

Ref: KAPCO/2024/K-3/L-004
August 7, 2024

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The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Subject: Material Information

Dear Sirs,

Certain news items appearing in the electronic and print media, from time to time, appear to insinuate that the Company's power plant has been receiving payments without generating any electricity.

For the record, it is clarified as follows:

1. The Company entered into a suite of agreements including the Power Purchase Agreement (PPA) in June 1996 at the time of its privatization by the Privatization Commission, Government of Pakistan. The term of the PPA was for twenty-five years, which was set to expire in June 2021. Pursuant to the terms of the Third Amendment to the PPA and Master Agreement, the pending dispute of liquidated damages with the Power Purchaser was settled and consequently the term of the PPA was extended by 485 days (approximately 16 months) till October 24, 2022. For the extended period of 485 days the Company did not charge any capacity payments but was obliged to keep its power plant available to the Power Purchaser for generation during this period.
2. Since the expiry of the PPA on October 24, 2022, due to absence of an operating regime, the Company's power plant is in preservation mode. The Company's tariff application is pending final determination before the National Electric Power Regulatory Authority (NEPRA).
3. The Company has the unique feature of 220KV~132KV switchyard and this facility is being provided to the Power Purchaser on special request from Ministry without any compensation from the date of expiry of PPA, in the best interest of the consumers of MEPCO Region and smooth functioning of overall National Grid operations.

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4. It is further clarified that no capacity payments have been paid to the Company by the Power Purchaser since the expiry of the PPA on October 24, 2022.
5. The Company has, however, received payments of overdue receivables from the Power Purchaser (relating to the period up to the end of the PPA on October 24, 2022) and these have been properly reported in the financial statements of the Company.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours faithfully,
For Kot Addu Power Company Limited

A handwritten signature in blue ink that reads 'A. Rath'.

A. Anthony Rath
Company Secretary

Copy to:

- Executive Director/HOD, Offsite – II Department, Supervision Division, SECP, NIC Building, Blue Area, Islamabad