

STRATEGIC PLAN 2025



TABLE OF CONTENTS

LIST OF DEFINITIONS	02
EXECUTIVE SUMMARY	03
ABOUT KIYONA ENERGY LIMITED	04
KIYONA'S CORE IDEOLOGY	05
VISION	05
MISSION	05
CORE VALUES	06
STRATEGIC OVERVIEW	07
SITUATIONAL ANALYSIS	07
INDUSTRY OVERVIEW	07
ZESCO GROUP CURRENT PORTFOLIO OVERVIEW	07
KIYONA'S OPERATING ENVIRONMENT	08
POLITICAL	08
ECONOMIC	08
SOCIAL	08
TECHNOLOGY	09
ENVIRONMENTAL	09
LEGAL	09
SWOT ANALYSIS	10
STRATEGIC OBJECTIVES	11
STRATEGIC FOCUS AREAS	12
TO HARNESS CLEAN RENEWABLE ENERGIES	12
TO BE A LEADING POWER TRADER OF RENEWABLE ENERGY	14
TO BE A FINANCIALLY SUSTAINABLE ORGANIZATION	15
STRATEGY IMPLEMENTATION PLAN	16
FUNDING APPROACH	17
FUNDING REQUIREMENTS	17
SEED INVESTMENTS	17
MICROGEN PAYMENT SECURITY	17
PROJECT IMPLEMENTATION	18
CONCLUSION	18

LIST OF DEFINITIONS

GW	Giga Watt				
ют	Internet of Things				
ERB	Energy Regulation Board				
ESI	Electricity Supply Industry				
HFO	Heavy Fuel Oil				
IPP	Independent Power Producer				
VL	Joint Venture				
KEL	KIYONA Energy Limited				
KGP	Kafue Gorge Power Station				
KNB	Kariba North Bank Energy Power Corporation				
LPG	Liquified Petroleum Gas				
MWH	Mega Watt Hours				
РРА	Power Purchase Agreement				
РРР	Private Public Partnership				
PSA	Power Supply Agreement				
VPP	Virtual Power Plant				



HARNESSING NATURE, POWERING PROGRESS

EXECUTIVE SUMMARY

KIYONA Energy Limited (KEL) is committed to delivering competitive, clean energy solutions that blend innovation, efficiency, and environmental stewardship, with a mission to provide sustainable, high-quality energy solutions while protecting the environment for a better future. In response to Zambia's rapidly growing energy demand which is projected to exceed 5.4GW by 2030 and reach 11GW by 2050, KIYONA has developed a comprehensive 5-year strategic roadmap focused on contributing towards the energy diversification of the energy sources in the Electricity Supply Industry (ESI).

The improving the energy mix in the ESI will reduce reliance on hydropower and enhance climate resilience by leveraging abundant renewable resources such as solar, wind, geothermal and biomass. KIYONA Energy Limited intends to be a major player in harnessing these abundant renewable energy resources and contribute towards energy sufficiency in the Zambian ESI.

As a major part of our strategic plan, KEL will contribute towards energy sufficiency through implementation of the following initiatives

i. Harness 302 MW of Renewable Energy

KIYONA Energy Ltd intend to develop, build, own and operate renewable energy plants across the country with over 302 MW projected to reach commercial operation in the first four years of strategic implementation at a total dry cost of US\$1 million per installed MW.

ii. Power Trading

Our strategy encompasses robust power trading using initiatives such as off taking of power from microgenerators and government building solarization developers. During the strategic period, we are projected to trade over 3200GWh of energy from these initiatives (with average annual trade of 680 GWh over a 4-year period).

iii. Supply of Renewable Energy Solutions

Over the strategic plan period, we will ensure accelerated access to reliable and affordable clean energy in the country through installation of rooftop solar solutions to cover 130,000 households in the first two years. KEL intends to achieve this target using the 'Green City Initiative' to power wide areas such as towns and communities. The conventional rooftop solar installation will target commercial and residential customers, whereas the Green City Initiative will target towns/districts or communities.

At KIYONA, we believe sustainability is a part of our organisation philosophy, and our business has been structured to ensure this is rooted in all our business processes and integrated across our value chain. Our commitment to harness nature and become a leader in the renewable energy sector is anchored by our employees and partners who are driven by a common vision of powering progress.

Our bright outlook is leveraging on the supportive government policies and plan such as the Integrated Resource Plan (IRP), 8th National Development Plan(8NDP), Electricity Policy and Changes that have been made to the legal framework governing the Zambian ESI.

Furthermore, our phased implementation plan intends to achieve positive results after deploying short-term initiatives, thereafter, transitioning the company to long-term goals that will provide a bedrock for achieving sustainable growth.

We aim to position KIYONA Energy Ltd as a catalyst for economic growth in Zambia and vehicle for renewable development for the shareholder.

ABOUT KIYONA ENERGY LIMITED

The word Kiyona meaning "The One" in the Bantu language spoken by the Lozi people of western Zambia.

The word KIYONA meaning "The One" in the Bantu language spoken by the Lozi people of Western Zambia.

KIYONA Energy Limited (KEL), a wholly owned subsidiary of ZESCO Limited, ventures in businesses outside the regular power generation of ZESCO Limited as a response to mitigating power deficits and complimenting efforts of the Shareholder in reaching sufficiency and security of supply.

Business ventures for KIYONA Energy limited include but are not limited to:

In the short to medium term

- i. The subsidiary buds on the creation of VPP's. "VPPs are networks of small energy-producing or storage devices, like solar panels and batteries, that are pooled together to serve the electricity grid". VPPs work by freeing grid capacity by using alternative sources or addition to generation capacity. (Greening of Cities or Town Strategies)
- **ii.** Develop, Build, Own and Operate large scale solar parks ranging from 5MW to 50MW directly and through joint venture partnerships.
- iii. Deployment of Off-grid and grid connected Solar Roof top for home and commercial.
- iv. Energy Trading Microgen and Government Building solarization aggregators.
- V. Maintenance Management Maintenance as a business i.e. beyond maintaining our own plant, optimize the usage of maintenance equipment and teams by providing tailor made maintenance solutions for IPPs in the Renewable Energy space, directly or through subcontracting.

In the long term

Actively participate and support energy sufficiency initiatives such as

- i. Alternative cooking solutions such as LPG, and solar water heating solutions which include supply and retrofitting
- ii. Dedicated tailor-made embedded renewable Energy Systems Solutions
- iii. Contribute toward the industry wide policy formulation for the renewable space in the Zambian ESI.

1. KIYONA'S CORE IDEOLOGY



Vision Statement

To be a leading provider of quality, innovative and environmentally sustainable energy solutions.





MISSION

Mission Statement

KIYONA Energy, a company dedicated to providing competitive clean energy solutions with a commitment to innovation, efficiency and quality whilst protecting the environment for a better future.





Customer Focus

Our customers are at the heart of everything we do. We strive to exceed their expectations by providing the highest level of service and support.

Quality

Quality is the cornerstone of everything we do. From the meticulous selection of high-grade materials to the precision engineering of our energy systems, every aspect of our operations reflects our unwavering dedication to excellence.

Innovation

Innovation drives the vision of KIYONA Energy Limited, we are committed to exploring new ideas, methods, and tools to provide cutting-edge, tailored solutions while promoting sustainable energy practices that minimize harm to the planet while meeting Zambia's growing energy needs.



Integrity

Integrity is the foundation of KIYONA Energy Limited's operations, guiding every decision and action we take. We are committed to upholding the highest standards of honesty, transparency, and ethical conduct in our interactions with customers, partners, and stakeholders.

1. STRATEGIC OVERVIEW

KEL Strategic Plan outlines the 5-Year roadmap that will project the company as a leader in the Renewable Energy space in the Zambian ESI and make significant contribution toward improving the ESI energy mix, making power system resilient to the climatic change impact.

2. SITUATIONAL ANALYSIS

INDUSTRY OVERVIEW

The Zambian ESI Power generation infrastructure has four (4) main electricity generation sources that contribute to the overall industry-installed capacity of circa 3,787MW.

Hydro Power generation represents 84% of the total ESI installed Capacity, whereas Thermal Power (Coal) Generation makes a 9% contribution. Solar and HFO, Diesel, and Gas Generation have a contribution of 2% and 5% respectively.

The low Renewable Energy generation uptake in Zambian ESI provides an opportunity for growth for this space, as KIYONA our strategy is to leverage on policies and plans and/ or Government support mechanism that have been put in place to accelerate the growth of this sub sector.

The other key drivers for growth of this sub sector are the overall national demand forecast is estimated to be at over 5.4GW by 2030 and will double to 11GW by 2050. This projected growth will require the ESI to harness all generation potential by investing in different energy sources. To enhance energy security the ESI intends to further diversify the energy mix to make it more climate change resilient by increasing the base energy source and matching them with intermittent (renewable sources)

ZESCO GROUP CURRENT PORTFOLIO OVERVIEW

Currently, the ZESCO Group Power generation portfolio is 100% hydroelectric power accounting for the 84% of the Zambian ESI. Figure 2 shows, how the companies within the ZESCO group contribute to the energy generation.





3. KIYONA'S OPERATING ENVIRONMENT

The energy sector in Zambia is very dynamic, politically influenced, economic shifts, social trends, technology, environmental factors, and regulations. Understanding these elements is key to navigating challenges, making informed decisions, and seizing opportunities.

POLITICAL

> In the political space, Government has set the tone by developing frameworks and policies that ensure the growth in energy sector that support and sustain its overall aim of transitioning the country from low to middle income country by 2030.

> **Key Policies and Institutional framework** have been implemented to support renewable businesses. The following are some key policies anchoring renewable energy growth

- 8NDP (2022 2026), Under the plan the development outcome no. 1 is to "Creation of the diversified and industrialized economy. Strategy Six (6) under this outcome supports the growth the ESI.
- National Energy Policy (2019) Key policy objectives applicable to the electricity subsector, (1) Objective 5

 "To increase exploitation of renewable energy to diversify the energy mix" and (2) Objective 6. "To increase access to electricity to improve the livelihoods of citizens".
- Integrated Resource Planning (IRP) Outlines a 30year roadmap for the electricity supply industry that aims to ensure national energy sufficiency and surplus through least-cost investment.
- National Green Growth Strategy (2024-2030): outlines a comprehensive framework to transition towards a low-carbon, resource-efficient, and socially inclusive economy. Strategic outcome three (3) focuses on Increased deployment and adoption of renewable energy technologies to make the power system more climate resilient and enhance energy security, which acts as a catalyst for socioeconomic development.

Key institutions are available to support the ESI such as the line Ministry (MoE) and other supporting ministries, Energy Regulation Board, Engineering Institute of Zambia.

The country has a stable and consistent political environment with peaceful transition of power from one government to another since independence a bedrock for attracting investments in the economy.

ECONOMIC

Zambia economic outlook indicate an economic under pressure with lower than anticipated growth due to power deficit and decline in other energy and climate driven sectors such as Agriculture and Mining. The Fiscal space is also tightening up which has a potential to constrain domestic and international financing effectively limiting the economy's ability to effectively respond to economic and climate related shocks. Below is the summary overview of the economic space.

- Growing economy but constrained by inflation, FX, high interest rates and unemployment.
- Favorable fiscal policies i.e., tax exemptions on solar products
- High initial investment costs and constrained debt market.
- Zambia's increasing energy demand, coupled with low investment in the sector, creates a robust market for Kiyona's solutions.
- Regional synergies through regional economic bodies such as SADC provides a wide market for energy through bodies such as SAPP.

SOCIAL

The social space KEL operates in has a youthful population; fairy educated population, high formal unemployment, rapid urbanization and increasing household and energy demand. The following are some of the key aspects of social space.

- Over 37% of Zambia's total population are youths' population which guarantees a long-term consumer population which drive the demand for Household, energy and other commodities.
- The country has a vibrant and growing talent pool. The Higher Education Authority 2022 reports that the country is producing over 20,000 graduates annually thus creating a sustainable labor market to pull from. Most of the graduates are unemployed largely due to the economy's inability to absorb them.
- As at 2022, the country had slightly over 4 million households nationally with 53% in the urban area and 47% in the rural areas. With ZESCO's residential customer base at about 780,000 customers, this implies that over 81% of the households are not connected to the grid power. This provides a huge demand for In Grid and Off Grid renewable energy solutions as a strategy to grow access to electricity.
- Awareness of Renewable Energy solutions has created an increased awareness of environmental and social issues in the communities where the projects are being implemented. This is affecting the implementation cost as the cost such PAPs Compensation, RAPs and Land Acquisition cost are escalating. There is a environmental cost that will arise after the decommissioning of the plants

TECHNOLOGY

In Million

11111 111 •••• 1111

111

Globally there is advancement in Solar Technology which is driving the dry cost of implementing solar solutions down e.g. 10 yrs ago PV panels could only produce 145kWac but currently panels are rated as high as 745kWac. As a country, Zambia has a robost electricity generation infrastructure to anchor as base load and transmission system to transmit energy where it is needed. Furthermore, telecommunication infrastructure can provide digital accessibility to PV plants installed across the country.

Some of the key technological changes that the industry is currently going through are.

- · Key innovations in the deployment of Solar have seen a global increase in installed capacity for Solar PV to over 1419 GW globally by 2023. Besides the traditional landed solar deployment systems developers can deploy solar on water mass (Floating Solar Farms), building or Skyscraper Windows and Buildings Rooftop (as Solar Shingles or Complete solution installed on the roof.)
- Continuous improvements in Renewable technologies such solar panel, wind turbine and battery storage system is driving Investment and growth as project are become technically bankable and feasible.

ENVIRONMENTAL

KEL Environmental space cover issues ranging from sustainability practices and regulatory requirements, that operational impact strategies and consumer perceptions. The country environmental regulatory authority has adopted eco-friendly practices that does not only meet regulatory standards, but these requirements are abbreviated to ensure cut on implementation timelines. Some of the environmental factors that impact KEL's operating environment.

Environmental Sustainability

- All Projects that need to be undertaken will require an Environmental Study undertaken to determine its suitability the impact on Environmental. The project will have to undertake the submit an EPB and/or EIA for regulatory approval by ZEMA before commencement of projects. This aligns Renewable energy projects with global environmental and providing access to international funding.
- Zambia is geographically position in an area that has abundant solar energy, with over 2,000 hours of sunlight annually
- Potential disposal challenge or cost for renewable energy hardware that is being installed in the country in response to drought induced power deficit.

LEGAL

Some of the main legal factors in KIYONA Energy's operating environment that can impact or likely to impact on its business.

Legal and Regulatory Reforms

The Electricity Act 2019 and ERB act 2019 have brought in sweeping changes in the ESI. The following are some key legal and regulatory changes that have a bearing on our operations.

- Migrate the Zambian ESI from a single buyer model to a market model by providing a framework for setting up a spot market through the introduction of a licensing framework for intermediary power traders.
- Operate open access transmission regime on set terms and conditions and upon user fee payment.
- · Deregulation of importation and exportation of power in cases of emergency.
- Introduce a multiyear tariff framework.
- · Zambia is in the process of formulating the Green Economy and Climate Change law that will among many other things
- · Provide for climate Change adaptation and disaster risk reduction
- Regulation of carbon markets.
- · Provide environmental and social safeguards in climate change actions.
- · Provide for climate change mitigation, low emission development, green economy and related actions.

4. SWOT ANALYSIS

Strengths

- Benefits from synergies arising from being part of ZESCO group e.g. technical and management consultancy etc.
- KIYONA Energy team with vast technical experts and ESI experience

Weaknesses

- Lack of Balance Sheet
- Lack of Initial Investment to grow the company's Renewable plants at a desired rate.
- Expensive Rooftop Solar Solutions
- Dependence on the Parent company for Financial and Investment Support.
- Limited Consumer awareness of renewable energy solutions.

Opportunities

- Increased demand for electricity and lack of diversification.
- Low access to electricity i.e. Out of over 4 million households, only 800 thousand households are connected to Grid.
- Government policies and Regulatory framework that supports renewable energy
- Tax Exemption for Renewable Power generation equipment.
- Open access to the Distribution and Transmission network resulting in the reduction of project cost as we can leverage on the existing infrastructure.

Threats

- Regulatory changes affecting renewable energy tariffs and policies
- Competition from other renewable energy providers
- Economics challenges reducing customer purchasing power
- Natural disasters
- Emergence of Pandemics
- Vandalism and theft of equipment

5. STRATEGIC OBJECTIVES



6. STRATEGIC FOCUS AREAS



INITIATIVE ONE: TO HARNESS CLEAN RENEWABLE ENERGIES

KIYONA'S core mandate is to develop and effectively operate renewable plants with the aim to contribute to the diversification of Zambia's energy portfolio. KIYONA intends to invest and develop in the following renewable sources; Solar, Wind, Geothermal and Biomass.

The Group Strategy towards renewable plant development is that both the Shareholder and KIYONA will undertake projects to inject renewable energies into the Grid. The following are the two development models;

1. Where the Shareholder has already contracted the development plants, there is an option to.

a. Develop the project until Commercial Operation Date then transfer the plant to KIYONA Energy Limited to operate and maintain. The investment under this model will be treated as Shareholder Investment in the Subsidiary. The alternative is where the shareholder novates some contracts to KIYONA Energy Limited and the Subsidiary manages the Project to Commercial Operation Date.

Project Development - Shareholder Driven

Project Area Shangombo District	Project Name Shangombo Solar PV	Strategic Initiative Harness Renewable Energy	Lead Developer Shareholder	Capacity (MW) 2.00	Projected COD Sep-25	Status Contracted
Lusaka	Kasupe 1 Solar PV	Harness Renewable Energy	Shareholder	7.50	Sept 25	Contracted
Mansa	Mansa Solar PV	Harness Renewable Energy	Shareholder	25.00	Dec 25	Contracted
Lusaka	Kasupe 2 Solar PV	Harness Renewable Energy	Shareholder	8.20	Dec 25	Procurement

42.70

b. KIYONA Energy Limited will also undertake to develop projects using Traditional and Innovative Financing Models such as equity, debt financing, strategic partnerships and project Financing Models.

Major Renewable Projects

Project Area	Initiative	Lead Developer	Technology	Capacity (MW)	Projected COD	Status
Mwembeshi District	Harness Renewable Energy	KEL	Solar PV	40	Mar-26	Feasibility
Country Wide Country Wide Country Wide	Harness Renewable Energy Harness Renewable Energy Harness Renewable Energy	ZESCO/KEL ZESCO/KEL ZESCO/KEL	Wind Biomass Geotherma l	30 20 30	2027 2027 2028	Feasibility Concept Note Concept Note
				120		

2. Green Cities Initiative (Virtual Rooftop) – The Greening Cities, Business and Communities model promotes clean power supply by providing dedicated Solar PV Power Plants.

Phase 1 - Immediate Implementation

Project Area	Initiative	Lead Developer	Capacity (MW)	Projected COD	Status	Year
Various Districts (Namwala and Kalomo)	City Greening Concept (Virtual Rooftop Solar)	KEL	7.5	Sep-25	Immediate	2025
Various Provinces (Lusaka, Eastern Copperbelt)	City Greening Concept (Virtual Rooftop Solar)	KEL	15	Oct-25	Immediate	2025
Chinsali District	City Greening Concept (Virtual Rooftop Solar)	KEL	5	Oct-25	Immediate	2025
Nakonde District	City Greening Concept (Virtual Rooftop Solar)	KEL	20	Dec-25	Immediate	2025
Mokambo Boarder Town	City Greening Concept (Virtual Rooftop Solar)	KEL	10	Dec-25	Immediate	2025
Mbala District	City Greening Concept (Virtual Rooftop Solar)	KEL	10	Dec-25	Immediate	2025

Phase 2 - 2026 Projects

Project Area	Initiative	Lead Developer	Capacity (мw)	Projected COD	Status	Year
Kaoma District	City Greening Concept (Virtual Rooftop Solar)	KEL	7	May-26	Immediate	2026
Mufumbwe District	City Greening Concept (Virtual Rooftop Solar)	KEL	10	Jul-26	Feasibility	2026
Mumbwa District	City Greening Concept (Virtual Rooftop Solar)	KEL	15	Jul-26	Feasibility	2026
Serenje District	City Greening Concept (Virtual Rooftop Solar)	KEL	10	Jul-26	Feasibility	2026
Lundazi District	City Greening Concept (Virtual Rooftop Solar)	KEL	5	Jul-26	Feasibility	2026
			47			

Within the first four (4) years of operation KIYONA projects to add over 300MW of Renewable Energy plants at a total projected cost of US\$1million per Installed MW. In the first year of strategic implementation beginning 2025, over **110 MW** of installed capacity will be harnessed, and another **100MW** in 2026.

Phase 2 - 2026 Projects

Lead Developers	2025	2026	2027	2028	Total
Shareholder Development KEL Development Greening City Initiative	42.70 - 67.50	25.00 40.00 47.00	- 50.00 -	_ 30.00 _	67.70 120.00 114.50
Total Installed Capacity (MW)	110.20	112.00	50.00	30.00	302.20
Projected CAPEX (US\$ Million)	110.20	112.00	50.00	30.00	302.20

TO BE A LEADING POWER TRADER OF RENEWABLE ENERGY

KEL will engage in Energy trading activities by off-taking Power from Renewable Plants that will be developed from initiatives such as Microgeneration (Microgen) plants, Government solarisation etc. All these solar Initiative are projected to generate 252GWh in the first year which will cumulatively contribute to over 3,200 GWh over the strategy implementation period.

Trading Projections

	2025	2026	2027	2028	Total
Solar PV Microgen Plants	200	220	220	220	220
Government Rooftop Solar	52	100	100	100	100
Private Microgen	0	50	100	100	100
Total Cumulative (Installed Capacity)	252	370	420	420	420
Solar Annual Hours	1825	1825	1825	1825	1825
Projected Energy (GWh)	462	675	767	767	767
Projected Payment Security Levels (US\$ Mn)	8 00	11.82	13 41	13.41	13.41
	0.00	11.02	10.41	10.41	10.41
Invoice Cover (No. of Months)	3.00	3.00	3.00	3.00	3.00

The Key Initiatives to actualise this Strategic Objective are;

1. Purchase of power from IPP's under different power purchase agreements (PPA's) and sell it to customers through power supply agreements (PSA's).

a. KEL will enter Tripartite PSAs between itself, the Microgenerator, and ZESCO before the Commercial Operation Date for each plant.

b. KEL will Initiate and finalise connection agreement for all Government Solarisation Vendors by the earlier of 31 March 2025 or first Commercial Operation date of the plants

- 2. Ensure Power Supply Agreements (PSA) with Power Off takers for all owned plants under development are executed within the second quarter of 2025
- **3.** Establish a cost reflective Tariff for Virtual Power Plants by first quarter of 2025 and engage into agreements for the supply of virtual power by the second quarter of 2025.
- **4.** To become a member of SAPP and participate in competitive power markets.

TO BE A FINANCIALLY SUSTAINABLE ORGANIZATION

Create and Improve Revenue streams from Business Lines by:

- a. Growing demand for solar power plants
- b. Ensure PSA for All Renewable Generation Units are Finalized
- c. Established a cost reflective Tariff for Virtual Power Plants
- d. Keep the Receivable Days to 30 Calendar Days
- e. Ensure PPAs are bankable

Cost Management:

a. Management of Costs in all processes to ensure operational costs are below 30% of revenue.

Investment In Renewable Energy Projects:

a. Ensure only appraised projects with a positive NPV

Raise Financing for Projects Using Innovative Financing Models

a. Equity Financing from our shareholder

b. Raise Finance through issue of Green Bonds

c. Finance renewable plants through Off Balance Sheet Initiative such as Project Finance, PPP and Strategic Joint Venture Partnership.

7. STRATEGY IMPLEMENTATION PLAN



Short-Term (1-3 Years)

- Successfully complete the installation and commissioning of the 302 MW solar plant.
- Establish reliable service operations for micro-generators and retail solar solutions.
- Secure additional funding (grants, loans, or equity investment) to expand into more solar plants and products.

Medium-Term (3-5 Years)

- Scale solar plant operations to meet increasing demand (expand plants from 5 MW to 20 MW).
- Grow the residential customer base for micro-generators and retail solar solutions.

Long-Term (5+ Years)

- Position the company as the leading solar energy provider in Zambia.
- Innovate with smart solar systems and energy storage solutions to increase residential customer adoption.
- Explore opportunities in hybrid energy systems (solar + wind + battery storage).







8. FUNDING APPROACH





FUNDING REQUIREMENTS

Key to the success of KIYONA Energy Ltd is Investing and funding the initiatives that have been set out in the strategic plans. The following are key Sources of funding that will actualise initiatives that KEL intends to undertake.

- 1. Seed Funding.
- 2. Payment Security Instrument.
- 3. Project Implementation.

Seed Funding (US\$7.5 Million)

KIYONA intends to use the US\$7.5 million to Implement Green Cities Initiatives with the target of installing 7.5MW in selected towns across the country. The initial plan is to target about three (3) to Four (4) district. This initiative focuses on installing grid-connected solar mini-plants at the Bulk Supply Point of a town or city. Unlike rooftop solar installations on individual customer properties, the Greening of Cities Initiative (GCI) is designed to have a greater impact in addressing the energy deficit affecting 1.3 million customers. The Seed Investments is expected to come from shareholders as equity.

The power saved from these customers can be made available to premier power consumers at a competitive tariff and/or extend the number of supply hours for the customer. KEL will be able to generate revenue that will contribute towards future CAPEX investments and its operating costs.

Microgen Payment Security (US\$8 million)

The Microgen IPPs that were successful in the ZESCO procurement are projected to develop about **220 MW** of Solar PV Plants. In actualising strategic initiative as a power trader KIYONA intends to offtake the energy generated by the developers. The PPAs have been signed between Microgen developer and ZESCO Ltd as an offtaker, these PPAs contracts will be novated to KIYONA Energy Limited.

During the deficit period the power will be sold to ZESCO Ltd, whereas in surplus times it can floated on the Grid to other customers. We are projecting **252MW** of Plants from Microgen IPPs and Government solarisation developers to reach commercial operation date in **Q4** of **2025.** KIYONA is expected to raise the payment security to a maximum of **US\$8m** in the full year of operations (267MW) which will be escrowed to cover three (3) months of invoice. This amount is expected to rise to **US\$11 million** in 2026 period once 370MW of projects reach commercial operations date. The initial amount of the three months invoice cover (US\$8m) is expected to be raised from the shareholder as a loan. the subsequent gap funding amount required when additional plant capacity is commissioned is expected to reach US\$11 Million, this will be raised from revenues arising from owned plants that will reach COD in Qtr. 4 of 2025.

The strategy is to make available 462GWh of annual billable energy starting in Qtr. 4 of 2025 (2026/27-675GWh) to the shareholders at the competitive pre agreed tariff which they can supply to premier customers or to customers on emergency tariff. Alternatively, the power can be wheeled on behalf KIYONA to service any of ZESCO Ltd.'s Export customers whose contracts are on force majeure due to power deficit.

This will allow KIYONA to raise enough revenue required to invest and be a leading Renewable Energy company while contributing to the group reporting overall revenue outlook and its power deficit management.

Project Implementation

The asset creation for KIYONA is coming from three streams namely.

- Shareholder's Development. These are projects that have been already contracted by the shareholder and will be transferred to KIYONA Energy Ltd as assets after reaching commercial operation date as equity investments in KIYONA, to support its balance sheet. Currently 67.7MW of plant is under construction with 52% expected to COD in Q4 of 2025 and the remaining 48% in 2026. KIYONA will effectively operate and maintain the plants and ensure they sustainably supply the plants energy output to the shareholder.
- 2. KEL Development and Greening City Initiative These are projects that will be undertaken by KIYONA. During this strategic plan period 234.5MW is projected to be developed. Apart from the initial 7.5MW City Greening Initiative project that will be funded by the Seed Investment (Equity). The rest of the projects will use innovative financing models.

a. EPC plus Finance.

- 40MW is targeted for development under the EPC plus Finance in the second year of strategy implementation.
- b. Joint Venture, and Strategic Partnership.
- The total of 186.5MW is planned to be developed using the strategic partnership (JVs). The strategy is to engage strategic partner willing to develop the plants as a Joint Venture.
- The Wind, Biomass and Geothermal feasibility study for 80MW are intended to start this year, will be funded jointly by ZESCO.

Conclusion

The successful execution of this strategic plan will position KIYONA for sustainable growth and longterm success by focusing on our key objectives of harnessing renewable energies. This will strengthen our competitive advantage and drive value for our stakeholders.



GENERAL CORPORATE INFORMATION

Basic Information

Physical Address 5th Floor Malaiti House Dedan Kimathi Road PO BOX Lusaka

Tel: +260 952 868 354 +260 767 706 419 +260 776 011 007

Email: i<u>info@kiyonaenergy.co.zm</u> / <u>KEL@zesco.co.zm</u>



