Dear Shareholders,

I am pleased to present to you the 2021 performance. As an organisation, we remained keen on ensuring business continuity is aligned to our strategic aspirations which has enabled us to assess potential impact of disruptions, make decisions and minimize the impact of these disruptions. In the midst of Covid-19, we have in place a well-defined Business Continuity Plan and a Disaster & Risk Management Framework which have steered critical business operations while retaining the agility of the business.

Our Strategic Direction

Our key priority amid the Covid-19 pandemic, is to deliver the 83.3 MW Olkaria I Unit 6 Geothermal Power Plant into the national grid by December 2021. The rehabilitation of Olkaria I, which seeks to increase the plant's installed capacity from the current 45 MW to over 60MW which we intend to ground break. Our affinity for renewable energy has paved way for development of 42.5 MW Seven Forks Solar project expected to be added to the grid by end of the year 2024 and redevelopment of 10 MW Gogo Power Plant in Migori County.

Securing Our Revenues

We have secured long-term revenue streams through Sustainable Power Purchase Agreements developed within the framework of the Energy Act 2019 to provide competitive tariffs with a view of attaining Sustainable Development Goal No. 7 (SDGs) on affordable and clean energy by 2030, allowing us access to concessional funding for our projects.

2021 Business Performance

The strength and agility of our business, combined with our professionalism enabled us to continue delivering a strong operational performance. Overall, we delivered revenue growth of 4.1%, from KShs 44,110 million in 2020 to KShs 45,901 million for the period. This reflects full year revenue impact from Olkaria V geothermal power plant. Profit before tax grew by 7.0% in 2021 to KShs 14,762 million compared to KShs 13,790 million in 2020. The corporate tax rate of 25% which had been given in the 2020 as part of Covid-19 mitigation measures, reverted to 30%. Consequently, our profit after tax declined to KShs 1,188 million compared to KShs 18,377 million in the previous year, principally reflecting the reversal of the corporate tax rate from 25% back to 30% and the related reinstatement of the associated deferred tax liability.

Regulatory Environment

During the year under review, KenGen worked with other energy sector agencies to shape the regulatory environment and formulate regulations to operationalize the Energy Act 2019. We are active participants in discussions on emerging legislation and regulations and ensure a change in law clause is included in the Power Purchase Agreements. In March 2021, H.E. the President appointed a taskforce to undertake comprehensive review of all existing PPAs. KenGen as a key stakeholder has actively engaged the Taskforce on all existing PPAs.

Climate Action

KenGen joined the United Nation Global Compact (UNGC) Caring for Climate Working Group with a view to refocusing its business sustainability through taking further actions to continuously improve the efficiency of energy usage and to reduce the carbon footprint of our activities and processes. KenGen is the first state corporation to be admitted to the Business Ambition for 1.5°C Campaign, an initiative of the companies demonstrating the highest level of ambition on climate, paving the way to a net-zero future.

Our People

During the Covid-19 pandemic, KenGen employees as part of the essential service providers remained

resilient, agile, and committed to ensure availability of reliable power to support the economy. The company won the Trailblazers Award by the Ministry of Public Service and Gender for promoting gender mainstreaming and women empowerment, through the Pink Energy initiative. The company introduced Competencies E-Lab an online learning platform that offers training content and services with 100% cloud access, anytime, anywhere.

Operational Excellence

To remain flexible and competitive in a changing business landscape, digitization is imperative. Towards this end, we are implementing an automatic metering system infrastructure in all generating stations. Through continuous improvement of our generation assets, we undertook an overhaul and rehabilitation of various Power Plants. These plant improvement processes are supported by effective management of spares, continued capacity building and optimization of employees.

Stakeholder Engagement

KenGen has a robust strategy that identifies and actively engages the various stakeholders to promote sustainable operations by adopting practices that are responsive to their needs. During the Covid-19 pandemic, KenGen engaged local communities through economic and social support to help alleviate the impacts of the disease.

Innovation

KenGen is continually seeking ways to create and improve its business models and practices that exploits new ideas that improve our business processes and embrace new solutions. This corporate innovative culture has given us a distinct competitive edge which is driving our diversification agenda and has successfully won us several contracts in Ethiopia and Djibouti.

Future Outlook

I am profoundly thankful to the KenGen fraternity for its unwavering commitment to addressing climate change as an urgent global priority. KenGen, as a market leader, plays a central role in meeting the national power demand while lowering the carbon intensity and making energy more resilient. Through its renewable penetration and expertise, the Company plays a fundamental role in decarbonizing the globe in line with the Paris Climate Agreement.

Our future outlook is governed by the energy trilemma filter that paves the way for developing Geothermal, Wind, Hydro and Solar sources. In the interest of variability, Geothermal energy takes a dominant role to overcome weather vagaries and ensure reliable baseload power to the grid. This commitment provides an energy mix dominated by renewable sources, which not only actualizes our Climate Positive aspiration but significantly lowers the cost of power and greatly optimizes the shareholder value.

Innovation is our culture in approaching sustainability. Through this, our diversification agenda was hatched to grow our revenues, reduce our costs preserving our cash flow and meeting our obligations. In recognition of our refined expertise, KenGen has been engaged by several partners in the African region, including Ethiopia and Djibouti to help develop renewable energy capacity on several fronts. In addition, several local companies have directly contracted KenGen to undertake geothermal studies and drilling works within their concessions. This has in every way grown our brand, revenues and increased our revenue sources.

Operational Excellence was our North Star in preserving our revenues. It permeates all facets of our business through optimum management of costs, reducing tariffs, and ultimately increased



profitability. Operation and maintenance costs for our generation fleet is one of the significant cost drivers for our business. Therefore, plant operational strategies and arising practices are a crucial element of KenGen's overall Operational Excellence pillar. Our elaborate Operational and Maintenance strategy for our diverse Generation Fleet has evolved from time-based preventive mode through condition-based and predictive maintenance approach to the current nascent Reliability-Centred Maintenance (RCM) strategy.

The dynamism of regulatory and business environment coupled with the heightened customer awareness and strive for lower power costs reinforces the need for constant scanning and review of maintenance strategies to ensure alignment with best practices, optimization of costs and sustainability of the business for the continued financial success of KenGen and our esteemed shareholders and humbly enhancing our corporate contribution to the larger overall good of our great country, Kenya.

With a greater focus than ever before, the Company rolled out a digitalization plan. This plan, combined with our headway, enabled us to improve operational execution and strengthened our capacity to work through the uncertainties triggered by the pandemic. The KenGen brand is one of our eminent pride and a source of competitive advantage. It continues to be a significant resource that deserves constant attention and deliberate nurturing. We shall continue to promote our brand through effective and intentional stakeholder management. As a good corporate citizen, the Company is keen on establishing "Karibu Centers" in all our operations to proactively serve our customers and provide necessary information with a smile. We remain committed to positively interacting and meeting all our stakeholders halfway, and building mutually beneficial relationships.

We are already a positive presence and active participants in local and major international events such as Global Compact Climate Action Platforms. KenGen is a renowned force of good and a reference point in excellent stakeholder management. Tremendous effort in proactively deepening our international stakeholder engagements has been made. This initiative is timely because of the enormous potential brand equity to be gained coupled with the fact that it aligns and dovetails perfectly with our stated ambition of expanding our business footprints in Africa and beyond, particularly in the Geothermal field.

Appreciation

I sincerely thank the Board of Directors for their guidance and the entire KenGen family for their dedication to our corporate theme; "Build, Bring out the best, and Be present with excellence" as we seek to simply deliver on our strategic aspirations.

Rebecca Miano, MBS
Managing Director & CEO



8th

Globally and leader in Africa geothermal prowess



86%

Renewable Energy portfolio



7.0%

Growth in Profit before tax in 2021 compared to 2020



4.1%

Revenue Growth in 2021 as compared to 2020

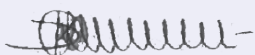
Notice of the Annual General Meeting

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 Sixty Ninth Annual General Meeting of Kenya Electricity Generating Company Plc will be held via electronic communication on Thursday, 16 December 2021 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 2021, 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 30th June 2021.
5. To approve payment of Directors' fees for the year ended 30th June 2021.
6. **Auditors:**
To note that the audit of the Company's books of accounts will continue to be undertaken by the Auditor-General or an audit firm appointed by him in accordance with Section 23 of the Public Audit Act 2015
7. To authorise the Directors to fix the remuneration of the Auditors.
8. In accordance with the provisions of Section 769 of the Companies Act, 2015 the following directors, being members of the Audit, Risk & Compliance Committee of the Board be elected to continue to serve as members of the said Committee:
 - (i) Mr. Samuel Kimani
 - (ii) Mr. Bernard Ndungu, Alternate Director to Cabinet Secretary - The National Treasury
 - (iii) Mrs. Phyllis Wakiaga
 - (iv) Ms. Peris Mwangi
9. **To Elect Directors:**
 - (i) Hon. Amb. Ukur Yatani, Cabinet Secretary - The National Treasury, who retires on rotation in accordance with Article 104 of the Article of Association of the Company and being eligible, offers himself for re-election as a Director of the Company.
 - (ii) Mr. Maurice Nduranu who retires in accordance with Article 104 of the Articles of Association of the Company and does not offer himself for re-election as a Director of the Company.
 - (iii) Mr. Joseph Sitati who retires in accordance with Article 104 of the Articles of Association of the Company and does not offer himself for re-election as a Director of the Company.
 - (iv) Special Notice pursuant to Section 287 and 131 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 continues in office 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 continues in office as a Director of the Company for one term until he comes up for retirement by rotation under the Memorandum and Articles of Association of the Company."
10. To consider any other business for which due notice has been given.

By Order of the Board



CS LAWRENCE KIBET
FOR: IMAGE REGISTRARS LIMITED

24 November 2021

NOTES:

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

- (i) Kenya Electricity Generating Company Plc has convened and will conduct its Sixty Ninth 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 2021.

- (ii) Shareholders wishing to participate in the meeting should register for the AGM using either of the following means:
 - a) Dialling *483*901# on their mobile telephone and follow the various prompts on the registration process.
 - or;
 - b) Send an email request to be registered to kengenagm@image.co.ke
 - c) Shareholders with email addresses will receive a registration link via email through which they can use to register
- (iii) To complete the registration process, shareholders will need to provide their National ID/Passport Numbers which they used to purchase their shares and/or their CDSC Account Number. For assistance shareholders should dial the following helpline number: +254 709170 000/709170 015 from 9.00 a.m. to 3.00 p.m. from Monday to Friday. Shareholders outside Kenya should dial the helpline number for assistance during registration.
- (iv) Registration for the AGM opens on Thursday, 25th November 2021 at 9.00 a.m. and will close on Monday, 13 December 2021 at 5.00p.m. Shareholders will not be able to register after this time.
- (v) In accordance with Article 174 of the Company's Articles of Association, the following documents may be viewed on the Company's 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 2021
 The reports may also be accessed upon request by dialling the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.
- (vi) Any shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. Such proxy need not be a member of the Company.
- (vii) A Proxy Form is provided with the Annual Report & Accounts. The Proxy Form can also be obtained from the Company's website www.kengen.co.ke or from Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street, P. O. Box 9287 -00100, Nairobi, Kenya. Shareholders who do not wish to attend the Annual General Meeting have an option to complete and return the Proxy Form to Image Registrars Limited, or alternatively to the Registered Office of the Company so as to arrive not later than 11.00 a.m. on 14th December 2021.
- (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 on or before 14th December 2021 at 11:00 a.m. by:
 - a) Sending their written questions by email to agmquestions@kengen.co.ke; or
 - b) Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialling the USSD code above and selecting the option (Ask Question) on the prompts;
 - c) to the extent possible, physically delivering or posting their written questions with a return physical, postal or email address to the registered office of the Company or P.O. Box 47938 - 00100, Nairobi, or to Image Registrars offices at P. O. Box 9287 -00100, Nairobi, Kenya.

Shareholders must provide their full details (full names, National ID/Passport Number/ CDSC Account Number) when submitting their questions or clarifications. www.kengen.co.ke within 24 hours following conclusion of the AGM.

Closure of Register and Date of Payment

The Register of Members will be closed from Friday, 17th December 2021 to Monday, 20th December 2021, both dates inclusive. If approved, the dividend will be paid, less withholding tax where applicable on or about Thursday, 10th February 2022 to the shareholders whose names appear in the Register of Members at the close of business on Thursday, 16th December 2021.