

Proposed Title: Kenya Power's 50% Dividend Jump

In this week's newsletter, we cover Kenya Power's H1 FY2025/2026 results, the Court of Appeal's decision upholding the NGCDF Act as constitutional, and Kenya's PMI easing to 51.9

Kenya Power H1 FY2025/2026 Results

Revenue Growth Driven by Higher Sales: Kenya Power posted total revenues of KES 114.9B in H1 FY2025/2026, up 6.9% year-on-year from KES 107.4B, supported by a 10.5% increase in electricity unit sales to 6,086 GWh and improved distribution efficiency, which rose from 76.35% to 77.97%. Cost of sales increased 7.5% to KES 76.7B, driven by higher power purchase costs as total energy bought rose 8.3% to 7,807 GWh to meet stronger demand, while gross profit grew 5.9% to KES 38.2B. Operating profit advanced 2.2% to KES 16.0B despite higher operating expenses of KES 25.16B, up from KES 23.74B, primarily driven by increased provisions for expected credit losses following growth in customer debt levels, higher depreciation from completed network projects, and staff-related cost movements.

Kenya Power Revenues [KES]

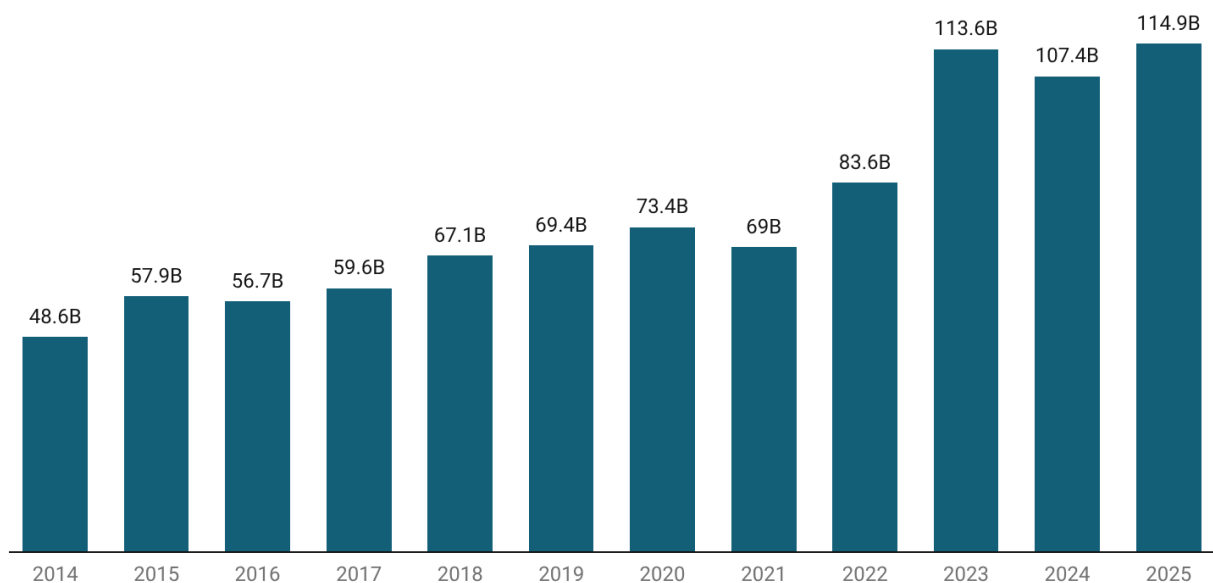
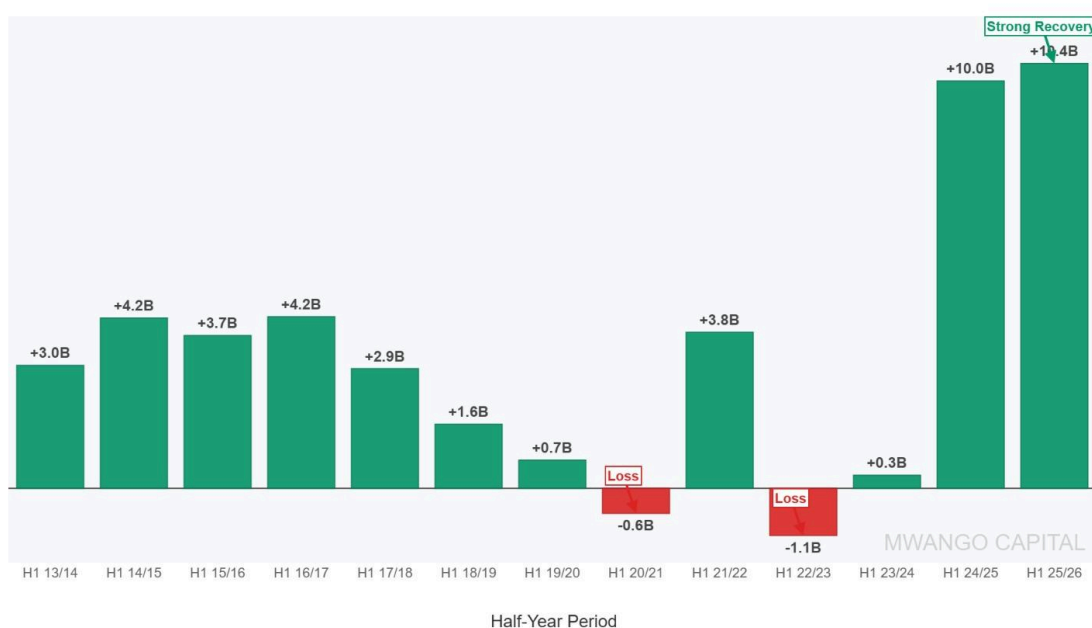


Chart: @MwangoCapital • Source: Company financial statements • Created with Datawrapper

Finance Costs Fall 25% as Debt Burden Eases: Finance costs dropped 25% to KES 1.5B from KES 2.0B in the prior period, reflecting lower interest expenses following

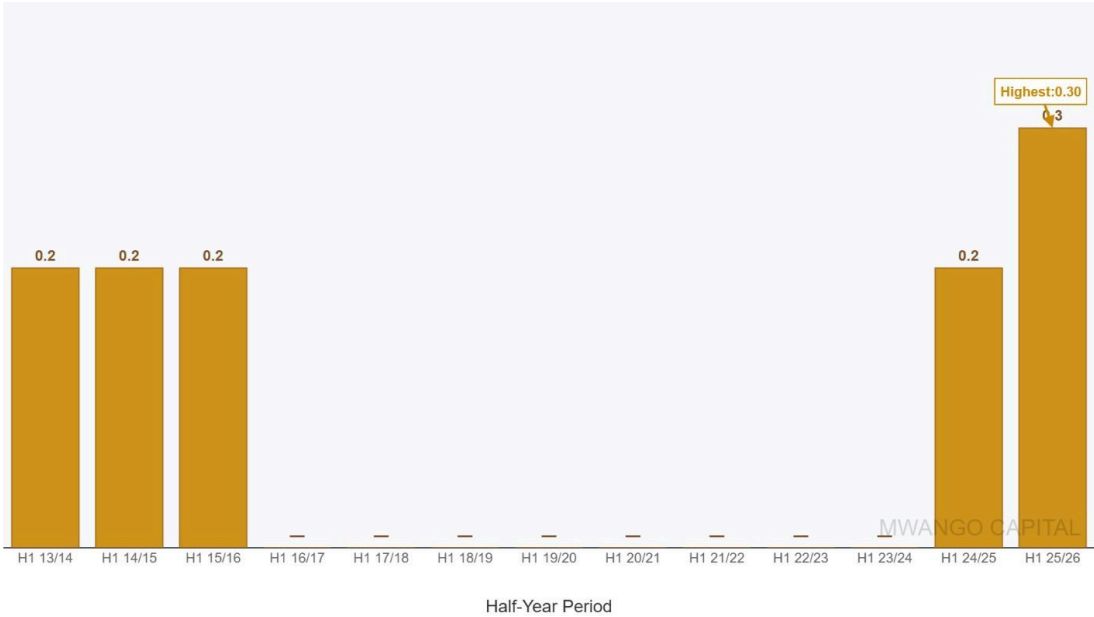
scheduled loan repayments and a broader reduction in debt levels, with total borrowings declining 6% to KES 84.23B as at 31 December 2025. Profit before tax increased 5.5% to KES 14.83B from KES 14.06B, while profit after tax rose 4.3% to KES 10.4B, with earnings per share advancing from KES 5.11 to KES 5.33. The improved performance was primarily attributed to higher electricity sales volumes and the reduction in financing costs, which collectively offset the pressures from rising operating expenses and power purchase obligations.

KPLC Half-Yearly Profit After Tax(KES)




Working Capital Improves as Board Raises Dividend 50%: Kenya Power's working capital position strengthened during the period, with negative working capital reducing from KES 19.21B as at 30 June 2025 to KES 12.54B as at 31 December 2025, reflecting improved cash management and operational efficiency. The Board declared an interim dividend of KES 0.30 per share, up 50% from KES 0.20 in the prior year, with books closing on 23 February 2026 and payment expected on or around 27 March 2026.

KPLC Half-Yearly Interim Dividend(KES)



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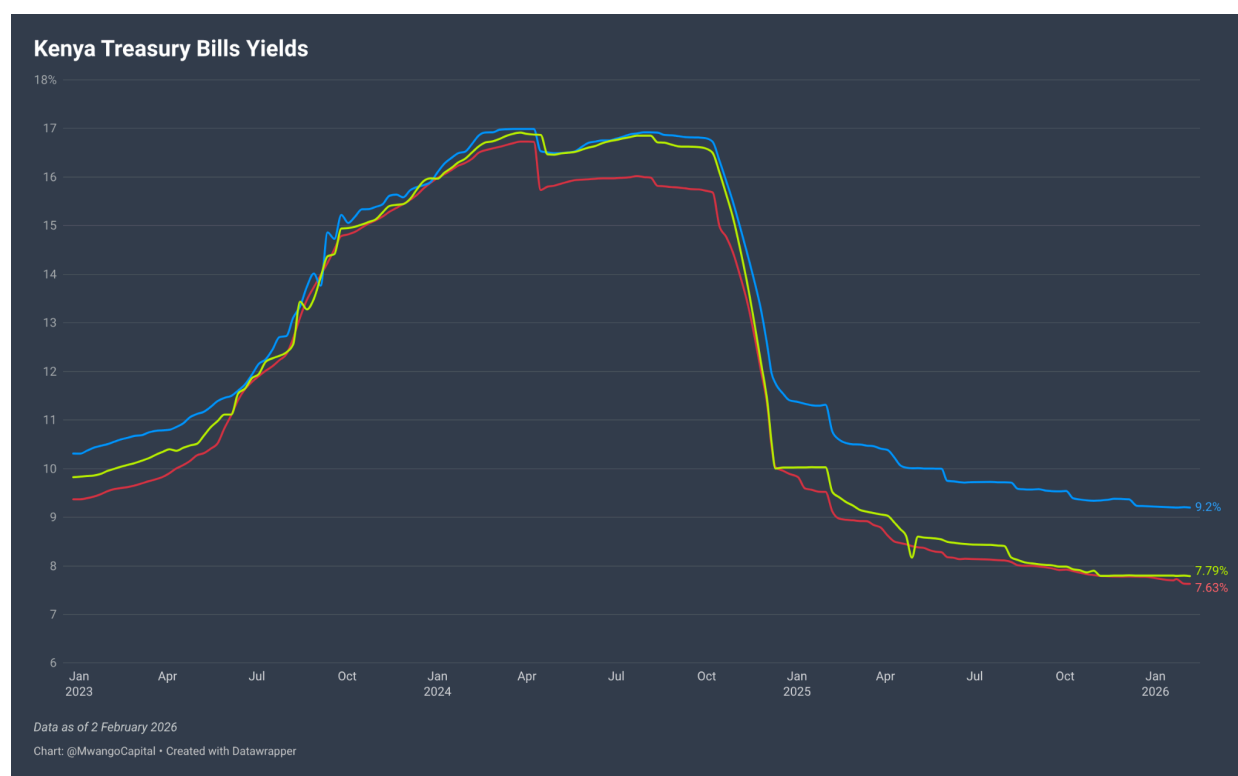
Markets Wrap

NSE Week 6 Highlights: The Nairobi Securities Exchange posted strong gains in Week 6, with the NSE All Share Index (NASI) rising 3.77% to close at 202.7. Equity turnover increased 6.9% to KES 4.76B, while bond turnover declined 20.2% to KES 57.52B. Africa Mega Agricorp led the top gainers, climbing 20.3% to KES 93.25, while Unga Group recorded the steepest decline, falling 7.5% to KES 22.10. The market's total capitalization grew 3.77% to KES 3.20T, though foreign investors posted a net outflow of KES 1.06B for the week.

The Mwango Capital Weekly Market Wrap						
Week 06 (30 to 6 February 2026)						
NSE Top Gainers & Losers in Week 6						
Top Gainers	Ticker	30 Jan	6 Feb	Change (%)	YTD %	
Africa Mega Agricorp	AMAC	77.50	93.25	20.3%	32.27%	
Nation Media Group	NMG	12.85	13.95	8.6%	20.78%	
Safaricom Plc	SCOM	29.60	32.00	8.1%	12.87%	
Olympia Capital Holdings	OCH	7.44	7.88	5.9%	-4.14%	
Nairobi Business Ventures	NBV	1.38	1.46	5.8%	-0.68%	
Top Losers	Ticker	30 Jan	6 Feb	Change (%)	YTD %	
Unga Group Limited	UNGA	23.90	22.10	-7.5%	-4.74%	
Eveready East Africa	EVRD	1.39	1.30	-6.5%	-5.11%	
Absa NewGold ETF	GLD	6,235.00	5,880.00	-5.7%	8.99%	
BOC Kenya Limited	BOC	137.25	131.75	-4.0%	3.74%	
Centum Investment	CTUM	13.55	13.05	-3.7%	-5.78%	
The NSE This Week						
		Week 05	Week 06	Change (%)	YTD %	
NSE All Share Index	NASI	195.4	202.7	3.77%	8.66%	
NSE 20 Share Index	NSE 20	3,299.3	3,347.5	1.46%	6.64%	
NSE 10 Share Index	NSE 10	2,046.8	2,094.5	2.33%	6.58%	
NSE 25 Share Index	NSE 25	5,322.0	5,441.2	2.24%	6.76%	
Banking Sector Index	Banking Index	215.03	218.51	1.62%	7.30%	
Market Cap (KES B)	CAP	3,083.1	3,199.4	3.77%	8.65%	
Volume (M)		114.7	124.8		8.8%	
Equity Turnover (Kes. Mn)		4,452.00	4,759.00		6.9%	
Bond Turnover (Kes. Mn)		72,107.20	57,517.85		-20.2%	
Domestic Debt						
5 Feb Offering (KES B)	Offered	Bids Received	Accepted	% Accepted	% performance	
91-Day	4.00	12.96	12.96	100.00%	323.93%	
182-Day	10.00	0.50	0.50	100.00%	4.97%	
364-Day	10.00	50.80	36.58	72.01%	508.00%	
T-Bill Yield (%)	30 Jan	5 Feb	Change (bps)			
91-Day	7.63	7.63	-0.3			
182-Day	7.80	7.79	-1.2			
364-Day	9.21	9.20	-0.7			
NSE Upcoming Corporate Actions						
Date	Corporate	Corporate Action				
11 February 2026	Kenya Re	SGM				
12 February 2026	KenGen	Final Dividend Payment (KES 0.90)				
20 February 2026	EABL	Interim Div. Book Closure (KES 4.00)				
25 February 2026	Safaricom	Interim Div. Book Closure (KES 0.85)				
5 March 2026	Sasini	AGM				
11 March 2026	KCB	FY 2025 Results				
11 March 2026	Stanbic	FY 2025 Results				
17 March 2026	Equity	FY 2025 Results				
20 March 2026	Co-op	FY 2025 Results				
26 March 2026	NCBA	FY 2025 Results				
26 March 2026	I&M	FY 2025 Results				
31 March 2026	Safaricom	Interim Div. Payment (KES 0.85)				
NSE Foreign Participation in Week 6						
KES (M)	Buys	Sales	Net			
Mon, 2 Feb 2026	39.4	189.7	-150.3			
Tue, 3 Feb 2026	257.8	215.4	42.4			
Wed, 4 Feb 2026	226.9	366.9	-140.0			
Thu, 5 Feb 2026	64.3	453.2	-388.9			
Fri, 6 Feb 2026	51.1	475.1	-424.0			
Totals	639.5	1,700.3	-1,060.8			
Week 06	AMOUNT (KES M)	%				
Total Foreign Turnover	1,169.89	24.58%				
Total Local Turnover	3,589.12	75.42%				
Eurobond Yields						
KES (M)	30-Jan	5-Feb	7D Change (bps)			
10-Year 2028	6.07%	6.13%	6.0			
6-Year 2031	6.79%	6.68%	-11.0			
12-Year 2032	7.08%	6.99%	-9.0			
13-Year 2034	7.73%	7.76%	3.0			
30-Year 2048	8.66%	8.65%	-1.0			
Sources: NSE, Central Bank of Kenya						
@MwangoCapital						

Treasury Bills: Treasury bills were oversubscribed last week, with a subscription rate of 267.9%, up from 196.7% the previous week. Investors submitted bids totaling KES 64.3B, and the Central Bank of Kenya (CBK) accepted KES 50B out of the KES 24B on offer. Yields fell by 0.3, 1.2 and 0.7 bps on the 91-day, 182-day and 364-day T-bills to

7.6298%, 7.7881 and 9.1999%, respectively.





Bonds: The Central Bank of Kenya concluded a 15-year Treasury bond switch FXD1/2022/015 on 21 January 2026, using T-Bond FXD1/2016/010 as the source security. The auction offered KES 20B, received KES 26.49B in bids, and accepted KES 25.17B, with a weighted average yield of 13.17% and a coupon of 13.94%. The bond matures on 6 April 2037.

CBK has also reopened 15-year FXD3/2019/015 and 25-year FXD1/2018/025 fixed-coupon bonds, targeting a total of KES 50B for budgetary support. The 15-year reopened bond offers a 12.34% coupon, matures in 2034, and has 8.4 years to maturity, while the 25-year bond carries a 13.40% coupon, matures in 2043, and has 17.3 years to maturity. Bids for the reopened issues close on 11 February 2026, with settlement on 16 February 2026.

Eurobonds: Kenya's Eurobond yield curve recorded an average week-on-week decrease of 4.64 bps in the week ending 6 February 2026. The steepest decline was at KENINT 2032, which fell 82.30 bps to 6.897%. The largest increases were at KENINT 2034, which rose 8.60 bps to 7.719%, and KENINT 2028, up 7.40 bps to 5.909%.

Market Gleanings

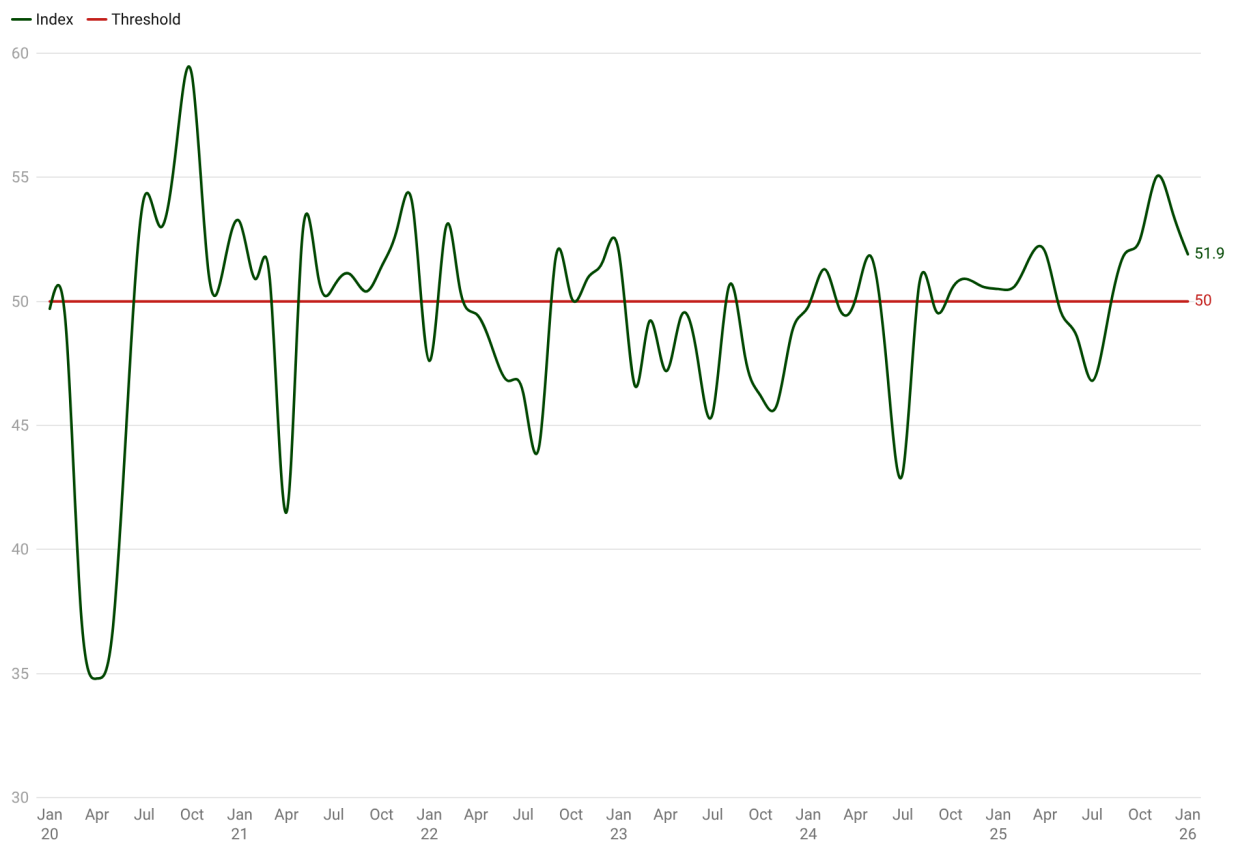
 **Court of Appeal Upholds NGCDF Act as Constitutional** | The Court of Appeal [overturned](#) the High Court and held that the NGCDF Act, 2015 is largely constitutional. It found that the High Court relied on speculative harm and applied a disproportionate remedy by striking down the entire statute. The Court ruled that only section 43(9) was partially unconstitutional and could be severed for improperly tying the Fund Manager's tenure to Parliament and election cycles. It rejected claims that the Act violated devolution, public finance principles, separation of powers, or required Senate involvement. The original petitioners have since filed a Notice of Appeal to the Supreme Court, a step that does not suspend the Court of Appeal judgment and leaves the Act fully operative unless the apex court intervenes.

 **Kenya PMI Eases to 51.9 as Activity Growth Moderates** | Stanbic Kenya's Purchasing Managers' Index fell to [51.9](#) in January 2026 from 53.7 in December, marking the fifth consecutive month above the 50.0 threshold but signaling the joint-slowest pace of expansion in the current sequence alongside September 2025. Employment and purchasing growth softened as firms reduced backlogs at the fastest pace since April 2021, reflecting efficient operations, while total inventories rose marginally at the slowest rate in six months as companies managed excess inputs.

Operating expenses increased solidly due to higher raw material prices, taxes, import fees, and technology costs, though firms restrained output price increases amid market saturation and competitive pressures, contributing to headline inflation easing to 4.4% year-on-year in January. Output expectations improved slightly to a five-month high, with firms citing robust expansion plans, improved access to credit, and hopes of strengthening order books through increased marketing, new premises, diversification,


and contract bids.

Stanbic Bank Kenya PMI




PMI: Purchasing Managers Index

Chart: Mwango Capital • Source: Stanbic Bank • Created with Datawrapper

 **Koko Networks Enters Administration After Carbon Credit Dispute** | Koko Networks Limited and Koko Networks Global Services (Kenya) Limited entered [administration](#) on 1 February 2026, with PricewaterhouseCoopers appointing Munithoithi and George Weru as Joint Administrators to explore rescuing the companies as going concerns or achieving better outcomes for creditors than liquidation would allow. The clean cooking fuel company shut down operations in Kenya, ending services to thousands of households relying on its ethanol-based fuel, following its inability to monetize carbon credits amid delays in government approval and regulatory uncertainty over letters of authorization needed to sell credits in compliance markets. The collapse comes despite Koko having invested USD 300M building infrastructure to supply bioethanol to 1.3M low-income urban households and securing USD 179.6M in political risk insurance from the World Bank's Multilateral Investment Guarantee Agency in March 2024, with the company now expected to file a claim alleging breach of contract by the Kenyan government.

 | **South African Bank Chiefs Target Kenya Expansion** | South Africa's banking giants are continuing to [bolster](#) their presence in Kenya. Following Standard Bank CEO Sim Tshabalala's visit last week, Absa Group CEO Kenny Fihla was in Kenya for a three-day working visit, engaging with government officials, regulators, and industry leaders. The visit comes as Nedbank has made a strategic offer to acquire up to 66% of NCBA Group, valuing the bank at 1.4x book value. This move highlights the increasing interest in Kenya's role as a key regional financial and trade hub.

"And that effectively this market is very attractive, exceptional GDP growth, very dynamic, the most integrated economic region within the African continent. Rapid investment in infrastructure, massive capital inflows and what have you. Um, but that comes with its own pressures and that the expectation from a delivery and a performance point of view would be much higher...If we can't get it right in Kenya, we have no chance of winning in East Africa. That also means then that if your business is not pumping, it is unlikely that Absa will be successful in East Africa." - Absa Group CEO Kenny Fihla

 | **Safaricom Raises Interim Dividend** | Safaricom has increased its interim dividend by 54.5% to [KES 0.85](#) per share for FY2026, up from KES 0.55 in the prior year, with books closing on 25 February 2026 and payment expected on or around 31 March 2026. Separately, the group's Ethiopian operation posted total revenue of KES 9.97B in

Q3 FY26, up 47.9% year-on-year.

Safaricom Dividend Track Record [KES]

■ Special ■ Interim ■ Final

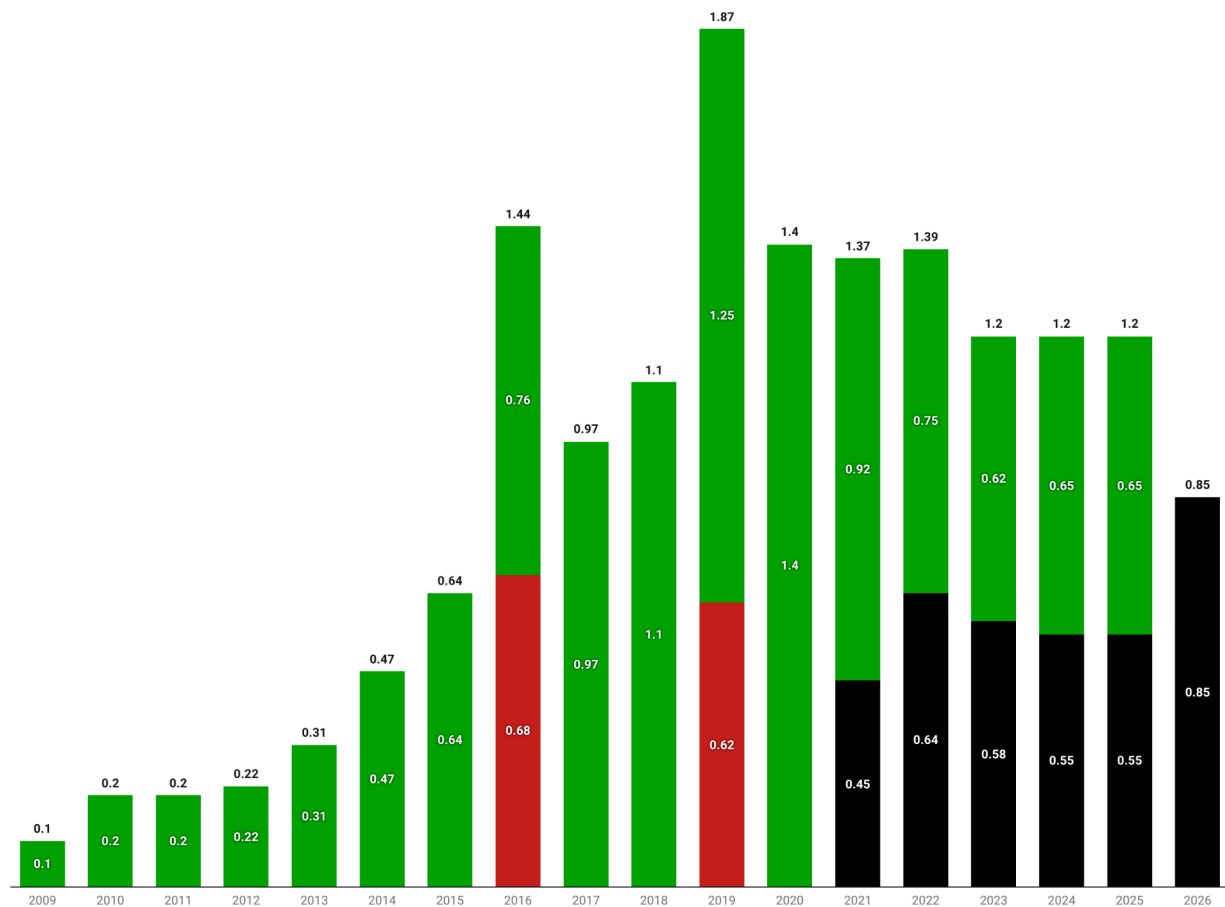


Chart: Mwango Capital • Source: Safaricom Financials • Created with Datawrapper



Treasury Proposes Tax Exemption for Earners Below KES 30,000 | The National Treasury has proposed raising the tax-free income threshold from KES 24,000 to [KES 30,000](#), effectively exempting low-income salaried workers from Pay As You Earn obligations. Cabinet Secretary John Mbadi stated the measure would offer relief to low-income earners struggling with the rising cost of living, while the Treasury also plans to reduce tax rates for workers earning up to KES 50,000, with the proposals requiring parliamentary approval ahead of the 2026/2027 budget cycle. The government plans to compensate for revenue losses through accelerated privatization of state-owned enterprises and expanding the tax base via technology and

administrative reforms.

Monthly Wage Distribution in Kenya in 2024

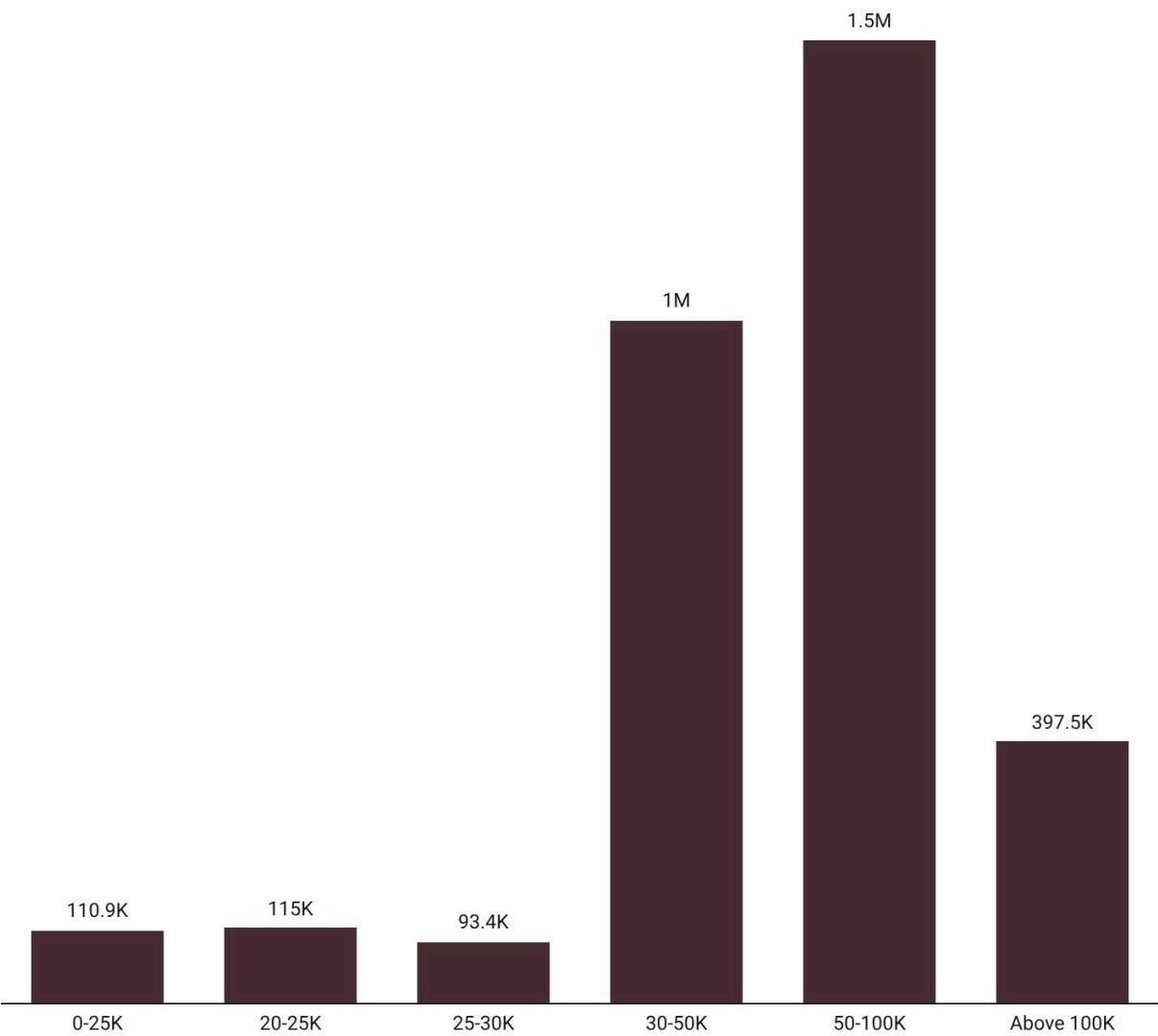




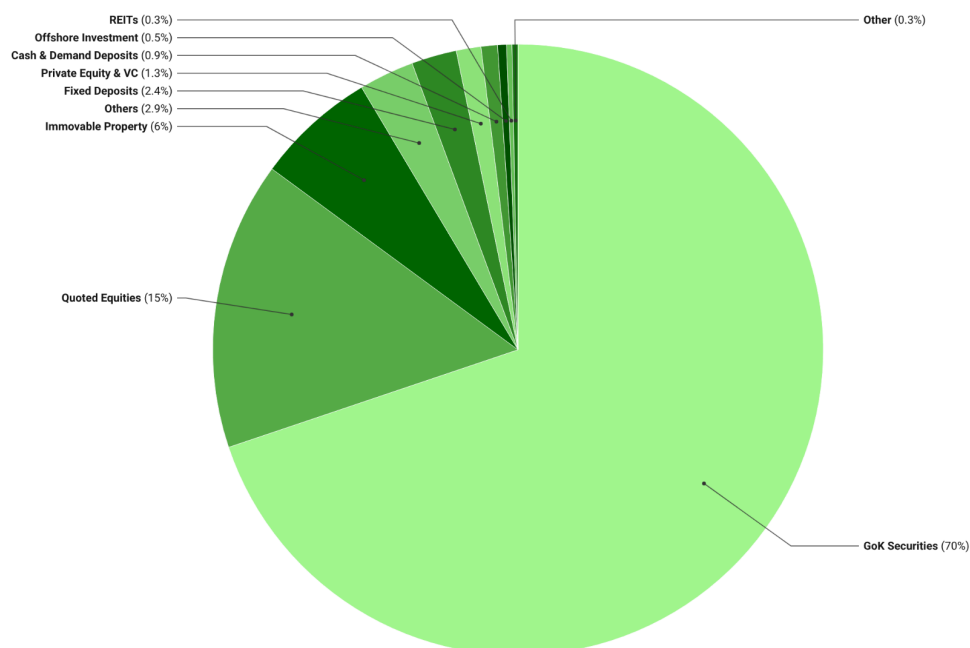
Chart: @MwangoCapital • Source: KNBS • Created with Datawrapper


 **Standard Group Suspends KES 1.5B Rights Issue** | Standard Group has suspended its previously proposed [KES 1.5B](#) rights issue, which had been approved by the Capital Markets Authority and was structured to raise capital through 283.6M new shares at KES 5.29 each, offering shareholders 11 new shares for every 3 held. The Board cited prevailing market conditions and the need to reassess the structure, timing, and viability of the transaction, stating the suspension would allow additional time to evaluate strategic financing options aligned with shareholder value. The company emphasized the suspension does not constitute a cancellation and does not reflect any adverse change in underlying business or governance, with the Board committing to continue evaluating funding strategy and communicate material developments.

 **Kakuzi Launches Domestic Tea Brand to Diversify Revenue Streams** | Kakuzi has [introduced](#) a loose-leaf tea brand for the local market, available in 250g and 500g packs and sourced from its Kaboswa Tea Estate in Nandi County, as part of a products-and-markets diversification strategy aimed at reducing reliance on export-only revenue streams. Managing Director Chris Flowers stated the move responds to weakening international tea trade conditions, with the domestic product adding to Kakuzi's portfolio that includes ready-to-eat macadamia, cold-pressed macadamia oil, and blueberry products launched in recent years.


 **NSSF Defends Equity Investment in Rironi-Mau Summit Highway** | The National Social Security Fund has clarified that its [exposure](#) in the Rironi-Nakuru-Mau Summit highway project is limited to 40% of the equity portion of the public-private partnership with China Road and Bridge Corporation. NSSF General Manager for Finance and Investments Ronald Nyamosi stated the project is financed through a 75% debt, 25% equity structure, with CRBC raising concessional debt and providing the remaining 60% of equity, while NSSF's investment is strictly on the equity side, insulating members from debt-related risks while targeting long-term toll revenue returns. Nyamosi emphasized that infrastructure investment is permitted under Retirement Benefits Authority regulations and reflects regional best practice among pension funds in Zambia and Tanzania, while noting that NSSF recorded a 17% return on investments for FY 2024/2025.

NSSF Investment Portfolio as of 30th June 2025



 | **AIB Approves Grant for Mau Summit-Malaba Road PPP Studies** | The Asian Infrastructure Investment Bank has [approved](#) a grant to finance preparatory studies for the Mau Summit-Eldoret-Malaba road PPP project, with a joint venture between CPCS (Canada) and Avatech Engineering (Kenya) appointed to undertake a four-month pre-feasibility study covering preliminary technical, economic, environmental, and financial assessments. The proposed upgrade will expand the critical Northern Corridor section to dual carriageway standards, with the Government targeting Request for Qualifications in Q3 2026, Request for Proposals in Q1 2027, and commercial close in Q2 2027 for a private partner to handle design, financing, construction, operation, and maintenance.

 | **IFC Proposes EUR 11M Loan to Star Bright** | The International Finance Corporation is proposing a senior loan of up to [EUR 11M](#) to Star Bright Holdings Limited to finance capital expenditure at its flower farms in Kenya and Ethiopia, including environmental and sustainability initiatives such as water recycling systems at packhouses and energy-efficient lighting installations. Star Bright, a Mauritius-domiciled company operating under the Marginpar brand, runs 10 flower farms across Kenya and Ethiopia producing approximately 220 million stems annually for export to European and Asian markets, while also sourcing from partner farms in Tanzania and Zimbabwe. The proposed IFC financing would cover a portion of the Group's EUR 15.4M capex program, targeting infrastructure improvements and operational efficiency gains across its East African production facilities

 | **Mirova Invests USD 19M in Kenya Cold Chain Infrastructure** | Mirova has committed [USD 19M](#) to Cold Solutions Kiambu, a temperature-controlled warehouse operator in Kenya, through its Gigaton Fund to finance energy-efficient refrigeration infrastructure. The facility in Tatu City operates approximately 15,000 pallet positions and incorporates a rooftop solar system covering roughly 30% of energy needs alongside ammonia-based refrigerants, targeting post-harvest loss reduction and pharmaceutical cold chain requirements.

| **Leadership Changes** |

- **Williamson Tea Kenya and Kapchorua Tea Kenya** have [announced](#) the resignation of Samuel Ndungu Thumbi as Executive Director of both companies at the close of business on 31 January 2026, pending his retirement on 31 March 2026 after over 44 years of service. The Boards have appointed Angus Nyariki Omete as Executive Director of both companies with effect from 1

February 2026, with Omete currently serving as Group Chief Financial Officer.

- **Jubilee Holdings** has [appointed](#) Barbara S. Mulwana as a Non-Executive Director, effective 2 February 2026. Mulwana is the immediate former chairman of Jubilee Health Insurance Uganda, with a distinguished leadership background that includes key roles at Stanbic Bank, Hima Cement, and the Uganda Manufacturers Association.

Chart of the Week

NSSF Kenya Fund Value (KES)

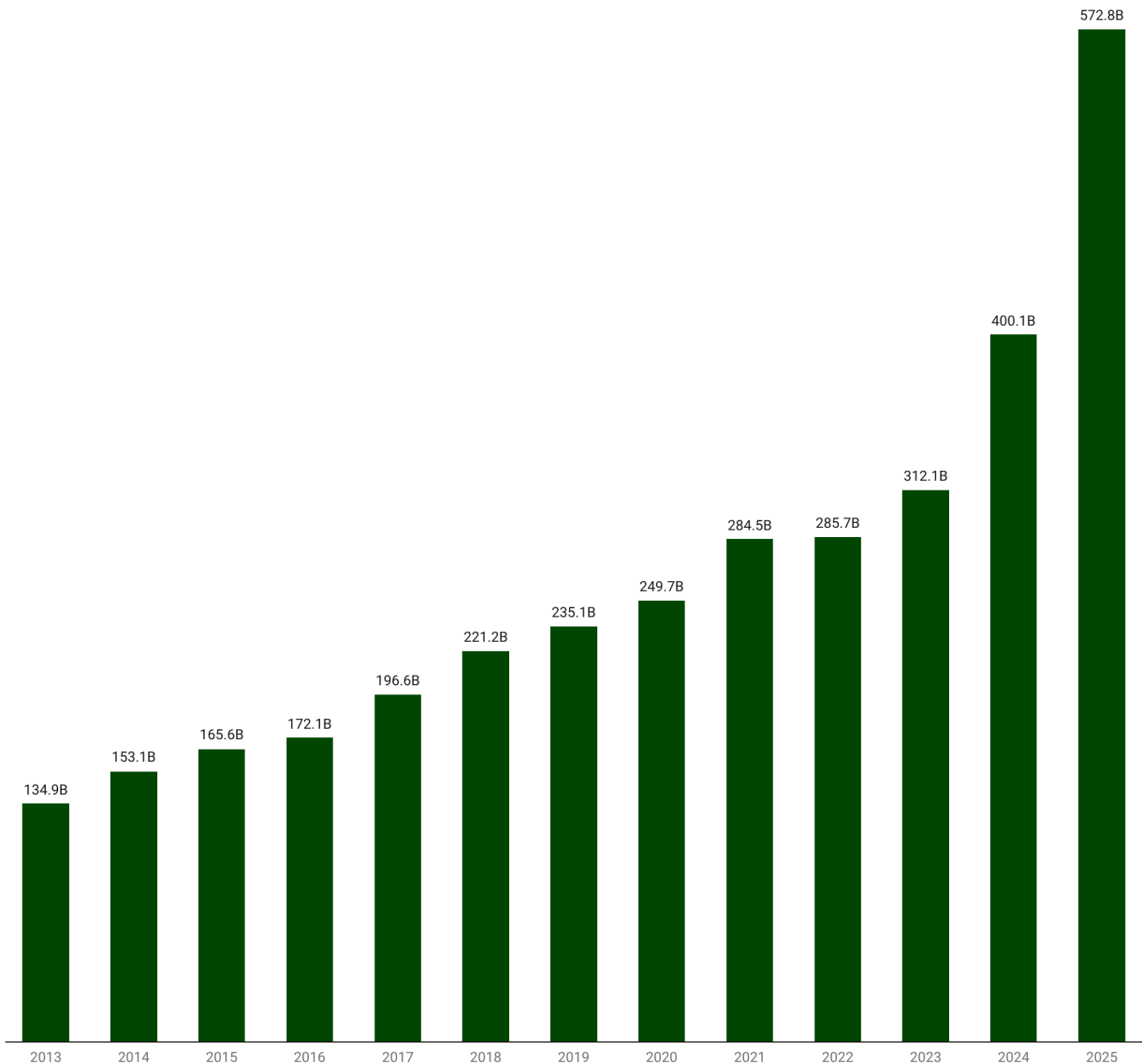


Chart: Mwango Capital • Source: NSSF Kenya • Created with Datawrapper

Sasini’s Landmark Estate Sale

Gulmarg Disposal: Sasini Plc has agreed to sell the Gulmarg Division in Mweiga Estates for KES 7.9B, a ~109% premium to the KES 3.78B carrying value, itself already anchored in fair value accounting under the revaluation model. The transaction reframes the conversation around embedded land optionality and private market clearing prices. Relative to an equity market value of roughly KES 4.6B, the consideration for a single estate equates to ~170% of the entire company, while the absence of liabilities means proceeds would translate into an immediate liquidity uplift for a group that closed FY25 with only ~KES 0.56B of cash, materially altering balance sheet architecture on the Nairobi Securities Exchange.

Some Questions: Critical variables remain. Is the consideration fully cash, what is the receipt schedule, and which conditions precedent govern closing certainty? Was the process a product of deliberate portfolio design or an opportunistic response to a compelling approach? How binding is the agreement in practice, and what renegotiation or termination levers exist? Post completion, what is the steady state operating perimeter, does further asset rotation follow, and through which mechanisms does management ensure the value crystallization migrates into sustainable per share outcomes rather than a transitory re rating?

The Mwango Weekly:

- Structure:
 - 2 or 3 main stories
 - With 3 or 4 short paragraphs.
 - With 8 to 10 lines of the most impactful parts of quotes.
 - Market wrap
 - NSE
 - Treasury Bills and Bonds
 - Eurobonds
 - Market gleanings
 - Chart of the week