

# **UCHUMI SUPERMARKETS PLC**

**(Under Company Voluntary Arrangement)**

**ANNUAL REPORT & FINANCIAL STATEMENTS**

**AT**

**30 JUNE 2025**

# UCHUMI SUPERMARKETS PLC

(Under Company Voluntary Arrangement)

## ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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**UCHUMI SUPERMARKETS PLC**  
(Under Company Voluntary Arrangement)  
**ANNUAL REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**COMPANY INFORMATION**

**DIRECTORS**

John Karani  
Ministry of Trade  
Industrial and Commercial  
Development Corporation  
Baiju Shah  
George Karanja  
John Mwara  
Anne Makori  
Rebecca Juma  
Terry Anne Muthoni  
Terry Anne Muthoni  
Lawrence Ngao

Chairperson

Represented by Erastus Njoroge  
Appointed 2018  
Appointed 2018  
Appointed 18th August 2023  
Appointed 1st November 2025  
Appointed 1st November 2025  
Appointed - 29th November, 2024  
Resigned - 16th July, 2025  
Chief Executive Officer - App Feb 2024

**PRINCIPAL PLACE OF BUSINESS**

Langata Hyper Mall, Carnivore Road  
PO Box 73167 - 00200  
Nairobi.

**AUDITORS**

Mugo Waweru & Associates  
Certified Public Accountants of Kenya  
Brunei House, 2nd Floor  
P O Box 27705-00506  
Nairobi.

**REGISTRARS**

Central Depository & Settlement Corporation (CDSC)  
10th Floor, Europa Towers;  
Lantana Road, off Rhapta Road, Westlands,  
P.O Box 3464 - 00103  
Nairobi.

**REGISTERED OFFICE**

Langata Hyper Mall, Carnivore Road  
PO Box 73167 - 00200  
Nairobi.

**COMPANY SECRETARY**

CS. Judith Matata

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**COMPANY INFORMATION (CONTINUED)**

**BANKERS**

Kingdom Bank Limited  
Argwings Kodhek Close  
P.O. Box 22741-00400  
Nairobi

KCB Bank Kenya Limited  
Kencom House  
Moi Avenue  
P.O. Box 48400 - 00100  
Nairobi

Equity Bank Limited  
NHIF Building  
Upper Hill Road  
P.O. Box 75104 - 00200  
Nairobi

Co-operative Bank of Kenya Ltd  
Nairobi Business Centre  
Haile Selassie Avenue  
P.O. Box 19555  
Nairobi

UBA Kenya Bank Ltd Limited  
2nd Floor, Imperial Court Westlands  
P O Box 31154-00100  
Nairobi

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# UCHUMI SUPERMARKETS PLC

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## ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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### REPORT OF THE DIRECTORS

The Directors submit their report together with the audited Consolidated and Separate Financial Statements for the year ended 30 June 2025, which disclose the state of affairs of Uchumi Supermarkets Plc (formerly Uchumi Supermarkets Limited) (the “Company”) and its subsidiaries (together, the “Group”).

#### 1. Principal Activities

The principal activity of the Company continues to be the operation of retail supermarkets and related wholesale and institutional supply services.

The activities of the subsidiary companies are those recorded in Note 21 to the financial statements.

#### 2. Results

The Group’s and the Company’s results for the year ended 30 June 2025 are set out on pages 40 to 41 of the financial statements.

#### 3. Dividend

The Directors do not recommend the payment of a dividend for the year ended 30 June 2025 (2024 – Nil), in order to preserve liquidity and support the Company’s ongoing recovery and restructuring efforts.

#### 4. Business Overview

##### a) General

##### i. Implementation of the Revised Company Voluntary Arrangement (CVA)

The Company continued to operate under the Revised CVA framework adopted in 2024. The revisions introduced a more realistic timeline for the settlement of creditor obligations.

Throughout 2025, the Company maintained close engagement with the CVA Supervisor and creditors, providing periodic updates on operational progress, asset monetization initiatives, and legal developments affecting key assets. At the Creditors Meeting held on 17<sup>th</sup> March, 2025, the following Resolutions were passed:

1. THAT the company continues to implement the recommendations of the Revised CVA;

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# UCHUMI SUPERMARKETS PLC

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## REPORT OF THE DIRECTORS

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### 4. Business Overview (Continued)

#### a) General (Continued)

##### i. Implementation of the Revised Company Voluntary Arrangement (CVA) (Ctd)

2. THAT the lifetime of the CVA to coincide with the sale, distribution of proceeds from the sale of the KML 17-acre property and a meeting of the creditors to resolve its determination;
3. THAT the CVA be subjected to review every two years;
4. THAT the management to pay the creditors with any surplus cashflows that could be generated from the business (subject to the Board and Monitor's approval)

The Revised CVA arrangement remains central to the Company's financial restructuring strategy and long-term recovery plan.

##### ii. Corporate Business Segment

The corporate sales division continued to demonstrate resilience and growth during the year.

This segment, which focuses on direct supply to institutions, government entities, and bulk purchasers, remained a critical revenue driver and helped mitigate the volatility experienced in traditional retail operations.

Management continued to:

- Expand the institutional customer base
- Improve order fulfillment reliability
- Strengthen logistics and supply chain efficiency
- Enhance pricing competitiveness

The corporate business segment is expected to remain a core pillar of the Company's revenue strategy going forward.

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# UCHUMI SUPERMARKETS PLC

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## REPORT OF THE DIRECTORS

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### 4. Business Overview (Continued)

#### a) General (Continued)

##### iii. Leasing of Lang'ata Property

The Lang'ata property, which was successfully leased to China Square during the prior financial year, continued to generate stable rental income throughout 2025.

The leasing arrangement has allowed the Company to:

- Generate consistent recurring income
- Preserve the long-term commercial value of the asset
- Reduce pressure for distress through asset disposal

The property remains an important component of the Company's asset-backed recovery strategy.

##### iv. Out-of-Court Settlement with UBA Bank

Following the out-of-court settlement reached with UBA Bank in 2024, the Company successfully maintained control and operational stability over the Lang'ata property throughout 2025. The company continues to honor the out of court settlement plan with UBA Bank.

This settlement significantly reduced litigation risk and safeguarded a strategically important asset within the CVA recovery framework.

##### v. Ongoing Legal Matter – 17 Acre Land Case with KDF

The Company continues to pursue its legal claim relating to the 17-acre parcel of land belonging to its subsidiary, Kasarani Mall Limited, which remains subject to litigation involving the Kenya Defence Forces (KDF).

In the month of May 2025, the High Court rendered an adverse ruling on the subject matter against the company. Since then, the company launched an appeal in the Court of Appeal. A Senior Counsel has since been appointed to handle the matter.

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## REPORT OF THE DIRECTORS

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### 4. Business Overview (Continued)

#### b) Financial Performance

##### i. Trading Results

Revenue for the year increased substantially to KShs 123.0 million, compared to KShs 65.4 million recorded in the previous financial year, representing a growth of approximately 89%.

The improvement in revenue was primarily driven by:

- Increased focus on corporate and institutional supply contracts
- Improved trading activity within the Group's operating units
- Strengthening of supplier partnerships which improved product availability.

The growth in revenue reflects the gradual recovery of the Group's trading activities following restructuring initiatives undertaken during the year and the opening of the Unicity Branch.

Gross profit increased to KShs 30.0 million from KShs 15.5 million in the prior year. The gross profit margin remained relatively stable at approximately 24.4%, compared to 23.7% in 2024. This stability reflects improved procurement management and tighter control over cost of sales despite inflationary pressures affecting supplier pricing.

Other income increased significantly during the year to KShs 68.6 million, compared to KShs 32.1 million in the previous year. The increase was mainly attributable to income generated from the Group's Langata property which continue to provide critical support to the Group's operational cash flows while trading activities recover. The Langata Main Hall was leased to China Square during the financial year.

Operating expenses reduced from KShs 199.7 million in 2024 to KShs 91.1 million in 2025, representing a reduction of approximately 54%.

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## REPORT OF THE DIRECTORS

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### 4. Business Overview (Continued)

#### b) Financial Performance (Continued)

##### i. Trading Results (Continued)

The reduction was largely attributable to:

- Lower legal and professional expenses, following the conclusion of several legacy legal matters
- Reduced general expenses after the restructuring costs incurred in the previous year
- Lower selling and distribution costs as operations were streamlined.

As a result of the improved revenue performance and significant cost rationalization, the Group recorded a profit from operating activities of KShs 7.6 million, compared to an operating loss of KShs 152.1 million recorded in the previous financial year. This represents a substantial improvement in operating performance and reflects the positive impact of management's restructuring and cost control initiatives.

After accounting for provisions, write-offs and write backs of KShs 1.1 million, the Group reported a profit for the year of KShs 8.7 million, compared to a loss of KShs 167.8 million recorded in the previous year.

The improvement of approximately KShs 176.5 million reflects the strengthening of the Group's core operating performance and continued support from non-trading income sources.

Total assets of the Group stood at KShs 3.08 billion as at 30 June 2025, compared to KShs 3.16 billion as at 30 June 2024.

The Group's asset base remains largely supported by its investment property portfolio valued at KShs 2.21 billion, which continues to provide a stable foundation for the Group's financial position.

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## REPORT OF THE DIRECTORS

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### 4. Business Overview (Continued)

#### b) Financial Performance

##### i. Trading Results (Continued)

Current assets declined to KShs 88.8 million from KShs 155.6 million in the prior year after the payments of loan and creditors and procurement of assets.

Total liabilities decreased modestly during the year to KShs 10.13 billion, compared to KShs 10.22 billion in the prior year.

The Group continues to carry significant historical obligations, including:

- Term loans
- Trade and other payables
- Bank overdraft facilities.

Management continues to engage with creditors as part of the ongoing financial restructuring framework.

The Group remains in a negative equity position, reflecting legacy debt obligations accumulated over prior years. The equity position, was a deficit of KShs 7.05 billion, compared to KShs 7.06 billion in the previous year. The improvement reflects the profit generated during the year. The Group continues to make measurable progress in stabilizing operations and reducing financial risk exposure.

##### ii. Going Concern

The Directors have assessed the Company's ability to continue as a going concern in accordance with International Financial Reporting Standards and applicable regulatory requirements.

In performing this assessment, the Directors considered:

- The Company's current financial position
- Projected cash flows and operating forecasts

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# UCHUMI SUPERMARKETS PLC

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## REPORT OF THE DIRECTORS

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### 4. Business Overview (Continued)

#### b) Financial Performance

##### ii. Going Concern (Continued)

- Obligations under the CVA arrangement
- Expected asset-related income streams
- The broader economic and retail operating environment

The Company's continued operations depend on the successful execution of the recovery strategy, continued operational cash generation, and the realization of asset-related inflows.

### 5. Strategic Developments and Outlook

#### i. Background

During the year under review, the Company continued to demonstrate improvements in trading activity and revenue generation, supported by corporate sales growth and rental income.

Key highlights include:

- Continued growth in sales revenue driven by the corporate supply segment
- Sustained gross margin improvements resulting from better product mix and pricing discipline
- Stable rental income from the Lang'ata property
- Improved cash management and working capital controls

While operating expenses remained elevated due to legal, professional, and restructuring-related costs, the Company continued to manage costs carefully as part of its broader turnaround strategy.

#### ii. Outlook

The Company enters 2026 with cautious optimism.

Key priorities for the coming year include:

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## REPORT OF THE DIRECTORS

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### 5. Strategic Developments and Outlook (Continued)

#### ii. Outlook (Continued)

- Expanding the corporate sales segment
- Expanding branch network
- Launching and operationalizing the company ecommerce platform
- Sustaining rental income streams
- Advancing the resolution of ongoing legal matters
- Protecting and monetizing strategic real estate assets
- Maintaining strict cost discipline and cashflow management
- Continuing engagement with creditors under the CVA framework
- Exploring recapitalization and strategic partnership opportunities

The Board remains confident that the foundations established over the past two years will continue to support the Company's gradual recovery and long-term sustainability.

### 6. Employees

The Directors wish to record their appreciation for the commitment, dedication, and resilience of all employees, whose efforts have been instrumental in maintaining operations and supporting the Company's recovery initiatives.

The average number of employees during 2025 was 56 (2024 – 35).

### 7. Directors' Remuneration

Directors' remuneration for the year ended 30 June 2025 amounted to KShs 12.2 million (2024 – KShs 8.3 million).

### 8. Relevant Audit Information

The Directors in office at the date of this report confirm that:

- i. There is no relevant audit information of which the Group's and Company's auditor is unaware; and

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## REPORT OF THE DIRECTORS

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### 8. Relevant Audit Information (Continued)

- i. Each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditor is aware of that information.

### 9. Financial Statements

At the date of this report, the Directors were not aware of any circumstances which would have rendered the values attributed to the assets and liabilities in the financial statements of the Group and Company misleading.

### 10. Auditors

The Company's auditors, Mugo Waweru & Associates, have expressed their willingness to continue in office in accordance with the requirements of the Kenyan Companies Act, 2015.

### 11. Approval of Financial Statements

The financial statements were approved at a meeting of the Board of Directors held on 19<sup>th</sup> March, 2026 and were signed on its behalf by:

**BY ORDER OF THE BOARD**



**COMPANY SECRETARY**

## Chairman's Report

For the Year Ended 30 June 2025

### Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group for the financial year ended 30 June 2025.

The year under review marked a significant period in the Group's recovery journey. While the Company continued to operate in a challenging retail environment characterized by constrained consumer spending, limited liquidity within the supply chain, and rising operating costs, meaningful progress was made toward stabilizing operations and improving financial performance.

### Financial Performance

The Group recorded a substantial improvement in its operating performance during the year.

Revenue increased significantly to KShs 123 million, compared to KShs 65 million in the previous financial year, reflecting renewed commercial activity and growth in the Group's corporate and institutional supply segment.

As a result of the improvement in revenue and the continued implementation of strict cost management measures, the Group reported a profit for the year of KShs 8.7 million, representing a significant improvement from the loss of KShs 167.8 million recorded in the previous financial year.

This improvement reflects the positive impact of management's restructuring initiatives and the Board's continued focus on restoring operational stability.

Despite the improvement in operational performance, the Group continues to carry significant historical liabilities accumulated over previous years. Consequently, the Group remains in a negative equity position of KShs 7.05 billion.




The Board and management remain committed to addressing these legacy obligations through ongoing restructuring efforts and continued improvement in operating performance.

### Company Voluntary Arrangement (CVA)

During the year, the Company continued to engage actively with its creditors under the Company Voluntary Arrangement (CVA) framework, which remains a key component of the Group's financial restructuring strategy.

In the month of March 2025, a creditors meeting was held with the creditors to provide updates on the Company's financial performance, operational progress, and recovery initiatives. The creditors passed resolutions to approve the continued implementation of the CVA and as the

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 Twitter: [@UchumiKenya](https://twitter.com/UchumiKenya) |  Facebook: [Uchumi Supermarkets](https://www.facebook.com/UchumiSupermarkets) |  Instagram: [Uchumi Supermarkets PLC](https://www.instagram.com/UchumiSupermarkets)

Directors: J. Karani - (Chairperson) , G. Karanja, ICDC, PS Ministry of Trade, Baiju Shah, John Mwara

company works on resolving the KML matter, to pay its creditors from any profits that may arise out of the operations of the business.

These engagements have been important in maintaining transparency with stakeholders and reinforcing the Company's commitment to honoring its obligations within the framework of the restructuring plan.

The Board appreciates the continued support and cooperation of creditors, which has been instrumental in enabling the Company to sustain operations while implementing its recovery strategy.

### **Kasarani Mall Limited (KML) Property Matter**

During the year, the Company received an adverse ruling from the High Court relating to the matter concerning the Kasarani Mall Limited (KML) property. The high court ruled that the property belonged to the Ministry of Defense

The property remains a significant asset within the Group's portfolio, and the ruling has important implications for the Company's strategic interests in the asset.

Following careful consideration and on the advice of legal counsel, the Board resolved to file an appeal against the decision, as the Company believes there are strong legal grounds upon which the decision may be reviewed. The court also appointed a Senior Counsel (the Firm of Kioko Kilukumi Advocates) to assist with the appeal process.

The appeal process is currently underway, and the Board remains committed to protecting the Company's interests in this matter while pursuing all appropriate legal remedies available.

### **Operational Recovery**

During the year, management continued to implement initiatives aimed at rebuilding the Group's commercial operations and restoring market confidence.

The improvement in revenue recorded during the year reflects the gradual strengthening of the Group's participation in corporate supply opportunities and the rebuilding of relationships with suppliers and institutional customers.

In addition, management continued to implement strict cost discipline and operational efficiency measures which contributed significantly to the reduction in operating expenses during the year.

These initiatives have played an important role in stabilizing the Company's operations and positioning the Group for gradual recovery.

**Outlook**

While the Group continues to face legacy financial challenges, the improvement in operating performance recorded during the year demonstrates that the recovery strategy is gaining traction.

The Board remains cautiously optimistic about the Group's prospects and will continue to support management in focusing on the following strategic priorities:

- Expansion of corporate and institutional sales
- Optimization of income from the Group's property assets
- Strengthening of supplier partnerships
- Continued cost discipline and operational efficiency

These initiatives are expected to support further stabilization of the business and gradual improvement in the Group's financial performance.

**Appreciation**

On behalf of the Board, I wish to express our sincere appreciation to our shareholders, creditors, customers, suppliers, regulators, and other stakeholders for their continued support during this important phase of the Company's recovery.

I also wish to commend the management team and staff for their resilience, dedication, and commitment in navigating the challenges faced by the Company and in delivering the progress achieved during the year.

The Board remains fully committed to working closely with management and stakeholders to restore the Company to long-term sustainability and growth.

Yours faithfully,

John Karani



Chairman of the Board

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 Twitter: @UchumiKenya |  Facebook: Uchumi Supermarkets |  Instagram: Uchumi Supermarkets PLC

Directors: J. Karani - (Chairperson) , G. Karanja, ICDC, PS Ministry of Trade, Baiju Shah, John Mwara

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**UCHUMI SUPERMARKETS PLC**

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**DIRECTORS' PROFILES**

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**CHAIRMAN, JOHN KARANI** - A highly accomplished Pan-African Procurement and Supply Chain Management Leader with over 30 years' of distinguished procurement and supply chain experience in blue-chip multinationals, including Coca-Cola Africa, EABL-Diageo, GlaxoSmithKline, and Wrigley East Africa. Renowned for delivering results through a powerful blend of commercial acumen, strategic vision, and a comprehensive understanding of global and local markets.

A trailblazer in driving Procurement & Supply Chain transformation, infusing innovation and agility, thriving in high- pressure, results-driven environments. A dynamic and inclusive leader, adept at uniting diverse teams, breaking cultural and functional barriers, and championing transparency, integrity, and collaboration.

Recently honoured with prestigious Head of State Commendation in Kenya, M.B.S. (Moran of the Burning Spear) award for his transformative leadership as Chairman of the Kenya Institute of Supplies Management, elevating it to a respected professional body in Kenya and across Africa.

Recently appointed and conferred the honour of serving as a Member of the Selection Panel for the recruitment of nominees for appointment as the Chairperson and Members to serve in the National Police Service Commission (NPSC) in Kenya



**ANNE MAKORI** - A Diligent, Hardworking and committed, results oriented Professional, with strong, proven Leadership and managerial capabilities with experience spanning over 25 years. Multi skilled Professional, currently in full- Time legal practice & HR Consultancy. Served as a State Officer for six (6) years at the Independent Policing Oversight Authority, (IPOA) as the Chairperson.

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**UCHUMI SUPERMARKETS PLC**

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**DIRECTORS' PROFILES**

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equity, and service excellence.

**REBECCA JUMA** - Mature and diversely experienced professional with over 21 years' experience in the insurance industry. A motivated and driven legal and insurance professional with a solid legal background, demonstrating a strong work ethic, proven track record, and an enduring commitment to achieving successful outcomes. Possesses extensive expertise in handling legal matters, with the ability to manage and deliver projects to the highest standards, maintaining exceptional attention to detail and adhering to set timelines. A firm believer in discipline, integrity,



His earlier roles include serving as Chief of Credit at IDB Capital Ltd, and as Senior Credit Manager at Equity Bank Rwanda. He also previously worked with Housing Finance Bank and Fina Bank Ltd as a Senior Credit Analyst, advancing risk-based credit practices to strengthen asset quality.

Erastus also contributes at the board level, serving a director for organizations such as Isuzu East Africa, Uchumi Supermarkets PLC, and Ruiru-Juja Water & Sewerage Company, grounding his corporate governance and high-level strategic oversight. He holds a Master's degree in Financial Economics and a Bachelor of Education in Mathematics and Economics from Kenyatta University, complemented by executive leadership training at Strathmore University Business School, Nanyang Technological University of Singapore, and the Kenya School of Government. He is also certified in risk management, financial inclusion, and leadership, and is an active member of the Economist Society of Kenya.

**ERASTUS KAIBA NJOROGE** - An accomplished finance professional with over 17 years of leadership experience in Development and commercial banking across East Africa. He currently serves as the Deputy Director, Portfolio Management at the Kenya Development Corporation (KDC), where he oversees a diversified debt and equity investment portfolio and collaborates with public and private sector partners to develop bankable projects that advance national socio-economic priorities.

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**UCHUMI SUPERMARKETS PLC**

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**DIRECTORS' PROFILES**

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**JOHN MWARA** - An inspirational business leader with a proven track record within the banking industry. He Successfully led the transformation and turned around Faulu Microfinance Bank. He has a track record in achieving above industry average results, developing and strengthening management teams to maximise company profitability, exceeding targets, developing entrepreneurial culture, motivating and managing people, vast experience in new business development, strategy development and implementation, change management and complex operations. He is a highly skilled negotiator with substantial commercial acumen and proven past excellent stakeholder relations and a complex entrepreneur operating prosperous businesses in manufacturing, trading and real estate.



**BAIJU SHAH** - A Technology entrepreneur working in Africa to improve the lives of fellow Kenyans by using enabling technologies. He is the founder of e biashara a supply chain finance platform that has expanded cloud solutions to its customers. He specializes in addressing key supply chain challenges including capital access, operational efficiency and payment through innovative cloud based solutions.



**GEORGE KARANJA** - A seasoned Finance and Strategy practitioner with about 30 years' practical hands-on experience ranging from a wide variety of business sectors, including Manufacturing, Banking, Beverages, Savings and Credit Co-operatives as well as SMEs. This has involved both being in the management of such organisations to working with management teams and Boards of Directors heading the organisations as a consultant. A Fellow of the Association of Chartered Certified Accountants – FCCA (UK) – and a Member of the Chartered Institute of Management Accountants - CIMA (UK).

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**UCHUMI SUPERMARKETS PLC**

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**DIRECTORS' PROFILES**

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**LAWRENCE NGAO** – A seasoned executive with over 20 years of leadership experience across retail, telecommunications, and diversified corporate environments. He is a strategic, results-driven leader with a strong background in finance, operations, business transformation, and corporate strategy. He has held senior leadership roles including Chief Finance Officer, Chief Operations Officer, and Head of Finance in large, complex organizations, where he successfully led turnaround strategies, ERP implementations, capital restructurings, and growth initiatives. His career includes senior roles at Uchumi Supermarkets PLC, Altech Swiftglobal, Liquid Telecom, Essar Telecom Kenya, and FEP Group of

Companies.

Lawrence is widely respected for his ability to stabilize distressed businesses, optimize cost structures, strengthen governance frameworks, and drive sustainable performance improvement. He has deep expertise in financial restructuring, risk management, investor relations, business development, and operational excellence.

As CEO, he provides visionary leadership focused on value creation, stakeholder confidence, ethical governance, and long-term corporate sustainability.

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# UCHUMI SUPERMARKETS PLC

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## CHIEF EXECUTIVE OFFICER'S REPORT

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**Dear Shareholders, Partners, and Stakeholders,**

The Year 2025 represented an important phase in the rebuilding of Company operations as Management continued to implement decisive measures towards stabilizing business and restoring its commercial viability.

Operating within a constrained financial environment and against the backdrop of legacy structural challenges, Management remained firmly focused on strengthening trading performance, enhancing operational discipline, and maximizing value from the Company's strategic assets.

The progress made during the year demonstrates Management's continued commitment towards a pragmatic recovery strategy anchored on revenue regeneration, cost containment, and prudent asset management.

### **Commercial Performance and Revenue Rebuild**

The Company recorded substantial growth in the commercial activity, with revenue increasing to KShs. 123 million, compared to KShs. 65 million in the previous financial year.

Growth in the commercial activity was driven by the expansion of the Corporate and Institutional supply segment. Management intensified engagement with institutional clients and bulk purchasers, enabling the Company to re-establish predictable sales volumes while mitigating the volatility associated with traditional retail trading. Corporate and Institutional sales are a key pillar within the business model.

Improved supplier relationships and enhanced procurement coordination also contributed to more consistent stock availability, allowing the Company to gradually rebuild its trading platform. These operational improvements translated into stronger margins, with gross profit rising to KShs. 30 million during the year, compared to KShs. 15.4 million in the previous financial year.

### **Operational Discipline and Performance Management**

Management maintained a strong emphasis on operational efficiency, cost rationalization, and performance accountability throughout the year.

A comprehensive review of operating expenditures was undertaken with the objective of eliminating non-essential costs while preserving the operational capabilities required to support

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# UCHUMI SUPERMARKETS PLC

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## CHIEF EXECUTIVE OFFICER'S REPORT

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### **Operational Discipline and Performance Management (Continued)**

the business recovery. This resulted in tighter control over procurement processes, renegotiation of key service arrangements, and improved financial oversight across operational functions.

The benefits of these measures became evident during the year as the Company returned to operating profitability, representing a meaningful milestone in the turnaround effort and demonstrating the effectiveness of the operational reforms implemented.

### **Asset Optimization and Income Diversification**

Rental income from the Langata property continued to serve as an important stabilizing element within the broader recovery framework.

The Lang'ata property remained fully tenanted during the year, with China Square continuing to occupy the main hall under a long-term lease arrangement. The lease continues to generate stable rental income and remains a cornerstone of the Company's income diversification strategy.

Management also continued to implement targeted initiatives aimed at unlocking value from underutilized sections of the property, including temporary retail utilization and tenant onboarding. These initiatives have enabled the Company to derive incremental revenue while preserving the long-term redevelopment potential of the site.

### **Legal Developments and Protection of Strategic Assets**

On 19<sup>th</sup> May, 2025, the Company received an adverse ruling from the High Court in relation to the Kasarani Mall Limited (KML) property matter. The Kasarani property is a significant strategic asset within the Group's portfolio and remains the anchor of the CVA plan.

Following careful evaluation of the ruling and on the advice of legal counsel, the Company resolved to file an appeal against the decision. In order to ensure that the Company's position is robustly presented, the Board approved the appointment of a Senior Counsel to lead the appeal proceedings.

Management remains confident that the appellate process will provide an opportunity for a comprehensive reconsideration of the issues raised in the matter. The Company will continue to pursue all appropriate legal avenues in order to safeguard its interests and protect shareholder value.

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## CHIEF EXECUTIVE OFFICER'S REPORT

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### Engagement Under the CVA Framework

The Company Voluntary Arrangement (CVA) remains the central mechanism through which the Company is managing its historical obligations while continuing to operate as a going concern.

In the month of March, the company held a creditors meeting facilitated by the CVA Monitor. The Creditors of the company passed Resolutions that would extend the tenor of the current CVA and gave the Board and Management the mandate to continue with its implementation. The following resolutions were passed:

1. THAT the company continues to implement the recommendations of the Revised CVA;
2. THAT the lifetime of the CVA to coincide with the sale, distribution of proceeds from the sale of the KML 17-acre property and a meeting of the creditors to resolve its determination;
3. THAT the CVA be subjected to review every two years;
4. THAT the management to pay the creditors with any surplus cashflows that could be generated from the business (subject to the Board and Monitor's approval)

The Board and Management remain committed to working within the CVA framework and to aligning the Company's operational performance with the expectations set out in the restructuring plan.

These engagements remain an important component of the Company's restructuring process, ensuring transparency with creditors while reinforcing confidence in management's commitment to executing the recovery strategy.

### Management Priorities Going Forward

Looking ahead, management will continue to pursue a disciplined and structured recovery path focused on strengthening the Company's commercial base while maintaining prudent financial management.

The key operational priorities for the coming year include:

- Further expansion of the corporate and institutional supply segment
- Launch and operationalize the company's ecommerce

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# UCHUMI SUPERMARKETS PLC

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## CHIEF EXECUTIVE OFFICER'S REPORT

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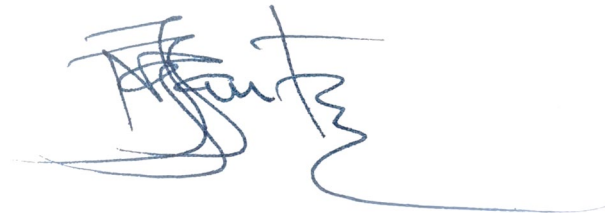
### Management Priorities Going Forward (Continued)

- Continued optimization of the Company's property assets
- Strengthening supplier partnerships and procurement efficiency
- Maintaining strict cost discipline and operational accountability
- Advancing the restructuring process within the CVA framework

While challenges remain, the operational improvements achieved during the year demonstrate that the Company's recovery strategy is gaining traction. The growth in operating income, prudent cost management, and responsible asset utilization have laid a stronger foundation for the future.

On behalf of the management team, I extend my appreciation to the Board, our partners, our staff, and our loyal customers for their continued support. We remain cautiously optimistic and committed to rebuilding a leaner, stronger, and more viable enterprise in the years ahead.

Thank you



Lawrence Ngao

**CHIEF EXECUTIVE OFFICER**

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## CORPORATE GOVERNANCE STATEMENT

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The Company has instituted systems to ensure that high standards of corporate governance are maintained at all levels of the Company. The company continues to endeavor to comply with the provisions of the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the Code).

The Company also adheres to other regulations by the CMA and the Nairobi Securities Exchange and the ethical standards prescribed in the Company Code of Conduct. In addition, the company abides by the tenets of the Constitution of Kenya and all other laws as a law-abiding corporate citizen.

The Board is committed to ensuring that a strong governance framework operates throughout the Company, recognizing that good corporate governance is a vital component to support management in their delivery of the Company's strategic objectives, and to operate a sustainable business for the benefit of all stakeholders.

### 1. Board composition

The Board comprises a balance of executive and non-executive directors, with a majority being non-executive directors. Independent and non-executive directors should be at least one third of the total number of Board members. An independent Board member who has served the Board of Directors for a term not exceeding six years shall thereafter be re-designated as a non-independent member.

### 2. Role of the board includes

- i) define and chart out the Company's vision, mission and values. The Board has ultimate responsibility for the attainment of the Company's objectives;
- ii) determine the business strategies and plans that underpin the corporate strategy;
- iii) discuss and approve strategic plans and annual budgets;
- iv) retain full and effective control over the Company, and monitor management's implementation of the strategic plans and financial objectives as defined by the Board;
- v) define levels of materiality, reserving specific powers to itself and delegating other matters, with the necessary written authority, to management;
- vi) continually monitor the exercise of delegated power by management;

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## CORPORATE GOVERNANCE STATEMENT

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### 2. Role of the board includes (Continued)

- vii) ensure that a comprehensive system of policies and procedures is in place and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the Company;
- viii) ensure that the business of the Company is managed with a view to ensuring that the Company is ethical in all its dealings and exercises corporate social responsibility;
- ix) ensure compliance by the Company with all relevant laws and regulations, audit and accounting principles, and such other principles as may be established by the Board from time to time
- x) identify key risks, opportunities and strengths relating to the Company

### 3. Board size, independence and appointments

The constitution of the Company's Board is stipulated by the Company's Articles of Association. It comprises of 6 Directors, 5 of whom are Non-Executive Directors and one is an Executive Director (the CEO).

### 4. Separation of powers and duties of the Chairman and the Chief Executive Officer

The Chairperson and the Chief Executive Officer (CEO) have distinct and clearly defined duties and responsibilities. The separation of the functions of the Chairman (a Non-Executive Director) and the CEO (Executive Director) supports and ensures the independence of the Board and Management. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the non-executive and executive roles.

A summary of each role can be found below:

#### Responsibilities of the Chairman

The Chairman's primary role is to direct the Board's business and act as its facilitator and guide, ensuring that the Board is effective in its tasks of setting and implementing the Company's direction and strategy.

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## CORPORATE GOVERNANCE STATEMENT

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### 4. Separation of powers and duties of the Chairman and the Chief Executive Officer

#### Responsibilities of the Chairman (Continued)

The specific responsibilities of the Chairman include: -

- i) providing leadership to the Board;
- ii) chairing Board and general meetings, which involves determining the agenda in consultation with the Chief Executive Officer and the Company Secretary and ensuring that the directors receive accurate, timely and clear information, and ensuring that the Board has an effective decision-making framework;
- iii) keeping track of the contribution of individual directors and ensuring visible participation;
- iv) facilitating effective Board management (engaging the Board in assessing and improving its performance and overseeing the induction and development of directors);
- v) monitoring the activities of Board Committees.

#### The role of the Chief Executive Officer

The Board shall appoint a Chief Executive Officer and set the terms and conditions of his/her employment.

The Chief Executive Officer's duties and responsibilities shall include but not limited to the following: -

- i) Ensuring that the policies spelt out by the Board in the overall corporate strategy are fully adhered to and implemented subject to continuous review to accommodate changing market conditions and operating environment;
- ii) Providing the Board with the support necessary for the identification and hiring of competent persons to direct and manage key functions and operations of the company;
- iii) Managing and coordinating the activities and operations of the company;
- iv) Ensuring that the company's Human Resource Policy and Code of Conduct are adhered to by all employees of the company;
- v) Establishing and maintaining efficient and adequate internal control and internal audit systems;
- vi) Ensuring development of the senior management team as part of succession planning for his/her position;

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## CORPORATE GOVERNANCE STATEMENT

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### 4. Separation of powers and duties of the Chairman and the Chief Executive Officer

#### The role of the Chief Executive Officer (Continued)

- vii) Designing and implementing appropriate management information systems in order to facilitate efficient and effective communication, procedures and operations of the company; and
- viii) Ensuring that the Board is regularly and adequately apprised on the operations and performance of the company through presentation of relevant Board papers.

### 5. Directors' appointments

There is a formal and transparent process for all appointments to the Board. The Board Strategy, Finance, Human Resources and Operations Committee are directly involved in the sourcing of prospective Board members and the appointment of new directors is the prerogative of the Board of Directors and shall be based on merit and against an objective criteria.

The Criteria that shall be considered in the selection process shall include but not be limited to the following:-

- Integrity and good standing in society
- Financial literacy
- Leadership qualities
- Technical skills – such as those related to the retail sector, marketing, human resource management, legal, information technology and finance
- Diversity
- Availability and willingness to commit time to the affairs of the Company

The Board on a regular basis, considers whether its size, diversity and demographics make it effective. Diversity applies to academic qualifications, technical expertise, relevant industry knowledge, experience, nationality, age, race and gender.

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## CORPORATE GOVERNANCE STATEMENT

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### 5. Directors' appointments (Continued)

Board members receive formal letters of appointment setting out the main terms and conditions relative to their appointment.

On an annual basis, the Board reviews and assesses its composition and performance to ensure that:-

- The mix of membership is appropriate and compatible with the requirements of both the Board and the Company;
- Non-executive directors commit adequate time and contribute effectively to the Board.

The Board shall have a plan for continuing leadership development and succession planning for the position of the Chairman of the Board. The plan should address leadership identification and development.

### 6. Rotation of directors

Subject to the provisions in the Articles of Association of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office.

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring director shall be eligible for re-election.

The Company at the meeting at which a Director retires in a manner as aforesaid may fill the vacated office by electing a person thereto, and in default the retiring Director shall if offering himself for re-election be deemed to have been reelected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost.

In line with the CMA Code for Corporate Governance for Issuers of Securities to the Public, 2015, any director who serves in the position of a director for over six years shall be designated as a non-independent director.

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## CORPORATE GOVERNANCE STATEMENT

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### **7. Provision of information to directors**

The Board has sole authority over its agenda and exercises this through the Chairman. The Chairman in consultation with the Chief Executive Officer and the Company Secretary will set the agenda for meetings. Any member may, through the Chairman, request the addition of an item to the agenda.

The Company Secretary shall be responsible for ensuring that proper notices of Board meetings and arrange for circulation of relevant papers. Documents for meetings will be circulated to the Directors at least seven days in advance of a Board or Committee Meeting.

Directors and committee members are expected to review the materials circulated in advance of the meetings.

### **8. Directors' remuneration**

As the Board jointly and the individual Directors play a vital role in advancing the Company's strategic priorities and objectives and in providing oversight and supervision of the management of the business and affairs, appropriate remuneration for services performed by Directors is part of good governance.

Remuneration must reflect the importance and professional nature of Board work, and attract and retain qualified individuals. The establishment of guidelines for the reimbursement of expenses by the Board and its Directors promotes accountability and transparency.

The Strategy, Finance, Human Resource and Operations Committee shall be responsible for reviewing non-executive directors' remuneration and recommending the necessary changes to the Board of Directors as may be deemed necessary from time to time.

In making these recommendations, due consideration must be given to the Board's expectations from directors in terms of commitments, degree of responsibility and financial condition of the Company.

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## CORPORATE GOVERNANCE STATEMENT

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### 9. Board operations and meeting

Board meetings will be held at least four times in a year and special meetings shall be convened as necessary.

Board meetings shall take place at the venue agreed by the Directors. A schedule of the meetings will be provided to the directors as part of the Annual Board Work Plan. Online meetings are permitted but may not comprise more than 50% of the Board meetings per annum.

The Board may form committees of its members and may delegate any of its powers to any such committee. The frequency of the committee meetings will be determined by the individual committee, as stated in the terms of reference for each committee.

### 10. Composition of the Board

The Directors who served during the year to 30<sup>th</sup> June 2025 are set out below:

Name	Nationality	Year of Appointment
John Karani	Kenyan	2017
Baiju Shah	Kenyan	2018
John Mwara	Kenyan	2023
Erastus Njoroge	Kenyan	2022
George Karanja	Kenyan	2018
Terryanne Anne Muthoni	Kenyan	2024

A summary of Board meetings and attendance in the year under review is indicated below:

Name	Sep-24	Nov-24	Jan-25	May-25
John Karani	√	√	√	√
Baiju Shah	√	√	√	√
John Mwara	√	√	√	√
Erastus Njoroge	√	√	√	√
George Karanja	x	√	√	x
Terry Anne Muthoni	x	x	√	√

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# UCHUMI SUPERMARKETS PLC

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## CORPORATE GOVERNANCE STATEMENT

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### 11. Management of conflicts of interest

The Board has formal procedures for managing conflicts of interest in accordance with the Companies Act 2015 and the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public. Directors are required to give advance notice of any conflict issues to the Chairman or Company Secretary, and these are considered at the next Board meeting.

Declaration of conflicts of interest is also a standard agenda item which is addressed at the onset of each Board and Committee meeting. Directors who are conflicted, are excluded from the quorum and vote, in respect of any matters in which they have an interest.

### 12. Board Committees

The Board has two standing committees: an Audit, Risk and Compliance Committee and Finance, Human Recourse, Operations and Strategy Committee. Each committee has formal and approved terms of reference. The committees are provided with all necessary resources to enable them to undertake their duties effectively.

#### 1. Audit, Risk and Compliance Committee

**Membership** - The Audit, Risk and Compliance Committee consists of three Non-Executive Directors and reports to the Board after every committee meeting. In line with the Code of Corporate Governance for Issuers of Securities to the Public 2015, the committee is comprised of at least three Independent and Non-Executive Directors. It is chaired by an Independent Non-Executive Director with at least one committee member holding a professional qualification in audit or accounting and in good standing with a relevant professional body.

**The members of the Committee during the period were: -**

1. George Karanja -Chairman
2. Baiju Shah
3. Erastus Njoroge

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## CORPORATE GOVERNANCE STATEMENT

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### 12. Board Committees (Continued)

#### 1. Audit, Risk and Compliance Committee (Continued)

##### Attendance Committee Meetings for the year ended 30<sup>th</sup> June 2025

	Jun-24	Nov-24	Mar-25	May-25
George Karanja	√	√	√	√
Erastus Njoroge	√	√	√	√
Baiju Shah	√	√	√	√

#### 2. Finance, Human Resource, operations and Strategy Committee

**Membership** - The Finance, Human Resource, operations and Strategy Committee consists of three Non-Executive Directors and reports to the Board after every committee meeting. The current Chairperson is an Independent Non-Executive Director.

##### The members of the Committee during the period were: -

1. John Mwara- Chairman
2. Erastus Njoroge
3. Baiju Shah

##### The attendance of the Committee Meetings for 2024/2025:

	Aug-24	Nov-24	Jan-25	Jun-25
John Mwara	√	√	√	√
Erastus Njoroge	√	√	√	√
Baiju Shah	√	√	√	√

### 13. Directors' shareholding

The Directors who held shares in the Company as at 30 June 2025 are as detailed below: -

Name	Number of Shares
John Karani Ndiwa & Charles Thinwa	13,000
John Karani Ndiwa	4,184

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## DIRECTORS REMUNERATION REPORT

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The Directors' remuneration report sets out the policy that the Group and Company has applied to remunerate executive and non-executive Directors. The report has been prepared in accordance with the relevant provisions of the Capital Markets Authority (CMA) code of Corporate Governance and the requirements of the Kenyan Companies Act, 2015.

Executive Directors are remunerated as determined by the Board of Directors. Their remuneration package comprises a base salary, pension and other benefits designed to recognize the skills and experience of executive Directors.

The sections of the Directors' remuneration include:-

**a) Annual fees**

The fees for the Non-Executive Directors are considered annually and are determined in light of market best practice and with reference to the time commitment and responsibilities associated with the roles. The annual fees are payable at the end of the financial year or as shall be agreed by the Directors, and are subject to relevant tax at the prevailing rates.

**b) Sitting allowance**

The Non-executive Directors receive a sitting allowance for every meeting attended as dictated by the annual calendar of activities. In recognition of the responsibility borne, chairing the Board or any of the Board Committees is given a higher weighting. The sitting allowance is payable following each meeting and is subject to the prevailing rates of tax.

**c) Medical**

The directors are eligible to be covered under the Uchumi medical scheme and are subject to comply with the medical scheme policy and guidelines.

**d) Reimbursement of expenses**

Non-executive directors are provided with support and reasonable company business travelling expenses. Where these has been incurred, reimbursement for all reasonable travelling and subsistence expenses including any relevant tax incurred in carrying out their duties, will be made upon request and submission of relevant documentation.

**e) Indemnification and insurance**

Non-executive directors have the benefit of indemnity in relation to liability incurred in their capacity as a Director of the Company.

**f) Review of Non-Executive Directors remuneration**

The Board of Directors reviews the Directors' remuneration annually in order to ensure the Company appropriately adapts to changing market circumstances and any changes

# UCHUMI SUPERMARKETS PLC

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

## DIRECTORS REMUNERATION REPORT

f) **Review of Non-Executive Directors remuneration (Continued)**

in the responsibilities of the Directors. The changes in Directors' remuneration are approved by shareholders at the Annual General Meeting (AGM).

### Directors remuneration

The aggregate number of emoluments earned by the executive and non-executive Directors from the Company and its subsidiaries during the year ended 30th June, 2025 was KShs.4,645,385 . The emoluments for each of the directors is as follows:

Name	Sitting Allowances Kshs.	Car Allowances Kshs.	Total Kshs.
John Karani	2,307,692	-	2,307,692
Baiju Shah	507,692	-	507,692
John Mwara	692,308	-	692,308
George Karanja	369,231	-	369,231
Erastus Njoroge	553,846	-	553,846
TerryAnne Muthoni	214,616	-	214,616
<b>Total</b>	<b>4,645,385</b>	<b>-</b>	<b>4,645,385</b>

### Performance of Directors

The Board is committed, on an annual basis, to review and assess its composition and performance to ensure that: -

- The mix of membership is appropriate and compatible with the requirements of both the Board and the Company;
- Non-executive directors commit adequate time and contribute effectively to the Board.

### Directors' term of office

The dates of appointment of directors and expiry of contracts of expected rotation as required by regulations is as follows:

Name	Appointed Year	Resigned Date	End term
John Karani	2017	N/A	By Rotation
Baiju Shah	2018	N/A	By Rotation
John Mwara	2023	N/A	By Rotation
George Karanja	2017	N/A	By Rotation
Erastus Njoroge	2022	N/A	By Rotation
TerryAnne Muthoni	2024	1-Jul-25	Resigned

### By order of the Board



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Company Secretary

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## ENVIRONMENTAL, SOCIAL AND GOVERNANCE STATEMENT

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### Introduction

Uchumi Supermarket PLC is a public listed Company and we recognize that as a business, we play a crucial role in supporting the development of a sustainable and prosperous society that is intertwined with environmental, social, and governance (ESG) concerns.

ESG is fundamental to our reputation as a business and represents an opportunity to build a more sustainable business and also serves as a critical differentiator for enhancing relevance, trust and creating value.

### ESG approach

Our goal is to integrate ESG into our operations, hence our approach is structured around three pillars relevant to our business and aligned with our values and culture.

#### 1. Environmental

Climate change is one of the most significant risks to our world ,we aim to embed environmental stewardship in everything we do, implementing best practices and responsibly managing environmental risks. Our environmental policy sets the basis for our goals and activities in this field. Its purpose is to ensure the company's environmentally sound and sustainable short and long-term development and minimise negative environmental impacts.

#### **Our commitments on climate change and protection of the environment**

We are committed to driving down our energy and carbon impacts. Our sustainability program focuses on environmentally initiatives that deliver near-term efficiency, value, and health for our business. We select the scope of business, methods of operation and types of resources which affect the environment to the minimum possible extent.

During the last year, we have implemented several waste management initiatives across our major offices to recycle plastics and minimise paper usage. We have also shifted to a paperless system by implementation of a new ERP system and shifted all non-essential communication online instead of by printed papers.

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## ENVIRONMENTAL, SOCIAL AND GOVERNANCE STATEMENT

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### ESG approach (Continued)

#### 1. Environmental(Continued)

##### **Our commitments on climate change and protection of the environment(Continued)**

Furthermore, we actively planted trees around our locations with an aim of reducing greenhouse gas emissions, investing in renewable energy, and improving energy efficiency in operations

#### 2. Social

Corporate social responsibility is at the core of our corporate values. Our primary focus is fostering an environment that promotes individual growth and prosperity by making our business a fun, exciting, safe and rewarding workplace. We also have a long history of providing meaningful and often transformational support to the communities in which we operate.

##### **Our social commitments**

##### **i. Compensation and Benefits**

We create inspiring workplaces where people feel valued. We offer competitive compensation and benefits to all regular full-time employees, including but not limited to paid holiday and sick leave. We also built a staff canteen where our employees can access their meals at a highly subsidized fee this is in addition to the tea and snacks already provided for by the company.

##### **ii. Culture, Engagement and Growth**

We create fun, spirited work environments that reward collaboration at all levels. We encourage leaders to demonstrate an 'open door policy' and to ensure a 'zero retaliation policy' whenever an employee reports a concern.

We aim to foster personal and professional growth for employees at all levels of the organization through annual performance reviews, role-specific training and professional development opportunities.

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# UCHUMI SUPERMARKETS PLC

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ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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## ENVIRONMENTAL, SOCIAL AND GOVERNANCE STATEMENT

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### ESG approach (Continued)

#### Our social commitments(Continued)

##### iii. Health and Safety

We create and maintain a safe and healthy working environment to ensure safety in our work practices, improve labour conditions, and the occupational health, safety and well- being of employees, vendors and customers.

## 2. Governance

We consider governance practices essential to creating and preserving value for its shareholders and other stakeholders. These include a sound approach to corporate governance that aims to comply with all applicable laws, rules, regulations and policies and adhere to our corporate values and business principles.

### Our Governance commitments

#### Business Risk, compliance and ethics

We continue cultivating a culture of integrity that holds Uchumi and its employees accountable to the highest moral and ethical standards. Educational tools and periodic training of our workforce in compliance and operational topics, including ESG topics and responsible management, are priorities on the business agenda.

# UCHUMI SUPERMARKETS PLC

## ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025 STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the financial statements of Uchumi Supermarkets PLC set out on pages 40 to 85, which comprise the consolidated and company statements of financial position as at 30 June 2025, and the consolidated and company statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

The directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Companies Act, 2015 the directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the operating results of the Group for that year. It also requires the directors to ensure the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and the Company and of its operating results.

The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Group and the Company's ability to continue as a going concern and have prepared the Company and Group financial statements on the bases of accounting applicable to a going concern. The directors, however, are aware of the existence of a material uncertainty that may cast significant doubt about the Group and Company's ability to continue as a going concern. Directors have put in place initiatives disclosed at note 2(e) to the financial statements to enable the Group and Company to continue meeting its obligations as and when they fall due.

### Approval of the financial statements

The financial statements, as indicated above, were approved by the Board of Directors on 2<sup>nd</sup> April, 2026 and were signed on its behalf by:



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## **Mugo Waweru & Associates**

Certified Public Accountants of Kenya  
Brunie House, 2nd Floor, Witu Road Next to G4S Security  
P.O. Box 27705-00506, Nyayo Stadium,  
Tel: 020 244 6879 / 80, 0723 818588 / 0738 828 105  
NAIROBI.  
Email: info@mugowaweru.com

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UCHUMI SUPERMARKETS PLC**

#### **Report on the consolidated and company financial statements**

We have audited the consolidated and company financial statements of **Uchumi Supermarkets PLC** set out on pages 40 to 85, which comprise the consolidated and company statements of financial position as at 30 June 2025, and the consolidated and company statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

#### **Directors' responsibility for the financial statements**

As stated on page 37, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity ' s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

#### **Basis for disclaimer of opinion**

As disclosed on Notes 37 and 38(b), on 2<sup>nd</sup> March, 2020, the Company entered into a Voluntary Arrangement ("CVA") with creditors. The Court on 1<sup>st</sup> July, 2020 approved the CVA and also marked Insolvency Petition Number 25 of 2018 as settled.

The success of the stated Company Voluntary Arrangement is wholly dependent on the disposal by the Company of the Investment Property disclosed at Note 21 and on the settlement or reorganization of the outstanding liabilities, in accordance with the terms and conditions of the CVA.

The Company in 2022 instituted Case Number ELC E010 of 2022 against Kenya Defence Forces that in 2019 forcefully entered the Investment Property and on 19th May, 2025 judgment in the Case was entered against the Company. The Company's certificate of title was cancelled and as result, successful realization of the proposed arrangement with creditors was doubtful.

Although the Company appealed against the judgement and the Directors are confident that the Investment Property is not impaired by the judgement in Case Number ELC E010 of 2022, we were unable to determine the suitability of the preparation of the financial statements on a going concern basis.

Because of the significance of the matters described above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated and company financial statements. Accordingly, we do not express an opinion on the consolidated and company financial statements.

#### **Report on other legal requirements**

Because of the significance of the matters described in the Basis of Disclaimer, we are unable to report on other legal requirements.

The Engagement Partner responsible for the audit resulting in this independent auditors' report is: **CPA Gabriel W Wainaina P.764**

*Magoni & Associates*  
Date: *17th April, 2026*



UNIQUE CODE: 81918280414

**UCHUMI SUPERMARKETS PLC**  
 (Under Company Voluntary Arrangement)  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 Kshs. "000"	2024 Kshs. "000"
<b>Revenue</b>			
Sales	7	123,025	65,408
<b>Cost of sales</b>	8	<b>(93,006)</b>	<b>(49,916)</b>
Gross profit		<u>30,019</u>	<u>15,492</u>
Other income	9	68,634	32,114
		<u><b>98,653</b></u>	<u><b>47,606</b></u>
<b>Expenses</b>			
Administration Costs	11	(30,889)	(36,129)
Staff Costs	12	(30,426)	(18,118)
General Expenses	13	(17,030)	(13,484)
Legal & Professional Expenses	14	(10,491)	(119,041)
Selling and Distribution	15	(2,258)	(12,972)
		<u><b>(91,094)</b></u>	<u><b>(199,744)</b></u>
<b>Profit / (Loss) from operating activities</b>		<b>7,559</b>	<b>(152,138)</b>
Provisions and write offs	16	1,129	(15,695)
		<u><b>8,688</b></u>	<u><b>(167,833)</b></u>
Profit / (Loss) before tax	17	<b>8,688</b>	<b>(167,833)</b>
Income tax (expense)/credit	18	-	-
		<u><b>8,688</b></u>	<u><b>(167,833)</b></u>
<b>Profit / (loss) for the year</b>		<b>8,688</b>	<b>(167,833)</b>
<b>Other comprehensive income</b>			
Non Trading Income / (Loss)	10	1,281	189,793
<b>Total comprehensive income / (loss)</b>		<u><b>9,969</b></u>	<u><b>21,960</b></u>
<b>Earnings /(Loss) per share (Basic and diluted)</b>	19	<u><b>0.03</b></u>	<u><b>0.06</b></u>

*The notes on page 48 to 85 are an integral part of these financial statements*

**UCHUMI SUPERMARKETS PLC**  
(Under Company Voluntary Arrangement)  
**COMPANY STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 Kshs. "000"	2024 Kshs. "000"
<b>Revenue</b>			
Sales	7	123,025	65,408
<b>Cost of sales</b>	8	(93,006)	(49,916)
Gross profit		<u>30,019</u>	<u>15,492</u>
Other income	9	<u>61,806</u>	<u>13,538</u>
		<b>91,825</b>	<b>29,030</b>
<b>Expenses</b>			
Administration Costs	11	(29,964)	(30,576)
Staff Costs	12	(30,426)	(18,118)
General Expenses	13	(15,830)	(13,484)
Legal & Professional Expenses	14	(10,371)	(15,625)
Selling and Distribution	15	(2,258)	(942)
		<u>(88,849)</u>	<u>(78,745)</u>
<b>Profit / (Loss) from operating activities</b>		<b>2,976</b>	<b>(49,715)</b>
Provisions and write offs	16	1,129	(15,695)
		<u>4,105</u>	<u>(65,410)</u>
Profit / (Loss) before tax	17	<b>4,105</b>	<b>(65,410)</b>
Income tax (expense)/credit	18	-	-
		<u>4,105</u>	<u>(65,410)</u>
<b>Profit / (loss) for the year</b>		<b>4,105</b>	<b>(65,410)</b>
<b>Other comprehensive income</b>			
Non Trading Income / (Loss)	10	<u>1,281</u>	<u>170,484</u>
<b>Total comprehensive income / (loss)</b>		<b>5,386</b>	<b>105,074</b>
<b>Earnings /(Loss) per share (Basic and diluted)</b>	19	<u>0.01</u>	<u>0.29</u>

*The notes on page 48 to 85 are an integral part of these financial statements*

**UCHUMI SUPERMARKETS PLC**  
(Under Company Voluntary Arrangement)  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

ASSETS	AS AT 30 June	Notes	2025 KShs "000"	2024 KShs "000"
<b>Non - Current Assets</b>				
Property and equipment		20	764,164	772,835
Investment Property		21	2,210,000	2,210,000
Intangible Assets		22	-	2,000
Prepaid operating lease		23	17,769	18,027
			<u>2,991,933</u>	<u>3,002,862</u>
<b>Current Assets</b>				
Inventories		26	10,579	12,784
Trade and other receivables		27	38,201	34,853
Bank and cash balances		29	40,068	107,927
			<u>88,848</u>	<u>155,564</u>
<b>TOTAL ASSETS</b>			<u><b>3,080,781</b></u>	<u><b>3,158,426</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital		30	1,824,808	1,824,808
Share premium account		31	1,371,057	1,371,057
Revaluation reserve		31	755,569	755,569
Retained Earnings (Deficit)		31	(11,003,790)	(11,013,759)
			<u>(7,052,356)</u>	<u>(7,062,325)</u>
<b>Non Current Liabilities - CVA</b>				
Deferred Tax		25	106,888	106,888
Long Term Borrowings		32	2,710,569	2,747,122
Finance Leases		33	162,091	162,091
Trade and other payables		34	7,038,568	7,069,016
Deferred revenue		35	87,854	104,962
			<u>10,105,970</u>	<u>10,190,079</u>
<b>Current Liabilities</b>				
Trade and other payables		34	18,985	22,490
Tax payable		18(a)	8,182	8,182
			<u>27,167</u>	<u>30,672</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			<u><b>3,080,781</b></u>	<u><b>3,158,426</b></u>

The financial statements on pages 40 to 85 were approved and authorized for issue by the Board of Directors on 2nd April, 2026 and signed on its behalf by:



John Karani  
Chairperson



Lawrence Ngao  
Chief Executive Officer

**UCHUMI SUPERMARKETS PLC**  
(Under Company Voluntary Arrangement)  
**COMPANY STATEMENT OF FINANCIAL POSITION**

ASSETS	AS AT 30 June	Notes	2025 KShs "000"	2024 KShs "000"
<b>Non - Current Assets</b>				
Property and equipment		20	756,348	765,082
Prepaid operating lease		23	17,769	18,027
Investment in Subsidiaries		24	200	200
			<u>774,317</u>	<u>783,309</u>
<b>Current Assets</b>				
Inventories		26	10,579	12,784
Trade and other receivables		27	36,937	33,618
Bank and cash balances		29	3,600	9,819
			<u>51,116</u>	<u>56,221</u>
<b>TOTAL ASSETS</b>			<u><b>825,433</b></u>	<u><b>839,530</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital		30	1,824,808	1,824,808
Share premium account		31	1,371,057	1,371,057
Revaluation reserve		31	755,569	755,569
Retained Earnings (Deficit)		31	(13,108,510)	(13,113,896)
			<u>(9,157,076)</u>	<u>(9,162,462)</u>
<b>Non Current Liabilities - CVA</b>				
Long Term Borrowings		32	2,710,569	2,747,122
Finance Leases		33	162,091	162,091
Trade and other payables		34	6,871,997	6,893,685
Deferred revenue		35	87,854	104,962
			<u>9,832,511</u>	<u>9,907,860</u>
<b>Current Liabilities</b>				
Inter-Company Balances		28	122,831	63,460
Trade and other payables		34	18,985	22,490
Tax payable		18(a)	8,182	8,182
			<u>149,998</u>	<u>94,132</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			<u><b>825,433</b></u>	<u><b>839,530</b></u>

*The notes on page 48 to 85 are an integral part of these financial statements*

**UCHUMI SUPERMARKETS PLC**  
 (Under Company Voluntary Arrangement)  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2025**

	Share Capital KShs "000"	Share Premium KShs "000"	Revaluation Reserve KShs "000"	Retained Earnings (Deficit) KShs "000"	Total KShs "000"
<b>2025:</b>					
<b>At 1st July, 2024</b>	1,824,808	1,371,057	755,569	(11,013,759)	(7,062,325)
Profit for the year	-	-	-	8,688	8,688
Other comprehensive income	-	-	-	1,281	1,281
<b>Total comprehensive income</b>	-	-	-	9,969	9,969
<b>At 30th June, 2025</b>	<u>1,824,808</u>	<u>1,371,057</u>	<u>755,569</u>	<u>(11,003,790)</u>	<u>(7,052,356)</u>
<b>2024:</b>					
<b>At 1st July, 2023</b>	1,824,808	1,371,057	755,569	(11,035,719)	(7,084,285)
(Loss)/Profit for the year	-	-	-	(167,833)	(167,833)
Other comprehensive income	-	-	-	189,793	189,793
<b>Total comprehensive income</b>	-	-	-	21,960	21,960
<b>At 30th June, 2024</b>	<u>1,824,808</u>	<u>1,371,057</u>	<u>755,569</u>	<u>(11,013,759)</u>	<u>(7,062,325)</u>

*The notes on page 48 to 85 are an integral part of these financial statements*

**UCHUMI SUPERMARKETS PLC**  
(Under Company Voluntary Arrangement)  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2025**

	Share Capital KShs "000"	Share Premium KShs "000"	Revaluation Reserve KShs "000"	Retained Earnings (Deficit) KShs "000"	Total KShs "000"
<b>2025:</b>					
<b>At 1st July, 2024</b>	1,824,808	1,371,057	755,569	(13,113,896)	(9,162,462)
Profit for the year	-	-	-	4,105	4,105
<b>Other comprehensive income</b>	-	-	-	1,281	1,281
<b>Total comprehensive income</b>	-	-	-	5,386	5,386
<b>At 30th June, 2025</b>	<u>1,824,808</u>	<u>1,371,057</u>	<u>755,569</u>	<u>(13,108,510)</u>	<u>(9,157,076)</u>
<b>2024:</b>					
<b>At 1st July, 2023</b>	1,824,808	1,371,057	755,569	(13,218,970)	(9,267,536)
(Loss) /Profit for the year	-	-	-	(65,410)	(65,410)
<b>Other comprehensive income</b>	-	-	-	170,484	170,484
<b>Total comprehensive income</b>	-	-	-	105,074	105,074
<b>At 30th June, 2024</b>	<u>1,824,708</u>	<u>1,371,057</u>	<u>755,569</u>	<u>(13,113,896)</u>	<u>(9,162,462)</u>

*The notes on page 48 to 85 are an integral part of these financial statements*

**UCHUMI SUPERMARKETS PLC**  
(Under Company Voluntary Arrangement)  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	2025 KShs "000"	2024 KShs "000"
<b>Net cash flows from operating activities</b>			
<b>Profit / (Loss) before income tax</b>		<b>9,969</b>	<b>21,960</b>
Adjustments for:			
Depreciation of property and equipment	20	15,440	18,083
Gain on Disposal of Investment Property	21	-	390,000
Amortisation of prepaid operating lease	23	258	258
		<u>25,667</u>	<u>430,301</u>
<b>Operating loss before working capital changes</b>			
Deffered Tax	25	-	(18,862)
Inventories	26	2,205	(1,095)
Trade and other receivables	27	(3,346)	(13,389)
Related party balances	28	-	(35)
Trade and other payables	34	(33,953)	(65,744)
Defered Revenue	35	(17,108)	17,108
<b>Cash outflows from operations</b>		<u><b>(26,535)</b></u>	<u><b>348,284</b></u>
<b>Investing activities</b>			
Purchase of Fixed Assets	20	(6,769)	(7,980)
Disposal / (Purchase) of Intangible Assets	20	2,000	(2,000)
<b>Net cash used in investing activities</b>		<u><b>(4,769)</b></u>	<u><b>(9,980)</b></u>
Tax paid	18	-	(985)
Net cash generated from/(used in) operating activities		<u><b>(31,304)</b></u>	<u><b>337,319</b></u>
<b>Financing activities</b>			
Increase /(Decrease) in Long Term Borrowings	32	(36,553)	(226,962)
Repayment of Finance Lease Obligation	33	-	(1,500)
<b>Net cash (used in) /generated from financing activities</b>		<u><b>(36,553)</b></u>	<u><b>(228,462)</b></u>
<b>Net decrease in cash and cash equivalents</b>		<b>(67,857)</b>	<b>108,857</b>
<b>Cash and cash equivalents at the beginning of the year</b>	29	<u><b>107,925</b></u>	<u><b>(932)</b></u>
<b>Cash and cash equivalents at the end of the year</b>	29	<u><b>40,068</b></u>	<u><b>107,925</b></u>

*The notes on page 48 to 85 are an integral part of these financial statements*

# UCHUMI SUPERMARKETS PLC

(Under Company Voluntary Arrangement)  
**COMPANY STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	2025 KShs "000"	2024 KShs "000"
<b>Net cash flows from operating activities</b>			
<b>Profit / (Loss) before income tax</b>		5,386	105,074
Adjustments for:			
Depreciation of property and equipment	20	15,440	18,083
Amortisation of prepaid operating lease	23	258	257
<b>Operating loss before working capital changes</b>		<u>21,084</u>	<u>123,414</u>
Inventories	26	2,205	(1,095)
Trade and other receivables	27	(3,319)	(12,154)
Related party balances	28	59,371	209,506
Trade and other payables	34	(25,193)	(96,354)
Deferred Revenue	35	(17,108)	17,108
<b>Cash outflows from operations</b>		<u>37,040</u>	<u>240,425</u>
<b>Investing activities</b>			
Purchase of Fixed Assets	20	(6,706)	(227)
Net cash used in investing activities		<u>(6,706)</u>	<u>(227)</u>
Tax paid	18	-	(985)
Net cash generated from/(used in) operating activities		<u>30,334</u>	<u>239,213</u>
<b>Financing activities</b>			
Increase /(Decrease) in Borrowings - Loans	32	(36,553)	(226,962)
Repayment of Finance Lease Obligation	33	-	(1,500)
<b>Net cash (used in) /generated from financing activities</b>		<u>(36,553)</u>	<u>(228,462)</u>
<b>Net decrease in cash and cash equivalents</b>		(6,219)	10,751
<b>Cash and cash equivalents at the beginning of the year</b>	29	9,819	(932)
<b>Cash and cash equivalents at the end of the year</b>	29	<u>3,600</u>	<u>9,819</u>
		-	

*The notes on page 48 to 85 are an integral part of these financial statements*

**UCHUMI SUPERMARKETS PLC**  
**Under Company Voluntary Arrangement**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**1. REPORTING ENTITY**

Uchumi Supermarket Plc (formerly Uchumi Supermarkets Limited) (the “Company”) is a limited liability Company incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The Company operates retail supermarkets in Kenya. The address of its registered office is as shown on page 1.

The Company’s shares are listed on the Nairobi Securities Exchange.

**2. BASIS OF PREPARATION**

**a) Basis of accounting**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act, 2015.

For Companies Act, 2015 reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

**b) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis of accounting except for land and buildings and investment properties, which have been measured at fair value.

**c) Functional and presentation currency**

These consolidated financial statements are presented in Kenya shillings (KShs), which is the Company’s functional currency. Except as otherwise indicated, financial information presented in Kenya shillings has been rounded to the nearest thousand (KShs’000).

**d) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are based on the Directors’ best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**UCHUMI SUPERMARKETS PLC**  
**Under Company Voluntary Arrangement**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**2 BASIS OF PREPARATION (Continued)**

**d) Use of estimates and judgements (Continued)**

In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Note 4.

**e) Going concern**

The Group and Company incurred net profit after tax of KShs 9.9 million and KShs 5.3 million during the year ended 30 June 2025 (2024 — KShs 21.9 million and KShs 105 million) respectively and as of that date, the Group's and Company's current liabilities exceeded their current assets by KShs 7,824 million and KShs 7,818 million (2024 – KShs 7,809 million and KShs 7,796 million) respectively.

The Directors prepared the Consolidated and Company financial statements on a going concern basis since as at the end of the accounting period, they were confident that the initiatives described here below provided a reasonable expectation that the Group and Company would be able to meet their liabilities as and when they fall due and have adequate resources to continue in operational existence for at least twelve months, from the date of approval of the financial statements.

**(i) Franchising**

The Company's long-term strategy towards increasing sales volume and minimizing risks was to enter into franchising arrangements. The immediate focus was to get the required capital injection, ensure optimal stocking in all branches and then venture into the franchise model.

**(ii) Strategic investor**

The shareholders of the Company had approved the identification of suitable investors to raise funds to a maximum of Kenya Shillings five billion by way of debt capital through the issue of convertible debt instruments or by way of equity capital through private transfer of shares in Uchumi Supermarkets PLC to the investor or a combination of both options.

**(iii) Debt restructuring**

On 1<sup>st</sup> July, 2020 the Court approved the Company Voluntary Arrangement entered into with Creditors on 2<sup>nd</sup> March, 2020.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these consolidated financial statements have been applied consistently to all periods presented in these financial statements.

**a) Basis of combinations**

**(i) Business Combinations**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisitions is generally measured at fair value as is the net identifiable assets acquired. Any goodwill that arises is tested annually for

**UCHUMI SUPERMARKETS PLC**  
**Under Company Voluntary Arrangement**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Basis of combinations (Continued)**

*(i) Business Combinations (Continued)*

impairment. Any gain on bargain purchase is recognized in the profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

*(ii) Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

*(iii) Loss of control*

When the Group has lost control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*(iv) Transactions eliminated on consolidation*

Intra-Group balances and transactions, and any unrealized income and expenses arising from intra-Group transactions are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in that investee. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

**b) Transactions in foreign currencies**

Transactions in foreign currencies during the year are converted into the respective functional currencies of Group entities at rates prevailing at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rates ruling at the reporting date. The resulting differences from conversion are recognized in profit or loss in the year in which they arise.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost are translated at the exchange rate ruling at the transaction date.

**b) Revenue recognition**

Revenue from the sales of goods is recognized in the period in which the Group delivers the product to the customer, the customer has accepted the products and the collectability of the related receivable is reasonably assured. Revenue from the rendering of services is recognized in the period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

**UCHUMI SUPERMARKETS PLC**  
**Under Company Voluntary Arrangement**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Revenue recognition (Continued)**

Revenue represents the fair value of the consideration receivable for sales of goods and services and is stated net of Value-Added Tax (VAT), rebates and discounts. Other operating revenue is recognized at the time the service is provided.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income from investments is recognised when the Group's rights to receive payment as a shareholder have been established.

**c) Customer loyalty programme**

The Group estimates the fair value of points earned under the loyalty points programme by applying statistical techniques. Inputs to the models include making assumptions about expected redemption rates. As points issued under the programme do not expire, such estimates are subject to significant uncertainty.

Award credits are accounted for as a separate identifiable component of sales. The fair value of the consideration received in respect of the initial sale is allocated between the award credits and other components of the sale.

Revenue is recognized as the risk expires which is based on the number of points that have been redeemed relative to the total number expected to be redeemed.

**d) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises expenditure incurred in the normal course of the business including direct material costs and other overheads incurred to bring the asset to the existing location and condition. Cost is determined by the weighted average cost method. Net realizable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

Provision for obsolescence is made on the basis of the historical trend which considers the period an item is projected to take to clear from the shelves for the two main categories of inventory being food and non- food items as follows:

**Food items**

Between 3 and 6 months	50%
Between 6 and 9 months	75%
Over 9 months	100%

**e) Inventories**

**Nonfood items**

Between 9 and 18 months	50%
Between 18 and 24 months	75%
Over 24 months	100%

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f) Property and equipment**

**(i) Recognition, measurement and subsequent expenditure**

Land and buildings are initially measured at cost and then are subsequently measured at the fair value on the date of revaluation less subsequent accumulated depreciation and accumulated impairment losses.

Other categories of property and equipment are included in the financial statements at their historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of the property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property and equipment are recognized in profit or loss.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognized in profit or loss in the year in which they arise.

**(ii) Depreciation**

Depreciation is calculated on a straight-line basis to allocate the cost or revalued amount to their residual values over the estimated useful lives. The depreciation rates for the current and comparative year are as follows:

<b>Asset Class</b>	<b>Depreciation Period</b>
Buildings on freehold land	over a period of 45 years
Buildings on leasehold land	Shorter of estimated useful life or the lease term
Buildings on leasehold land	Improvements to premises 10 years
Plant and Machinery	5 Years
Equipment and motor vehicles	6.67 years, 5 years and 4 years (as applicable)

The depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(iii) Revaluation**

Land and buildings are revalued every two years. The carrying amounts are adjusted to the revaluations and the resulting increase, net of deferred tax is recognized in other comprehensive income and presented in the revaluation reserve within equity.

Revaluation decreases that offset previous increases of the same asset are charged or recognized in other comprehensive income with all other decreases being charged to profit or loss.

Revaluation surpluses are not distributable. When a revalued asset is disposed of, any revaluation surplus is transferred directly to retained earnings.

**(iv) Non-depreciable items**

These are items that have not yet been brought to the location and/or condition necessary for it to be capable of operating in the manner intended by management. In the event of partially completed construction work that has necessitated advance or progress payments, or work-in-progress, depreciation will only commence when the work is complete. Fixed assets are classified as work-in-progress if it is probable that future economic benefits will flow to the Group and the cost can be measured reliably.

Amounts held within work in progress that are substantially complete, in common with other fixed assets, are assessed for impairment.

**g) Assets held for sale**

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal Group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on re-measurement are recognized in profit or loss.

Once classified as held for sale, intangible assets and property and equipment is no longer depreciated and any equity accounted investee is no longer equity accounted.

**h) Intangible assets - Capitalized software**

The costs incurred to acquire and bring to use specific computer software licences are capitalized. Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses.

Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the cost to complete the development. Internally developed software is stated at cost less accumulated amortization and accumulated impairment losses.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Intangible assets - Capitalized software (Continued)**

Subsequent expenditure on software is capitalized only if the definition of an intangible asset and the recognition criteria are met. All other expenditure is expensed as incurred.

The costs are amortized on a straight-line basis over the expected useful lives, from the date it is available for use, not exceeding five years. Amortization methods, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

**i) Leased Assets**

*(i)* Finance Lease

Leases of property and equipment, where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at cost. Each lease payment is allocated between the liability and finance charges. The interest element is charged to the profit or loss over the lease period and is included under finance costs. Such property and equipment is depreciated over its useful life.

*(ii)* Operating lease

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

**j) Employee benefits**

*(i)* Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*(ii)* Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

*(iii)* Leave accrual

The monetary value of the unutilized leave by staff as at year end is carried in the accruals as a payable and a movement in the year is recognized in profit or loss.

*(iv)* Defined contribution plan

The Group and all its employees contribute to the National Social Security Fund in, which is a defined contribution scheme in Kenya. Contribution to the defined retirement benefit scheme is as follows:

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Employee benefits**

The Company contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to KShs.200 per employee per month. In addition the Company operates a provident fund scheme, where employees contribute 5% of their basic salaries and the employer contributes 7 %.

The Group's contributions to defined contribution schemes are charged to the profit or loss in the year to which they relate. The Group has no further obligation once the contributions have been paid.

**k) Taxation**

Income tax expense comprises current tax and change in deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, or other comprehensive income, in which case it is recognized in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and which affects neither accounting nor taxable profit. Deferred tax is not recognized on the initial recognition of goodwill as well as differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied on the temporary differences when they reverse, based on tax laws that have been enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional tax and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

**l) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprises cash in hand, bank balances and short term deposits net of bank overdrafts.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**m) Share capital**

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognized as a deduction to equity. Any premium received over and above the par value of the shares is classified as “share premium” in equity.

**n) Financial instruments**

*(i)* Recognition

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. The Group recognizes loans and receivables on the date when they are originated. These assets are initially recognized at fair value plus any directly attributable transaction cost. All other financial assets and liabilities are recognized on the trade date which is the date on which the Company becomes party to the contractual provisions of the financial instrument.

*(ii)* Classification

The Group classifies its financial assets into three categories as described below. Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial assets are appropriately classified.

Loans and Receivables

Loans and receivables are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. Loans and receivables comprise trade and other receivables, amounts due from related parties and cash and bank balances.

These are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities

Other financial liabilities are measured at amortized cost. These include trade and other payables, finance lease obligations, loans and borrowings and provisions for liabilities and charges.

*(iii)* Measurement

Financial instruments are measured initially at fair value, including transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortized cost less impairment losses. Amortized cost is calculated using the effective interest method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n) Financial instruments (Continued)**

*(iv)* De-recognition

A financial asset is derecognized when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realized, expire or are surrendered. A financial liability is derecognized when it is extinguished, cancelled or expires.

*(v)* Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognized amount and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

*(vi)* Fair value of financial assets and liabilities

Fair value of financial assets and financial liabilities is the price that would be received to sell an asset or paid to transfer a liability respectively in an orderly transaction between market participants at the measurement date.

**o) Impairment of Financial assets**

*(i)* Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

*(ii)* Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o) Impairment of Financial assets (Continued)**

*(ii) Non-financial assets (Continued)*

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash flows that largely are independent from other assets and Groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units reduce the carrying amount of the other assets in the unit (Group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

*(ii) Earnings per share (EPS)*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**p) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, those that take substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Other borrowing costs are recognized as an expense.

**q) Provisions for liabilities**

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost.

Provisions for legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions for restructuring are recognized when the Group has approved a detailed formal restructuring plan, and the restructuring has either commenced or has been announced publicly.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**q) Provisions for liabilities (Continued)**

Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**r) Investments in subsidiaries**

Investments in subsidiaries are carried in the Company's separate statement of financial position at cost less provisions for impairment losses. Impairment loss is recognized as an expense in the period in which the impairment is identified.

**s) Restructuring provisions**

Restructuring provisions are recognized only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

**t) Dividends**

Dividends are recognized as a liability in the period in which they are declared.

**u) Investment property**

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

**v) Comparatives**

Where necessary, comparative information have been adjusted to conform to changes in presentation in the current year.

**w) New standards, amendments and interpretations**

**(i) New and amended standards adopted by the group**

The following standards and amendments have been applied by the Group for the first time for the financial year beginning 1 July 2024:

**Amendment to IAS 1 – Non-Current Liabilities with Covenants**

These amendments clarify how conditions which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve formation an entity provides related to liabilities subject to these.

**Amendment to IFRS 16 – Leases on Sale and Leaseback**

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**w) New standards, amendments and interpretations (Continued)**

**(i) New and amended standards adopted by the group (Continued)**

**Amendment to IAS 7 and IFRS 7 – Supplier Finance**

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

**(ii) Relevant New and interpretations issued but not effective (Continued)**

**Amendments to IAS 21 – Lack of Exchangeability**

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or enforceable rights and obligations.

**Amendment to IFRS 9 and IFRS 7 – classification and measurement of financial instruments**  
These amendments:

- ✓ clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- ✓ clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- ✓ add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- ✓ make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

**ANNUAL IMPROVEMENTS TO IFRS – VOLUME 11**

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

**AMENDMENT TO IFRS 9 AND IFRS 7**

**– CONTRACTS REFERENCING NATURE-DEPENDENT ELECTRICITY**

These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**w) New standards, amendments and interpretations (Continued)**

**(ii) Relevant New and interpretations issued but not effective (Continued)**

**IFRS 18, 'PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS'**

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

**IFRS 19, 'SUBSIDIARIES WITHOUT PUBLIC ACCOUNTABILITY: DISCLOSURES'**

This new standard works alongside other IFRS

Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards

**(iii) Early Adoption of Standards**

The Group did not early adopt new or amended standards in the year ended 30 June 2025.

Adoption of the above interpretations and amendments effective in the year did not have a material impact on the group's financial statements. Refer to additional disclosures provided within note 28(c) following the adoption of amendments to IAS 7 and IFRS 7- Supplier Finance.

Adoption of the above interpretations and amendments not yet effective is not expected to have a material impact on the group's financial statements.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the group's net profit, the group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following item might potentially impact operating profit:
- Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**w) New standards, amendments and interpretations (Continued)**

**(iii) Early Adoption of Standards (Continued)**

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified (continued):

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/ disaggregation principles. In addition, there will be significant new disclosures required for:
  - management-defined performance measures;
  - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
  - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
  - From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.
  - The group will apply the new standard from its mandatory effective date of 1 January 2027.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions of the effects of uncertain future events on those assets and liabilities at the reporting date. The Group's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. This disclosure excludes uncertainty over future events and judgments in respect of measuring financial instruments. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty are set out in the notes below:

**a) Critical accounting estimates**

**(i) Property and equipment and intangible assets**

Useful life of assets

Critical estimates are made by Directors in determining the useful lives of property and equipment based on the intended use and economic lives of those assets.

Intangible assets - Capitalized software

Critical estimates are made by management to determine the period over which to amortize both purchased and internally developed software.

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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

**a) Critical accounting estimates (Continued)**

**(ii) Revaluation of land and buildings and investment property**

Certain items of property and equipment are measured at revalued amounts. The fair value is determined based on the market and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. The fair value of investment property is based on assumptions disclosed at Note 19.

**(iii) Taxation**

Judgment is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**(vi) Trade receivables**

The Group assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

**(v) Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

All financial instruments are initially recognized at fair value, which is normally the transaction price. In certain circumstances, the initial fair value may be based on a valuation technique which may lead to the recognition of profits or losses at the time of initial recognition. However, these profits or losses can only be recognized when the valuation technique used is based solely on observable market inputs.

Subsequent to initial recognition, some of the Group's financial instruments are carried at fair value, with changes in fair value either reported within profit or loss or within other comprehensive income until the instrument is sold or becomes impaired.

**b) Critical judgements in applying the entity's accounting policies**

In the process of applying the Group's accounting policies, the Directors have made judgments in determining:

- the classification of finance and operating leases.
- whether financial and non-financial assets are impaired.
- the assessment of going concern assumptions.
- The assessment of contingent liabilities.
- Renewal of lease relating to investment property.

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**5. FINANCIAL RISK MANAGEMENT**

The Group carries out its activities in an extremely dynamic, and often highly volatile, commercial environment. Therefore, both opportunities and risks are encountered as part of everyday business for the Group. The Group's ability to recognize, successfully control and manage risks early in their development and to identify and exploit opportunities is key to its ability to successfully realize the corporate vision.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Changing market conditions expose the Group to various financial risks and management have highlighted the importance of financial risk management as an element of control for the Group. The policy of the Group is to minimize the negative effect of such risks on cash flow, financial performance and equity. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

**The Group's risk management framework**

The Company's Board of Directors has overall responsibility for the establishment of an oversight of the Group's risk management framework. The Board of Directors has established the Risk and Compliance Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Risk and Compliance Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Group. The Risk and Compliance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Risk and Compliance Committee.

The Group maintains a conservative policy regarding currency and interest rate risks and does not engage in speculation in the markets. In addition, the Group does not speculate or trade in derivative financial instruments.

**a) Market risk**

Market risk is the risk that changes in market prices, such as changes in interest rates or foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing returns.

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**5. FINANCIAL RISK MANAGEMENT (Continued)**

**b) Credit risk**

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from bank balances (including deposits with banks and financial institutions) as well as credit exposures to customers, including outstanding trade and other receivables, financial guarantees and committed transactions. The Group has policies in place to ensure that services are provided to customers with an appropriate credit history. In addition, the Group only deals with financial institutions which have a strong credit rating. The Directors have the responsibility of managing the Group's credit risk.

The amount that best represents the Group's maximum exposure to credit risk as at 30 June is made up as follows:

		<b>2025</b>	<b>2024</b>
	<b>Notes</b>	<b>Kshs. "000"</b>	<b>Kshs. "000"</b>
Bank Balances	30	40,068	107,927
Trade Receivables	28	23,116	19,715
Other Receivables	28	14,031	15140
		<b>77,215</b>	<b>142,782</b>

The Directors believe that the unimpaired amounts that are past due are still collectible in full based on historic payment behavior and extensive analysis of customer credit risk. The movement in allowance for credit losses has been disclosed at Note 27.

**c) Liquidity risk**

Liquidity risk concerns the ability of the Group to fulfil its financial obligations as they become due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains a portfolio of short-term liquid assets, largely made up of bank balances and short-term deposits to ensure that sufficient liquidity is maintained within the Group as a whole. The Group also arranges for overdraft facilities to ensure that the Group's financial obligations are met.

The Group's non derivative financial liabilities analyzed into relevant maturities based on remaining period to end of the contractual maturity date is as below. The amounts are gross and undiscounted and include interest payments.

**At 30 June 2025**

	<b>Less than</b>	<b>Over</b>	
	<b>1 year</b>	<b>1 Year</b>	<b>Total</b>
	<b>Kshs. "000"</b>	<b>Kshs. "000"</b>	<b>Kshs. "000"</b>
Trade & Other Payables	19,512	6,860,081	6,879,593
Trade & Other Payables-KRA	8,400	-	8,400
Trade & Other Payables-CVA	2,991	-	2,991
Bank Overdraft	-	760,000	760,000
Term Loans	25,200	1,925,369	1,950,569
Obligation under Finance Lease	-	162,092	162,092
	<b>56,103</b>	<b>9,707,542</b>	<b>9,763,645</b>

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**5. FINANCIAL RISK MANAGEMENT (Continued)**

**c) Liquidity risk (Continued)**

**At 30 June 2024**

	<b>Less than</b>	<b>Between</b>	<b>Total</b>
	<b>1 Year</b>	<b>1 -5 Years</b>	
	<b>Kshs. "000"</b>	<b>Kshs. "000"</b>	<b>Kshs. "000"</b>
Trade and Other Payables	28,450	6,883,653	6,912,103
Bank Overdraft	-	760,000	760,000
Term Loans	161,502	1,280,097	1,441,599
Obligations under Finance Lease	-	162,092	162,092
Interest Payable on Term Loans	76,738	468,785	545,523
	<b>266,690</b>	<b>9,554,627</b>	<b>9,821,317</b>

**c) Capital Risk Management**

The Group's primary focus is on enhancing shareholder value in the long term and continued improvement in returns to instill confidence among investors, creditors, and the market. The Group reported net borrowings to EBITDA leverage reflected in the table below:-

	<b>2025</b>	<b>2024</b>
<b>GROUP</b>	<b>KShs "000"</b>	<b>KShs "000"</b>
<b>Net borrowings:</b>		
Total borrowings	1,950,569	1,987,122
Lease liabilities	162,091	162,091
Less: cash and bank balances	(40,068)	(107,927)
<b>Net debt</b>	<b>2,072,592</b>	<b>2,041,286</b>
<b>EBITDA</b>		
Profit /(Loss) before tax	9,969	21,960
Adjusted for:		
Net finance costs		
Depreciation and amortization	15,698	18,341
<b>Total EBITDA</b>	<b>25,667</b>	<b>40,301</b>
<b>Net Debt to EBITDA (No of Times)</b>	<b>81</b>	<b>51</b>
<b>COMPANY</b>		
<b>Net borrowings:</b>		
Total borrowings	1,950,569	1,987,122
Lease liabilities	162,091	162,091
Less: cash and bank balances	(3,600)	(9,819)
<b>Net debt</b>	<b>2,109,060</b>	<b>2,139,394</b>
<b>EBITDA</b>		
Profit /(Loss) before tax	5,386	105,074
Adjusted for:		
Net finance costs		
Depreciation and amortization	14,789	18,341
<b>Total EBITDA</b>	<b>20,175</b>	<b>123,415</b>
<b>Net Debt to EBITDA (No of Times)</b>	<b>105</b>	<b>17</b>

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**6. FAIR VALUE HIERACHY**

**a) Analysis of all assets and liabilities measured at fair value**

The table below shows an analysis of all assets and liabilities measured at fair value in the financial statements or for which fair values are disclosed in the financial statements by level of the fair value hierarchy. These are Grouped into levels 1 to 3 based on the degree to which the fair value is observable at their carrying amounts.

- Level 1- fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 -fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices); and
- Level 3 -fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The table below shows the valuation technique used in level 3 fair value as well as significant unobservable inputs used.

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
<b>Property and equipment (buildings and land)</b>	Market approach: The valuation model uses prices and other relevant information generated by market transactions involving identical or similar assets. The fair value is determined as the price that would be paid to sell the land and buildings in an orderly transaction to market participants	Property prices in the locality	The estimated fair values would increase / (decrease):-
<b>Investment property (Land)</b>		Infrastructure developments	1. If property prices near the location of the property were higher / (lower); 2. With improvements / (deterioration) in infrastructure development.

**Group**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>Kshs. "000"</b>	<b>Kshs. "000"</b>	<b>Kshs. "000"</b>
30-Jun-25			
Property and Equipment	-	-	764,164
Investment Property	-	-	2,600,000
			<b>3,364,164</b>
30-Jun-24			
Property and Equipment	-	-	772,835
Investment Property	-	-	2,600,000
			<b>3,372,835</b>

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**6. FAIR VALUE HIERACHY (Continued)**

**b) Analysis of all assets and liabilities measured at fair value (Continued)**

**Company**

	<b>2025</b>	<b>2024</b>
	<b>Kshs.</b>	<b>Kshs.</b>
	<b>"000"</b>	<b>"000"</b>
Property and equipment (Level 3)	756,348	765,082

**Investment property and freehold land and buildings**

The Group/Company's freehold land and buildings were valued on 12 June 2017, while the investment property was valued as at 30 June 2017. The valuations were based on market value.

The carrying amounts of the freehold land and buildings are adjusted to the revalued amounts and the resultant surplus net of deferred income tax is credited to the revaluation surplus in equity. The investment property is on LR No. 5875/2 (17.2 acres lease expiring in 2098) while the freehold land and buildings on LR No 206/12593 measures 3.7 acres.

**Fair value of the Group and Company financial instruments**

The Group has not disclosed the fair value of short-term financial assets and financial liabilities as management assessed that the fair value of short-term financial liabilities and financial assets such as bank balances, trade receivables, amount due from related parties, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

# UCHUMI SUPERMARKETS PLC

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	Company			
	2025		2024	
	KShs "000"		KShs "000"	
<b>7 SALES</b>				
Food	90,465	51,589		
Personal care	14,265	9,993		
General merchandise	13,630	3,229		
Textiles	4,555	382		
Others	110	215		
	<b>123,025</b>	<b>65,408</b>		
<b>8 COST OF SALES</b>				
Food	69,610	38,276		
Personal Care	10,556	8,105		
General merchandise	9,541	2,485		
Textiles	3,221	182		
Others	78	868		
	<b>93,006</b>	<b>49,916</b>		
	Group		Company	
	2025		2024	
	KShs "000"		KShs "000"	
<b>9 OTHER INCOME</b>				
Rental Income	61,691	13,393	61,691	13,393
Interest Income	6,828	18,576	-	-
Other Misc Income	115	145	115	145
	<b>68,634</b>	<b>32,114</b>	<b>61,806</b>	<b>13,538</b>
<b>10 NON TRADING GAIN / (LOSS)</b>				
Gain on sale of Investment Property	-	11,000	-	-
Other Income on Sale of Investment	-	8,309	-	-
Gain on sale of Miscellaneous Assets	1,281	690	1,281	690
CVA Settlement Discount	-	242,290	-	242,290
Court Settlement - Quality Malt	-	(72,496)	-	(72,496)
	<b>1,281</b>	<b>189,793</b>	<b>1,281</b>	<b>170,484</b>

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	Group		Company	
	2025 KShs "000"	2024 KShs "000"	2025 KShs "000"	2024 KShs "000"
<b>11 ADMINISTRATION COSTS</b>				
Water & Power	5,050	5,600	5,050	5,600
Telephone & Internet	1,040	-	1,040	839
Motor running expenses	1,640	1,084	1,640	1,084
Rent expense	1,870	4,871	1,870	-
Licenses & Insurance	1,334	600	1,334	-
Security & Guarding Services	2,524	1,346	2,524	1,346.00
Amortisation of operating Lease	258	258	258	258
Depreciation	15,440	18,083	14,531	18,083
Bank Charges & Commissions	403	(1,511)	387	(1,593)
Repairs & Maintenance	599	4,252	599	4,252
Computer Expenses	731	1,546	731	707
	<b>30,889</b>	<b>36,129</b>	<b>29,964</b>	<b>30,576</b>

<b>12 STAFF COSTS</b>				
Salaries & Wages			26,935	16,737
Other Costs			3,491	1,381
			<b>30,426</b>	<b>18,118</b>

The average number of employees engaged by the Group during the year was:

	Number	Number	Number	Number
Management staff	8	8	8	8
Other Staff	48	27	48	27
	<b>56</b>	<b>35</b>	<b>56</b>	<b>35</b>

	Group		Company	
	2025 KShs "000"	2024 KShs "000"	2025 KShs "000"	2024 KShs "000"
<b>13 GENERAL EXPENSES</b>				
Printing, subscriptions and newspapers	508	321	508	321
Laundry & Sanitary	706	689	706	689
Licenses	578	2,296	578	2,296
Directors Expenses	12,205	8,360	12,205	8,360
Distribution expenses	300	305	300	305
Other expenses	2,733	760	1,533	760
Packaging materials	-	406	-	406
Generator fuel	-	347	-	347
	<b>17,030</b>	<b>13,484</b>	<b>15,830</b>	<b>13,484</b>

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	Group		Company	
	2025 KShs "000"	2024 KShs "000"	2025 KShs "000"	2024 KShs "000"
<b>14 LEGAL &amp; PROFESSIONAL EXPENSES</b>				
Auditors' remuneration	600	580	600	580
Legal Expenses - USM	2,805	15,086	2,685	4,570
Legal Expenses - KML	-	90,000	-	-
CVA Supervisor	1,200	3,600	1,200	3,600
Tax Consultant	250	2,900	250	-
Other Consultancies	5,636	6,875	5,636	6,875
	<b>10,491</b>	<b>119,041</b>	<b>10,371</b>	<b>15,625</b>
<b>15 SELLING AND DISTRIBUTION</b>				
Marketing Expenses	1,471	942	1,471	942
Sales Commission	787	12,030	787	-
	<b>2,258</b>	<b>12,972</b>	<b>2,258</b>	<b>942</b>
<b>16 PROVISIONS AND WRITE OFFS</b>				
Stocks Write Off			30	1,943
Other provisions and write offs			(1,159)	13,752
			<b>(1,129)</b>	<b>15,695</b>
<b>17 LOSS BEFORE TAX</b>				
<b>The loss before tax is stated after charging:</b>				
Depreciation on property and equipment (Note 20)	15,440	18,084	15,440	18,084
Amortisation of operating lease rentals (Note 23)	258	258	258	258
Auditors' remuneration (Note 14)	600	580	600	580
<b>Directors' emoluments:</b>				
As executives (Note 28(e))	7,560	5,040	7,560	5,040
As directors (Note 28(e))	4,645	3,320	4,645	3,320
	<b>12,205</b>	<b>8,360</b>	<b>12,205</b>	<b>8,360</b>
<b>18 TAXATION</b>				
<b>(a) Statement of financial position</b>				
<b>Income tax payable / (recoverable)</b>				
Balance at 1st July	8,182	9,167	8,182	9,167
Tax charge for the year	-	-	-	-
Tax paid during the year	-	(985)	-	(985)
<b>At 30th June</b>	<b>8,182</b>	<b>8,182</b>	<b>8,182</b>	<b>8,182</b>

# UCHUMI SUPERMARKETS PLC

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	Group		Company	
	2025 KShs "000"	2024 KShs "000"	2025 KShs "000"	2024 KShs "000"
<b>18 TAXATION (Continued)</b>				
<b>(b) Income Statement</b>				
Current tax:				
- Current year	-	-	-	-
- Prior year under / (over) provision	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 25(a)):				
- Current year movement	-	-	-	-
- Current year derecognized	-	-	-	-
<b>Income tax credit</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>(c) Tax Reconciliation</b>				
<b>Accounting Profit /(Loss) before tax</b>	<b>8,688</b>	<b>(167,833)</b>	<b>4,105</b>	<b>(65,410)</b>
Tax calculated at the rate of 30%	2,606	(50,350)	1,232	(19,623)
Non-tax deductible expenses	5,111	89,708	4,838	56,919
Tax deductible expenses	(387)	(3,408)	(5)	(108)
Tax effect of tax loss B/f	(212,420)	(1,099,091)	(158,687)	(1,624,073)
Tax recoverable for the Year	<u>(205,090)</u>	<u>(1,063,141)</u>	<u>(152,623)</u>	<u>(1,586,885)</u>
<b>19 EARNINGS PER SHARE</b>				
Profit / (Loss) for the year	<u>9,969</u>	<u>21,960</u>	<u>5,386</u>	<u>105,074</u>
Number of ordinary shares	<u>364,962</u>	<u>364,962</u>	<u>364,962</u>	<u>364,962</u>
Profit /(Loss) per share - Kshs	<u>0.03</u>	<u>0.06</u>	<u>0.01</u>	<u>0.29</u>

# UCHUMI SUPERMARKETS PLC

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## 20(a) PROPERTY AND EQUIPMENT Group & Company

	Buidings and Leasehold land KShs "000"	Improvements to Premises KShs "000"	Machinery KShs "000"	Vehicles and equipment KShs "000"	Total KShs "000"
<b>At 30 June 2025:</b>					
<b>Cost or Valuation</b>	<b>851,000</b>	<b>379,987</b>	<b>676,330</b>	<b>1,074,095</b>	<b>2,981,412</b>
Additions - USM	-	5,560	60	178	5,798
Additions - KML	-	-	162	809	971
<b>At 30 June 2025</b>	<b>851,000</b>	<b>385,547</b>	<b>676,552</b>	<b>1,075,082</b>	<b>2,988,181</b>
<b>Depreciation</b>					
At 1st July, 2024	89,566	376,567	673,282	1,069,162	2,208,577
Charge for the year	11,111	3,420	334	575	15,440
<b>At 1st June 2025</b>	<b>100,677</b>	<b>379,987</b>	<b>673,616</b>	<b>1,069,737</b>	<b>2,224,017</b>
<b>Carrying amount</b>					
<b>At 30th June 2025</b>	<b>750,323</b>	<b>5,560</b>	<b>2,936.00</b>	<b>5,345</b>	<b>764,164</b>

# UCHUMI SUPERMARKETS PLC

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## 20(b) PROPERTY AND EQUIPMENT

Group & Company

	Buidings and Leasehold land KShs "000"	Improvements to Premises KShs "000"	Machinery KShs "000"	Vehicles and equipment KShs "000"	Total KShs "000"
<b>At 30 June 2024:</b>					
<b>Cost or Valuation</b>	851,000	379,987	673,282	1,069,162	2,973,431
Additions - USM	-	-	-	228	228
Additions - KML	-	-	3,048	4,705	7,753
<b>At 30 June 2024</b>	<b>851,000</b>	<b>379,987</b>	<b>676,330</b>	<b>1,074,095</b>	<b>2,981,412</b>
<b>Depreciation</b>					
At 1st July, 2023	78,455	369,594	673,282	1,069,162	2,190,493
Charge for the year	11,111	6,973	-	-	18,084
<b>At 1st June 2024</b>	<b>89,566</b>	<b>376,567</b>	<b>673,282</b>	<b>1,069,162</b>	<b>2,208,577</b>
<b>Carrying amount</b>					
<b>At 30th June 2024</b>	<b>761,434</b>	<b>3,420</b>	<b>3,048</b>	<b>4,933</b>	<b>772,835</b>

# UCHUMI SUPERMARKETS PLC

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NOTES TO THE FINANCIAL STATEMENTS

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Group	
2025	2024
KShs "000"	KShs "000"

## 20 PROPERTY AND EQUIPMENT (Continued)

### Revaluation

The Group revalued its land and buildings on Property L.R Number 5875/4 on 12th June 2017. The valuation techniques and the significant observable inputs used in measuring fair value are described in Note 6.

## 21 INVESTMENT PROPERTIES

As at 1st July	2,210,000	2,600,000
<b>Less</b>		
Sale of LR 23393 - Book Value	-	(390,000)
As at 30th June	<u>2,210,000</u>	<u>2,210,000</u>

Investment properties related to two pieces of land LR 5875/2 and LR 23393 held by the Company's subsidiary, Kasarani Mall Limited, under long-term lease arrangements with the Government of Kenya. The properties were valued at KShs 2.6 billion by Kiragu and Mwangi Limited, accredited independent valuers, as at 30 June 2017. The unobservable input used in the valuation methodology have been disclosed at Note 6(a).

The Company's Voluntary Arrangement (CVA) passed at the creditors meeting of 2nd March 2020, approved the disposal of the Investment Properties to settle part of the secured debts, other debts and to finance operations. Land Parcel Number 23393 was sold for Kshs. 401,600,000 in the year that ended on 30th June, 2024. The gain realized on the sale was Kshs, 11,000,000.

The investment property is a subject of various court cases over its ownership. The status of the cases has been disclosed at Note 38. The Directors have not made an impairment provision for the asset as they strongly believe they have a strong case.

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	2025 KShs "000"	2024 KShs "000"
	<b>Group</b>	
<b>22 INTANGIBLE ASSETS</b>		
<b>Cost</b>		
At 1 July	2,000	-
Additions	-	2,000
Write Off	(2,000)	-
<b>At 30 June</b>	<b>-</b>	<b>2,000</b>

	<b>Company</b>	
<b>23 PREPAID OPERATING LEASE</b>		
<b>Cost</b>		
At 1 July	18,027	18,285
Amortisation for the year	(258)	(258)
<b>At 30th June</b>	<b>17,769</b>	<b>18,027</b>

Prepaid operating leases relate to one piece of land held by the company under a long-term lease arrangement, with the Government of Kenya where the company is a lessee. The remaining lease period is 71 years. The leasehold is subject to a first charge as disclosed in note 33.

	<b>Company</b>	
<b>24 INVESTMENT IN SUBSIDIARIES</b>		
<b>Kasarani Mall Ltd</b>		
Country of Incorporation - Kenya		
Shareholding - 100%		
	2025 KShs "000"	2024 KShs "000"
Investment (Cost)	200	200

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## 25 DEFERRED TAX

### (a) Unrecognised deferred tax asset

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The accumulated tax losses will be utilised to offset future taxable profits.

The Group did not recognise deferred tax asset in the financial statements since the directors are of the view that future taxable income may not be sufficient to enable the Group and Company to utilise the deferred tax asset and/or tax losses may expire before they are utilised.

### (b) Recognised deferred tax liability - Group

	1st July	Derecognised	Movement	30th June
At 30th June, 2025	KShs "000"	KShs "000"	through profit or loss KShs "000"	KShs "000"
Investment Property - fair value	(106,888)	-	-	(106,888)
<b>Net deferred tax liability</b>	<b>(106,888)</b>	<b>-</b>	<b>-</b>	<b>(106,888)</b>

### (c) Tax losses

The Group and Company has tax losses carried forward of KShs 5,469,067,393 (2024 – KShs 5,464,952,514). The aging of tax losses was as below at 30 June 2025.

Year of Origin	Amount Kshs
2017	1,878,761,323
2018	1,571,831,393
2019	909,213,368
2020	174,994,039
2021	440,778,465
2022	187,775,971
2023	301,597,955
2024	4,114,879
2025	-
	<b>5,469,067,393</b>

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

	Company	
	2025	2024
	KShs "000"	KShs "000"
<b>26 INVENTORIES</b>		
Food	5,347	8,084
Non-food	3,011	4,073
Other	2,221	627
	<b>10,579</b>	<b>12,784</b>

The stock value is stated at the lower of cost and net realisable value. Other inventory relate to packaging materials and empties and crates.

	Company & Group	
<b>27 TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	22,838	19,715
Prepayments and others	14,099	13,903
<b>At 30 June - Company</b>	<b>36,937</b>	<b>33,618</b>
Accrued Interest - KML	1,264	1,235
<b>At 30 June - Group</b>	<b>38,201</b>	<b>34,853</b>
<b><i>Ageing of trade receivables</i></b>		
Not Impaired	32,672	29,699
Impaired - Over 60 days	5,529	5,154
	<b>38,201</b>	<b>34,853</b>

The above trade receivables have no collateral, are non - interest bearing and are generally on 30-60 days term. All trade receivables above 60 days are deemed past due and are assessed as impaired. There were no trade receivables written off during the year.

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## 28 INTER - COMPANY BALANCES

### (a) Due to and from Related Parties

	Group		Company	
	2025	2024	2025	2024
	KShs "000"	KShs "000"	KShs "000"	KShs "000"
Kasarani Mall Ltd	-	-	(122,831)	(63,460)
	-	-	(122,831)	(63,460)

### (b) Related party purchases

There are no related party purchases by Uchumi Supermarkets PLC.

### (c) Related party sales

There were no related party sales by Uchumi supermarkets PLC (2024-Nil)

Company	
2025	2024
KShs "000"	KShs "000"

### (d) Related party loans

ICDC – Loan (Note 32) 171,633 172,033

Industrial and Commercial Development Corporation (ICDC) owns 2% of the shares in Uchumi Supermarkets PLC.

The Company has an existing loan from Industrial and Commercial Development Corporation (ICDC) advanced in 2013 at a fixed rate of 16%.

	Group		Company	
	2025	2024	2025	2024
	KShs "000"	KShs "000"	KShs "000"	KShs "000"
(e) Directors emoluments				
Executive Directors	7,560	5,040	7,560	5,040
Non - Executive Directors	4,645	3,320	4,645	3,320
	12,205	8,360	12,205	8,360

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## 29 CASH AND BANK BALANCES

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	Group		Company	
	2025 KShs "000"	2024 KShs "000"	2025 KShs "000"	2024 KShs "000"
Cash on Hand	586	16,796	586	15,688
Bank Balance	39,482	91,131	3,014	(5,869)
<b>At 30 June</b>	<b>40,068</b>	<b>107,927</b>	<b>3,600</b>	<b>9,819</b>

The outstanding bank overdraft at Kenya Commercial Bank was Kshs. 760,000,000 (2024 - Kshs. 760,000,000) and is secured by a first charge on freehold property, Land Reference Number 5875/2.

## 30 SHARE CAPITAL

### Authorised

1,900,000,000 ordinary shares of KShs 5 each

25,000,000 redeemable preference shares of KShs 20 each

Company	
KShs "000"	KShs "000"
9,500,000	9,500,000
500,000	500,000
<b>10,000,000</b>	<b>10,000,000</b>

### Issued and fully paid

364,961,600 ordinary shares of KShs 5 each

**1,824,808**      **1,824,808**

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and ultimately build an optimal capital structure to reduce the cost of capital.

## 31 RESERVES

	Group		Company	
	2025 KShs "000"	2024 KShs "000"	2025 KShs "000"	2024 KShs "000"
Retained earnings-(deficit)	(11,013,759)	(11,013,759)	(13,108,510)	(13,113,896)
Share premium	1,371,057	1,371,057	1,371,057	1,371,057
Revaluation reserve	755,569	755,569	755,569	755,569
	<b>(8,887,133)</b>	<b>(8,887,133)</b>	<b>(10,981,884)</b>	<b>(10,987,270)</b>

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NOTES TO THE FINANCIAL STATEMENTS

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## 31 RESERVES (Continued)

### Share premium

The share premium arose from issuance of shares at a premium as shown below:

Years of Issue	Number of Shares	Premium Per Share (Kshs)	Share Premium KShs "000"
2014	99,534,980	4	398,140
2011	85,426,614	5	427,133
2005	120,000,000	4.5	545,784
			<b>1,371,057</b>

**Revaluation Reserve** - The revaluation reserve represents the surplus on the revaluation of buildings and freehold land net of deferred income tax. The reserve is non-distributable.

	2025 KShs "000"	2024 KShs "000"
<b>32 TERM LOANS</b>		
<b>Subject to the CVA Terms of Repayment</b>		
Government of Kenya Loan	1,576,849	1,576,849
United Bank of Africa (UBA)	202,087	238,240
Industrial and Commercial Development Corporation	171,633	172,033
KCB Overdraft	760,000	760,000
	<b>2,710,569</b>	<b>2,747,122</b>
<b>Total borrowings</b>	<b>2,710,569</b>	<b>2,747,122</b>
The movement in term loans during the year was as follows		
<b>At 1 July</b>	<b>2,747,122</b>	<b>2,831,886</b>
Repayment	(36,553)	(84,764)
<b>At 30 June</b>	<b>2,710,569</b>	<b>2,747,122</b>

### (a) ICDC Loan

The loan is secured by a first charge on leasehold property LR No. 209/12593.

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## 32. TERM LOANS (Continued)

### b) KCB Bank facilities (Continued)

- Rental facility dated 12<sup>th</sup> January 2015 between Uchumi Supermarkets PLC and Rentco EA Ltd channelling business proceeds through Uchumi Supermarkets PLC's Bank Account bank with KCB;
- Facility agreement dated 22<sup>nd</sup> June 2015 by borrower, KCB (Uganda) Ltd (as a lender) and KCB Ltd (as a security Agent);
- Director's resolution dated 8<sup>th</sup> January 2015 authorizing lease arrangement with Rentco EA Limited;
- Board resolution by the Borrower for KShs. 1,278,177,361 dated 20<sup>th</sup> January 2016; and
- Board resolution by the borrower authorizing facilities and security arrangements dated 10<sup>th</sup> November, 2016.
- The overdraft facility was made available to the Company until 30<sup>th</sup> November 2016, this has not been reviewed by the bank, the bank can demand payment at any time after the 30<sup>th</sup> November 2016 due date. In 2016 the rate of the overdraft facility was KBRR plus a variable margin of 8.37% subject to a floor of 18.24%. The rate is currently 14%.

### c) UBA Loans

The loan is secured by:

- Registered Charge for the sum of KShs 250 million dated 31<sup>st</sup> March, 2016 registered at the Land Titles Registry as IR 66890/10 and at the Companies Registry on 8<sup>th</sup> February, 2016;
- Registered Debenture dated 14<sup>th</sup> June, 2016 over the Borrower's assets for the sum of KShs 303 million; and
- Partially registered Further Legal Charge dated 14<sup>th</sup> June, 2016 over property LR No. 209 /12593 for the sum of KShs. 300 million ranking pari passu with the charge securing facilities over the same property issued in favour of ICDC.
- The loan was advanced in March 2016 for a period of 24 months. The current rate for the loan is 14% (2016 – 8.63% plus the prevailing KBRR).

### d) Government of Kenya Loan

The loan was disbursed on 19<sup>th</sup> January 2017 and is for a period of 7 years and an interest rate of 11.5% per annum on a reducing balance basis. The loan is charged to the land LR No. 5875/2 and 209/12593 on Thika Road measuring 20 acres by way of first floating charge. The loan has a grace period of 24 months after which repayments commence.

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2025	2024
KShs "000"	KShs "000"

### 33 FINANCE LEASES

The Group has commercial leases on property plant and machinery. These leases have an average life of over four years. Future minimum payments under the finance leases together with the present value of the net minimum lease payments are as follows:

At 1st July	162,091	163,591
Interest and Penalties	-	(1,500)
<b>At 30 June</b>	<b>162,091</b>	<b>162,091</b>

### 34 TRADE AND OTHER PAYABLES

	Group		Company	
	2025	2024	2025	2024
	KShs "000"	KShs "000"	KShs "000"	KShs "000"
Trade payables - CVA	4,985,275	4,909,553	4,818,704	4,834,776
Trade payables - Current	18,985	22,490	18,985	22,490
Accrued expenses	1,988,726	2,148,909	1,988,726	2,058,909
Tax Payable -CGT	64,567	10,554	64,567	-
<b>At 30 June</b>	<b>7,057,553</b>	<b>7,091,506</b>	<b>6,890,982</b>	<b>6,916,175</b>

2025	2024
KShs "000"	KShs "000"

### 35 DEFERRED REVENUE

At 1st July	104,962	87,854
Movement during the Year	(17,108)	17,108
<b>At 30 June</b>	<b>87,854</b>	<b>104,962</b>

Deferred revenue is the fair value of the consideration received from customer's loyalty points. The redemption of loyalty points was suspended in the year that ended on 30th June, 2017.

# UCHUMI SUPERMARKETS PLC

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

## 36 SHAREHOLDERS

The top ten shareholders and number of shares held as at 30 June 2025 is as below

<u>Name of Shareholder</u>	<u>Percentage</u>	<u>Number of Shares</u>
Government Of Kenya	14.7%	53,537,573
SIB Nominee A/C Jbbl	14.7%	53,733,839
Equity Nominees Limited A/C0142	5.8%	21,219,898
Ndungu,Paul Wanderi	5.5%	19,956,772
Kiiso Group Limited	3.5%	12,830,103
Co-Op Custody A/C 4018	2.3%	8,402,800
Kenya Development Corporation Limited	2.0%	7,288,472
Jamal,Karim	2.6%	9,609,602
Maina,Martin Munyiri	1.3%	4,599,800
Faida Holdings Limited	1.1%	4,160,867
Others	46.5%	169,621,874
<b>Total</b>		<b>364,961,600</b>

## 37 COMPANY VOLUNTARY ARRANGEMENT

On 1st July, 2020, Insolvency Petition Number 25 of 2018 against the company was marked as settled consequent to the Court's approval of the Company's Voluntary Arrangement ("CVA") entered into with creditors, dated 2nd March, 2020. The Creditors revised the CVA on 21st August, 2023. The fulfilment of the Arrangement depends on successful disposal by the Company of the Investment Property disclosed at Note 21 and on the settlement of part of the outstanding debts, in accordance with the CVA.

## 38 SIGNIFICANT LEGAL ISSUES

### (a) Sidhi Investment Limited

Sidhi Investment Limited in 2005 filed a suit against Uchumi Supermarkets Plc and Kasarani Mall Limited for specific performance, arising from a contract for the sale of the Investment Property disclosed at Note 22. In 2018, the Plaintiff, Defendants and Kenya Commercial Bank entered into a tripartite agreement towards the settlement of the Plaintiff's claim. It was agreed that the claimant shall receive a third of the proceeds to be realized upon the sale of the subject property.

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## 38 SIGNIFICANT LEGAL ISSUES (Continued)

### (b) Kenya Defence Force

In 2019, Kenya Defence Forces forcefully entered the Investment Property disclosed at Note 22 and claimed ownership. In 2022, the Company instituted Case Number ELC E010 of 2022 against the trespasser and other parties. On 19th May, 2025 judgment was entered against the Company. Among other things, the Company's certificate of title was cancelled. The Company has appealed against the judgement. The Directors are confident of a positive outcome of the appeal and believe the investment property is not impaired as a result of the said judgement.

## 39 CONTINGENT LIABILITIES

In the ordinary course of business, the Group and Company are subject to various litigations claims by employees, landlords and other parties. The Directors have made adequate provisions for claims that are likely to crystallise.

The Directors are not aware of other significant contingent liabilities that would require disclosure in the financial statements.

## 40 CAPITAL COMMITMENTS

There were no capital commitments as at 30 June 2025 (2024: Nil)