REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY

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THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026
PUBLIC PETITIONS COMMITTEE

REPORT ON-

CONSIDERATION OF PUBLIC PETITION NO. 9 OF 2026 REGARDING UNPAID SALARY ARREARS AND TERMINAL DUES BY THE FORMER EMPLOYEES OF UCHUMI SUPERMARKETS PLC

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 30 SEP 2026
DAY. Wednesday
TABLED BY: Hon. Janet Sitenei, MP (Vice-Chairperson)
CLERK-AT THE-TABLE: Lomale

NATIONAL ASSEMBLY
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General-Purpose Committees
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NAIROBI

SEPTEMBER, 2026

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CHAIRPERSON'S FOREWORD

On behalf of the Public Petitions Committee and pursuant to the provisions of Standing Order 227, it is my pleasant privilege and honour to present to this House the Report of the Committee on the Public Petition No. 9 of 2026 regarding unpaid salary arrears and terminal dues by the former employees of Uchumi Supermarkets PLC.

The petition was presented to the house by former employees of Uchumi Supermarket who sought the intervention of the National Assembly through the Public Petitions Committee to ensure transparency in the management of lease proceeds and other company assets and to facilitate the establishment of a clear timeline and mechanism for the resolution of all pending CVA obligations relating to former staff claims.

The Committee observed that the outstanding employee obligations was not disputed by the Company. Delay in settlement of employee dues was due to the inability to dispose a parcel of land that was earmarked for that purpose, through a court ruling that it had since appealed. The Committee however found that state officers and a previous court ruling had previously confirmed validity of the title.

The Committee recommends that management of Uchumi Supermarkets file quarterly returns with the CVA supervisor, meets with the petitioner and workers' union to harmonize dues owed. The Committee further recommends that the outcome of appeal of the 17-acre Kasarani land be awaited and dues owed to former employees subsequently settled as a matter of priority.

The Committee appreciates the Offices of the Speaker and Clerk of the National Assembly for providing guidance and necessary technical support, without which its work would not have been possible. The Chairperson expresses gratitude to the Committee Members for their devotion and commitment to duty during the consideration of the Petition.

On behalf of the Committee and pursuant to the provisions of Standing Order 199, I now wish to lay the Report on the Table of the House.

HON. MUCHANGI KAREMBA, CBS, M.P.
CHAIRPERSON, PUBLIC PETITIONS COMMITTEE

PART ONE

1. PREFACE

1.1 Establishment and Mandate of the Committee

1) The Public Petitions Committee is established under the provisions of Standing Order 208A with the following terms of reference:

   i) considering all public petitions tabled in the House;
   ii) making such recommendations as may be appropriate with respect to the prayers sought in the petitions;
   iii) recommending whether the findings arising from consideration of a petition should be debated; and
   iv) advising the House and reporting on all public petitions committed to it.

1.2 Committee Membership

2) The Public Petitions Committee was constituted in October 2022 and comprises the following Members:

Chairperson
Hon. Muchangi Karemba, CBS, M.P.
Runyenjes Constituency
United Democratic Alliance (UDA)

Vice Chairperson
Hon. Janet Jepkemboi Sitienei, M.P
Turbo Constituency
United Democratic Alliance (UDA)

Hon. Patrick Makau King'ola, M.P.
Mavoko Constituency
Wiper Democratic Movement-Kenya (WDM-K)

Hon. Edith Vethi Nyenze, M.P.
Kitui West Constituency
Wiper Democratic Movement-Kenya (WDM-K)

Hon. Ntwiga Patrick Munene, M.P.
Chuka Igambang'ombe Constituency
United Democratic Alliance (UDA

Hon. Maisori Marwa Kitayama, M.P.
Kuria East Constituency
United Democratic Alliance (UDA)

Hon. Joshua Chepyegon Kandie, M.P.
Baringo Central Constituency
United Democratic Alliance (UDA)

Hon. Beatrice Kadeveresia Elachi, M.P.
Dagoretti North Constituency
Orange Democratic Movement (ODM)

Hon. Bernard Muriuki Nebart, M.P.
Mbeere South Constituency
Independent

Hon. Biego Paul Kibichy, M.P.
Chesumei
United Democratic Alliance (UDA)

Hon. Peter Irungu Kihungi, M.P.
Kangema Constituency
Maendeleo Chap Chap Party (MCCP)

Hon. John Bwire Okano, M.P.
Taveta Constituency
Wiper Democratic Movement-Kenya (WDM-K)

Hon. Peter Mbogho Shake, M.P.
Mwatate Constituency
Jubilee Party (JP)

Hon. Sloya Clement Logova, M.P.
Sabatia Constituency
United Democratic Alliance (UDA)

Hon. Suzanne Ndunge Kiamba, M.P.
Makueni Constituency
Wiper Democratic Movement-Kenya (WDM-K)

1.3 Committee Secretariat

3) The Public Petitions Committee is facilitated by the following members of the secretariat:

Lead Clerk
Mr. Victor Weke
Principal Clerk Assistant II

Ms. Miriam Modo
First Clerk Assistant

Mr. Benard Toroitich
Third Clerk Assistant

Ms. Kafuyai Wamae
Third Clerk Assistant

Mr. Clinton Sindiga
Legal Counsel II

Ms. Nancy Akinyi
Research Officer III

Ms. Viola Saiya
Research Officer III

Ms. Roselyne Njuki
Principal Serjeant-at-Arms

Mr. Paul Shana
Serjeant-at-Arms

Mr. Pascal Valerian
Hansard Officer III

Mr. Collins Mahamba
Audio Officer III

Ms. Felistus Muiya
Public Communication Officer

Ms. Fridah Ngari
Media Relations Officer III

PART TWO

1 BACKGROUND OF THE PETITION

1.1 Introduction

4) Article 119 of the Constitution of Kenya gives every person the right to petition Parliament to consider any matter within its authority, including enacting, amending, or repealing legislation.

5) Public Petition No. 9 of 2026 regarding unpaid salary arrears and terminal dues by the former employees of Uchumi Supermarkets PLC. was presented to the House on 4th June 2026 by the Rt.Hon. (Dr.) Moses Wetangula, SC, EGH, MP on behalf of the Former Uchumi Staff Welfare Association.

6) The Petitioners submitted that despite numerous engagements with the appointed administrators, the courts, and processes established under the Company Voluntary Arrangement (CVA), their claims for unpaid salary arrears, gratuity, and other terminal benefits remain unresolved.

7) The Petitioners further state that commitments made under the CVA to settle staff claims have not been honoured, despite repeated reminders and demonstrations by former employees.

8) Additionally, the Petitioners allege that lease proceeds from tenants occupying the company's premises, including payments reportedly made by China Square, have been diverted to other projects instead of being applied towards the settlement of staff claims.

9) The Petitioners also cite a lack of transparency and accountability in decisions affecting staff welfare. They contend that certain directives issued during the last Annual General Meeting by the CVA monitor have not been implemented, and that affected employees have not been adequately consulted.

10) The Petition further highlighted the difficult circumstances faced by many former employees, some of whom are unable to provide for their families, meet medical expenses, or support their children's education. It is also reported that some former staff have passed on before receiving their rightful dues.

11) The matters raised in this Petition are not pending before any court of law, constitutional body or other legal institution.

1.2 Petitioners' Prayers

12) The Petitioners prayed that the National Assembly, through the Public Petitions Committee—

i) Ensures transparency in the management of lease proceeds and other company assets;
ii) To facilitate the establishment of a clear timeline and mechanism for the resolution of all pending CVA obligations relating to former staff; and
iii) Makes any other recommendations it may deem appropriate to address the plight of the Petitioners.

PART THREE

2 STAKEHOLDERS' SUBMISSIONS ON THE PETITION

2.1 The Petitioners

The petitioners, led by Mr. Philomena Oburenyi, the chairperson for Uchumi Welfare Association, appeared before the Committee on Tuesday 23rd June, 2026;

13) Despite numerous engagements with the appointed administrators, the courts, and processes established under the Company Voluntary Arrangement (CVA), their claims for unpaid salary arrears, gratuity, and other terminal benefits remain unresolved. The commitments made under the CVA to settle staff claims have not been honored, despite repeated reminders and demonstrations by former employees.
14) The lease proceeds from tenants occupying the company's premises, including payments reportedly made by China Square, have been diverted to other projects instead of being applied towards the settlement of staff claims. There is a lack of transparency and accountability in decisions affecting staff welfare. They contend that certain directives issued during the last Annual General Meeting by the CVA monitor have not been implemented, and that affected employees have not been adequately consulted.
15) He further highlighted the difficult circumstances faced by many former employees, some of whom are unable to provide for their families, meet medical expenses, or support their children's education. It is also reported that some former staff have passed on before receiving their rightful dues. There is continued failure by Uchumi Supermarkets Ltd to settle outstanding salary arrears, gratuity, and terminal dues owed to former employees despite the passage of several years, existing court interventions, and commitments previously made under the Company Voluntary Arrangement (CVA).
16) Uchumi Supermarkets Ltd experienced prolonged financial distress which led to closure of operations, employee redundancies, and termination of employment for numerous staff members across the country. The petitioners informed the Committee that statutory remittance to NSSF, loan deductions and Sacco contributions were not indicated in their termination letters.
17) Finally, in light of the foregoing, the Petitioners seek the intervention of the National Assembly to ensure transparency in the management of lease proceeds and other company assets, and to facilitate the establishment of a clear timeline and mechanism for the resolution of all pending CVA obligations relating to former staff claims.

2.2 Uchumi Supermarkets PLC

Mr. Lawrence Ngao, the Chief Executive Officer, and Mr. John Mwara, the Board Chairperson of Uchumi Supermarkets PLC, appeared before the committee Thursday, 4th August, 2026, and submitted as follows on the Petition—

18) Uchumi Supermarkets PLC acknowledges and remains committed to honoring all legitimate obligations owed to its former employees and other creditors. The delays in settling these obligations were not attributable to any unwillingness on the part of the Company, but rather arose from the legal framework governing the Court-approved Company Voluntary Arrangement (CVA) and the unforeseen inability to realize one of the principal strategic assets upon which the approved restructuring plan was founded.
19) The matters raised in the Petition can only be properly understood within the legal framework governing Uchumi Supermarkets PLC. The Company is presently operating under a Court-approved Company Voluntary Arrangement (CVA), a statutory corporate rescue mechanism established under the Insolvency Act, 2015.
20) The CVA was approved by the Company's creditors and subsequently sanctioned by the High Court of Kenya in Insolvency Petition No. 25 of 2018 through the Judgment of the Honourable Lady Justice Mary Kasango delivered on 1st July 2020. The Arrangement provides the legal framework within which Uchumi is restructuring its operations while progressively settling its obligations to all creditors, including former employees.
21) The Insolvency Act, 2015 embodies the modern principle of corporate rescue, recognizing that where a financially distressed company retains the potential to operate as a viable commercial enterprise, preserving the business as a going concern generally produces superior outcomes for creditors, employees, shareholders, customers, suppliers and the wider economy than liquidation.
22) A Company Voluntary Arrangement is therefore intended to provide an orderly, transparent and judicially supervised framework through which a financially distressed company can continue trading, restore commercial viability and progressively satisfy creditor claims from the value generated by a recovering business.
23) The philosophy underpinning the CVA is not to avoid payment of debts, nor to postpone legitimate obligations indefinitely. Rather, it seeks to maximize recoveries by preserving enterprise value and enabling the Company to generate sustainable cash flows from which creditors can be paid in accordance with an agreed and legally binding restructuring framework.
24) This philosophy recognizes that liquidation often results in the destruction of enterprise value and significantly lower recoveries for creditors, whereas successful business rehabilitation creates the greatest opportunity for all stakeholders to recover value.
25) Upon approval by creditors and sanction by the High Court, the Company Voluntary Arrangement became legally binding upon Uchumi Supermarkets PLC and all creditors whose claims fall within its scope. The Board of Directors and Management are under a statutory and fiduciary obligation to administer the affairs of the Company strictly in

accordance with the provisions of the CVA. Compliance with the Arrangement is independently supervised by the appointed CVA Monitor, who oversees implementation, monitors compliance and safeguards the interests of all creditors.

26) Consequently, neither the Board nor Management possesses legal discretion to depart from the approved restructuring framework by preferring one class of creditors over another or making payments outside the approved payment structure. Any such action would undermine the integrity of the Court-approved Arrangement and prejudice the equitable treatment of creditors.

27) A fundamental feature of the Company Voluntary Arrangement is the payment waterfall, which establishes the legally approved order and methodology through which available funds are distributed among the various classes of creditors. The payment waterfall is intended to ensure transparency, fairness and equality of treatment by requiring that all available resources be applied in accordance with the priorities approved by creditors and supervised by the CVA Monitor.

28) Former employees constitute an important class of creditors within this framework. Payments made to former employees are therefore distributed on a pro-rata basis in accordance with verified claims and the availability of distributable funds under the CVA. Management is not legally permitted to accelerate or vary these payments outside the approved framework without the necessary approvals under the Arrangement.

29) Since commencement of the Company Voluntary Arrangement, Uchumi Supermarkets PLC had implemented measures aimed at restoring operational stability, strengthening commercial performance and improving revenue generation.

30) The Company's operational initiatives, including optimization of its retail network, prudent commercial investments and business expansion, are not inconsistent with the interests of creditors. Rather, they are integral components of the recovery strategy because the successful implementation of the CVA depends upon the Company's ability to generate sustainable revenues from continuing operations.

31) Every additional revenue stream improves the Company's capacity to satisfy outstanding obligations and accelerate payments to creditors in accordance with the Court-approved payment framework.

32) One of the principal funding assumptions underpinning the approved Company Voluntary Arrangement was the realization of value from approximately seventeen (17) acres of land owned by Kasarani Mall Limited, a wholly owned subsidiary of Uchumi Supermarkets PLC.

33) The importance of this strategic asset formed part of the restructuring proposal considered by the High Court during the approval of the CVA. As reflected in the Judgment of the Honourable Lady Justice Mary Kasango delivered on 1 July 2020 in Insolvency Petition No. 25 of 2018, the realization of this asset constituted a significant component of the Company's recovery strategy and was expected to generate substantial proceeds for distribution to creditors in accordance with the approved CVA.

34) The anticipated realization of this strategic asset was therefore not merely a commercial aspiration but one of the important financial assumptions underpinning the Court-approved restructuring framework.

35) Following approval of the Company Voluntary Arrangement, circumstances arose that materially affected the implementation of this important funding strategy. In 2023, the Company was unable to realize the Kasarani property following a dispute concerning its occupation by the Kenya Defence Forces, after which the Government proceeded with the development of an Affordable Housing Project on the site.

36) Consequently, the Company was unable to realize the value of a strategic asset that had been expected to contribute significantly towards implementation of the CVA and acceleration of payments to creditors. The Company instituted legal proceedings to protect its interests and the matter is presently pending before the Court of Appeal in proceedings involving the Honourable Attorney General, the Ministry of Defence and the Kenya Defence Forces.

37) Consistent with the doctrine of sub judice and out of respect for the independence of the Judiciary, the Company does not invite the Committee to determine matters that are properly before the Court and therefore refrains from commenting on the merits of the pending proceedings.

38) The inability to realize this strategic asset had materially affected one of the principal funding assumptions underpinning the approved Company Voluntary Arrangement and had impacted the pace at which creditor obligations, including those owed to former employees, can be satisfied.

39) Subject to the determination of the Court of Appeal, the property is currently estimated to have a market value exceeding Kenya Shillings Five Billion (KES 5 billion). Realization of the Company's interest in this asset would materially strengthen its financial position and significantly enhance its ability to accelerate settlement of outstanding obligations under the Court-approved CVA.

40) The successful rehabilitation of Uchumi Supermarkets PLC extends beyond the interests of the Company itself. It serves broader public policy objectives by preserving employment opportunities, protecting shareholder value, sustaining supplier relationships, maintaining competition within Kenya's retail sector and maximizing recoveries for creditors.

41) Conversely, liquidation would likely result in the destruction of enterprise value and substantially lower recoveries for creditors, including former employees. Continued implementation of the Court-approved Company Voluntary Arrangement remains the most equitable, commercially prudent and legally compliant mechanism for balancing the interests of all stakeholders. Uchumi Supermarkets PLC remains is committed to honouring all legitimate obligations owed to its former employees and other creditors.

42) The delays experienced in settling these obligations are not attributable to any unwillingness to pay but arise from the legal framework governing the Court-approved Company Voluntary Arrangement and the unforeseen inability to realize one of the principal strategic assets upon which the approved restructuring plan was founded.

43) The Board, Management and the CVA Monitor remain committed to implementing the Arrangement in full compliance with the Insolvency Act, the directions of the High Court and the resolutions approved by creditors, while continuing to pursue all lawful avenues for strengthening the Company's financial position and accelerating payments to creditors.

2.3 CVA Monitor

FCPA Owen Koimburi, the Monitor of the Company Voluntary Arrangement, appeared before the Committee on Thursday 4th August, 2026, and submitted as follows on the Petition;

44) He was appointed in March 2019 to oversee the implementation of Uchumi Supermarkets PLC's Company Voluntary Arrangement, which was approved by creditors in March 2020 and subsequently revised in August 2023. He clarified that his role is limited to oversight and reporting on the implementation of the CVA, while the day-to-day management of the Company remains the responsibility of the Board of Directors.

45) The Monitor explained that some outstanding payments remained unclaimed because beneficiaries had not collected their cheques, rather than due to a lack of funding. He further informed the Committee that he did not have complete records relating to former employees' terminal dues, noting that the Company was in the process of compiling a comprehensive inventory for submission to the Committee.

46) The revised CVA makes specific provision for staff related obligations. The recent Quarter one report filed with the official receiver on 24th April, 2026 showed that the position on staff salary arrears specifically scheduled under the CVA was as follows: of Ksh 8,000,000, Ksh 6,825157(85.31%) had been paid, with the balance in process. The Company's broader creditor's schedule additionally records staff dues of Ksh 521,724,214 within the total creditor position of approximately Ksh 9.79 billion, and the company has indicated that a portion of outstanding amounts reflects cheques not yet collected by payees rather than a want of funding.

47) The CVA-scheduled arrears figure above relates to amounts owed to serving and CVA-era staff under the arrangement, and is not the same as a full inventory of terminal dues owed to former employees whose termination or redundancy may have arisen outside the CVA schedule.

48) He submitted that he does not independently hold personnel records, termination letters, or redundancy computations for former staff; those records are held by the Company. The Company, as a custodian of the relevant personnel and payroll records, was compiling the complete inventory requested by the Committee — former employees, their terms and conditions of employment, the conditions of their termination or redundancy, amounts owed, amounts paid, amounts outstanding, and a proposed settlement timeline.

49) The petition raised the concern that the Company continues to open new branches even as dues to former employees remain outstanding. The Monitor confirmed to the Committee that this was a matter he identified in his capacity as a Monitor. The Company had opened two new branches, located at Unicity Mall along Thika Road near Kenyatta University and at

Kitengela next to Shell Petrol Station on Kajiado Road. The Monitor had not been briefed on the financing of either branch, nor was his approval as Monitor sought or obtained for either decision. This is inconsistent with the duality of functions inherent in the CVA structure: while the Board is entitled to manage the Company's ordinary affairs, section 633(1) of the Act requires the Monitor to be able to monitor compliance with the arrangement, which is not possible where material capital decisions are taken without the Monitor's knowledge.

50) The act of opening new branches sits outside the CVA strategy that had been disclosed to and approved by creditors in 2020 and again in 2023, both of which centered on debt restructuring, asset realization, and cautious, franchise-led growth rather than direct Company-funded expansion.

51) It engages a specific creditor resolution of 17th March 2025 requiring joint Board and Monitor approval before surplus cashflows are applied; the Monitor was not approached for that approval in respect of either branch. The Company's ability to fund new capital commitments while creditor and former-staff obligations remain outstanding is a legitimate and material question.

52) The Monitor had identified a recurring pattern in which the Board had proceeded on material matters, and in one respect the Company's own CVA proceeded, without the leave, prior knowledge, or approval of either the Monitor or the Court, notwithstanding the statutory monitoring function conferred on the Monitor by section 633(1) of the Insolvency Act, 2015 and the requirement under section 630(1) of that Act that an amendment to a voluntary arrangement takes effect only once approved by the Court. The reliability of the governance and financial oversight surrounding the Company's obligations to its creditors and former staff is questionable.

53) The current CVA's five-year term expired on 30th June 2025. As at the most recent records available, the amendment required to extend the arrangement beyond that date had been the subject of a creditors' resolution but had not yet been ratified by the Court, as section 630(1) of the Act requires before an amendment takes effect. The Monitor had not been given, nor been briefed on, confirmation of whether Court ratification had been obtained, as required under section 630(1) of the Insolvency Act, 2015 for such an amendment to bind the Company and its creditors.

54) The Revised CVA's own proposal table records a change from the 40% debt-to-preferential-share conversion ratio for trade creditors approved in the original 2020 CVA to a 50% ratio in the 2023 revision, without a specific, identifiable Court approval of that change.

55) The Monitor sought on more than one occasion but not received a full update on the implementation of decisions taken at Board meetings, leaving a standing gap in the Monitor's visibility over matters the Board has already resolved upon. The Company's asset register had not been reconciled to its pre-CVA accounts or to its last audited financial statements, notwithstanding the Monitor having raised this specifically as a priority.

56) Creditors resolved on 17th March 2025 that surplus cashflows are to be applied to creditor settlements only with the joint approval of the Board and the Monitor; the Monitor not been

given, nor been briefed on, the Company's record of cashflow applications since that date, as required to enable him discharge monitoring functions under section 633(1) of the Insolvency Act, 2015.

57) None of these matters, on the material presently available to the Monitor, disclosed criminal conduct. They do, however, disclose a governance pattern in which the Board has not consistently sought or awaited the Monitor's advice before acting on matters squarely within the Monitor's oversight remit — a pattern the Committee may wish to weigh alongside the specific concerns raised in Petition No. 9 of 2026.

2.4 Ministry of Labour and Social Protection

The Committee received written submissions from the Cabinet Secretary, Hon. (Dr.) Alfred Mutua EGH, as follows;

58) The ministry of labour had considered the concerns raised by the former employees of Uchumi Supermarkets PLC regarding the alleged inordinate delay in the payment and settlement of salary arrears and terminal dues owed to former employees following cessation of their employment.

59) The Company attributes the delayed settlement to its operations under a Court-approved Company Voluntary Arrangement (CVA), which, according to the Company, establishes a payment waterfall governing the manner in which available funds are applied to creditors, including former employees. Uchumi Supermarkets PLC is a Kenyan supermarket company which has experienced financial and operational challenges resulting in outstanding obligations to various creditors, including former employees.

60) According to the Company's submission, Uchumi is currently operating under a Court-approved Company Voluntary Arrangement (CVA). The Company states that the CVA provides a structured framework for settlement of creditor and staff obligations while allowing the business to continue operating as a going concern.

61) The Company further states that payments to former employees have been made on a pro-rata basis, with each employee receiving a proportionate share based on their individual outstanding obligation. It nevertheless acknowledges that the amounts paid to date represent only a small proportion of the total outstanding obligations.

62) It is a fact that full settlement of former employees' dues has not been achieved. The Company attributes this primarily to constrained cash flows and the payment priorities established under the CVA. The Ministry notes that the existence of outstanding employee obligations is not disputed by the Company.

63) The Ministry notes that the company states that terminal dues were computed using the Employment Act, 2007 and applicable Collective Bargaining Agreements. According to the Company, the components included;

Terminal Benefits	Governing Legal Framework	Method of Calculation
Severance / Redundancy Pay	Employment Act, 2007 — Sec. 40(1)(g)	Fifteen (15) day's for each completed year of service computed as one-half (0.5) of one month's salary multiplied by the exact number of years of service (calculated on a daily basis from commencement of employment to date of redundancy, inclusive of fractional years)
Notice Pay	Employment Act, 2007 Sec.35	One (1) month's gross monthly salary, (pay in lieu of notice). This reflects the contractual notice obligation applicable to the relevant employee levels.
Accrued Annual Leave	Employment Act, 2007 — Sec. 28 & 31	Outstanding accrued leave days multiplied by the daily leave rate is derived by dividing the employee's gross monthly salary by the annual leave. Where an employee had taken leave in excess of entitlement, the excess is treated as a deduction from terminal dues.
Service Years	Employment Act (general principles)	Computed as the exact number of calendar days between the date of first employment and the date of redundancy, divided by 365.25 to account for leap years. This produces a precise fractional year figure and applied consistently across all affected employees.
Salary Arrears	Employment Contracts; Employment Act, 2007	Outstanding gross salary due to each employee for periods worked but unpaid, as recorded in the company's payroll records. Amounts verified against

Terminal Benefits	Governing Legal Framework	Method of Calculation
		individual employment contracts and payroll history.

64) The Company states that the computation methodology was applied consistently to affected employees and that the basis of computation was shared with the relevant Workers Union. The ministry recommends that the actual individual computations be subjected to verification against the employees' contracts of employment, payroll records, applicable Collective Bargaining Agreements, statutory requirements and individual employment histories before the amounts claimed can be conclusively confirmed.

65) The ministry considers transparency in the computation and communication of terminal dues important in enabling former employees to understand and, where necessary, challenge the amounts attributed to them.

66) Accordingly, the Ministry recommends that each affected former employee be provided with an itemized statements showing:

- period of employment;
- salary used in the computation;
- salary arrears;
- notice pay;
- severance pay, where applicable;
- accrued leave;
- statutory deductions/contributions;
- amounts already paid; and
- the outstanding balance.

67) The petition raises concerns regarding the treatment of pension and Sacco contributions in the computation of terminal benefits. Uchumi states that it exercised due care in preparing the computations but is reviewing terminal benefit calculations to ensure compliance with statutory requirements, including pension and Sacco contribution obligations. The Ministry considers this matter requiring further verification, particularly in respect of statutory deductions and remittances that may have accrued during the employees' periods of service.

68) The former employees have raised concerns that lease and rental proceeds, including income from tenants occupying Uchumi-owned premises, may have been diverted away from staff claims. Uchumi categorically denies the allegation and states that lease and rental receipts are channeled through the Company's bank accounts and applied in accordance with the CVA payment framework.

69) The ministry notes that this is principally a matter requiring verification through the appropriate financial and/or insolvency oversight mechanisms. The ministry has not, on the

basis of the information presently available, independently verified the Company's financial records or the application of the rental proceeds, and seeks for more time to very and submit the same.

70) The Company has indicated that the Kitengela branch was opened on 1st July 2026 as part of its strategy to generate additional revenue. The Company argues that continued commercial operations are necessary to generate resources to meet obligations to creditors, including former employees.

71) The ministry notes that the continued operation of the business does not, in itself, extinguish or negate employees' lawful claims. At the same time, the Company's explanation indicates that the business is operating within the framework of the approved CVA.

72) The ministry therefore recommends that the payment of former employees' lawful employment-related claims should remain a clearly identifiable component of the Company's obligations under the applicable legal and CVA framework.

73) The Company has expressly acknowledged that former employees' claims remain outstanding. The dispute therefore appears to concern principally the quantification, verification and timing of settlement, rather than the existence of all employee claims.

74) The Company's submission refers to a verified schedule of former employee obligations. However, the Ministry has not independently verified the individual schedules against the employment records of each claimant. It is therefore necessary to obtain and examine the underlying records before the Ministry can certify the accuracy of the amounts claimed.

75) The Company's computation methodology should be tested against the applicable provisions of the Employment Act, 2007, individual contracts of employment and any applicable Collective Bargaining Agreements.

76) Particular attention should be given to:

- the circumstances under which each employee's employment was terminated;
- whether the termination constituted redundancy;
- the applicable notice period;
- the employee's length of service;
- accrued leave;
- salary arrears;
- severance pay and /or gratuity where applicable;
- contractual benefits; and
- statutory contributions and deductions.

77) The Company stated that it was bound by a Court-approved CVA and that payment of creditors is governed by an agreed payment waterfall. The Ministry recognizes that the Company Voluntary Arrangement is relevant to the timing and manner of payment. However, the existence of a CVA should not be interpreted as extinguishing employees' substantive rights and lawful employment claims. The Ministry therefore considers it necessary for the Company to demonstrate how former employees' claims are classified and treated within the approved CVA and the expected mechanism and timetable for settlement.

78) Uchumi reports that it has held three meetings with representatives of former staff jointly with the CVA Monitor to discuss outstanding dues and the Company's recovery trajectory. The Ministry encourages continued engagement with the former employees and recommends that such engagement should result in clear, documented information on individual balances.

79) The ministry recommends that Uchumi Supermarkets PLC should submit to the ministry a comprehensive and updated schedule of all former employees affected, indicating:

- name of employee;
- employment number, where applicable;
- date of employment;
- date and reason for separation;
- last gross salary;
- salary arrears;
- notice pay;
- severance pay, where applicable;
- accrued leave;
- other contractual or statutory benefits;
- total amount due;
- amount already paid; and
- outstanding balance

80) The Company should make available for verification the relevant employment records, payroll records, terminal dues computations, payment schedules and applicable Collective Bargaining Agreements.

81) The Company should continue structured engagement with representatives of former employees and provide each claimant with an itemized statement of their individual claim.

82) The Company and/or CVA Monitor should provide the ministry with the relevant portion of the approved CVA demonstrating:

- how former employees' claims are classified;
- the priority accorded to employee claims;
- the payment mechanism;
- amounts already paid;
- amounts projected to be paid; and
- the conditions, if any, that may affect future payments.

83) Uchumi Supermarkets PLC should provide a clear and realistic payment plan for settlement of verified former employee claims, subject to the terms of the Court-approved CVA. Where the payment schedule is subject to approval by creditors or the CVA Monitor, the Company should clearly indicate the applicable approval process and expected timelines.

84) The Company should undertake a reconciliation of statutory deductions and contributions relating to former employees and provide evidence of remittance or outstanding statutory obligations, as applicable.

85) Former employees who dispute the computation of their individual terminal benefits should be provided with an opportunity to raise their specific claims for verification and resolution through the appropriate labour dispute resolution mechanisms.

86) The Ministry of Labour shall continue monitoring the matter and engage Uchumi Supermarkets PLC, the former employees' representatives and the CVA Monitor to ensure that verified employment-related claims are addressed within the applicable legal and insolvency framework.

PART FOUR

3 COMMITTEE OBSERVATIONS

Upon hearing from the Petitioners, Uchumi Supermarket PLC and the Ministry of Labour, the Committee observed that—

87) Management of Uchumi Supermarkets PLC did not dispute the arrears owed and committed to honoring all legitimate obligations to its former employees and other creditors. The Company's creditor's schedule records staff dues of Kshs. 521,724,214 within the total creditor position of approximately Kshs. 9.79 billion.

88) Uchumi Supermarkets Ltd had experienced prolonged financial distress since 2013 which led to closure of operations, employee redundancies, and termination of employment for numerous staff members across the country.

89) Uchumi Supermarket and the Kenya Union of Commercial, Food and Allied Workers had entered a consent dated 8th November 2024, agreeing on the tabulation of benefits owed to the former workers. This was registered in the Employment and Labour Relations Court at Nairobi as cause no. 459 of 2016.

90) Creditors applied for a court approved Company Voluntary Arrangement as per part IX of the Insolvency Act 2015. This was the chosen option provided for in the Act, other than Liquidation or Administration. The CVA under the Insolvency Act, 2015 embodies the principle of corporate rescue, recognizing that where a financially distressed company retains the potential to operate as a viable commercial enterprise, preserving the business as a going concern generally produces superior outcomes for creditors, employees, shareholders, customers, suppliers and the wider economy than liquidation.

91) A fundamental feature of this court approved CVA was the payment waterfall, which established the order and methodology through which available funds are to be distributed among the various classes of creditors. One of the underpinning funding assumptions was the realization of value from approximately twenty (20) acres- (a 3- acre parcel and another adjacent 17-acre parcel-) of land owned by Kasarani Mall Limited, a wholly owned subsidiary of Uchumi Supermarkets PLC. The land was valued at approximately Kshs. 2.5 billion as at 2020.

92) From the foregoing, the company had since opened two new branches, in Kitengela and Unicity Mall along Thika Road, and made a profit of Kshs. 10 million in 2025. Part of these profits and the realization of the 3-acre parcel of land in Kasarani had been used to settle Kshs. 9.3 million of employee dues so far.

93) The inability to realize sale of the remaining 17-acre parcel (L.R 5875/2 (IR. 85371)) followed a dispute concerning its occupation by the Kenya Defence Forces, after which the Government proceeded with the development of an Affordable Housing Project on the site. The Company instituted legal proceedings to protect its interests, and lost in the Environment and Land Court in case no. E010 of 2022 despite evidence of documentation by the Attorney General, Director of Public Prosecutions, Commissioner of Lands, and a previous court

ruling evicting squatters from the land, ascertaining that the allotment was procedurally done. The matter was pending before the Court of Appeal.

94) The former employees' claims therefore remain outstanding due to the inability of the company to realize value of this 17-acre land, pending appeal.

PART FIVE

4 COMMITTEE RECOMMENDATIONS

Pursuant to the provisions of Standing Order 227, the Committee responds to the Petition as follows—

i) On the prayer that the Committee ensures transparency in the management of lease proceeds and other company assets; **the Committee notes that Uchumi Supermarket had availed audited financial statements and recommends that the Chief Executive Officer avails to the CVA supervisor/ monitor quarterly written updates on operations of the company.**

ii) On the prayer that the Committee facilitates the establishment of a clear timeline and mechanism for the resolution of all pending CVA obligations relating to former staff;

a) **the Committee recommends that subsequent to realization of recommendation (iii) below, dues owing to former employees totaling Kshs. 521,724,214 be fully settled as a matter of priority.**

b) **The Committee recommends that within thirty (30) days upon tabling of this report, Chief Executive Officer of Uchumi Supermarkets should meet with the petitioners and representatives of the former employees and the respective workers' union and, provide a breakdown of amounts owed to each former employee. A signed consent by all parties be filed with the National Assembly within fourteen (14) days thereafter.**

iii) On the prayer that the Committee makes any other recommendations it may deem appropriate to address the plight of the Petitioners; **the Committee recommends that the outcome of the appeal on the case of the Kasarani land be awaited, and that the Chief Executive Officer ensures robust defense in light of the documentation affirming legality of the allotment, in its possession.**

Signed: _____ **Date:** 30/09/2026

HON. MUCHANGI KAREMBA, M.P.
CHAIRPERSON, PUBLIC PETITIONS COMMITTEE

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 30 SEP 2026 DAY. Wednesday
TABLED BY: Hon. Janet Sitienei MP (Vice-chairperson)
CLERK-AT THE-TABLE:

ANNEXURES

Annex 1: Report Adoption List

Annex 2: Public Petition No. 9 of 2026 regarding unpaid salary arrears and terminal dues by the former employees of Uchumi Supermarkets PLC

Annex 3: Minutes of proceedings

PUBLIC PETITIONS COMMITTEE

ADOPTION LIST

(i) Consideration and adoption of the P/No. 09 of 2026 on Unpaid Salary arrears and terminal dues to the employees of Uchumi Supermarket PLC by the Chairperson of the Former Uchumi Staff Welfare Association.

We, the undersigned, hereby affix our signatures to this Report to affirm our approval:

DATE: 2/9/2026

	HON. MEMBER	SIGNATURE
1.	Hon. Muchangi Karemba,CBS, M.P.(Chairperson)	
2.	Hon. Janet Jepkemboi Sitienei, CBS, M.P.(Vice Chairperson)	
3.	Hon. Patrick Makau King'ola, M.P.	
4.	Hon. Beatrice Kadeveresia Elachi, CBS, M.P.	
5.	Hon. Joshua Chepyegon Kandie, M.P.	
6.	Hon. Maisori Marwa Kitayama, M.P.	
7.	Hon. Edith Vethi Nyenze, M.P.	
8.	Hon. Patrick Ntwiga Munene,CBS, M.P.	
9.	Hon. Paul Biego Kibichy, M.P.	
10.	Hon. (Eng.) Bernard Muriuki Nebart, M.P.	
11.	Hon. Peter Mbogho Shake, M.P.	
12.	Hon. Suzanne Ndunge Kiamba, M.P.	
13.	Hon. John Bwire Okano, M.P.	
14.	Hon. Sloya Clement Logova, M.P.	
15.	Hon. Peter Irungu Kihungi, M.P.	

THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT (FIFTH SESSION)

CONVEYANCE OF PUBLIC PETITION

(No. 09 of 2026)

REGARDING UNPAID SALARY ARREARS AND TERMINAL DUES BY THE FORMER EMPLOYEES OF UCHUMI SUPERMARKETS PLC

1. **Honourable Members**, Article 119 of the Constitution accords every person the right to petition Parliament to consider any matter within its authority. Further, Standing Order 225(2)(b) requires the Speaker to report to the House any Petition other than those presented by a Member.

2. **Honourable Members**, in this regard, I wish to report to the House that my Office has received a Petition from **Philomena Oburenyi and Aloise Mukoma, Chairperson and Secretary** respectively of the Former Uchumi Staff Welfare Association, regarding the inordinate delay in the payment and settlement of salary arrears and terminal dues owed to former employees.

3. The Petitioners aver that, despite numerous engagements with the appointed administrators, the courts, and processes established under the Company Voluntary Arrangement (CVA), their claims for unpaid salary arrears, gratuity, and other terminal benefits remain unresolved.

4. The Petitioners further state that commitments made under the CVA to settle staff claims have not been honoured, despite repeated reminders and demonstrations by former employees.

5. Additionally, the Petitioners allege that lease proceeds from tenants occupying the company's premises, including payments reportedly made by China Square, have been diverted to other projects instead of being applied towards the settlement of staff claims.

6. **Honourable Members**, the Petitioners also cite a lack of transparency and accountability in decisions affecting staff welfare. They contend that certain directives issued during the last Annual General Meeting by the CVA monitor have not been implemented, and that affected employees have not been adequately consulted.

7. The Petition further highlights the difficult circumstances faced by many former employees, some of whom are unable to provide for their families, meet medical expenses, or support their children's education. It is also reported that some former staff have passed on before receiving their rightful dues.

8. **Honourable Members**, in light of the foregoing, the Petitioners seek the intervention of the National Assembly to ensure transparency in the management of lease proceeds and other company assets, and to facilitate the establishment of a clear timeline and mechanism for the resolution of all pending CVA obligations relating to former staff claims.

9. **Honourable Members**, having established that the matters raised in the Petition fall within the authority of this House, and that they are not pendin before any court of law or constitutional body, I hereby commit the Petition to the Public Petitions Committee for consideration, pursuant to the Standing Orders.

10. The Committee is required to consider the Petition and report its findings to the House and to the Petitioners in accordance with Standing Order 227(2).

I thank you.

Wetangula

THE RT. HON. (DR.) MOSES WETANG'ULA, SC, EGH, MP
SPEAKER OF THE NATIONAL ASSEMBLY

Date 4/6/26

MINUTES OF THE 53RD SITTING OF THE PUBLIC PETITIONS COMMITTEE HELD ON WEDNESDAY, 2ND SEPTEMBER, 2026 IN MASHUA CONFERENCE ROOM, SERENA HOTEL, MOMBASA COUNTY AT 9:00 A.M.

PRESENT

1. Hon. Eric Muchangi Karemba, CBS M.P. - **Chairperson**
2. Hon. Janet Jepkemboi Sitienei, CBS, M.P. - **Vice-Chairperson**
3. Hon. Beatrice Kadeveresia Elachi, CBS, M.P.
4. Hon. Joshua Chepyegon Kandie, M.P.
5. Hon. Maisori Marwa Kitayama, M.P.
6. Hon. (Eng.) Bernard Nebart Muriuki, M.P.
7. Hon. Edith Vethi Nyenze, M.P.
8. Hon. Paul Biego Kibichiy, M.P.
9. Hon. Peter Irungu Kihungi, M.P.
10. Hon. Suzanne Ndunge Kiamba, M.P.

APOLOGIES

1. Hon. Patrick Makau King'ola, M.P.
2. Hon. Peter Mbogho Shake, M.P.
3. Hon. Sloya Clement Logova, M.P.
4. Hon. Patrick Ntwiga Munene, CBS, M.P.
5. Hon. John Bwire Okano, M.P.

IN-ATTENDANCE

SECRETARIAT

1. Mr. Oscar Namulanda	-	Deputy Director/HOD
2. Mr. Victor Weke	-	Principal Clerk Assistant II
3. Ms. Miriam Modo	-	Clerk Assistant I
4. Mr. Bernard Toroitich	-	Clerk Assistant III
5. Ms. Kafuyai Wamae	-	Clerk Assistant III
6. Mr. Clinton Sindiga	-	Legal Counsel II
7. Ms. Nancy Akinyi	-	Research Officer III
8. Mr. Pascal Valerian	-	Hansard Officer II
9. Mr. Collins Mahamba	-	Audio Officer
10. Ms. Rahima Ahmed	-	Executive Secretary
11. Mr. Paul Shana	-	Serjeant-at-Arms
12. Mr. Mahlon Kiprono	-	Attachee
13. Ms. Fridah Ngari	-	Media Relations Officer

MIN./PPC/2026/186: PRELIMINARIES

The Chairperson called the meeting to order at 9:00 am and Hon. Marwa Kitayama said the opening prayer.

MIN./PPC/2026/187: ADOPTION OF AGENDA

The proposed agenda was adopted having been proposed by Hon. Joshua Kandie, M.P and seconded by, Hon. Maisori Kitayama, M.P.

AGENDA

1. Prayer and Preliminaries
2. Adoption of the Agenda
3. Confirmation of previous Minutes
4. Matters Arising
5. Consideration and Adoption of the following Reports on: -
   (i) **Public Petition No. 02 of 2026 by the Hon. Gladys Boss, MGH, MP on behalf of the residents of Uasin Gishu County regarding production, distribution and consumption of illegal alcoholic brews in the county;**
   (ii) **Public Petition No. 15 of 2026 regarding reform of succession law and administration of estates in Kenya;**
   (iii) **Public Petition No. 08 of 2026 regarding amalgamation /conversion of former civil service non-contributory pension schemes to the current public service workers contribution scheme under the public service superannuation fund of 2021 and amendment of Pensions Act; and**
   (iv) **Public Petition No. 09 of 2026 regarding unpaid salary arrears and terminal dues by the former employees of Uchumi Supermarkets PLC.**
6. Any Other Business
7. Adjournment and Date of the Next Meeting

MIN./PPC/2026/188: CONFIRMATION OF MINUTES

This agenda item was deferred.

MIN./PPC/2026/189: CONSIDERATION AND ADOPTION OF REEPORTS ON VARIOUS PUBLIC PETITIONS

a) Public Petition No. 02 of 2026 by the Hon. Gladys Boss, MGH, MP on behalf of the residents of Uasin Gishu County regarding production, distribution and consumption of illegal alcoholic brews in the county

The Committee unanimously considered and adopted the Draft Report with the following recommendations having been proposed by the Hon. Joshua Kandie, MP and seconded by the Hon. Nebart Muriuki, MP –

1. On the prayer that the Committee investigates the status of implementation of regulations in place to curb production, distribution and consumption of illegal alcohol; the Committee found that implementation of the various laws has been weak and inconsistent. The Committee recommends that within three (3) months of tabling of this report;
   i. The Cabinet Secretary National Treasury, in liaison with KRA, fully operationalizes the Excise Duty (Remission of Excise Duty) Regulations, 2026;
   ii. The Cabinet Secretary Ministry of Interior & National Administration in liaison with the Council of Governors submits to Parliament proposals for harmonization of national-county Alcoholic Drinks Control regime as regards licensing;
   iii. The Cabinet Secretary Ministry of Interior & National Administration submits to Parliament draft amendments to the Alcoholic Drinks Control Act prescribing higher penalties for breaches of the law;

iv. The Cabinet Secretary Ministry of Trade & Industry in liaison with the Anti-Counterfeit Authority submit to Parliament draft amendments to the Anti-Counterfeit Act prescribing higher penalties for breaches of the law and criminal liability of beneficial owners of offending companies and address enforcement gaps; and

v. The Cabinet Secretary Ministry of Agriculture, Livestock and Fisheries in liaison with the Kenya Sugar Board submit draft amendments to the Sugar Act to provide for express provision for the licensing, monitoring and quarterly reporting by sugar millers of all molasses-based ethanol production; and mandatory disclosure of buyers, end-users and movement of ethanol consignments to KRA, KEBS and ACA.

2. On the prayer that the Committee determines the cause of the rampant production, distribution, and consumption of illegal alcohol in the country; the Committee found that the proliferation of illicit alcohol was due to a high tax regime, corruption amongst enforcement agencies, weak regulatory enforcement and smuggling of ethanol across borders. In particular, the NPS, KEBS and KRA bear the greatest responsibility. The Committee recommends that within three (3) months of tabling of this report;
   i. The Inspector General NPS and Commissioner General KRA report to the National Assembly on action taken to increase surveillance at the identified ethanol smuggling border points of Isibania, Shimoni, Busia, Mbale, Malaba, Lwakhakha, Namanga, Lunga Lunga and Moyale;
   ii. The Managing Director KEBS submits a strategy paper on revamped enforcement, quality assurance and inspection and market surveillance measures.

3. On the prayer that the Committee recommends a multiagency approach to curb the production, distribution and consumption of illegal alcohol, the Committee recommends that within three (3) months of tabling of this report the Cabinet Secretary Ministry of Interior & National Government submits to Parliament draft legislation to anchor the Multi-Agency Taskforce into law. This taskforce should comprise the Ministry's NGAO, NPS, NIS, KRA, KEBS, NACADA, ACA, COG, Ministry of Health, ODPP, EACC, and any other relevant government agency.

b) Public Petition No. 15 of 2026 regarding reform of Succession Law and Administration of Estates in Kenya

The Committee considered and adopted the Draft Report unanimously with amendments to recommendation (1) having been proposed by the Hon. Joshua Kandie, MP and seconded by the Hon. Edith Vethi Nyenze, MP as follows –

1. On the prayer that the Committee initiates a review and amendment of the Law of Succession Act (Cap.160), to provide for simplified succession procedures for small estates, administrative settlement of uncontested estates, as well as expanded and decentralized probate services across the country; The Committee recommends that within ninety (90) days of tabling of this report, the Attorney General in liaison with the Kenya Law Reform Commission submits to the National Assembly proposals to amend the Law of Succession Act, including but not limited to, estates below a prescribed value be wound

up through a fastened and simplified procedure, introduction of a dedicated statutory small estate track defined by a monetary value threshold, administrative processing of uncontested cases and vest concurrent original jurisdiction over succession matters in lower (magistrates) courts for estates not exceeding a prescribed monetary value.

2. On the prayer that the Committee calls for review and rationalization of costs associated with succession processes, promotion of digitization and integration of succession, civil registration, and land administration systems, and strengthening of mediation and alternative dispute resolution mechanisms in succession matters; The Committee recommends that within ninety (90) days of tabling of this report, the Attorney General gazettes revised Probate and Administration (Fees) Rules to introduce a sliding scale fee structure with reduced or waived fees for small estates and income-tested waivers for indigent applicants.

   Further the Attorney General ensures that an Integrated Digital Succession Platform is rolled-out through Huduma Centres and the e-Citizen portal. Additionally, a dedicated probate registry be established at the county level in all forty-seven counties, within the financial year 2026/27.

3. On the prayer that the Committee takes any other legislative and administrative measures necessary to facilitate timely, accessible, and equitable succession processes in Kenya; the Committee recommends that within ninety (90) days of tabling of this report, the Attorney General submits to the National Assembly amendments to the Legal Aid Act, (Cap 16A) to expressly include succession matters within the defined scope of legal aid services.

c) Public Petition No.8 of 2026 regarding amalgamation /conversion of former civil service non-contributory pension schemes to the current public service workers contribution scheme under the public service superannuation fund of 2021 and amendment of Pensions Act

The Committee unanimously considered and adopted the Draft Report with the following recommendations having been proposed by the Hon. Edith Vethi Nyenze, MP and seconded by the Hon. Marwa Kitayama, MP –

(i) On prayer that all non-contributory civil service pension schemes be amalgamated into a single, unified, equitable, and sustainable pension framework; The committee declines to grant this prayer.

(ii) On prayer that the National Treasury and the Salaries and Remuneration Commission undertake an immediate actuarial review of public service pensions and gazette appropriate pension increases to cushion pensioners against the effects of inflation and the rising cost of living; the Committee recommends that the National Treasury in liaison with the Salaries and Remunerations Commission conducts actuarial reviews every three (3) years and provides for resultant fiscal budgetary requirements. The first such actuarial review should be conducted by 31st December 2026.

(iii)On the prayer that the Pensions Act (Cap. 189) and the Pensions (Increase) Act (Cap. 190) be reviewed and amended to address existing gaps and ensure adequate protection of pensioners and their beneficiaries; The Committee recommends that within three (3) months of tabling of this report, the Multi- Agency Task Force through the National Treasury completes and submits to the National Assembly its report on review of the Pensions Act (Cap. 189), the Pensions (Increase) Act (Cap. 190) and the National Retirement Benefits Policy with proposals to modernize the legislative framework and address policy, administrative efficiency and fiscal considerations.

d) Public Petition No.9 of 2026 regarding unpaid salary arrears and terminal dues by the former employees of Uchumi Supermarkets PLC.

The Committee considered and adopted the Draft Report unanimously with the following recommendation having been proposed by the Hon. Peter Irungu Kinhungi, M.P and seconded by the Hon. (Eng.) Benard Nebart Muriuki, MP –

i. On the prayer that the Committee ensures transparency in the management of lease proceeds and other company assets; the Committee notes that the company had availed audited financial statements and recommends that the management avails to the CVA supervisor/ monitor quarterly written updates on operations of the company.

ii. On the prayer that the Committee facilitates the establishment of a clear timeline and mechanism for the resolution of all pending CVA obligations relating to former staff; the Committee recommends that subsequent to implementation of recommendation (c) below, dues owing to former employees totaling Kshs. 521,724,214 be fully settled as a matter of priority. The Committee recommends that management of Uchumi Supermarkets meet with the petitioners and representatives of the former employees and the respective workers' union within one (1) month of tabling of this report and provides breakdown of amounts owed to each former employee. A signed consent by all parties be filed with the National Assembly within two (2) weeks thereafter.

MIN./PPC/2026/190: ADJOURNMENT AND DATE OF THE NEXT MEETING

There being no other business, the meeting was adjourned at 4:30 p.m.

Sign: ..... **Date** 25/09/202

HON. MUCHANGI KAREMBA, CBS, M.P.
CHAIRPERSON, PUBLIC PETITIONS COMMITTEE

MINUTES OF THE 46TH MEETING OF THE PUBLIC PETITIONS COMMITTEE HELD ON THURSDAY, 4TH AUGUST, 2026 IN COMMITTEE ROOM 25, FLOOR, 5TH BUNGE TOWER AT 11:40 A.M.

PRESENT

1. Hon. Muchangi Karemba, CBS M.P. - **Chairperson**
2. Hon. John Bwire Okano, M.P.
3. Hon. Peter Irungu Kihungi, M.P.
4. Hon. Paul Biego Kibichiy, M.P.
5. Hon. Peter Mbogho Shake, M.P.
6. Hon. Joshua Chepyegon Kandie, M.P.
7. Hon. Edith Vethi Nyenze, M.P.

APOLOGIES

1. Hon. Janet Jepkemboi Sitienei, CBS, M.P. - **Vice-Chairperson**
2. Hon. Patrick Makau King'ola, M.P.
3. Hon. Beatrice Kadeveresia Elachi, CBS, M.P.
4. Hon. Maisori Marwa Kitayama, M.P.
5. Hon. (Eng.) Bernard Nebart Muriuki, M.P.
6. Hon. Suzanne Ndunge Kiamba, M.P.
7. Hon. Patrick Ntwiga Munene, CBS, M.P.
8. Hon. Sloya Clement Logova, M.P.

IN-ATTENDANCE

SECRETARIAT

1. Mr. Victor Weke	-	Principal Clerk Assistant II
2. Ms. Miriam Modo	-	Senior Clerk Assistant
3. Mr. Bernard Toroitich	-	Clerk Assistant III
4. Ms. Kafuyai Wamae	-	Clerk Assistant III
5. Mr. Rose Njuki	-	Serjeant at arms
6. Mr. Clinton Sindiga	-	Legal Counsel II
7. Mr. Pascal Valerian	-	Hansard Officer II
8. Ms. Nancy Akinyi	-	Research Officer III
9. Mr. Viola Saiya	-	Research Officer III
10. Mr. Collins Mahamba	-	Audio Officer
11. Ms. Felistus Muiya	-	Public Communication Officer
12. Ms. Fridah Ngari	-	Media Relations Officer
13. Mr. Marlon Kiprono	-	Intern

UCHUMI SUPERMARKETS

1. Mr. Lawrence Ngao	-	CEO/ Managing Director
2. Mr. John Mwara	-	Board Chairperson, Uchumi Supermarket PLC
3. FCPA Owen Koimburi	-	Court Appointed Monitor of CVA-Uchumi Supermarket PLC
4. Ms. Judith Matata	-	Company Secretary

MIN./PPC/2026/236: PRELIMINARIES

The Chairperson called the meeting to order at 11:40 am and said a word of prayer.

MIN./PPC/2026/237: ADOPTION OF AGENDA

The proposed agenda was adopted hereunder having been proposed by Hon. Joshua Chepyegon Kandie, M.P, and seconded by, Hon. John Bwire Okano, M.P

AGENDA

1. Prayer & Preliminaries;
2. Adoption of the Agenda;
3. Confirmation of the Previous Minutes;
4. Matters Arising;
5. **Meeting the Chief Executive Officer and CVA Supervisor of Uchumi Supermarkets on Public Petition No. 9 of 2026 regarding unpaid salary arrears and terminal dues to the former employees of Uchumi Supermarket PLC.**
6. Any other Business; and
7. Adjournment.

MIN./PPC/2026/238: CONFIRMATION OF MINUTES

This agenda item was deferred to the next sitting.

MIN./PPC/2026/239: MEETING WITH THE CHIEF EXECUTIVE OFFICER AND CVA SUPERVISOR OF UCHUMI SUPERMARKETS ON PUBLIC PETITION NO. 9 OF 2026 REGARDING UNPAID SALARY ARREARS AND TERMINAL DUES TO THE FORMER EMPLOYEES OF UCHUMI SUPERMARKET PLC.

Submissions by the Chief Executive Officer, Uchumi Supermarkets PLC

Mr. Lawrence Ngao, Chief Executive Officer of Uchumi Supermarkets PLC, appeared before the Committee and made the following submissions –

The Chief Executive Officer informed the Committee that Uchumi Supermarkets PLC remains committed to honouring all legitimate obligations owed to its former employees and other creditors. He submitted that the delays in settling these obligations were not attributable to any unwillingness on the part of the Company, but rather arose from the legal framework governing the Court-approved Company Voluntary Arrangement (CVA) and the unforeseen inability to realise one of the principal strategic assets upon which the approved restructuring plan was founded.

The CEO further submitted that the Board of Directors, Management and the Court-appointed Monitor remain committed to implementing the CVA in full compliance with the provisions of the Insolvency Act, the directions of the High Court and the resolutions approved by creditors. He added that the Company continues to pursue all lawful avenues to strengthen its financial position and accelerate payments to creditors.

Submissions by the Court-Appointed Monitor

FCPA Owen Koimburi, the Court-appointed Monitor of the Company Voluntary Arrangement, also appeared before the Committee and made the following submissions -

The Monitor informed the Committee that he was appointed in March 2019 to oversee the implementation of Uchumi Supermarkets PLC's Company Voluntary Arrangement, which was approved by creditors in March 2020 and subsequently revised in August 2023. He clarified

that his role is limited to oversight and reporting on the implementation of the CVA, while the day-to-day management of the Company remains the responsibility of the Board of Directors.

With regard to staff salary arrears and terminal dues, the Monitor informed the Committee that, of the Kshs. 8 million scheduled for payment under the CVA in respect of salary arrears, Kshs. 6,825,157, representing 85.31 per cent, had been paid, with the balance currently being processed. He further stated that the Company's total outstanding staff obligations amounted to Kshs. 521,724,214 against an overall creditor position of approximately Kshs. 9.79 billion.

The Monitor explained that some outstanding payments remained unclaimed because beneficiaries had not collected their cheques, rather than due to a lack of funding. He further informed the Committee that he did not have complete records relating to former employees' terminal dues, noting that the Company was in the process of compiling a comprehensive inventory for submission to the Committee.

The Monitor expressed concern that the Company had opened two new branches without his knowledge or approval, contrary to the governance framework established under the CVA and the restructuring strategy approved by creditors. He observed that this raised concerns regarding the Company's decision to undertake expansion while significant obligations to creditors and former employees remained outstanding.

The Monitor further informed the Committee of a recurring pattern of material decisions being undertaken by the Board without his involvement or, where necessary, the approval of the High Court. These included –

a) the extension of the CVA period without confirmed approval by the Court;
b) amendments to the debt-to-preferential-share conversion ratios without identifiable Court approval;
c) failure by the Board to keep the Monitor informed of key Board decisions and the application of the Company's cash flows; and
d) failure to reconcile the Company's asset register with the pre-CVA accounts and audited financial statements.
e) The Monitor clarified that, while these matters did not necessarily suggest criminal conduct, they pointed to significant governance weaknesses and inadequate compliance with the oversight framework established under the CVA.

Committee Observations

The Committee observed that -

i) the Company had not maintained up-to-date cash flow records and its asset register had not been reconciled or updated;
ii) the Court-appointed Monitor had not been adequately involved in key corporate decisions, including the opening of new branches, and appeared to have been excluded from certain governance processes by the Board of Directors;
iii) the operative document governing the implementation of the Company Voluntary Arrangement remained the High Court Order appointing the Monitor, and no separate governance instrument was required unless sanctioned by the Court; and
iv) the most recent external audit of the Company had been undertaken by Deloitte.

The Committee further observed that the Monitor had emphasized the need to strengthen governance, financial oversight and transparency, particularly in relation to the management of Company finances and the settlement of obligations owed to creditors and former employees.

Committee Resolutions

The Committee made the following resolutions, that -

a) the Chief Executive Officer furnish the Committee with the Company's updated asset register;
b) the Chief Executive Officer submit to the Committee copies of the audited financial statements prepared by Deloitte; and
c) the Court-appointed Monitor provides the Committee with -
   i) the Company's current creditors' schedule;
   ii) the status of implementation of the nine core proposals under the revised Company Voluntary Arrangement; and
   iii) a report detailing the governance and compliance issues affecting the implementation of the Company Voluntary Arrangement.

MIN./PPC/2026/240: ADJOURNMENT

There being no other business, the meeting was adjourned at 2:00 p.m. The next meeting will be held on Thursday 6th August, 2026.

Sign: ..... **Date** 20/03/26

HON. MUCHANGI KAREMBA, CBS, M.P.
CHAIRPERSON, PUBLIC PETITIONS COMMITTEE

MINUTES OF THE 41ST SITTING OF THE PUBLIC PETITIONS COMMITTEE HELD ON TUESDAY, 23RD JUNE, 2026 IN COMMITTEE ROOM 14, FLOOR, 2ND BUNGE TOWER AT 11:50 A.M.

PRESENT

1. Hon. Muchangi Karemba, CBS M.P. - **Chairperson**
2. Hon. Janet Jepkemboi Sitienei, CBS, M.P. - **Vice-Chairperson**
3. Hon. Maisori Marwa Kitayama, M.P.
4. Hon. Edith Vethi Nyenze, M.P.
5. Hon. Suzanne Ndunge Kiamba, M.P.
6. Hon. Paul Biego Kibichiy, M.P.

APOLOGIES

1. Hon. Patrick Makau King'ola, M.P.
2. Hon. Beatrice Kadeveresia Elachi, CBS, M.P.
3. Hon. Joshua Chepyegon Kandie, M.P.
4. Hon. (Eng.) Bernard Nebart Muriuki, M.P.
5. Hon. Peter Irungu Kihungi, M.P.
6. Hon. Patrick Ntwiga Munene, CBS, M.P.
7. Hon. John Bwire Okano, M.P.
8. Hon. Peter Mbogho Shake, M.P.
9. Hon. Sloya Clement Logova, M.P.

IN-ATTENDANCE

SECRETARIAT

1. Mr. Victor Weke - Principal Clerk Assistant II
2. Mr. Bernard Toroitich - Clerk Assistant III
3. Ms. Kafuyai Wamae - Clerk Assistant III
4. Mr. Clinton Sindiga - Legal Counsel II
5. Mr. Collins Mahamba - Audio Officer
6. Ms. Felistas Muiya - Public Communications Officer
7. Ms. Fridah Ngari - Media Relations Officer
8. Ms. Rose Njuki - Senior Serjeant at arms

PARLIAMENTARY BUDGET OFFICE

1. Mr. Chacha Machage - Fiscal Analyst

THE FORMER UCHUMI STAFF WELFARE ASSOCIATION

1. Mr. Philomena Oburenyi - Chairperson
2. Mr. Justine Oyagi - Assistant Secretary
3. Mr. Paul Owino Okoth - Member
4. Mr.Reuben Muhia - Member
5. Mr. Aggrey Aturi - Member

6. Mr. Jones Momanyi - Member
7. Mr. Omar Kaje - Member

BUNGE MASHINANI INITIATIVE & KIAMBU COUNTY EMPOWERMENT NETWORK

1. Mr Kamau Prince Brayan - Executive Director
2. Ms. Kimberly Fiona Okiri - President, Cohort at BMSG
3. Ms. Beatric Njeri Waiyaki - Chairperson
4. Mr. Gesimba Atingah - County Director ,Okoa Uhumi
5. Ms. Caroline Mbenya - National Democratic Institiute
6. Mr. John Muchori - Programme Coordinator, Bunge Mashiani
7. Mr. Isaac Wamene - Comminication Officer
8. Mr. Edward Njano - Secretariat, Bunge Mashsinani
9. Ms. Jane Wanjiru - KISANET, Coordinator
10. Ms. Faith Musyimi - Support liason
11. Ms. Loise Waringa Kinyua - Gatundu rep for PWD
12. Mr. Michael Mburu - Executive Director,Bunge Mashinani
13. Ms. Stella Wanjiru - Bunge Mashinani
14. Eric Mutura - Bunge Mashinani
15. Mr. Francis Njorge - Twaweza
16. Mr. Fredric Ajok - Comminication Officer

MIN./PPC/2026/210: PRELIMINARIES

The Chairperson called the meeting to order at 11:50 am and said a word of prayer.

MIN./PPC/2026/211: ADOPTION OF AGENDA

The proposed agenda was adopted hereunder having been proposed by Hon. Suzanne Ndunge Kiamba, M.P and seconded by, Hon. Edith Vethi Nyenze, M.P

AGENDA

1. Prayer & Preliminaries;
2. Adoption of the Agenda;
3. Confirmation of the Previous Minutes;
4. Matters Arising;
5. **Meeting with the petitioners regarding the following Public petitions:**
   i. **Public Petition No.9 of 2026 regarding unpaid salary arrears and terminal dues to the employees of Uchumi Supermarket PLC; and**
   ii. **Public Petition No.10 of 2026 on strengthening oversight, transparency, and intergenerational equity in public debt governance**.
6. Any other Business; and
7. Adjournment

MIN./PPC/2026/212: CONFIRMATION OF MINUTES

This agenda item was deferred to the next sitting.

MIN./PPC/2026/213: MEETING WITH PETITIONERS ON VARIOUS PETITIONS

1. **Public Petition No.9 of 2026 regarding unpaid salary arrears and terminal dues to the employees of Uchumi Supermarket PLC.**

The petitioners appeared before the Committee and submitted as follows-

i. The Petitioners aver that, despite numerous engagements with the appointed administrators, the courts, and processes established under the Company Voluntary Arrangement (CVA), their claims for unpaid salary arrears, gratuity, and other terminal benefits remain unresolved.

ii. The Petitioners further state that commitments made under the CVA to settle staff claims have not been honoured, despite repeated reminders and demonstrations by former employees.

iii. Additionally, the Petitioners allege that lease proceeds from tenants occupying the company's premises, including payments reportedly made by China Square, have been diverted to other projects instead of being applied towards the settlement of staff claims.

iv. The Petitioners also cite a lack of transparency and accountability in decisions affecting staff welfare. They contend that certain directives issued during the last Annual General Meeting by the CVA monitor have not been implemented, and that affected employees have not been adequately consulted.

v. The Petition further highlights the difficult circumstances faced by many former employees, some of whom are unable to provide for their families, meet medical expenses, or support their children's education. It is also reported that some former staff have passed on before receiving their rightful dues.

vi. Finally, in light of the foregoing, the Petitioners seek the intervention of the National Assembly to ensure transparency in the management of lease proceeds and other company assets, and to facilitate the establishment of a clear timeline and mechanism for the resolution of all pending CVA obligations relating to former staff claims.

Petitioners' Prayers

The Petitioners pray that the Committee investigates the matter and recommends that:

i. Establish implementation status of the CVA and reasons for non-compliance;

ii. Investigate utilization of lease proceeds and any company income streams;

iii. Direct disclosure of financial reports relating to asset and revenue management;

e) Recommend a structured and time-bound settlement framework for affected former employees;

f) Ensure accountability for decisions that may have prejudiced employee welfare

Clarifications by the Petitioners

The petitioners are concerned of the continued failure by Uchumi Supermarkets Ltd to settle outstanding salary arrears, gratuity, and terminal dues owed to former employees despite the passage of several years, existing court interventions, and commitments previously made under the Company Voluntary Arrangement (CVA).

Uchumi Supermarkets Ltd experienced prolonged financial distress which led to closure of operations, employee redundancies, and termination of employment for numerous staff members across the country

The petitioners further informed the Committee that statutory remittance to NSSF, loan deductions and Sacco contributions were not indicated in there terminal letters.

The petitioners raised concerns regarding reports that revenue generated from tenants occupying company properties, including China Square and other tenants, may not have been applied toward settlement of employee obligations

Committee Observations

The Committee observed that—

i. Members acknowledge the significant financial distress faced by former employees due to unpaid salaries and terminal benefits, which has led to severe personal and family challenges.
ii. There is concern regarding the company's failure to comply with court decisions and commitments made under the CVA, indicating a lack of accountability and transparency in the management of employee claims.
iii. Members emphasize the importance of understanding the status of the CVA and the prioritization of employee claims, as this is crucial for ensuring that former employees receive their rightful dues.
iv. The alleged diversion of lease income raises serious questions about the financial management of Uchumi Supermarkets Ltd. Members stress the need for a thorough investigation into how rental income is utilized and whether it contributes to settling employee obligations.
v. Members note the lack of communication from Uchumi Supermarkets Ltd regarding financial recovery efforts and settlement plans, which has contributed to the frustration and uncertainty experienced by former employees.
vi. There is a strong call for accountability regarding decisions that may have negatively impacted employee welfare, as well as a need for a structured and time-bound settlement framework to resolve outstanding claims.
vii. Members express their support for the petitioners and their request for Parliament to take action to ensure justice and fair resolution of their claims, highlighting the importance of protecting workers' rights and welfare.

Committee Recommendations

The Committee resolved to engage -

i. The Management of Uchumi Supermarket PLC; and

ii. The Office of the Official Receiver.

2. **Public Petition No.10 of 2026 on strengthening oversight, transparency, and intergenerational equity in public debt governance.**

Mr. Chacha Machage brifed the Committee on the_Public Petition No.10 of 2026 on strengthening oversight, transparency, and intergenerational equity in public debt governance as follows:

The petition presented to the National Assembly on June 3, 2026, by citizens and community members, particularly from the Bunge Mashinani Initiative, addresses critical concerns regarding public debt in Kenya. The petition emphasizes the need for enhanced transparency, accountability, sustainability, and public participation in the management of public debt, highlighting the long-term implications of borrowing for both current and future generations. Key points from the petition include:

i. The total public debt of Kenya has reached Kshs. 12.86 trillion, which is 69.4% of GDP, raising alarms about fiscal sustainability and the burden on future generations.

ii. Debt servicing is projected to consume a significant portion of government revenue, limiting funds available for essential services and development projects.

iii. The National Assembly has established the Public Debt and Privatization Committee to enhance scrutiny over public debt management. However, there is a need for more structured oversight throughout the entire debt cycle.

iv. Limited public access to comprehensive and timely information on public debt hampers accountability and citizen engagement.

v. The petitioners call for institutionalized mechanisms for intergenerational dialogue on public debt to ensure that future generations are considered in fiscal decisions.

Observations

i. The National Assembly has made strides in enhancing oversight through the establishment of the Public Debt and Privatization Committee, which has improved scrutiny of public debt matters.

ii. While the National Treasury provides various reports on public debt, there is a lack of a centralized and easily accessible Public Debt Registry, which limits transparency and informed decision-making.

iii. The National Assembly has opened avenues for public participation, but these processes remain ad hoc and could benefit from more structured engagement mechanisms.

iv. There is a reliance on technical support from various institutions, but the absence of independent expert forecasts and long-term sustainability projections remains a gap in the decision-making process.
v. The need for structured intergenerational dialogue on public debt is critical to ensure that the voices of future generations are included in fiscal policy discussions.

Recommendations

i. The National Assembly should consider proposals for more structured ex-ante scrutiny of major borrowing decisions and enhance reporting on the use and outcomes of borrowed resources.
ii. The National Assembly should advocate for the establishment of a comprehensive and publicly accessible Public Debt Registry to consolidate information on domestic and external debt, including terms and repayment schedules.
iii. Develop formal channels for ongoing engagement between Parliament, citizens, and civil society organizations to foster greater accountability and transparency in public debt governance.
iv. Ensure that independent expert forecasts and long-term debt sustainability projections are incorporated into parliamentary scrutiny processes to enhance the quality of oversight.
v. Integrate intergenerational equity considerations into public debt policy formulation and legislative oversight processes to ensure that the burdens of debt do not disproportionately affect future generations.
vi. Consider amendments to the Public Finance Management Act to strengthen the National Assembly's oversight role while preserving operational efficiency in public finance management.
vii. By implementing these recommendations, the National Assembly can enhance its oversight of public debt, promote transparency, and ensure that the interests of both current and future generations are safeguarded in fiscal decision-making.

The Petitioners appeared before the Committee and submitted as follows—

i. The Petitioners state that public debt has emerged as a pressing governance issue with far-reaching implications for Kenya's fiscal sustainability, service delivery, economic opportunity, and inter-generational equity. They express concern over the growing public debt burden and the risks it poses to the country's long-term development.

ii. The Petitioners emphasize the need for strengthened parliamentary oversight over public debt contracting, management, and reporting to ensure that borrowing remains prudent, transparent, and aligned with national development priorities. They note that enhanced oversight would enable Parliament to effectively safeguard public resources and promote accountability in debt-related decisions.

iii. The Petitioners observe that the absence of a comprehensive and regularly updated Public Debt Registry limits effective scrutiny of borrowing decisions and debt sustainability by both the public and parliamentary committees. They note that a centralized and publicly accessible registry would consolidate information on domestic and external debt, including borrowing terms, creditors, and repayment schedules.

iv. The Petitioners further point out that structured mechanisms for inter-generational dialogue on matters of public debt remain insufficient. They observe that discussions on fiscal policy and debt sustainability are often confined to technical or national forums, thereby excluding local communities and future generations from decision-making processes.

Petitioners' Prayers

The Petitioners prayed that the Committee investigates the matter and recommends that—

(i) Strengthen oversight of public debt management;

(ii) Enhance transparency and public access to debt information through establishment of a comprehensive Public Debt Registry;

(iii) Institutionalize the use of independent expert analysis in debt deliberations; and,

(iv) Promote structured inter-generational dialogue; and strengthen engagement between Parliament, citizens, and civil society, while integrating inter-generational equity considerations into public debt policy and oversight.

Clarifications by the Petitioners

The petition presented to the Public Petitions Committee addresses the rising public debt in Kenya, which has escalated from approximately KES 2.4 trillion in 2014 to over KES 12 trillion today. The petitioners, representing the voices of young Kenyans and future generations, express concerns about the implications of this debt burden on their economic prospects and the overall welfare of the nation.

They emphasize the principle of intergenerational equity, which mandates that the benefits and burdens of public borrowing should be shared fairly between current and future generations, as enshrined in Article 201(c) of the Constitution of Kenya.

The petition highlights several key issues:

i. The significant increase in public debt and its impact on national resources, with debt servicing consuming over half of tax revenues.

ii. Insufficient communication and disclosure regarding public debt management and the use of borrowed funds.

iii. Current borrowing practices are seen as transferring the financial burden to future generations without their input in decision-making.

iv. The petitioners urge the National Assembly to take decisive action to address public debt, including implementing a 24-month debt freeze and enhancing oversight and transparency in debt management.

The Committee observed that—

i. The committee acknowledges the alarming rise in public debt and its potential long-term implications for future generations, particularly in terms of economic opportunities and access to essential services.

ii. The committee recognizes the importance of intergenerational equity in public debt management and the need for policies that ensure fair distribution of the burdens and benefits of borrowing.

iii. The committee notes the lack of transparency in public debt management and the need for improved communication and reporting mechanisms to ensure accountability.

iv. The committee appreciates the call for enhanced public participation in debt management discussions, recognizing that citizens should have a voice in decisions that affect their future

Committee Recommendations

The Committee resolved

1. To engage -
   i. The National treasury;
   ii. Controller of Budgets; and
   iii. Office of the Auditor General

MIN./PPC/2026/214: ADJOURNMENT

There being no other business, the meeting was adjourned at 3:15 p.m. The next meeting will be held on Tuesday 30th June at a venue to be confirmed.

Sign: ..... **Date** 30/06/26

HON. MUCHANGI KAREMBA, CBS, M.P.

CHAIRPERSON, PUBLIC PETITIONS COMMITTEE

forvis mazars

Mazars Consulting Ltd

3rd August 2026

Your Ref: DAA&GPC/PPC/2026/119

Our Ref: Monitor/UCH-CVA/PPC-119

The Clerk of the National Assembly
Attn: Mr. Jeremiah Ndombi, MBS
Office of the Clerk
P.O. Box 41842-00100
Main Parliament Buildings
NAIROBI

Dear Mr. Ndombi,

RE: INVITATION TO A MEETING WITH THE PUBLIC PETITIONS COMMITTEE ON PETITION NO. 9 OF 2026 REGARDING UNPAID SALARY ARREARS AND TERMINAL DUES TO EMPLOYEES OF UCHUMI SUPERMARKET PLC

I refer to your letter Ref: DAA&GPC/PPC/2026/119 of 16th July 2026, and confirm my attendance, in my capacity as the court-appointed Monitor of the Company Voluntary Arrangement ("CVA") affecting Uchumi Supermarket PLC ("the Company"), at the meeting of the Public Petitions Committee on Tuesday, 4th August 2026 at 11:30 a.m.

I set out below, ahead of the meeting, the Monitor's position on the matters raised in the invitation, and the further material I will place before the Committee.

1. The Monitor's Role and the Present Status of the CVA

I was appointed Insolvency Practitioner and Monitor of the Company's CVA in March 2019. The CVA was approved by creditors on 2nd March 2020 and ratified by the High Court on 1st July 2020, and was subsequently revised, with creditor approval, on 31st August 2023. Under section 633(1) of the Insolvency Act, 2015, my statutory function is to implement the arrangement in the interests of the Company and its creditors, and to monitor the Company's compliance with its terms. The Board of Directors retains full management authority over the Company's day-to-day affairs; the Monitor's role is oversight and reporting, not day-to-day control — a distinction I set out for the Committee because it bears directly on both matters raised in the petition.

2. Status of Staff Salary Arrears and Terminal Dues

The Revised CVA makes specific provision for staff-related obligations. As at my most recent Quarter one report filed with the Official Receiver on 24th April 2026, the position on staff salary arrears specifically scheduled under the CVA was as follows: of KShs 8,000,000 proposed, KShs 6,825157 (85.31%) had been paid, with the balance in process. The Company's broader creditors' schedule additionally records Staff Dues of KShs 521,724,214 within the total creditor position of approximately KShs 9.79 billion, and the Company has indicated that a portion of outstanding amounts reflects cheques not yet collected by payees rather than a want of funding.

The Greenhouse, 3rd Floor (Suite 8) Ngong road (Next to Adams Arcade) P.O. BOX 61120 - (00200) Nairobi - Kenya
Tel: +254 (020) 3861175/76/79 | Mobile: + 254 722 440 270 / + 254 734 440 270 | Website: www.mazars.co.ke | Email: contact@mazars.co.ke
Directors: O N Koimburi, A K Karungu, C G Gathuto

I draw the Committee's attention to an important distinction that the petition itself puts squarely in issue: the CVA-scheduled arrears figure above relates to amounts owed to serving and CVA-era staff under the arrangement, and is not, on the material presently in my possession as Monitor, the same as a full inventory of terminal dues owed to former employees whose termination or redundancy may have arisen outside the CVA schedule. I do not, in my capacity as Monitor, independently hold personnel records, termination letters, or redundancy computations for former staff; those records are held by the Company. I am reliably informed that the Company, as custodian of the relevant personnel and payroll records, is presently compiling the complete inventory requested in your letter — former employees, their terms and conditions of employment, the conditions of their termination or redundancy, amounts owed, amounts paid, amounts outstanding, and a proposed settlement timeline — for submission to the Committee. I will, from my own side, corroborate that schedule against the CVA creditors' records within my custody once it is tabled.

3. The Opening of New Branches

The petition raises the concern that the Company has continued to open new branches even as dues to former employees remain outstanding. I confirm to the Committee that this is a matter I have, independently of the petition, already identified in my capacity as Monitor. The Company has recently opened two new branches, located at Unicity Mall along Thika Road near Kenyatta University and at Kitengela next to Shell Petrol Station on Kajiado Road. I was not briefed on the financing of either branch, nor was my approval as Monitor sought or obtained for either decision.

I regard this as significant for three reasons which I will elaborate on at the meeting:

- It is inconsistent with the duality of functions inherent in the CVA structure: while the Board is entitled to manage the Company's ordinary affairs, section 633(1) of the Act requires the Monitor to be able to monitor compliance with the arrangement, which is not possible where material capital decisions are taken without the Monitor's knowledge.
- It appears, on the material before me, to sit outside the CVA strategy actually disclosed to and approved by creditors in 2020 and again in 2023, both of which centred on debt restructuring, asset realisation, and cautious, franchise-led growth rather than direct Company-funded expansion.
- It engages a specific creditor resolution of 17th March 2025 requiring joint Board and Monitor approval before surplus cashflows are applied; I was not approached for that approval in respect of either branch.

I raise this matter with the Committee in the same spirit in which I am pursuing it in my own oversight of the Company: the Company's ability to fund new capital commitments while creditor and former-staff obligations remain outstandin is a legitimate and material question, and one the Monitor's own oversight function is designed to test.

4. Broader Pattern: Other Matters Taken Without the Leave of the Monitor or the Court

The Committee should be aware that the branch matter described above is not an isolated occurrence. In the course of my monitoring work, I have identified a recurring pattern in which the Board has proceeded on material matters, and in one respect the Company's own CVA has proceeded, without the leave, prior knowledge, or approval of either the Monitor or the Court, notwithstanding the statutory monitoring function conferred on the Monitor by section 633(1) of the Insolvency Act, 2015 and the requirement under section 630(1) of that Act that an amendment to a voluntary arrangement takes effect only once approved by the Court. I set these out for the Committee's completeness, as they bear on the same underlying question the petition raises — namely, the reliability of the governance and financial oversight surrounding the Company's obligations to its creditors and former staff:

- The current CVA's five-year term expired on 30th June 2025. As at the most recent records available to me, the amendment required to extend the arrangement beyond that date had been the subject of a creditors' resolution but had not yet been ratified by the Court, as section 630(1) of the Act requires before an amendment takes effect. I have not been given, nor been briefed on, confirmation of whether Court ratification has since been obtained, as

required under section 630(1) of the Insolvency Act, 2015 for such an amendment to bind the Company and its creditors.

- The Revised CVA's own proposal table records a change from the 40% debt-to-preferential-share conversion ratio for trade creditors approved in the original 2020 CVA to a 50% ratio in the 2023 revision, without a specific, identifiable Court approval of that change presently on my file.
- The Monitor has, on more than one occasion, sought but not received a full update on the implementation of decisions taken at Board meetings, leaving a standing gap in the Monitor's visibility over matters the Board has already resolved upon.
- The Company's asset register has not, to date, been reconciled to its pre-CVA accounts or to its last audited financial statements, notwithstanding the Monitor having raised this specifically as a priority.
- Creditors resolved on 17th March 2025 that surplus cashflows are to be applied to creditor settlements only with the joint approval of the Board and the Monitor; I have not been given, nor been briefed on, the Company's record of cashflow applications since that date, as required to enable me to discharge my monitoring function under section 633(1) of the Insolvency Act, 2015.

None of these matters, on the material presently available to me, discloses criminal conduct. They do, however, disclose a governance pattern in which the Board has not consistently sought or awaited the Monitor's advice before acting on matters squarely within the Monitor's oversight remit — a pattern the Committee may wish to weigh alongside the specific concerns raised in Petition No. 9 of 2026.

5. Documentation to Be Tabled

In addition to the former-employee inventory referred to in paragraph 2, which I understand the Company is compiling, I will bring to the meeting the Company's current creditors' schedule, the status of implementation of the nine core proposals under the Revised CVA, and the Monitor's own record of the matters described in paragraphs 3 and 4 above, so that the Committee has the fullest picture available to inform its recommendations.

I look forward to attending the meeting on 4th August 2026 and to assisting the Committee in its consideration of Petition No. 9 of 2026. I remain available in the interim to provide any further information the Committee or its Secretariat may require, through your Liaison Officers or directly.

Yours faithfully,

FCPA Owen Koimburi Njenga

Insolvency Practitioner, Licence No. OR/IP/012

Court-Appointed Monitor of the CVA — Uchumi Supermarket PLC

cc:

Mr. John Mwara, Board Chairperson, Uchumi Supermarkets PLC

Mr. Oscar Namulanda, Deputy Director, Public Petitions Committee Secretariat

Mr. Victor Weke, Principal Clerk Assistant II, Public Petitions Committee Secretariat

REF: USP/LEGAL/PPC/06-2026
4 August 2026

The Clerk
Public Petitions Committee
National Assembly of Kenya
Parliament Buildings
Nairobi

THE PHILOSOPHY AND LEGAL FRAMEWORK OF THE COMPANY VOLUNTARY ARRANGEMENT (CVA)

2.1 Introduction

The matters raised in this Petition can only be properly understood within the legal framework governing Uchumi Supermarkets PLC. The Company is presently operating under a Court-approved Company Voluntary Arrangement (CVA), a statutory corporate rescue mechanism established under the Insolvency Act, 2015.

The CVA was approved by the Company's creditors and subsequently sanctioned by the High Court of Kenya in Insolvency Petition No. 25 of 2018 through the Judgment of the Honourable Lady Justice Mary Kasango delivered on 1 July 2020. The Arrangement provides the legal framework within which Uchumi is restructuring its operations while progressively settling its obligations to all creditors, including former employees.

Accordingly, the issues raised in this Petition must be considered within the context of the legal obligations imposed upon the Company by the Court-approved CVA.

2.2 Philosophy of Corporate Rescue

The Insolvency Act, 2015 embodies the modern principle of corporate rescue, recognising that where a financially distressed company retains the potential to operate as a viable commercial enterprise, preserving the business as a going concern generally produces superior outcomes for creditors, employees, shareholders, customers, suppliers and the wider economy than liquidation.

A Company Voluntary Arrangement is therefore intended to provide an orderly, transparent and judicially supervised framework through which a financially distressed company can continue trading, restore commercial viability and progressively satisfy creditor claims from the value generated by a recovering business.

The philosophy underpinning the CVA is not to avoid payment of debts, nor to postpone legitimate obligations indefinitely. Rather, it seeks to maximise recoveries by preserving enterprise value and enabling the Company to generate sustainable cash flows from which creditors can be paid in accordance with an agreed and legally binding restructuring framework.

This philosophy recognises that liquidation often results in the destruction of enterprise value and significantly lower recoveries for creditors, whereas successful business rehabilitation creates the greatest opportunity for all stakeholders to recover value.

2.3 Legal Effect of the Court-Approved CVA

Upon approval by creditors and sanction by the High Court, the Company Voluntary Arrangement became legally binding upon Uchumi Supermarkets PLC and all creditors whose claims fall within its scope.

The Board of Directors and Management are therefore under a statutory and fiduciary obligation to administer the affairs of the Company strictly in accordance with the provisions of the CVA. Compliance with the Arrangement is independently supervised by the appointed CVA Monitor, who oversees implementation, monitors compliance and safeguards the interests of all creditors.

Consequently, neither the Board nor Management possesses legal discretion to depart from the approved restructuring framework by preferring one class of creditors over another or making payments outside the approved payment structure. Any such action would undermine the integrity of the Court-approved Arrangement and prejudice the equitable treatment of creditors.

2.4 The Payment Waterfall

A fundamental feature of the Company Voluntary Arrangement is the payment waterfall, which establishes the legally approved order and methodology through which available funds are distributed among the various classes of creditors.

The payment waterfall is intended to ensure transparency, fairness and equality of treatment by requiring that all available resources be applied in accordance with the priorities approved by creditors and supervised by the CVA Monitor.

Former employees constitute an important class of creditors within this framework. Payments made to former employees are therefore distributed on a pro-rata basis in accordance with verified claims and the availability of distributable funds under the CVA. Management is not legally permitted to accelerate or vary these payments outside the approved framework without the necessary approvals under the Arrangement.

2.5 Application of the CVA to Uchumi Supermarkets PLC

Since commencement of the Company Voluntary Arrangement, Uchumi Supermarkets PLC has continued implementing measures aimed at restoring operational stability, strengthening commercial performance and improving revenue generation.

The Company's operational initiatives, including optimisation of its retail network, prudent commercial investments and business expansion, are not inconsistent with the interests of creditors. Rather, they are integral components of the recovery strategy because the successful implementation of the CVA depends upon the Company's ability to generate sustainable revenues from continuing operations.

Every additional revenue stream improves the Company's capacity to satisfy outstanding obligations and accelerate payments to creditors in accordance with the Court-approved payment framework.

2.6 Strategic Importance of the Kasarani Asset to the CVA

The Committee may wish to note that one of the principal funding assumptions underpinning the approved Company Voluntary Arrangement was the realization of value from approximately seventeen (17) acres of land owned by Kasarani Mall Limited, a wholly owned subsidiary of Uchumi Supermarkets PLC.

The importance of this strategic asset formed part of the restructuring proposal considered by the High Court during the approval of the CVA. As reflected in the Judgment of the Honourable Lady Justice Mary Kasango delivered on 1 July 2020 in Insolvency Petition No. 25 of 2018, the realization of this asset constituted a significant component of the Company's recovery strategy and was expected to generate substantial proceeds for distribution to creditors in accordance with the approved CVA.

The anticipated realization of this strategic asset was therefore not merely a commercial aspiration but one of the important financial assumptions underpinning the Court-approved restructuring framework.

2.7 Subsequent Developments Affecting Implementation of the CVA

Following approval of the Company Voluntary Arrangement, circumstances arose that materially affected the implementation of this important funding strategy.

In 2023, the Company was unable to realise the Kasarani property following a dispute concerning its occupation by the Kenya Defence Forces, after which the Government proceeded with the development of an Affordable Housing Project on the site.

As a consequence, the Company has been unable to realise the value of a strategic asset that had been expected to contribute significantly towards implementation of the CVA and acceleration of payments to creditors.

The Company has since instituted legal proceedings to protect its interests and the matter is presently pending before the Court of Appeal in proceedings involving the Honourable Attorney General, the Ministry of Defence and the Kenya Defence Forces.

Consistent with the doctrine of sub judice and out of respect for the independence of the Judiciary, the Company does not invite the Committee to determine matters that are properly before the Court and therefore refrains from commenting on the merits of the pending proceedings.

The Company respectfully submits, however, that the inability to realise this strategic asset has materially affected one of the principal funding assumptions underpinning the approved Company Voluntary Arrangement and has consequently impacted the pace at which creditor obligations, including those owed to former employees, can be satisfied.

Subject to the determination of the Court of Appeal, the property is currently estimated to have a market value exceeding Kenya Shillings Five Billion (KES 5 billion). Realization of the Company's interest in this asset would materially strengthen its financial position and significantly enhance its ability to accelerate settlement of outstanding obligations under the Court-approved CVA.

2.8 Public Interest Considerations

The successful rehabilitation of Uchumi Supermarkets PLC extends beyond the interests of the Company itself. It serves broader public policy objectives by preserving employment opportunities, protecting shareholder value, sustaining supplier relationships, maintaining competition within Kenya's retail sector and maximising recoveries for creditors.

Conversely, liquidation would likely result in the destruction of enterprise value and substantially lower recoveries for creditors, including former employees.

The Company therefore respectfully submits that continued implementation of the Court-approved Company Voluntary Arrangement remains the most equitable, commercially prudent and legally compliant mechanism for balancing the interests of all stakeholders.

2.9 Conclusion

Uchumi Supermarkets PLC remains fully committed to honouring all legitimate obligations owed to its former employees and other creditors.

The Company respectfully submits that the delays experienced in settling these obligations are not attributable to any unwillingness to pay but arise from the legal framework governing the Court-approved Company Voluntary Arrangement and the unforeseen inability to realise one of the principal strategic assets upon which the approved restructuring plan was founded.

The Board, Management and the CVA Monitor remain committed to implementing the Arrangement in full compliance with the Insolvency Act, the directions of the High Court and the resolutions approved by creditors, while continuing to pursue all lawful avenues for strengthening the Company's financial position and accelerating payments to creditors.

John Mwara
Chairman
Uchumi Supermarkets PLC

cc: FCPA Owen Koimburi (CVA Monitor) | Mr. Lawrence Ngao (CEO & MD) | Ms. Judith Matata (Company Secretary)

Mazars Consulting Ltd

forvis mazars

3rd August 2026

Your Ref: DAA&GPC/PPC/2026/119

Our Ref: Monitor/UCH-CVA/PPC-119

The Clerk of the National Assembly
Attn: Mr. Jeremiah Ndombi, MBS
Office of the Clerk
P.O. Box 41842-00100
Main Parliament Buildings
NAIROBI

Dear Mr. Ndombi,

RE: INVITATION TO A MEETING WITH THE PUBLIC PETITIONS COMMITTEE ON PETITION NO. 9 OF 2026 REGARDING UNPAID SALARY ARREARS AND TERMINAL DUES TO EMPLOYEES OF UCHUMI SUPERMARKET PLC

I refer to your letter Ref: DAA&GPC/PPC/2026/119 of 16th July 2026, and confirm my attendance, in my capacity as the court-appointed Monitor of the Company Voluntary Arrangement ("CVA") affecting Uchumi Supermarket PLC ("the Company"), at the meeting of the Public Petitions Committee on Tuesday, 4th August 2026 at 11:30 a.m.

I set out below, ahead of the meeting, the Monitor's position on the matters raised in the invitation, and the further material I will place before the Committee.

1. The Monitor's Role and the Present Status of the CVA

I was appointed Insolvency Practitioner and Monitor of the Company's CVA in March 2019. The CVA was approved by creditors on 2nd March 2020 and ratified by the High Court on 1st July 2020, and was subsequently revised, with creditor approval, on 31st August 2023. Under section 633(1) of the Insolvency Act, 2015, my statutory function is to implement the arrangement in the interests of the Company and its creditors, and to monitor the Company's compliance with its terms. The Board of Directors retains full management authority over the Company's day-to-day affairs; the Monitor's role is oversight and reporting, not day-to-day control — a distinction I set out for the Committee because it bears directly on both matters raised in the petition.

2. Status of Staff Salary Arrears and Terminal Dues

The Revised CVA makes specific provision for staff-related obligations. As at my most recent Quarter one report filed with the Official Receiver on 24th April 2026, the position on staff salary arrears specifically scheduled under the CVA was as follows: of KShs 8,000,000 proposed, KShs 6,825157 (85.31%) had been paid, with the balance in process. The Company's broader creditors' schedule additionally records Staff Dues of KShs 521,724,214 within the total creditor position of approximately KShs 9.79 billion, and the Company has indicated that a portion of outstanding amounts reflects cheques not yet collected by payees rather than a want of funding.

I draw the Committee's attention to an important distinction that the petition itself puts squarely in issue: the CVA-scheduled arrears figure above relates to amounts owed to serving and CVA-era staff under the arrangement, and is not, on the material presently in my possession as Monitor, the same as a full inventory of terminal dues owed to former employees whose termination or redundancy may have arisen outside the CVA schedule. I do not, in my capacity as Monitor, independently hold personnel records, termination letters, or redundancy computations for former staff; those records are held by the Company. I am reliably informed that the Company, as custodian of the relevant personnel and payroll records, is presently compiling the complete inventory requested in your letter — former employees, their terms and conditions of employment, the conditions of their termination or redundancy, amounts owed, amounts paid, amounts outstanding, and a proposed settlement timeline — for submission to the Committee. I will, from my own side, corroborate that schedule against the CVA creditors' records within my custody once it is tabled.

3. The Opening of New Branches

The petition raises the concern that the Company has continued to open new branches even as dues to former employees remain outstanding. I confirm to the Committee that this is a matter I have, independently of the petition, already identified in my capacity as Monitor. The Company has recently opened two new branches, located at Unicity Mall along Thika Road near Kenyatta University and at Kitengela next to Shell Petrol Station on Kajiado Road. I was not briefed on the financing of either branch, nor was my approval as Monitor sought or obtained for either decision.

I regard this as significant for three reasons which I will elaborate on at the meeting:

- It is inconsistent with the duality of functions inherent in the CVA structure: while the Board is entitled to manage the Company's ordinary affairs, section 633(1) of the Act requires the Monitor to be able to monitor compliance with the arrangement, which is not possible where material capital decisions are taken without the Monitor's knowledge.
- It appears, on the material before me, to sit outside the CVA strategy actually disclosed to and approved by creditors in 2020 and again in 2023, both of which centred on debt restructuring, asset realisation, and cautious, franchise-led growth rather than direct Company-funded expansion.
- It engages a specific creditor resolution of 17th March 2025 requiring joint Board and Monitor approval before surplus cashflows are applied; I was not approached for that approval in respect of either branch.

I raise this matter with the Committee in the same spirit in which I am pursuing it in my own oversight of the Company: the Company's ability to fund new capital commitments while creditor and former-staff obligations remain outstandin is a legitimate and material question, and one the Monitor's own oversight function is designed to test.

4. Broader Pattern: Other Matters Taken Without the Leave of the Monitor or the Court

The Committee should be aware that the branch matter described above is not an isolated occurrence. In the course of my monitoring work, I have identified a recurring pattern in which the Board has proceeded on material matters, and in one respect the Company's own CVA has proceeded, without the leave, prior knowledge, or approval of either the Monitor or the Court, notwithstanding the statutory monitoring function conferred on the Monitor by section 633(1) of the Insolvency Act, 2015 and the requirement under section 630(1) of that Act that an amendment to a voluntary arrangement takes effect only once approved by the Court. I set these out for the Committee's completeness, as they bear on the same underlying question the petition raises — namely, the reliability of the governance and financial oversight surrounding the Company's obligations to its creditors and former staff:

- The current CVA's five-year term expired on 30th June 2025. As at the most recent records available to me, the amendment required to extend the arrangement beyond that date had been the subject of a creditors' resolution but had not yet been ratified by the Court, as section 630(1) of the Act requires before an amendment takes effect. I have not been given, nor been briefed on, confirmation of whether Court ratification has since been obtained, as

required under section 630(1) of the Insolvency Act, 2015 for such an amendment to bind the Company and its creditors.

- The Revised CVA's own proposal table records a change from the 40% debt-to-preferential-share conversion ratio for trade creditors approved in the original 2020 CVA to a 50% ratio in the 2023 revision, without a specific, identifiable Court approval of that change presently on my file.
- The Monitor has, on more than one occasion, sought but not received a full update on the implementation of decisions taken at Board meetings, leaving a standing gap in the Monitor's visibility over matters the Board has already resolved upon.
- The Company's asset register has not, to date, been reconciled to its pre-CVA accounts or to its last audited financial statements, notwithstanding the Monitor having raised this specifically as a priority.
- Creditors resolved on 17th March 2025 that surplus cashflows are to be applied to creditor settlements only with the joint approval of the Board and the Monitor; I have not been given, nor been briefed on, the Company's record of cashflow applications since that date, as required to enable me to discharge my monitoring function under section 633(1) of the Insolvency Act, 2015.

None of these matters, on the material presently available to me, discloses criminal conduct. They do, however, disclose a governance pattern in which the Board has not consistently sought or awaited the Monitor's advice before acting on matters squarely within the Monitor's oversight remit — a pattern the Committee may wish to weigh alongside the specific concerns raised in Petition No. 9 of 2026.

5. Documentation to Be Tabled

In addition to the former-employee inventory referred to in paragraph 2, which I understand the Company is compiling, I will bring to the meeting the Company's current creditors' schedule, the status of implementation of the nine core proposals under the Revised CVA, and the Monitor's own record of the matters described in paragraphs 3 and 4 above, so that the Committee has the fullest picture available to inform its recommendations.

I look forward to attending the meeting on 4th August 2026 and to assisting the Committee in its consideration of Petition No. 9 of 2026. I remain available in the interim to provide any further information the Committee or its Secretariat may require, through your Liaison Officers or directly.

Yours faithfully,

FCPA Owen Koimburi Njenga

Insolvency Practitioner, Licence No. OR/IP/012

Court-Appointed Monitor of the CVA — Uchumi Supermarket PLC

cc:

Mr. John Mwara, Board Chairperson, Uchumi Supermarkets PLC

Mr. Oscar Namulanda, Deputy Director, Public Petitions Committee Secretariat

Mr. Victor Weke, Principal Clerk Assistant II, Public Petitions Committee Secretariat

PETITION BY FORMER UCHUMI SUPERMARKETS LTD STAFF

Former Uchumi Stff welfare

Nairobi

27th January, 2026.

Parliament of Kenya
P.O. Box 41842 - 00100
Nairobi, Kenya
Parliament Road

NATIONAL ASSEMBLY
PETITIONS DESK
SERIAL No. 868
RECEIVED

RE: PETITION BY FORMER UCHUMI SUPERMARKET LTD STAFF ON UNPAID DUES AND UNRESOLVED CVA COMMITMENTS

Honourable members,

We, the undersigned former staff of uchumi supermarkets Plc, write to you with deep concern regarding the prolonged delay in the settlement of our salary arrears and terminal dues,despite numerous engagements and assurances from various stakeholders.

Over the years, we have consistently raised our plight through the appointed administrators, courts, and the Capital Ventures Agreement (CVA) process, yrt the situation remains unresolved. The following issues remain of urgent concern to us;

a) Unpaid Salary arrears and Terminal Dues
Many of us have gone for years without receiving our rightful salary arrears, gratuity and terminal benefits, leaving families in untold hardships.

b) Failure to Honour CVA Obligations

The commitments made under the CVA to settle staff claims have not been honoured sespite repeated reminders and demonstrations by former employees.

c) Mismanagement of Lease Proceeds- I has been noted that lease payments received from tenants such as China Square were diverted to other projects instead of addressing staff claims, contrary to the spirit of fairness and justice.

NATIONAL ASSEMBLY
RECEIVED
04 FEB 2026
DEPUTY DIRECTOR
AUDIT, APPROPRIATIONS &
GENERAL PURPOSE COMMITTEES

d) Lack of Transparency and Accountability- decisions affecting staff welfare have been made without consultations and critical directives issued during the last AGM by the monitor have not been implemented.

Honourable members,

Our members are suffering. Many are unable to provide for their families, meet medical needs or fund education for their children. Some of our colleagues have even passed on before receiving their rightful dues.

We therefore humbly appeal for your urgent intervention to;

i. Ensure transparency in handling of lease proceeds and other Company assets.
ii. Provide a clear timeline and mechanism for resolving all pending CVA-related obligations to former staff.

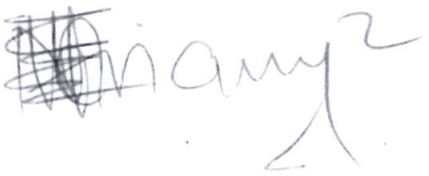
We remain hopeful that your office will uphold justice and fairness in ensuring that the former employees receive their rightful dues.

Yours Faithfully,

Philomena Oburenyi

Chairperson 0716046962

Aloise Mukoma
Secretary 0727708595



THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT (FIFTH SESSION)

CONVEYANCE OF PUBLIC PETITION

(No. .....of 2026)

REGARDING UNPAID SALARY ARREARS AND TERMINAL DUES BY THE FORMER EMPLOYEES OF UCHUMI SUPERMARKETS PLC

1. **Honourable Members**, Article 119 of the Constitution accords every person the right to petition Parliament to consider any matter within its authority. Further, Standing Order 225(2)(b) requires the Speaker to report to the House any Petition other than those presented by a Member.

2. **Honourable Members**, in this regard, I wish to report to the House that my Office has received a Petition from one Philomena Oburenyi, Chairperson of the Former Uchumi Staff Welfare Association, regarding the inordinate delay in the payment and settlement of salary arrears and terminal dues owed to former employees.

3. The Petitioners aver that, despite numerous engagements with the appointed administrators, the courts, and processes established under the Company Voluntary Arrangement (CVA), their claims for unpaid salary arrears, gratuity, and other terminal benefits remain unresolved.

4. They further state that commitments made under the CVA to settle staff claims have not been honoured, despite repeated reminders and demonstrations by former employees.

5. Additionally, the Petitioners allege that lease proceeds from tenants occupying the company's premises, including payments reportedly made by China Square, have been diverted to other projects instead of being applied towards the settlement of staff claims.

6. **Honourable Members**, the Petitioners also cite a lack of transparency and accountability in decisions affecting staff welfare. They contend that certain directives issued during the last Annual General Meeting by the CVA monitor have not been implemented, and that affected employees have not been adequately consulted.

7. The Petition further highlights the difficult circumstances faced by many former employees, some of whom are unable to provide for their families, meet medical expenses, or support their children's education. It is also reported that some former staff have passed on before receiving their rightful dues.

8. **Honourable Members**, in light of the foregoing, the Petitioners seek the intervention of the National Assembly to ensure transparency in the management of lease proceeds and other company assets, and to facilitate the establishment of a clear timeline and mechanism for the resolution of all pending CVA obligations relating to former staff claims.

9. **Honourable Members**, having established that the matters raised in the Petition fall within the authority of this House, and that they are not pending before any court of law or constitutional body, I hereby commit the Petition to the Public Petitions Committee for consideration, pursuant to the Standing Orders.

10. The Committee is required to consider the Petition and report its findings to the House and to the Petitioners in accordance with Standing Order 227(2).

I thank you.

THE RT. HON. (DR.) MOSES F. M. WETANG'ULA, EGH, MP
SPEAKER OF THE NATIONAL ASSEMBLY

Date .....

REPORT TO THE PARLIAMENTARY COMMITTEE ON THE PETITION BY FORMER EMPLOYEES OF UCHUMI SUPERMARKETS LTD

18TH JUNE, 2026

Submitted by:

Former Employees of Uchumi Supermarkets Ltd

Through: _____

To:

The Clerk of the National Assembly

Parliament of Kenya

P.O. Box 41842–00100

Nairobi

RE: RESPONSE TO THE INVITATION TO SHED MORE LIGHT ON THE PETITION REGARDING NON-PAYMENT OF SALARY ARREARS, GRATUITY AND OTHER TERMINAL BENEFITS BY UCHUMI SUPERMARKETS LTD

1.0 INTRODUCTION

We, the former employees of Uchumi Supermarkets Ltd, respectfully submit this report in response to the invitation by Parliament seeking additional information and clarification on matters raised in our petition.

The petition concerns the continued failure by Uchumi Supermarkets Ltd to settle outstanding salary arrears, gratuity, and terminal dues owed to former employees despite the passage of several years, existing court interventions, and commitments previously made under the Company Voluntary Arrangement (CVA).

2.0 BACKGROUND

Uchumi Supermarkets Ltd experienced prolonged financial distress which led to closure of operations, employee redundancies, and termination of employment for numerous staff members across the country.

Following these developments, affected employees expected settlement of:

Outstanding salary arrears;

Gratuity and severance payments;

Leave pay and accrued benefits;

Pension-related obligations where applicable;

Other contractual and statutory terminal benefits.

Bank loans deducted by the employer but not remitted to relevant financial institutions such as National Bank of Kenya and CBA

Despite repeated engagements and assurances over the years, these obligations remain substantially unresolved.

3.0 ISSUES RAISED BY THE PETITIONERS

3.1 Non-payment of Salary Arrears and Terminal Benefits

Former staff members continue to suffer financial hardship arising from unpaid salaries and terminal dues accumulated over several years.

Many affected employees have experienced:

Loss of livelihoods and inability to meet family obligations;

Difficulty accessing healthcare and education for dependants;

Accumulation of debt and financial distress.

3.2 Non-compliance with Court Decisions and Commitments

The petitioners state that various commitments and undertakings made to staff and stakeholders have not been implemented fully.

Further, where court rulings or negotiated settlement frameworks existed, implementation has either been delayed or remains incomplete.

3.3 Failure to Honour Commitments under the Company Voluntary Arrangement (CVA)

The petitioners contend that commitments made under the CVA framework intended to facilitate orderly settlement of liabilities have not translated into actual payments to former employees.

Former staffs seek clarity on:

Status of implementation of the CVA;

Amounts collected and disbursed;

Priority accorded to employee claims.

3.4 Alleged Diversion of Lease Income

The petitioners raise concerns regarding reports that revenue generated from tenants occupying company properties, including China Square and other tenants, may not have been applied toward settlement of employee obligations.

The petitioners request Parliament to establish:

Total rental income received;

Utilization of the proceeds;

Whether employee claims formed part of payment priorities.

3.5 Lack of Transparency and Accountability

Former employees state that they have not received adequate communication regarding:

Financial recovery efforts;

Asset management decisions;

Settlement plans and timelines;

Progress made in addressing staff claims.

4.0 EVIDENCE AND SUPPORTING DOCUMENTATION

The petitioners undertake to provide the Committee with:

Employment records and appointment letters;

Payslips and schedules of salary arrears;

Court orders and judgments (where applicable);

Correspondence with Uchumi management;

Documentation relating to CVA commitments;

(Attached in Annexes)

5.0 PETITIONERS' PRAYERS TO PARLIAMENT

The petitioners respectfully request Parliament to:

a) Investigate the status of all unpaid salary arrears, gratuity and terminal benefits;

b) Establish implementation status of the CVA and reasons for non-compliance;

c) Investigate utilization of lease proceeds and any company income streams;

d) Direct disclosure of financial reports relating to asset and revenue management;

e) Recommend a structured and time-bound settlement framework for affected former employees;

f) Ensure accountability for decisions that may have prejudiced employee welfare;

g) Facilitate enforcement of existing obligations and commitments.

6.0 CONCLUSION

The former employees of Uchumi Supermarkets Ltd respectfully seek the intervention of Parliament to ensure justice, accountability, and fair resolution of the long-standing employment claims.

The petitioners remain ready to appear before the Committee and provide oral and documentary evidence in support of this petition.

Submitted by:

Representative of Former Employees

Chairperson

Secretary

Date: _____

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Submitted by:

Representative of Former Employees

Chairperson

Secretary

Date: _____

REPUBLIC OF KENYA
IN THE HIGH COURT OF KENYA AT NAIROBI
MILIMANI COMMERCIAL AND TAX DIVISION
INSOLVENCY PETITION NO.IP 25 OF 2018
IN THE MATTER OF INSOLVENCY ACT, 2015
AND
IN THE MATTER OF UCHUMI SUPERMARKET PLC– UNDER COMPANY VOLUNTARY ARRANGEMENT
COMPANY NUMBER C.6/92
REPORT OF THE MONITOR TO THE HIGH COURT AND COMPANY CREDITORS.

---

1. Introduction

This report is issued pursuant to the High Court Ruling by Justice F. Gikonyo on 15 May 2025.

I, Owen Koimburi Insolvency Practitioner License No. OR/IP/012 was appointed on 20th March 2019 to supervise the implementation of the Company's voluntary arrangement "CVA".

Creditors' Meetings

There have been six creditors' meetings held so far on the dates as stated hereunder:

i. The first Creditors Meeting was held on 13th May,2019.

The outcome of the initial creditors meeting was that CVA proposal was rejected by the secured creditors.

ii. **The second Creditors Meeting was held on 2nd March,2020**.

Creditors approved the CVA on 2nd March 2020 which was subsequently ratified by the court on 1st July 2020.

iii. The third Creditors' Meeting was held on 30th May 2022

The meeting was informed by the Board as follows:

The anchor property that was to be sold to finance the CVA had been occupied and taken possession by Kenya Defense Forces. The transaction was therefore impossible to complete. Devoid of this transaction, the company could not hold a creditor meeting as expected without a solution in place.

iv. The fourth creditors meeting was held on 31st August 2023

The creditors unanimously approved the Revised CVA whose five-year term period was yet to elapse.

v. The fifth creditors meeting was held on 29th February 2024

The creditors were updated by the company on the level of implementation status of the revised CVA.

vi. The sixth creditors meeting was held on 17th March 2025

The meeting voted and passed the following resolutions:

- That the company continues to implement the recommendations of the Revised CVA.
- That the lifetime of the CVA to coincide with the sale, distribution of proceeds from the Kasarani Mall Limited [KML] 17-acre property and a meeting of the creditors to resolve its determination, EXCEPT AS may be otherwise provided by law.

- That the CVA be subjected to review every two years.
- 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].

3. The Revised CVA Implementation Status

The CVA process saw unanimous creditor support for debt restructuring and the extension of repayment terms. The moratorium successfully protected the Company's assets from forced recovery actions. The sale of the 3-acre KML property was concluded, and a partial conversion of debt to preferential shares took place. Additionally, the Government (GOK) and Kenya Development Corporation [KDC] debts were converted into long-term, non-interest-bearing loans, which are payable from year 2026.During the creditors meeting on 21st February 2025,the company informed on the progress leading to the ongoing conversion of Langata Hyper to mall including onboarding of a key tenant China Square who leased the main hall in year 2024.

The Implementation status is highlighted on table 1.

Table 1

No.	Proposal	Status
1	Sale of KML 3 acres property	Completed – KES 401M sales value, KES 351M net proceeds
2	Payment of the 1st Tranche	95% complete; ongoing
3	Stocking of Langata Branch	Ongoing
4	Conversion of Langata Hyper to a Mall	Ongoing; hindered by Hotspot court orders
5	Launch Uchumi Online Store & Bakery Optimization	Online store pending; bakery optimization ongoing
6	Conversion of 50% of Debt to Preferential Shares	Pending
7	Out-of-court Settlements	Completed (3 acres, UBA Bank); Pending (17 acres)
8	Sale of 17 acres property	The matter is currently in the court of Appeal.
9	Payment of 2nd and Final Tranche	Awaiting the sale of 17 acre

4. Company status

The conversion of Langata Hyper into a mall was underway, progress is hindered by a legal dispute with tenant Hotspot; currently, the mall hosts 10 tenants, and China Square began lease payments in December 2024. The B2B model was being implemented with newly recruited teams. Additionally, a 1,000 sq. ft. container shop had been set up and stocked at a cost of KES 8 million. The Unicity branch was renovated and reopened on 9th September 2024, with bakery optimization ongoing to support its distribution model.

5. Financials

Financial Performance -Statement of Comprehensive Income [SCI]

The report compares the performance of the previous year-2024 against the same period this year 2025.

		YTD 2024	YTD 2025	% Growth	YTD BUDGET	Deviation from Budget
Revenue	KShs '000	51,710	86,290	67%	111,075	(24,785.04)
Cost of sales	KShs '000	(39,422)	(66,949)	70%	(86,809)	19,859.57
Gross profit	KShs '000	12,288	19,341	57%	24,266	(4,925.46)
Other incomes	KShs '000	7,530	44,995	498%	56,400	(11,405.41)
Expenses	KShs '000	(42,042)	(53,671)	28%	(59,201)	5,530.48
Depreciation		(9,774)	(8,902)	-9%	(10,803)	1,901.17
Comprehesive income for the period	KShs '000	(31,998)	1,763	106%	10,662	(8,899.23)

Key observations arising from the SCI are as follows:

Year To Date [YTD]2025 Revenue: KShs 86.29M

- **+67% growth** vs YTD 2024
- **22% below budget** (KShs 111.08M target)
- Indicates market recovery but demand is below budget expectations
- Deficit from budget as a result of Langata shop being below capacity as a result of court matter with Hotspot and the company unable to complete construction works.

YTD 2025 Other Incomes: KShs 44.99M

- **498% increase** from KShs 7.53M in 2024
- Driven primarily by consistent rental income. This shows the company's decision to lease out the main hall to China Square was appropriate which has substantially enhanced the company's income.
- However, **KShs 11.4M (20%) below budget**, the gap being the expected rental income from the yet-to-be constructed front side was unrealizable. This is because of the court matter with Hotspot

YTD Expenses (excl. depreciation): KShs 53.67M

- Up **28% year on year[YOY]**, but **9% under budget**
- Reflects good cost management and cautious scaling
  Depreciation: KShs 8.9M
- Down 9% YoY and 18% below budget
- Implies limited new capital investments or asset turnover

The business is operating leaner than expected — a key contributor to YTD profitability

6. Payments to creditors

5.1 The company has managed to pay 95% of all the planned payments as shown in table 2.

Table 2

Creditor	Amount Proposed Kshs	Amount Paid Kshs	Remarks
Monitor Fees	5,000,000	5,000,000	Settled
Legal Fees and Other Preliminary Expenses	62,364,486	62,364,486	Settled
Longterm Lenders-Banks	146,500,000	146,500,000	Settled
Staff Salary Arrears	8,000,000	7,000,000	Payment process ongoing
Trade Creditors and Landlords	22,000,000	10,800,000	Payment process ongoing
Regulatory Bodies	1,000,000	1,000,000	Settled
Pension	1,000,000	1,000,000	Settled

It was noted that some of the suppliers and staff were yet to collect their cheques.

6.2 The outstanding balance to the various creditors is tabulated on table 3,

Table 3

CREDITORS OUTSTANDING BALANCES	Kshs	Kshs
Long Term Lenders		
KCB	760,000,000	
UBA	208,487,684	
COOP Bank	162,091,799	
KDC	171,733,467	
GOK	1,576,848,609	
		2,879,161,560
Preferential Creditors		
Staff dues	521,724,214	
Pension	107,081,060	
KRA	275,379,232	**904,184,506**
Unsecured Creditors		
Trade Creditors-CVA	4,528,474,910	
Provisions and Other payables	1,479,114,757	**6,007,589,667**
TOTAL OUTSTANDING AMOUNT		**9,790,935,733**

7. Company Legal and Compliance Matters

CMA-the company has been working closely with CMA and updating the regulator of its status. The regulator recently appointed account manager to oversee the affairs of the company.

NSE- The company now has a compliance officer to confirm compliance with the requirements of the NSE. The company has seen increased trading in its stocks the last few months. The share is currently trading at 36 cents. This is a huge increase from 19 cents that it has been trading at for the last 5 years. This has raised the market capitalization to KES 131M which is up from KES 63M

COMPANY'S ACT- The company has filed its annual returns up to the year 2024.

KRA-The company is up to date in the KRA payments and recently a consent was entered for the settlement of the outstanding CGT for Ngong Hyper to be paid as per the CVA.

BOARD MEETINGS

The company has complied with the requirements to have a diversified and gender balanced board. The board has been sub-divided into various committees which include:

i) Audit and Risk Committee

ii) Human Resource, Operations and Finance Committee

iii) Legal and Compliance Committee

The Board and the committees have been keen in overseeing the management of the company with the board meeting a total of 8 times from start of 2024 to date.

8. STATEMENT OF AFFAIRS

UCHUMI SUPERMARKETS PLC STATEMENT OF AFFAIRS as at 31st December 2024	BALANCE '000
Secured Assets	
Langata Hyper - Market value	1,400,000
Legal + Auctioneering Charges - 5%	(70,000)
Net realization on Langata Hyper	**1,330,000**
Secured Creditors on Langata Hyper - UBA, GOK & ICDC	
First Rank- UBA	(208,488)
First Rank - ICDC	(171,733)
Second Rank - GOK Loan	(949,779)
Surplus/(Deficit) on sale of Langata Hyper	-

UCHUMI SUPERMARKETS PLC	BALANCE
Kasarani property - Market value - 17 Acres	2,387,000
Provision for other costs (1%)	(23,870)
Sale Commission (3%)	(71,610)
CGT payable on Kasarani property	(219,150)
Due to Sidhi Investments from proceeds of Kasarani Property	
Equitable mortgage on Kasarani Property - KCB	(760,000)
Surplus on sale of Kasarani Property	**1,312,370**
Surplus available to Preferential & Other Creditors	**1,312,370**
Other assets	
Motor vehicles	2,000
Furniture & fittings	5,000
Computers	500
Inventories	10,000
Trade and other receivables	10,000
Total assets available to unsecured creditors	**1,339,870**
Debt holders secured with floating charge over the assets	
Finance lease - COOP	162,092
	162,092
Unsecured creditors	
Rank 1	
Supervisor Fees	10,574
Legal Fees Provision	78,000
Liquidation Costs	30,000
Staff related liabilities (200k per staff)	282,400
	400,974
Rank 2	
Redundancy	153,261
	153,261

UCHUMI SUPERMARKETS PLC	BALANCE
Rank 3	
Statutory deductions made but not paid - excl. interest & penalties	275,379
	275,379
Funds available for Other Creditors	**348,164**
Other Unsecured Creditors	
Payable to vendors & other suppliers (including specialty partners and landlords)	4,528,475
Accruals	1,558,620
BBU Uganda Loan	27,576
Unsecured Loans	627,070
Back pay for staff	239,324
	6,981,065
Total of unsecured liabilities	**7,810,679**
Total Surplus/(Deficit)_Before Equity	**(6,632,901)**
Issued and Paid-up Capital	**1,824,808**
Total Deficit	**(8,457,709)**

9. The way forward

The business is positioned to build on the current momentum with a strong foundation of year-on-year growth. Priority should be given to closing the gap between actual and budgeted performance.

In the matter between KML and KDF, the company holds the view that it has very strong grounds for appeal. That the Learned Judge, in arriving at his decision ignored wholly the weight of the evidence that was adduced specifically that an investigation was conducted by the Office of the Attorney General and the Director of Public Prosecution who confirmed Kasarani Mall Limited has a valid Title. `

In the event that the appeal is unsuccessful, the revised CVA cannot be implemented with the only option available being to liquidate the company.

In addition, the company continues to enjoy huge support from its creditors, and general public as shown by the continuous support of the CVA.

However, the company should be aware of the highlighted risk factors which could impact adversely on the turnaround process -

- The continuing harsh global and domestic economic recession and tightening fiscal and monetary policy pose a real danger to business recovery in many parts of the globe including Kenya.

- Changing consumer preferences and online shopping plus new demographic patterns raise the question of "in whose minds Uchumi has brand recognition".
- The changing patterns of the retail business model need a good understanding of new entrants in the market.
- Need of support from Central and County governments and mainstreaming of USP in the Central Government development agenda.
- Staff complement and capacity to deliver in the new business model should be evaluated and appropriate strategies implemented.
- Overhaul of the financial, information, and recording and processing system to include recruitment/retraining of data management. Posting and processing clerks. This must be supported by a strong team to strengthen internal control.
- Safeguarding of company assets. The assets register should be updated and reconciled to the last financial statements audited.

The source of the updated information in this report has been received from the board and management and not independently verified.



Signed.....Date....June 30, 2025

MONITOR: FCPA OWEN KOIMBURI

Insolvency Practitioner Licence No. OR /IP / 012

UDB6E0AH77 Confirmed.You have received Ksh476.00 from ANTHONY NJOROGE 0140***152 on 11/4/26 at 6:42 PM

UDB6E0A7LW Confirmed.You have received Ksh1,688.00 from ANTHONY NJOROGE 0140***152 on 11/4/26 at 5:37 PM New M-PESA balance is Ksh1,688.00. To view the Full Number, forward this message to 334.

UDD6E0GL35 Confirmed.You have received Ksh1,450.00 from ANTHONY NJOROGE 0140***152 on 13/4/26 at 11:45 AM New M-PESA balance is Ksh1,450.00.

Uchumi Supermarkets (Your home of Value)

AI info · 44m ·

Coming soon... more



UCHUMI SUPERMARKETS PLC
COMPANY VOLUNTARY ARRANGEMENT
PAYMENT VOUCHER

UCHUMI SUPERMARKETS PLC
Address: P.O. BOX 73167 - 00200
City/State: Nairobi
Phone: +254 722 205 442

PAYEE DETAILS:
Staff Name: Justine Nyasani Oyagi
Payroll No: 6095
City/State: Nairobi
Phone:
Email:

PAYMENT DETAILS:
CVA Balance Amount: 58,780.00
Payment Amount: 580.00
Currency: KES
Mode of Payment: Cheque

Cheque No: 001825
CVA Off-period: 30th June, 2022
Cheque Date: 19th March, 2024
Payment Date:

Being:
Payment Of Salary Arrears As per CVA Resolutions

Prepared By: Rose Kerai

Approved By: Lawrence Mureithi

Signature:

Signature:

Received By:

Name:

ID Number:

Signature:

Date Received:

Signature:

UCHUMI SUPERMARKETS PLC
PAID
19 MAR 2024
UCHUMI
CVA PAYMENTS

A	Asset Description	Asset Category	Asset Location	Estimated Value Kshs.
1	Langata Hyper	Buildings and leasehold land	Langata	760,356,000
2	Kasarani Land	Land 17 acres	Kasarani	2,210,000,000
	TOTAL VALUE OF LAND AND BUILDINGS			2,970,356,000

Reference	Asset Category	Estimated Value Kshs.
A	Land & Building	2,970,356,000
B	Motor Vehicle	2,025,000
C	Computer Equipment	500,000
D	Plant & Machinery	7,676,913
E	Furniture,Fixtures & Fittings	5,000,000
	TOTAL ESTIMATED VALUE	**2,985,557,913**

UCHUMI

Your home of value!

Uchumi Supermarkets Limited
Box 73167 - 00200 Nairobi
Fax: +254 (020) 554768, 553501
Email: customerservice@uchumi.com
Yarrow Rd., Off Nanyuki Rd (Industrial Area)
Mobile: 0722-205442, 0733-410028
Landline: (Head Office) 020-650707, 550368, 651194
Wireless: 020-2041267, 2062769, 8020080/1-5

PERSONAL, PRIVATE & CONFIDENTIAL

Our Ref: USL/HR/6639/2013jk.km

7th October, 2013

PAUL OWINO OKOTH
Thro'
Team Leader
Ong'ata Rongai Branch

Dear Sir,

LETTER OF EMPLOYMENT.

Reference is made to the interview you held with Uchumi Supermarkets Ltd and confirm that you have been offered employment as **Customer Service Attendant - Level 2,** effective 1st October, 2013.

The following will be your terms and conditions of employment.-

1. **DUTIES AND RESPONSIBILITIES**
   Your main duties will be those of a Security Personnel. Please note that your Manager may utilize your services in any other official work areas depending on work exigencies.

2. **TERMS OF EMPLOYMENT**
   Your appointment is on a Permanent and Pensionable basis effective 1st October, 2013.subject to receipt of satisfactory references and certificate of good conduct.

3. **EMOLUMENTS**
   You will be paid a gross salary of **Kshs.20,177/=** per month, subject to all statutory deductions, payable at the end of each month in arrears.

   Please note that any future reviews will be based on collective agreement between the company and Kenya Union of Commercial Food and Allied Workers Union (KUCFAW) and your performance

4. **MEDICAL SCHEME**
   You will be eligible to join the Company Medical Scheme covering self, spouse, and up to four (4) children. Note that it is a requirement for you to submit supporting documentation such as birth and marriage certificates (or affidavits). Please obtain a detailed copy of the medical scheme policy from the Human Resources (HR) Department.

Ms Khadija Mire (Chair), P.S. Ministry of East African Affairs, Commerce and Tourism, Dr. Jonathan Ciano (CEO). Mr. James Murigu, I.C.D.C., Mr. Bartholomew Ragalo

5. **GROUP LIFE INSURANCE**

You will be eligible to join the company's group life insurance scheme. Please obtain the details from the HR Department or your Manager.

6. **TIME AND PLACE OF WORK**

Your place of work shall be at the Uchumi – **Ong'ata Rongai Branch**. Please consult your Manager for your working hours and routine. However, the company reserves the right to alter the working routine subject to work exigencies and you may be posted to any of the company's branches with reasonable notice.

You shall work for six (6) days and take one day off duty each week or as per the timetable of your department. The management however reserves the right to re-allocate the off-duty whenever your services are required provided that arrangements are made to take an off-duty on another agreed date.

7. **ANNUAL LEAVE**

You will be entitled to twenty two (22) working days leave for every 12 (twelve) consecutive months of service to be prorated for the period worked if less than 12 months. Leave shall be taken subject to work exigencies and should be agreed with the manager. It is a requirement that your annual leave is taken within the leave earning period.

8. **SICK LEAVE**

After completing two (2) months consecutive service, you will be entitled to fourty (40) days sick leave on full pay and twenty (20) days on half pay for each period of 12 (twelve) consecutive months of service. Note that the management reserves the right to take appropriate decision in case you exhaust your sixty days of sick leave. The decision will be communicated to you in writing.

Please note that sick leave is subject to production of a certificate of incapacity to work signed by a qualified medical practitioner. Kindly note that, it is your responsibility to notify your manager of your illness as soon as possible but not later than forty eight (48) hours.

9. **PATERNITY LEAVE**

You will be entitled to two weeks paternity leave with full pay as provided for in the employment Act Chapter 29 subsection (8).

10. **PENSION**

You will be eligible to join the company's set up contributory provident fund. Details will be availed from the HR Office.

11. **TERMINATION**

This contract may be terminated by either party on giving each other thirty (30) consecutive days notice in writing or salary in lieu of notice as the case maybe. In case of any gross misconduct, negligence, omission or insubordination, the company reserves the right to terminate your services summarily and without notice.

12. DOCUMENTS

On the termination of your employment however arising, you must hand over to the Company all Staff IDs, medical cards, documents, books, diskettes, CDs, records, tapes, photographs, policies, manuals, credit cards, correspondence, equipment/machines, other papers and of whatsoever nature kept or made by you relating to the business of the Company (without taking copies or extracts thereof and withholding the same) and any keys and other property of the Company which may then be in your possession.

13. CODE OF PRACTICE

All employees are required to conduct the business of the Company with the highest level of integrity and moral behaviour. Attached is a code of practice which you are required to familiarise yourself and apply. Please note that it may be reviewed by the management from time to time.

This letter is sent to you in duplicate, if you are agreeable to the above terms and conditions of service, you are requested to sign one copy signifying your acceptance to this contract and return it to the Human Resource Department within forty eight (48) hours.

Yours faithfully
Uchumi Supermarkets Ltd

KIBBE MICHAEL KIBBE
HUMAN RESOURCES MANAGER

Accepted:

I ..... Paul Orino Okoth ..... **have read, understood and accept the above terms of service.**

Signature: ..... Okoth .....

Date: ..... 19.9.2014. .....

USL – HR-0208 - 3495 -

UCHUMI
Home Of Value

16th August, 2018

Our Ref: ORB/6639/2018/en.eo

PAUL OWINO OKOTH

Thro;

Branch Manager

RONGAI

Dear PAUL,

RE: NOTICE OF REDUNDANCY ON ACCOUNT OF FORCED SHOP CLOSURE

Following the forced closure of Uchumi Supermarkets Plc-Rongai branch; your usual place of work on account of outstanding rent arrears to the landlord and owing to the unfavourable business performance the company has made a decision to declare you redundant.

We hereby notify you of our intention to declare you redundant with effect from 1st July 2018

The following are your benefits and conditions that will apply:

1. Redundancy notice of one month with effect from date of notice 1st July 2018
2. One month salary in lieu of notice
3. Applicable salary as at the last day of work
4. Accrued leave days to-date
5. 20 days severance pay for each completed year of service with effect from date of employment
6. Pension contributions as per the scheme rules. Please note that the un-remitted contributions will be submitted to the fund for onward transmission to you.
7. Any payments that may have been accrued as at the last date of work
8. Certificate of Service

This notice is given in accordance with Section 40 (1) of the Employment Act 2007.

Yours faithfully
For: Uchumi Supermarkets Plc

Elizabeth Oyombe
HUMAN RESOURCES BUSINESS PARTNER

cc The Kenya Union of Commercial, Food and Allied Workers
cc Ministry of Labour

Mazars Consulting Ltd

forv/s mazars

3rd August 2026

Your Ref: DAA&GPC/PPC/2026/119

Our Ref: Monitor/UCH-CVA/PPC-119

The Clerk of the National Assembly
Attn: Mr. Jeremiah Ndombi, MBS
Office of the Clerk
P.O. Box 41842-00100
Main Parliament Buildings
NAIROBI

Dear Mr. Ndombi,

RE: INVITATION TO A MEETING WITH THE PUBLIC PETITIONS COMMITTEE ON PETITION NO. 9 OF 2026 REGARDING UNPAID SALARY ARREARS AND TERMINAL DUES TO EMPLOYEES OF UCHUMI SUPERMARKET PLC

I refer to your letter Ref: DAA&GPC/PPC/2026/119 of 16th July 2026, and confirm my attendance, in my capacity as the court-appointed Monitor of the Company Voluntary Arrangement ("CVA") affecting Uchumi Supermarket PLC ("the Company"), at the meeting of the Public Petitions Committee on Tuesday, 4th August 2026 at 11:30 a.m.

I set out below, ahead of the meeting, the Monitor's position on the matters raised in the invitation, and the further material I will place before the Committee.

1. The Monitor's Role and the Present Status of the CVA

I was appointed Insolvency Practitioner and Monitor of the Company's CVA in March 2019. The CVA was approved by creditors on 2nd March 2020 and ratified by the High Court on 1st July 2020, and was subsequently revised, with creditor approval, on 31st August 2023. Under section 633(1) of the Insolvency Act, 2015, my statutory function is to implement the arrangement in the interests of the Company and its creditors, and to monitor the Company's compliance with its terms. The Board of Directors retains full management authority over the Company's day-to-day affairs; the Monitor's role is oversight and reporting, not day-to-day control — a distinction I set out for the Committee because it bears directly on both matters raised in the petition.

2. Status of Staff Salary Arrears and Terminal Dues

The Revised CVA makes specific provision for staff-related obligations. As at my most recent Quarter one report filed with the Official Receiver on 24th April 2026, the position on staff salary arrears specifically scheduled under the CVA was as follows: of KShs 8,000,000 proposed, KShs 6,825157 (85.31%) had been paid, with the balance in process. The Company's broader creditors' schedule additionally records Staff Dues of KShs 521,724,214 within the total creditor position of approximately KShs 9.79 billion, and the Company has indicated that a portion of outstanding amounts reflects cheques not yet collected by payees rather than a want of funding.

I draw the Committee's attention to an important distinction that the petition itself puts squarely in issue: the CVA-scheduled arrears figure above relates to amounts owed to serving and CVA-era staff under the arrangement, and is not, on the material presently in my possession as Monitor, the same as a full inventory of terminal dues owed to former employees whose termination or redundancy may have arisen outside the CVA schedule. I do not, in my capacity as Monitor, independently hold personnel records, termination letters, or redundancy computations for former staff; those records are held by the Company. I am reliably informed that the Company, as custodian of the relevant personnel and payroll records, is presently compiling the complete inventory requested in your letter — former employees, their terms and conditions of employment, the conditions of their termination or redundancy, amounts owed, amounts paid, amounts outstanding, and a proposed settlement timeline — for submission to the Committee. I will, from my own side, corroborate that schedule against the CVA creditors' records within my custody once it is tabled.

3. The Opening of New Branches

The petition raises the concern that the Company has continued to open new branches even as dues to former employees remain outstanding. I confirm to the Committee that this is a matter I have, independently of the petition, already identified in my capacity as Monitor. The Company has recently opened two new branches, located at Unicity Mall along Thika Road near Kenyatta University and at Kitengela next to Shell Petrol Station on Kajiado Road. I was not briefed on the financing of either branch, nor was my approval as Monitor sought or obtained for either decision.

I regard this as significant for three reasons which I will elaborate on at the meeting:

- It is inconsistent with the duality of functions inherent in the CVA structure: while the Board is entitled to manage the Company's ordinary affairs, section 633(1) of the Act requires the Monitor to be able to monitor compliance with the arrangement, which is not possible where material capital decisions are taken without the Monitor's knowledge.
- It appears, on the material before me, to sit outside the CVA strategy actually disclosed to and approved by creditors in 2020 and again in 2023, both of which centred on debt restructuring, asset realisation, and cautious, franchise-led growth rather than direct Company-funded expansion.
- It engages a specific creditor resolution of 17th March 2025 requiring joint Board and Monitor approval before surplus cashflows are applied; I was not approached for that approval in respect of either branch.

I raise this matter with the Committee in the same spirit in which I am pursuing it in my own oversight of the Company: the Company's ability to fund new capital commitments while creditor and former-staff obligations remain outstandin is a legitimate and material question, and one the Monitor's own oversight function is designed to test.

4. Broader Pattern: Other Matters Taken Without the Leave of the Monitor or the Court

The Committee should be aware that the branch matter described above is not an isolated occurrence. In the course of my monitoring work, I have identified a recurring pattern in which the Board has proceeded on material matters, and in one respect the Company's own CVA has proceeded, without the leave, prior knowledge, or approval of either the Monitor or the Court, notwithstanding the statutory monitoring function conferred on the Monitor by section 633(1) of the Insolvency Act, 2015 and the requirement under section 630(1) of that Act that an amendment to a voluntary arrangement takes effect only once approved by the Court. I set these out for the Committee's completeness, as they bear on the same underlying question the petition raises — namely, the reliability of the governance and financial oversight surrounding the Company's obligations to its creditors and former staff:

- The current CVA's five-year term expired on 30th June 2025. As at the most recent records available to me, the amendment required to extend the arrangement beyond that date had been the subject of a creditors' resolution but had not yet been ratified by the Court, as section 630(1) of the Act requires before an amendment takes effect. I have not been given, nor been briefed on, confirmation of whether Court ratification has since been obtained, as

required under section 630(1) of the Insolvency Act, 2015 for such an amendment to bind the Company and its creditors.

- The Revised CVA's own proposal table records a change from the 40% debt-to-preferential-share conversion ratio for trade creditors approved in the original 2020 CVA to a 50% ratio in the 2023 revision, without a specific, identifiable Court approval of that change presently on my file.
- The Monitor has, on more than one occasion, sought but not received a full update on the implementation of decisions taken at Board meetings, leaving a standing gap in the Monitor's visibility over matters the Board has already resolved upon.
- The Company's asset register has not, to date, been reconciled to its pre-CVA accounts or to its last audited financial statements, notwithstanding the Monitor having raised this specifically as a priority.
- Creditors resolved on 17th March 2025 that surplus cashflows are to be applied to creditor settlements only with the joint approval of the Board and the Monitor; I have not been given, nor been briefed on, the Company's record of cashflow applications since that date, as required to enable me to discharge my monitoring function under section 633(1) of the Insolvency Act, 2015.

None of these matters, on the material presently available to me, discloses criminal conduct. They do, however, disclose a governance pattern in which the Board has not consistently sought or awaited the Monitor's advice before acting on matters squarely within the Monitor's oversight remit — a pattern the Committee may wish to weigh alongside the specific concerns raised in Petition No. 9 of 2026.

5. Documentation to Be Tabled

In addition to the former-employee inventory referred to in paragraph 2, which I understand the Company is compiling, I will bring to the meeting the Company's current creditors' schedule, the status of implementation of the nine core proposals under the Revised CVA, and the Monitor's own record of the matters described in paragraphs 3 and 4 above, so that the Committee has the fullest picture available to inform its recommendations.

I look forward to attending the meeting on 4th August 2026 and to assisting the Committee in its consideration of Petition No. 9 of 2026. I remain available in the interim to provide any further information the Committee or its Secretariat may require, through your Liaison Officers or directly.

Yours faithfully,



FCPA Owen Koimburi Njenga

Insolvency Practitioner, Licence No. OR/IP/012

Court-Appointed Monitor of the CVA — Uchumi Supermarket PLC

cc:

Mr. John Mwara, Board Chairperson, Uchumi Supermarkets PLC

Mr. Oscar Namulanda, Deputy Director, Public Petitions Committee Secretariat

Mr. Victor Weke, Principal Clerk Assistant II, Public Petitions Committee Secretariat

UCHUMI SUPERMARKETS PLC

(Formerly Uchumi Supermarkets Limited)

ANNUAL REPORT & FINANCIAL STATEMENTS

AT

30 JUNE 2024

UCHUMI SUPERMARKETS PLC

(Formerly Uchumi Supermarkets Limited)

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

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UCHUMI SUPERMARKETS PLC

(Formerly Uchumi Supermarkets Limited)
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

COMPANY INFORMATION

DIRECTORS

John Karani	Chairperson
Timothy Kabiru	
Ministry of Trade	Joash Akuma
Industrial and Commercial	
Development Corporation	Represented by Kennedy Wanderi
Fred Rabongo	Appointed 2018
Baiju Shah	Appointed - 01.05.18
George Karanja	Appointed - 01.05.18
Yesse Oenga	Appointed 2018
Mohamed Mohamed	Appointed 2018
Mohamed Mohamed	Resigned 2022
John Mwara	Appointed August 2023
Lawrence Ngao	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

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 Limited
Nairobi Business Centre
Haile Selassie Avenue
P.O. Box 19555
Nairobi

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

REPORT OF THE DIRECTORS

The Directors submit their Report and the Audited Consolidated and Separate Financial Statements for the year ended 30 June 2024 which discloses 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 is that of operating retail supermarkets. The activities of the subsidiary companies are those recorded in Note 22 to the Financial Statements.

2. Results

The Group's and the Company's results are set out on pages 31 and 32 respectively.

3. Dividend

The Directors do not recommend payment of a dividend in respect to the year ended 30 June 2024 (2023 – Nil).

4. Business Overview

a) General

The year marked a significant turning point in the Company's recovery journey. Key structural, legal and commercial developments towards stabilization of the business were attained. Although obligations that accrued in the past and a fragile retail market were serious constraints to improved financial performance, progress was made in re-establishing commercial momentum and in strengthening the Company's asset base. Some of the key developments are as follows: -

i. Revised Company Voluntary Arrangement (CVA)

A significant milestone was the adoption by creditors and stakeholders of a revised CVA framework. The modified plan of action incorporates updated asset recovery timelines and a more realistic debt settlement programme. The revision was necessitated by the "slower-than-expected" realization into cash of key assets and need to align the recovery plan with present-day market conditions.

4. **Business Overview (Continued)**

a) General (Continued)

ii. **Corporate Business Segment**

Corporate business registered encouraging growth and contributed positively to the Company's top-line. That business segment involves direct sales to institutions and bulk buyers and has proved to be more resilient compared to traditional retail outlets. It has become a key strategic pillar of the business. Concerted effort was made towards expanding the customer base, improving delivery reliability and optimizing the pricing structures.

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

The Lang'ata Property was successfully leased to a third-party tenant. A consistent rental income stream was established, the property is no longer underutilized and is secured from the risk of a distress sale. The property's long-term commercial opportunities are preserved.

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

An out-of-court settlement was arrived at with UBA Bank. That settlement preserved the Company's interest in the Lang'ata Property. The settlement considerably reduced the Company's litigation risk and also reaffirmed its control over a critical asset that is already earmarked for creditor repayments.

v. **Ongoing Legal Matter: 17-Acre Land Case with KDF**

The Company was actively engaged in litigation against the KDF over the Kasarani Mall Ltd's Investment Property. The success of the CVA is largely hinged on the disposal of the asset.

The Court on 19th May, 2025 delivered Judgement against the Company. Orders were issued for the cancellation of the Company's title. An appeal was lodged against the Judgement and the Board of Directors strongly believes that there exists a high chance of success.

4. **Business Overview (Continued)**

a) **General (Continued)**

The Company entered year 2025 with cautious optimism. While challenges remain — particularly around liquidity, litigation risk, and market competition—the foundations laid in 2024 through the revised CVA, asset protection measures, and corporate business development are expected to support continued recovery.

Management remains committed to:-

- Strengthening cash flows through rental income and B2B sales,
- Concluding ongoing legal matters,
- Preserving and monetizing strategic assets,
- Maintaining transparency with creditors and stakeholders under the CVA framework.

The Board is confident that with continued discipline and stakeholder support, the Company will remain on the path toward long-term recovery and sustainable operations.

b) **Financial Performance**

The Company reported a marginal increase in revenue and profitability.

The sales were Kshs. 65.4 million (2023: Kshs. 36.1 million).

The Gross Profit was KShs. 15 million (2023: Kshs. 5.5 million). Other income was Kshs. 32.1 million (2023: KShs. 8.2 million). The total income was Kshs. 47.6 million (2023: Kshs. 13.6 million).

Operating expenses were Kshs. 199.7 million (2023: KShs. 63.8 million). Staff and Administrative costs represented 55% of the total expenditure. The Group posted an operating loss of KShs. 152.1 million (2023: KShs. 50 million). Non trading income was Kshs. 189.7 million. The total comprehensive income for the year was KShs. 21.9 million (2023: - loss - Kshs. 311.5 million).

As at 30th June 2023, the Group's total assets amounted to KShs 3.15 billion (2023: KShs 3.43 billion). The total liabilities were Kshs. 10.14 billion (2023: KShs. 10.52 billion). The net working capital was negative Kshs. 7.72 billion (2023: Kshs. 7.86 billion). The Group's Shareholders' Fund was a deficit of Kshs. 6.98 billion (2022: Kshs. 7.09 billion).

4. Business Overview (Continued)

b) Going Concern

The company remains in a technically insolvent position, with total liabilities far exceeding its asset base.

The Directors are committed towards the stabilization of the Company's operations and financial position. Key activities during and after the reporting period include:

- **Implementation of a Company Voluntary Arrangement (CVA):** The CVA remains a key component of the recovery framework, providing a structured path to manage debt and creditor settlements while allowing continued trading.
- **Operational Restructuring:** Cost rationalization, staff right-sizing, and improvements in procurement processes have been undertaken to preserve liquidity and improve margins.
- **Ongoing Strategic Engagements:** The Company is actively pursuing new revenue streams and partnership opportunities to improve its financial outlook.

The Directors will continue to closely monitor the Company's financial position and take appropriate actions to safeguard its viability.

5. Employees

The Directors are pleased to record their appreciation for the untiring efforts of all employees of the Group. The average number of employees in 2024 was 32 (2023: 74).

6. Directors' remuneration

Director's remuneration for the year ended 30 June 2024 was KShs. 8.3 million (2023: KShs. 0.733 million). These sums remain as part of the payables.

7. 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 and Company's auditor is unaware; and

7. Relevant audit information (Continued)

ii) Each of the Directors have taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

8. Financial Statements

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

9. 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.

10. Approval of financial statements

The financial statements were approved at the meeting of the Board of Directors held on 30th May, 2025.

BY ORDER OF THE BOARD



COMPANY SECRETARY

CHAIRMAN'S STATEMENT

Dear Shareholders, Creditors, and Stakeholders,

It is my privilege to present the Chairman's Statement for the year ended 30th June 2024. This has been a pivotal year in the Company's ongoing recovery journey—marked by cautious resilience, meaningful restructuring, and guarded optimism for the future.

Navigating Persistent Challenges

The year 2024 continued to test our resilience. The Company remained under the Company Voluntary Arrangement (CVA) framework, working diligently to meet obligations to creditors while sustaining operations in a highly constrained liquidity environment. The business faced significant operational and legal hurdles, most notably the ongoing dispute over a critical 17-acre property, which remains before the courts. Despite these challenges, management remained focused on protecting value, preserving critical assets, and maintaining commercial continuity.

Key Milestones in Recovery

Amid these pressures, we achieved a number of strategic milestones that have laid the foundation for long-term recovery:

1. Revised CVA: The successful restructuring of the CVA terms in consultation with creditors provided a more realistic and manageable path for settlement, aligned with present asset timelines and market conditions.

2. Preservation and Monetization of Assets: Through an out-of-court settlement with a secured lender, the UBA Bank, we were able to protect the Lang'ata property from enforcement action. Subsequently, this property was successfully leased to China Square, generating consistent income and safeguarding its long-term value.

3. Growth in Corporate Business: We made meaningful progress in our corporate sales segment, which emerged as a reliable revenue stream, less exposed to the volatility of walk-in retail. This business line continues to grow and play a central role in our diversification efforts.

Governance and Oversight

The Board has remained actively engaged in guiding the Company through this period of uncertainty. Regular board and committee meetings were held throughout the year to ensure prudent oversight of legal matters, financial restructuring, and operational decisions. We continue to operate with transparency and accountability to all stakeholders, especially under the CVA framework.

Continued...

Looking Ahead

As we enter 2025, the Company stands on firmer ground. We remain cautiously optimistic about resolving the 17-acre land case and unlocking further asset value to drive recovery. Efforts are also underway to strengthen internal operations and align our structure with a leaner, more agile business model.

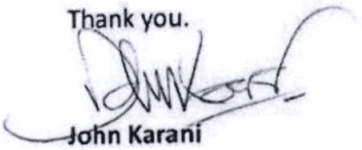
However, we are not blind to the challenges ahead. The retail sector remains highly competitive, our liquidity remains tight, and our recovery hinges on the continued cooperation of creditors, the timely resolution of legal matters, and our ability to preserve cash flows from leasing and corporate sales.

Appreciation

On behalf of the Board, I extend sincere appreciation to our shareholders, creditors, regulators, and commercial partners for their continued support, patience, and collaboration. I especially wish to thank our management team and employees, who have continued to show resilience, integrity, and commitment in the face of adversity.

We remain committed to completing our turnaround, restoring value, and building a stronger, more sustainable business.

Thank you.



John Karani

Chairman of the Board

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders, Partners, and Stakeholders,

The 2024 financial year was defined by both resilience and recalibration, as the company navigated a demanding business environment while laying the groundwork for long-term recovery and growth. In the face of ongoing liquidity constraints and a legacy of structural challenges, management remained focused on execution, discipline, and protecting strategic assets critical to the Company's turnaround.

Operational Realignment and Cost Discipline

During the year, the company recorded steady growth in revenue with 81% growth compared with 2023 topline sales. This was driven by improved stock availability, stronger supplier relationships, and a renewed focus on core retail operations. Management maintained prudent control over expenses, even as we sought to deliver consistent service to our customers across our two stores.

The company prioritized operational sustainability of the business. We implemented optimization of underutilized assets with the Langata property being leased out to China Square and onboarding other tenants to the premises thus generating critical non-core income. Notably, we took decisive action to convert the unbuilt section of the Langa'ta mall property—previously earmarked for expansion—into a temporary Uchumi shop.

Strategic Use of Lang'ata Property

A major achievement in 2024 was the successful leasing of the Lang'ata property to China Square who occupied the main hall. This lease not only affirmed the property's long-term strategic value but also injected significant and stable rental income into the business, easing pressure on operating cash flows.

In parallel, and pending resolution of an ongoing court matter with Hotspot Coffee Lounge, the company developed a temporary retail extension on the Lang'ata site to accommodate our Langa'ta retail outlet. This initiative enabled us to derive operational and commercial value from the undeveloped section of the land while the legal dispute remains unresolved. It reflects management's resourcefulness in extracting income from underutilized assets without jeopardizing long-term redevelopment plans.

Continued...

Legal and Strategic Matters

The ELC010 matter with KDF, a landmark matter with implications for the company's recovery and asset base, remained pending in court during the year under review. The company continues to monitor the process closely and is actively engaged in ensuring its position is strongly represented through competent legal counsel.

In a separate but related development, the company successfully reached an out-of-court settlement with UBA Bank who have been keen on selling the Lang'ata property as secured creditors. This significant milestone ensured that the Lang'ata property remained within the company's ownership and was not subjected to forced sale. The settlement also protected shareholder value and enabled the business to proceed with long-term leasing and development plans.

Corporate Restructuring and CVA Progress

In light of the prevailing legal uncertainties and delayed asset monetization, the company undertook a review and revision of the CVA (Company Voluntary Arrangement) framework in the month of August 2023. The revised CVA reflects a more realistic trajectory for cash inflows and creditor payments, while maintaining transparency and ongoing engagement with stakeholders. Management remains committed to the revised plan and continues to work closely with creditors and the Monitor to align expectations and outcomes.

Looking Ahead

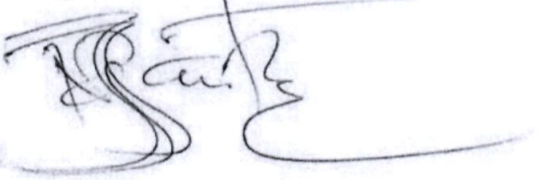
While 2024 remained a year of transition and uncertainty, it also offered green shoots of resilience, adaptability, and strategic repositioning. The leasing of Lang'ata, growth in operating income, prudent cost management, and responsible asset utilization have laid a stronger foundation for the future.

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



1. Board composition

The Board shall comprise 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

The Board should specifically exercise leadership, enterprise, integrity and judgment in directing the affairs of the Company so as to achieve continuing prosperity for the Company and its shareholders, and shall at all times act in the best interests of the Company in a manner based on transparency, integrity, accountability and responsibility.

The Board must specifically: -

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;
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;

2. Role of the board

The Board must specifically: -

Continued...

XI. ensure that the Company's organizational structure and capability are appropriate for implementing the chosen strategies;
XII. determine monitoring criteria to be used by the Board.

3. 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.

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.

5. 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;

5. **The role of the Chief Executive Officer**

Continued...

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;
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 appraised on the operations and performance of the company through presentation of relevant Board papers, which must cover, but not limited to, the following areas:-

6. **Directors' appointments**

There will be a formal and transparent process for all appointments to the Board.

The Board Strategy, Finance, Human Resources and Operations Committee shall be directly involved in the sourcing of prospective Board members and the appointment of new directors shall be 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

6. Directors' appointments

Continued...

The Board should, on a regular basis, consider 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.

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

On an annual basis, the Board will 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.

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.

7. 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.

7. Rotation of directors (Continued)

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.

8. 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.

9. 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 time commitments, degree of responsibility and financial condition of the Company.

9. Directors' remuneration (Continued)

The Committee may request management or external consultants to provide necessary information upon which the Board may make its determination.
Directors' remuneration shall be presented for approval at the Annual General Meeting.

In determining the compensation for non-executive directors, the Strategy, Finance, Human Resources and Operations Committee shall consider the following:-

- The level of fees currently earned by directors in their professional capacity;
- the number of hours spent by directors in preparing for and attending meetings, as well as travel to meeting venues;
- current market rates applicable to organizations of similar size and in the same industry;

10. 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.

A summary of attendance at the Board meetings held in the course of the year is shown below:-

	Aug-23	Sep-23	Oct-23	Nov-23	Feb-24	Mar-24
John Karani	✓	✓	✓	✓	✓	✓
Baiju Shah	✓	✓	✓	✓	✓	✓
Erastus Njoroge	✓	✓	✓	✓	✓	✓
George Karanja	✓	✓	✓	✓	✓	✓
John Mwara	✓	✓	✓	✓	✓	✓

11. Committees of the board and their meetings

The Board shall constitute such committees as it shall deem necessary for the running of the affairs of the Board, provided that the Board shall ensure that at all times, there shall be an Audit Committee and a Strategy, Finance, Human Resources and Operations Committee in compliance with the requirements set out under the The Capital Markets Code of Corporate Governance for Issuers of Securities to the Public, 2015.

To assist it in carrying out its responsibilities, the Board has established the following committees:-

Strategy, Finance, HR and Operations Committee

The objective of the Strategy, Finance, HR and Operations Committee is to assist the Board in discharging its responsibilities in relation to strategy implementation and general operational oversight.

The Committee is also responsible for assessing and nominating members to the Board of directors of the Company; making recommendations regarding the composition of the Board of directors, operations and performance of the Board; overseeing the Company's CEO and Senior Management succession planning process; ensuring good corporate governance of the company.

The Committee is also be responsible for making recommendations to the Board regarding compensation plans, the evaluation of management performance and establishing whether the Human Resource plans and initiatives will enable the Company to achieve its strategic objectives.

Audit Committee

The objective of the Board Audit Committee is to assist the Board in discharging its responsibilities in relation to financial reporting and regulatory conformance. The Committee also reviews and assesses the Company's risk management process and the adequacy of the overall control environment.

Legal and Compliance Committee

The objective of the Board Legal and Compliance Committee is Assessing and recommending to the Board strong policies and recommendations to ensure the company complies with its Regulatory Bodies.

12. The company secretary

The Company Secretary will be appointed by the Board, must be registered with the Institute of Certified Public Secretaries of Kenya (ICPSK) and should be a member in good standing.

The Company Secretary's roles and responsibilities include but are not limited to the following:

- Providing guidance and advice to the Board, and within the Company, on matters of good governance;
- Providing the Board as a whole and Directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company;
- Facilitating the induction training for new Directors and assisting with Directors' professional development as required. This includes identifying and facilitating on-going Board education;
- In consultation with the Chief Executive Officer, ensure effective information flows within the Board and its Committees and between Senior Management and non-executive Directors. This includes distribution of Board papers and minutes and communication of resolutions from Board meetings;
- Seeing to the proper development of Board meetings and providing Directors with clear advice and information;
- Ensuring compliance by the Company of provisions of the Company's Act, the Capital Markets Act, Nairobi Securities Exchange' listing guidelines and any amendments thereof;
- Assisting in updating the Board and Committee charters, preparation of Board work plans;
- Assisting in the Board and Committees' regular evaluation;
- Guiding the Company in taking the initiative to not only disclose corporate governance matters as required by law, but also those of material importance to the decision-making of institutional investors, shareholders, and other stakeholders;
- Keeping safe custody of the common seal of the Company and accounting to the Board for its use;
- Maintaining and updating the register of conflicts of interest by the Directors.

13. Conflict of interest

The directors of the Company are under a fiduciary duty to act honestly and in the best interests of the company. Directors should avoid putting themselves in positions where their self-interests conflict with their duty to act in the best interests of the Company.

It is the Company's policy that directors, their immediate families and companies where directors have interests must not transact business with the Company without the express approval of the Board of Directors. Any business transacted with the Company must be at arm's length and:

- such business interests must be fully disclosed to the Board;
- such business interests must be considered and approved by the Board through an annual declaration.

All directors shall be required to sign an annual declaration on possible or actual conflicts of interest as follows:-

- That the director did not have any personal or business interest in any matters that came up for discussion before the Board; or did not exert any undue influence on the officers of the Company to determine any matter under their consideration;
- that in the event a director did have an interest in any matter that came up for discussion before the Board, such interest was declared as per the provisions of the Charter;
- that a director has not benefited in any way because of being a director except in the normal course of business.

The purpose of such a declaration is to serve as an annual reminder to the directors of the Company, their duty to conduct their affairs with the Company at arm's length and to avoid situations in which their interests may conflict with those of the Company.

14. Performance of directors

The Board shall have in place a process for evaluation of its performance.

An annual evaluation will be carried out on the Board's own performance, performance of the Chairman, individual directors, that of its committees and of the Company Secretary.

14. Performance of directors

The results of the assessment should be used to determine the strengths and weaknesses of the Board and where appropriate, new members should be appointed to the Board to address any key gaps identified, or resignations sought as may be necessary.

The results of the assessment should also be used to identify training needs.

15. Directors' shareholding

The Directors who held shares in the Company as at 30 June 2024 are as detailed below:-

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

THE DIRECTORS' REMUNERATION REPORT

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

g) 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, 2024 was KShs. 3,319,780 (2023 – KShs. 732,856) as disclosed at Note 29(e). The emoluments for each of the directors is as follows:

2024	Sitting Allowance	Car Allowance	Total
	Kshs.	Kshs.	Kshs.
Mr. John Karani	1,300,681	-	1,300,681
Mr. Baiju Shah	489,056	-	489,056
Mr. Erastus Njoroge	449,427	-	449,427
Mr. George Karanja	228,034	-	228,034
Mr. John Mwara	852,582	-	852,582
Total	**3,319,780**	-	**3,319,780**

2023	Sitting Allowance	Car Allowance	Total
	Kshs.	Kshs.	Kshs.
Mr. John Karani	183,214	-	183,214
Mr. Baiju Shah	183,214	-	183,214
Mr. Erastus Njoroge	183,214	-	183,214
Mr. George Karanja	91,607	-	91,607
Mr. Kennedy Wanderi	45,804	-	45,804
Mr. Joash Akuma	45,804	-	45,804
Total	**732,856**		**732,856**

h) 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.

i) 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	Resigned	Term
	Date	Date	End
John Karani			By Rotation
Ministry of Trade	N/A		N/A
ICDC	N/A		N/A

i) **Directors' term of office (continued)**

Name	Appointed	Resigned	Term
	Date	Date	End
Baiju Shah	2018		By Rotation
George Karanja	2018		By Rotation
John Mwara	2023		By Rotation
Lawrence Ngao	2024		By Rotation

By order of the Board



Company Secretary

1. 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.

2. 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.

3. 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.

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

4. 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

- **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.

- **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.

- **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.

5. 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.

5. Governance (Continued)

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.

Our Legal and Compliance Committee oversees the company's legal and compliance function to gain assurance that appropriate operational and compliance controls are in place and operating effectively; identifying, evaluating and managing risk.

We are reviewing our Board composition to ensure we have an independent, effective, highly skilled and diverse Board of Directors that will ensure alignment with our values and generally accepted best practices. Our Board diversity and inclusion policy is our first step towards this goal, underpinning how we will embrace board diversity in all facets, including skills, experience, gender, ethnicity, and race.

UCHUMI SUPERMARKETS PLC

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the financial statements of Uchumi Supermarkets PLC set out on pages 31 to 76, which comprise the consolidated and company statements of financial position as at 30 June 2024, 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 Repo1ting 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.

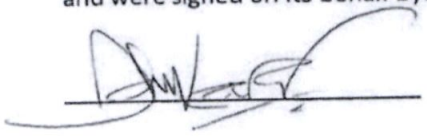
The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 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.

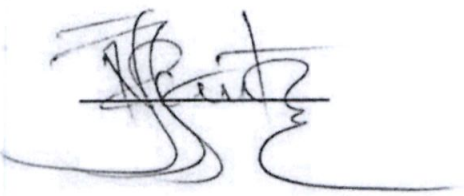
The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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 30th May, 2025 and were signed on its behalf by:





Date:

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 31 to 76, which comprise the consolidated and company statements of financial position as at 30 June 2024, 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 28, 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 in Note 39(b), 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") with creditors

Basis for disclaimer of opinion (Continued)

dated 2nd March, 2020. The Arrangement is dependent on the disposal of the investment property disclosed in Note 22.

In 2019, Kenya Defence Forces forcefully entered the property and claimed ownership. The Company instituted Case Number ELC E010 of 2022 against the Forces.

On 19th May, 2025, the Court entered judgement against the Company and revoked the certificate of title. As a result, successful realization of the proposed arrangement with creditors remained doubtful. We were in the circumstances 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**

Mugo W Jaweu & Associates

Date: 16th September, 2025.

UCHUMI SUPERMARKETS PLC

(Formerly Uchumi Supermarkets Limited)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Kshs. "000"	2023 Kshs. "000"
Revenue			
Sales	7	65,408	36,135
Cost of sales	8	(49,916)	(30,565)
Gross profit		15,492	5,570
Other income	9	32,114	8,295
		47,606	13,865
Expenses			
Administration Costs	11	(36,129)	(28,159)
Staff Costs	12	(18,118)	(24,550)
General Expenses	13	(13,484)	(2,466)
Legal & Professional Expenses	14	(119,041)	(8,493)
Selling and Distribution	15	(12,972)	(212)
		(199,744)	(63,880)
Loss from operating activities		(152,138)	(50,015)
Provisions and write offs	16	(15,695)	(148,244)
		(167,833)	(198,259)
Finance costs (Net)	17	-	(18,709)
Loss before tax	18	(167,833)	(216,968)
Income tax (expense)/credit	19	-	-
Loss for the year		(167,833)	(216,968)
Other comprehensive income			
Non Trading Income / (Loss)	10	189,793	(94,630)
Total comprehensive income / (loss)		21,960	(311,598)
Earnings /(Loss) per share (Basic and diluted)	20	0.06	(0.85)

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC

(Formerly Uchumi Supermarkets Limited)

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Kshs. "000"	2023 Kshs. "000"
Revenue			
Sales	7	**65,408**	**36,135**
Cost of sales	8	**(49,916)**	**(30,565)**
Gross profit		**15,492**	**5,570**
Other income	9	13,538	8,295
		29,030	**13,865**
Expenses			
Administration Costs	11	(30,576)	(28,159)
Staff Costs	12	(18,118)	(24,550)
General Expenses	13	(13,484)	(2,466)
Legal & Professional Expenses	14	(15,625)	(8,493)
Selling and Distribution	15	(942)	(212)
		(78,745)	**(63,880)**
Loss from operating activities		**(49,715)**	**(50,015)**
Provisions and write offs	16	(15,695)	(148,244)
		(65,410)	**(198,259)**
Finance costs (Net)	17	-	(18,709)
Loss before tax	18	(65,410)	(216,968)
Income tax (expense)/credit	19	-	-
Loss for the year		**(65,410)**	**(216,968)**
Other comprehensive income			
Non Trading Income / (Loss)	10	**170,484**	**(94,630)**
Total comprehensive income / (loss)		**105,074**	**(311,598)**
Earnings /(Loss) per share (Basic and diluted)	20	**0.29**	**(0.85)**

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC

(Formerly Uchumi Supermarkets Limited)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 June	Notes	2024 KShs "000"	2023 KShs "000"
ASSETS			
Non - Current Assets			
Property and equipment	21	772,835	782,938
Investment Property	22	2,210,000	2,600,000
Intangible Assets	23	2,000	-
Prepaid operating lease	24	18,027	18,284
		3,002,862	**3,401,222**
Current Assets			
Inventories	27	12,784	11,689
Trade and other receivables	28	34,853	21,464
Related party balances	29	-	-
Bank and cash balances	30	107,927	(930)
		155,564	**32,223**
TOTAL ASSETS		**3,158,426**	**3,433,445**
EQUITY AND LIABILITIES			
Equity			
Share Capital	31	1,824,808	1,824,808
Share premium account	32	1,371,057	1,371,057
Revaluation reserve	32	755,569	755,569
Retained Earnings (Deficit)	32	(11,013,759)	(11,035,719)
		(7,062,325)	**(7,084,285)**
Non Current Liabilities			
Deferred Tax	26	106,888	125,750
Term loans	33	1,987,122	2,071,886
Finance Leases	34	162,091	163,591
		2,256,101	**2,361,227**
Current Liabilities			
Trade and other payables	35	7,091,506	7,157,249
Related Party Balances	29	-	35
Deferred revenue	36	104,962	87,854
Tax payable	19(a)	8,182	9,167
Bank overdraft	30	760,000	902,198
		7,964,650	**8,156,503**
TOTAL EQUITY AND LIABILITIES		**3,158,426**	**3,433,445**

The financial statements on pages 39 to 76 were approved and authorized for issue by the Board of Directors on 30th May, 2025 and signed on its behalf by:

John Karani
Chairperson

Lawrence Ngao
Chief Executive Officer

UCHUMI SUPERMARKETS PLC

(Formerly Uchumi Supermarkets Limited)

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 June	Notes	2024 KShs "000"	2023 KShs "000"
ASSETS			
Non - Current Assets			
Property and equipment	21	765,082	782,938
Prepaid operating lease	24	18,027	18,284
Investment in Subsidiaries	25	200	200
		783,309	**801,422**
Current Assets			
Inventories	27	12,784	11,689
Trade and other receivables	28	33,618	21,464
Due from related parties	29	-	146,046
Bank and cash balances	30	9,819	(930)
		56,221	**178,269**
TOTAL ASSETS		**839,530**	**979,691**
EQUITY AND LIABILITIES			
Equity			
Share Capital	31	1,824,808	1,824,808
Share premium account	32	1,371,057	1,371,057
Revaluation reserve	32	755,569	755,569
Retained Earnings (Deficit)	32	(13,113,896)	(13,218,970)
		(9,162,462)	**(9,267,536)**
Non Current Liabilities			
Term loans	33	1,987,122	2,071,886
Finance Leases	34	162,091	163,591
		2,149,213	**2,235,477**
Current Liabilities			
Trade and other payables	35	6,916,175	7,012,531
Related party balances	29	63,460	-
Deferred revenue	36	104,962	87,854
Tax payable	19(a)	8,182	9,167
Bank overdraft	30	760,000	902,198
		7,852,779	**8,011,750**
TOTAL EQUITY AND LIABILITIES		**839,530**	**979,691**

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC

(Formerly Uchumi Supermarkets Limited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Share Capital KShs "000"	Share Premium KShs "000"	Revaluation Reserve KShs "000"	Retained Earnings (Deficit) KShs "000"	Total KShs "000"
2024:					
At 1st July, 2023	**1,824,808**	**1,371,057**	**755,569**	**(11,035,719)**	**(7,084,285)**
Profit for the year	-	-	-	21,960	**21,960**
Total comprehensive income				21,960	**21,960**
At 30th June, 2024	**1,824,808**	**1,371,057**	**755,569**	**(11,013,759)**	**(7,062,325)**
2023:					
At 1st July, 2022	**1,824,808**	**1,371,057**	**755,569**	**(10,724,121)**	**(6,772,687)**
Profit for the year	-	-	-	(311,598)	**(311,598)**
Total comprehensive income				(311,598)	**(311,598)**
At 30th June, 2023	**1,824,808**	**1,371,057**	**755,569**	**(11,035,719)**	**(7,084,285)**

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC

(Formerly Uchumi Supermarkets Limited)

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Share Capital KShs "000"	Share Premium KShs "000"	Revaluation Reserve KShs "000"	Retained Earnings (Deficit) KShs "000"	Total KShs "000"
2024:					
At 1st July, 2023	**1,824,808**	**1,371,057**	**755,569**	**(13,218,970)**	**(9,267,536)**
Profit for the year	-	-	-	105,074	**105,074**
Total comprehensive income				105,074	**105,074**
At 30th June, 2024	**1,824,808**	**1,371,057**	**755,569**	**(13,113,896)**	**(9,162,462)**
2023:					
At 1st July, 2022	**1,824,808**	**1,371,057**	**755,569**	**(12,907,372)**	**(8,955,938)**
Profit for the year	-	-	-	(311,598)	**(311,598)**
Total comprehensive income				(311,598)	**(311,598)**
At 30th June, 2023	**1,824,708**	**1,371,057**	**755,569**	**(13,218,970)**	**(9,267,536)**

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC

(Formerly Uchumi Supermarkets Limited)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 KShs "000"	2023 KShs "000"
Net cash flows from operating activities			
Profit / (Loss) before income tax		**21,960**	**(311,598)**
Adjustments for:			
Depreciation of property and equipment	21	18,083	18,858
Gain on Disposal of Investment Property	22	390,000	-
Amortisation of prepaid operating lease	24	257	258
Net Interest Expense	17	-	18,709
Operating loss before working capital changes		**430,300**	**(273,773)**
Deffered Tax	26	(18,862)	-
Inventories	27	(1,095)	2,130
Trade and other receivables	28	(13,389)	163,528
Related party balances	29	(35)	-
Trade and other payables	35	(65,743)	105,577
Defered Revenue	36	17,108	-
Cash outflows from operations		**348,284**	**(2,538)**
Investing activities			
Purchase of Fixed Assets	21	(7,980)	-
Purchase of Intangible Assets	21	(2,000)	-
Net cash used in investing activities		**(9,980)**	**-**
Tax paid	19	(985)	-
Net cash generated from/(used in) operating activities		**337,319**	**(2,538)**
Financing activities			
Net Interest Expense	17	-	(18,709)
Increase /(Decrease) in Long Term Borrowings	33	(84,764)	18,709
Repayment of Finance Lease Obligation	34	(1,500)	-
Net cash (used in) /generated from financing activities		**(86,264)**	**-**
Net decrease in cash and cash equivalents		**251,055**	**(2,538)**
Cash and cash equivalents at the beginning of the year		**(903,128)**	(900,590)
Cash and cash equivalents at the end of the year	30	(652,073)	(903,128)

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC

(Formerly Uchumi Supermarkets Limited)

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 KShs "000"	2023 KShs "000"
Net cash flows from operating activities			
Profit / (Loss) before income tax		**105,074**	**(311,598)**
Adjustments for:			
Depreciation of property and equipment	21	18,083	18,858
Amortisation of prepaid operating lease	24	257	258
Finance expense	17	-	18,709
Operating loss before working capital changes		**123,414**	**(273,773)**
Inventories	27	(1,095)	2,130
Trade and other receivables	28	(12,154)	163,528
Related party balances	29	209,506	-
Trade and other payables	35	(96,356)	105,577
Deferred Revenue	36	17,108	
Cash outflows from operations		**240,423**	**(2,538)**
Investing activities			
Purchase of Fixed Assets	21	(227)	-
Net cash used in investing activities		**(227)**	**-**
Tax paid	19	(985)	-
Net cash generated from/(used in) operating activities		**239,211**	**(2,538)**
Financing activities			
Finance cost	17	-	(18,709)
Increase /(Decrease) in Long Term Borrowings	33	(84,764)	18,709
Repayment of Finance Lease Obligation	34	(1,500)	-
Net cash (used in) /generated from financing activities		**(86,264)**	**-**
Net decrease in cash and cash equivalents		**152,947**	**(2,538)**
Cash and cash equivalents at the beginning of the year		**(903,128)**	**(900,590)**
Cash and cash equivalents at the end of the year	30	**(750,181)**	**(903,128)**

The notes on page 39 to 76 are an integral part of these financial statements

UCHUMI SUPERMARKETS PLC
(Formerly Uchumi Supermarkets Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

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.

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.

2 BASIS OF PREPARATION (Continued)

e) Going concern

The Group and Company incurred net profit after tax of KShs 112 million and KShs 105 million during the year ended 30 June 2024 (2023 – Net loss after tax - KShs 311 million and KShs 311 million) respectively and as of that date, the Group's and Company's current liabilities exceeded their current assets by KShs 7,719 million and KShs 7,796 million (2023 – KShs 8,124 million and KShs 7,833 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 fell due and have adequate resources to continue in operational existence for at least twelve months, from the date of approval of the financial statement:-

(i) Franchising

The Company intended to venture into Franchising as the vehicle to increase sales volume while transferring risks associated with the purchase and management of new sales outlets. The immediate focus of the business was to get the required capital injection to ensure optimal stocking in all branches. The growth strategy pertaining to the franchise model was to depend on the success of the existing branches and the timing and receipt of funds from the investors.

(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 1st October, 2020 the Court approved the Company Voluntary Arrangement entered into with Creditors on 2nd 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

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.

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%

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:

Asset Class	Depreciation Period
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.

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.

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:

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.

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.

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.

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.

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 2023:

Amendments to IAS 12, Income Taxes: Deferred Tax related to assets and liabilities arising from a single transaction

Effective from annual periods beginning on or after 1 January 2023.

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

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

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

Narrow scope amendments to IAS 1 'presentation of financial statements', practice statement 2 and IAS 8 'accounting policies, changes in accounting estimates and errors'

Effective from annual periods beginning on or after 1 January 2023.

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 12 International Tax Reform—Pillar Two Model Rules

Effective from annual periods beginning on or after 1 January 2023.

These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

The application of the above amendments did not have a material impact on the financial statements.

***(ii)* Relevant New Standards and Interpretations Issued but not effective**

Amendments To IAS 1 - Non-Current Liabilities with Covenants

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

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.

Amendments To Supplier Finance Arrangements (IAS 7 and IFRS 7)

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company'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.

Amendments to IAS 21 lack of Exchangeability (Amendments to IAS 21)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) New standards, amendments and interpretations (Continued)

***(ii)* Relevant New Standards and Interpretations Issued but not effective (Continued)**

Amendments to IAS 21 lack of Exchangeability (Amendments to IAS 21) (Continued)

obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

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

The Group did not early adopt new or amended standards in the year ended 30 June 2024.

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

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 amortise both purchased and internally developed software.

***(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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

a) Critical accounting estimates (Continued)

(iii) Taxation (Continued)

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.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in the Fair Value hierarchy based on inputs used in the valuation techniques as follows:

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.

5. FINACIAL 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.

5. FINACIAL RISK MANAGEMENT

b) Credit risk

The largest concentration of credit exposure within the Group relates to cash held with banks and accounts receivable. 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:

		Group	
		2024	2023
	Notes	Kshs. "000"	Kshs. "000"
Bank Balances	30	-	-
Trade Receivables	28	19,715	21,465
Other Receivables	28	15140	-
		34,855	**21,465**

The Directors believe that the unimpaired amounts that are past due are still collectible in full based on historic payment behaviour 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 2024

	Less than 1 Year	Between 1 -5 Years	
	Kshs. "000"	Kshs. "000"	Kshs. "000"
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
	266,690	**9,554,627**	**9,821,317**

5. FINACIAL RISK MANAGEMENT (Continued)

c) Liquidity risk (Continued)

At 30 June 2023

	Less than 1 Year Kshs. "000"	Between 1 -5 Years Kshs. "000"	Kshs. "000"
Trade and Other Payables	22,628	6,985,832	7,008,460
Bank Overdraft	-	902,198	902,198
Term Loans	-	1,446,599	1,446,599
Obligations under Finance Lease	-	163,592	163,592
Interest Payable on Term Loans	-	625,287	625,287
		10,123,508	**10,146,136**

c) Equity Price Risk

The Group is not exposed to equity securities price risk since it does not have investments in quoted equity.

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. In order to maintain or adjust the capital structure, the Group may adjust the level of borrowings or equity or sell assets to reduce debt. The Group manages the following components as part of capital.

		Group		Company	
		2024	2023	2024	2023
	Notes	Kshs. "000"	Kshs. "000"	Kshs. "000"	Kshs. "000"
Share Capital	31	1,824,808	1,824,808	1,824,808	1,824,808
Reserves	32	(8,807,133)	(8,919,093)	(10,987,270)	(11,092,344)
		(6,982,325)	**(7,094,285)**	**(9,162,462)**	**(9,267,536)**

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)

6. FAIR VALUE HIERACHY (Continued)

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

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
Property and equipment (buildings and land)	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):- 1. If property prices near the location of the property were higher / (lower); 2. With improvements / (deterioration) in infrastructure development.
Investment property (Land)		Infrastructure developments	

Group

		Level 1 Kshs. "000"	Level 2 Kshs. "000"	Level 3 Kshs. "000"
30-Jun-24				
	Property and Equipment	-	-	760,356
	Investment Property	-	-	2,600,000
				3,360,356
30-Jun-23				
	Property and Equipment	-	-	771,467
	Investment Property	-	-	2,600,000
				3,371,467

Company

	2024 Kshs. "000"	2023 Kshs. "000"
Property and equipment (Level 3)	760,356	771,467

6. FAIR VALUE HIERACHY (Continued)

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

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) and LR No. 23393 (2.9 acres lease expiring in November 2018) while the freehold land and buildings on LR No 206/12593 measures 3.7 acres.

b) 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.

	Company	
	2024	2023
	KShs "000"	KShs "000"
7 SALES		
Food	51,589	27,103
Personal care	9,993	5,789
General merchandise	3,229	2,579
Textiles	382	520
Others	215	144
	65,408	**36,135**
8 COST OF SALES		
Food	38,276	23,392
Personal Care	8,105	4,709
General merchandise	2,485	1,968
Textiles	182	404
Others	868	92
	49,916	**30,565**

	Group		Company	
	2024	2023	2024	2023
	KShs "000"	KShs "000"	KShs "000"	KShs "000"
9 OTHER INCOME				
Interest Income	18,576	-	-	-
Rental Income	13,393	8,271	13,393	8,271
Parking Fee	145	24	145	24
	32,114	**8,295**	**13,538**	**8,295**
10 NON TRADING GAIN / (LOSS)				
Gain on sale of Investment Property	11,000	-	-	-
Other Income on Sale of Investment	8,309	-	-	-
Gain on sale of Miscellaneous Assets	690	10,626	690	10,626
CVA Settlement Discount	242,290	-	242,290	-
Court Settlement - Quality Malt	(72,496)	-	(72,496)	-
Court Settlement - Soma Association	-	(105,256)	-	(105,256)
	189,793	**(94,630)**	**170,484**	**(94,630)**

	Group		Company	
	2024 KShs "000"	2023 KShs "000"	2024 KShs "000"	2023 KShs "000"
11 ADMINISTRATION COSTS				
Water & Electricity	5,600	4,169	5,600	4,169
Motor running expenses	1,084	406	1,084	406
Land Rent	4,871	-	-	-
Licenses	600	-	-	-
Amortisation of operating Lease	258	258	258	258
Depreciation	18,083	18,858	18,083	18,858
Bank Charges & Commission	(1,511)	184	(1,593)	184
Computer Expenses	1,546	1,735	1,546	1,735
CIT Cost	1,346	1,259	1,346	1,259
Repairs & Maintenance	4,252	1,290	4,252	1,290
	36,129	**28,159**	**30,576**	**28,159**

12 STAFF COSTS		
Salaries & Wages	16,737	23,421
Other	1,381	1,129
	18,118	**24,550**

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

	Number	Number
Management staff	8	7
Other Staff	27	25
	35	32

13 GENERAL EXPENSES		
Printing, Subscriptions and newspapers	321	296
Packaging materials	406	11
Laundry & Sanitary	689	583
Licences	2,296	198
Generator fuel	347	424
Directors Expenses	8,360	733
Distribution expenses	305	29
Other expenses	760	192
	13,484	**2,466**

	Group		Company	
	2024 KShs "000"	2023 KShs "000"	2024 KShs "000"	2023 KShs "000"
14 LEGAL & PROFESSIONAL EXPENSES				
Auditors' remuneration	580	580	580	580
Legal Expenses	15,086	879	4,570	879
Legal Expenses - KML	90,000	-	-	-
CVA Supervison	3,600	3,600	3,600	3,600
Tax Consultant	2,900	-	-	-
Other Consultancies	6,875	3,434	6,875	3,434
	119,041	**8,493**	**15,625**	**8,493**
15 SELLING AND DISTRIBUTION				
Marketing Expenses	942	212	942	212
Sales Commission	12,030	-	-	-
	12,972	**212**	**942**	**212**
16 PROVISIONS AND WRITE OFFS				
Provision for Bad Debts				146,649
Stocks Write Off			1,943	-
Other provisions and write offs			13,752	1,595
			15,695	**148,244**
17 NET FINANCE COSTS				
Interest on Other Loans			-	18,709
			-	**18,709**

	Group		Company	
	2024 KShs "000"	2023 KShs "000"	2024 KShs "000"	2023 KShs "000"
18 LOSS BEFORE TAX				
The loss before tax is stated after charging:				
Net Interest expense (Note 17)	-	18,709	-	18,709
Depreciation on property and equipment (Note 21)	-	18,858	-	18,858
Amortisation of operating lease rentals (Note 24)	-	258	-	258
Auditors' remuneration (Note 14)	580	580	580	580
Directors' emoluments:				
As executives (Note 29(e))	5,040	-	5,040	-
As directors (Note 29(e))	3,320	-	3,320	733
	8,360	-	8,360	733

		Group		Company	
		2024	2023	2024	2023
19	TAXATION	KShs "000"	KShs "000"	KShs "000"	KShs "000"
	(a) Statement of financial position				
	Income tax payable / (recoverable)				
	Balance at 1st July	9,167	9,167	9,167	9,167
	Tax charge for the year				
	Tax paid during the year	(985)		(985)	
	At 30th June	**8,182**	**9,167**	**8,182**	**9,167**
	(b) Income Statement				
	Current tax:				
	- Current year	-	-	-	-
	- Prior year under / (over) provision				
		-	-	-	-
	Deferred tax (Note 23(b)):				
	- Current year movement	(226,671)	(111,811)	(226,671)	(111,811)
	- Current year derecognized	-	-	-	-
	Income tax credit	**8,182**	**9,167**	**8,182**	**9,167**
	(c) Tax Reconciliation				
	Accounting loss before tax	**(167,833)**	**(216,968)**	**(65,410)**	**(216,968)**
	Tax calculated at the rate of 30%				
	- Business income	(50,350)	(65,089)	(19,627)	(65,089)
	- Rental income	13,393	8,271	13,393	8,271
	Prior year over-provision	271,810	177,796	241,087	177,796
	Unrecognized deferred tax (Note 25(a))	(226,671)	(111,811)	(226,671)	(111,811)
		8,182	**9,167**	**8,182**	**9,167**
20	**EARNINGS PER SHARE**				
	Profit / (Loss) for the year	21,960	(311,598)	105,074	(311,598)
	Number of ordinary shares	364,962	364,962	364,962	364,962
	Loss per share - Kshs	0.06	(0.85)	0.29	(0.85)

UCHUMI SUPERMARKETS PLC

(Formerly Uchumi Supermarkets Limited)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

21(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"
At 30 June 2024:					
Cost or Valuation	**851,000**	**379,987**	**673,282**	**1,069,162**	**2,973,431**
Additions	-	-	-	7,753	**7,753**
Additions	-	-	-	228	**228**
At 30 June 2024	**851,000**	**379,987**	**673,282**	**1,077,143**	**2,981,412**
Depreciation					
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**
At 1st June 2024	**89,566**	**376,567**	**673,282**	**1,069,162**	**2,208,577**
Carrying amount					
At 30th June 2023	**761,434**	**3,420**	**-**	**7,981**	**772,835**

21(b) PROPERTY AND EQUIPMENT

Group and Company

	Buidings and Leasehold land KShs "000"	Improvements to Premises KShs "000"	Machinery KShs "000"	Vehicles and equipment KShs "000"	Total KShs "000"
At 30 June 2023:					
Cost or Valuation	**851,000**	**379,987**	**673,282**	**1,069,162**	**2,973,431**
Depreciation					
At 1st July, 2022	**67,774**	**361,417**	**673,282**	**1,069,162**	**2,171,635**
Charge for the year	11,111	7,747			18,858
At 1st June, 2023	**78,885**	**369,164**	**673,282**	**1,069,162**	**2,190,493**
Carrying amount					
At 30th June 2023	**772,115**	**10,823**	**-**	**-**	**782,938**

	2024 KShs "000"	2023 KShs "000"

21 PROPERTY AND EQUIPMENT (Continued)

Revaluation

The Group revalued its land and buildings on Property L.R Number 209/12593 on 12th June 2017 and recognised a revaluation surplus of KShs 393,627,000.The valuation techniques and the significant observable inputs used in measuring fair value are described in Note 6.

22 INVESTMENT PROPERTY

	Group	
As at 1st July	2,600,000	2,400,000
Change in fair value during the year	-	200,000
As at 30th June	**2,600,000**	**2,600,000**
Less		
Sale of LR 23393 - Book Value	(390,000)	-
As at 30th June	**2,210,000**	**2,600,000**

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 land was 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 and other debts and to finance operations. Land Parcel Number 23393 was sold for Kshs. 401,600,000 during the year. 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.

	2024 KShs "000"	2023 KShs "000"
	Group	
23 INTANGIBLE ASSETS		
Cost		
At 1 July	-	-
Additions	2,000	-
At 30 June	**2,000**	-
Amortisation		
At 1 July	-	-
Additions		-
At 30th June	-	-
Net carrying amount		
At 30th June	**2,000**	-

	Company	
24 PREPAID OPERATING LEASE		
Cost		
At 1 July	**18,284**	**18,542**
Amortisation for the year	(258)	(258)
At 30th June	**18,027**	**18,284**

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.

	Company	
25 INVESTMENT IN SUBSIDIARIES		
Kasarani Mall Ltd		
Country of Incorporation - Kenya		
Shareholding - 100%	**2024 KShs "000"**	**2023 KShs "000"**
Investment (Cost)	**200**	**200**

26 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.

At 30 June 2024

Group and Company At 30th June, 2024	1st July KShs "000"	Movement through OCI KShs "000"	Movement through Profit Or Loss KShs "000"	30th June KShs "000"
Tax losses carried forward	300,530	-	(122,738)	177,792
Property and equipment	368,137	-	(110,441)	257,696
Revaluation reserve	936,026	226,671	-	1,162,697
Other temporary differences	190,129	-	-	190,129
Net deferred tax asset	**1,794,822**	**226,671**	**(233,179)**	**1,788,314**

At 30 June 2023

Group and Company At 30th June, 2023	1st July KShs "000"	Movement through OCI KShs "000"	Movement through Profit Or Loss KShs "000"	30th June KShs "000"
Tax losses carried forward	187,786	-	112,744	300,530
Property and equipment	283,182	-	84,955	368,137
Revaluation reserve	709,355	226,671	-	936,026
Other temporary differences	190,129	-	-	190,129
Net deferred tax asset	**1,370,452**	**226,671**	**197,699**	**1,794,822**

26 DEFERRED TAX (Continued)

(b) Recognised deferred tax liability

Group

At 30th June, 2024	1st July KShs "000"	Derecognised KShs "000"	Movement through profit or loss KShs "000"	30th June KShs "000"
Investment Property - fair value	(106,888)	-	-	(106,888)
Net deferred tax liability	**(106,888)**	**-**	**-**	**(106,888)**
At 30th June, 2024				
Tax losses carried forward	177,792	(177,792)		-
Property and equipment	49,142	(49,142)		-
Revaluation reserve	(305,912)	305,912		-
Investment Property - fair value	(120,750)		(5,000)	(125,750)
Other temporary differences	56,635	(56,635)		-
Net deferred tax liability	**(143,093)**	**22,343**	**(5,000)**	**(125,750)**

(c) Tax losses

The Group and Company has tax losses carried forward of KShs 7,443,479,395 (2023 – KShs 7,495,175,239). The aging of tax losses was as below at 30 June 2024

Year of Origin	Amount Kshs
2010	465,525,069
2015	1,057,421,083
2016	2,160,224,862
2017	1,598,852,106
2018	1,733,555,088
2019	280,752,457
2020	(409,785,910)
2021	152,215,137
2022	164,673,173
2023	291,742,174
2024	(51,695,844)
	7,443,479,395

		Company	
		2024	2023
		KShs "000"	KShs "000"
27	**INVENTORIES**		
	Food	8,084	5,794
	Non-food	30,170	29,430
	Other	627	619
		38,881	35,843
	Stock provision	(26,097)	(24,154)
		12,784	**11,689**

The stock provision amount was recognized as an expense for inventories carried at the lower of cost and net realisable value. This is recognised in cost of sales. Other inventory relate to packaging materials and empties and crates.

		Company & Group	
28	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	19,715	21,465
	Prepayments and others	13,903	-
	At 30 June - Company	**33,618**	**21,465**
	Accrured Interest	1,235	-
	At 30 June - Group	**34,853**	**21,465**
	Ageing of trade receivables		
	Not Impaired	14,561	21,465
	Impaired - Over 60 days	5,154	-
		19,715	21,465
	Allowances for credit losses	-	-
		19,715	**21,465**

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.

29 RELATED PARTY BALANCES

(a) Due to and from Related Parties

	Group		Company	
	2024 KShs "000"	2023 KShs "000"	2024 KShs "000"	2023 KShs "000"
Kasarani Mall Ltd	-	-	(63,460)	146,080
Sitatunga Limited	-	(35)	-	(35)
	-	(35)	(63,460)	146,045

The balance due from Kasarani Mall Ltd relates to purchase and maintenance costs of the investment property.

(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 (2023-Nil)

(d) Related party loans

	Company	
	2024 KShs "000"	2023 KShs "000"
ICDC – Loan (Note 32)	172,033	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%.

(e) Directors emoluments

	Group		Company	
	2023 KShs "000"	2022 KShs "000"	2023 KShs "000"	2022 KShs "000"
Executive Directors	5,040	-	5,040	-
Non - Executive Directors	3,320	733	3,320	733
	8,360	733	8,360	733

30 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	
	2024 KShs "000"	2023 KShs "000"	2024 KShs "000"	2023 KShs "000"
Cash on Hand	113,794	1,766	15,688	1,766
Bank Balance	(5,869)	(2,698)	(5,869)	(2,698)
	107,925	(932)	9,819	(932)
Bank Overdraft	(760,000)	(902,198)	(760,000)	(902,198)
At 30 June	**(652,075)**	**(903,130)**	**(750,181)**	**(903,130)**

The overdraft was issued by Kenya Commercial Bank and is secured by a first charge on freehold property Land Reference Number 209/399/3.

31 SHARE CAPITAL

	Company	
Authorised		
500,000,000 ordinary shares of KShs 5 each	2,500,000	2,500,000
25,000,000 redeemable preference shares of KShs 20 each	500,000	500,000
	3,000,000	3,000,000
Issued and fully paid		
364,961,594 ordinary shares of KShs 5 each	**1,824,808**	**1,824,808**

At 30 June 2017 and 30 June 2016, there were 25,000,000 authorized but not issued redeemable preference shares. Each share has a par value of KShs 20.

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.

32 RESERVES

	Group		Company	
	2024 KShs "000"	2023 KShs "000"	2024 KShs "000"	2023 KShs "000"
Retained earnings-(deficit)	(11,013,759)	(11,035,719)	(13,113,896)	(13,218,970)
Share premium	1,371,057	1,371,057	1,371,057	1,371,057
Revaluation reserve	755,569	755,569	755,569	755,569
	(8,887,133)	**(8,909,093)**	**(10,987,270)**	**(11,092,344)**

32 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
			1,371,057

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.

33 TERM LOANS

	2024 KShs "000"	2023 KShs "000"
Non-current		
Government of Kenya Loan	-	1,576,849
	-	**1,576,849**
Current		
Government of Kenya Loan	1,576,849	-
United Bank of Africa (UBA)	238,240	323,004
Industrial and Commercial Development Corporation	172,033	172,033
	1,987,122	**495,037**
Total borrowings	**1,987,122**	**2,071,886**
The movement in term loans during the year was as follows		
At 1 July	**2,071,886**	**2,053,177**
Repayment	(84,764)	-
Accrued Interest	-	18,709
At 30 June	**1,987,122**	**2,071,886**

(a) ICDC Loan

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

The loan attracts interest at the revisable base rate of 16% per annum.

33 TERM LOANS (Continued)

(b) KCB Bank facilities (Continued)

- Rental facility dated 12 January 2015 between Uchumi Supermarkets and Rentco EA Ltd channelling business proceeds through the Uchumi supermarkets bank A/C with KCB;
- Facility agreement dated 22 June 2015 by borrower, KCB (Uganda) Ltd (as a lender) and KCB Ltd (as a security Agent);
- Director's resolution dated 8 January 2015 authorizing lease arrangement with Rentco EA Limited;
- Board resolution by the borrower for KShs 1,278,177,361 dated 20 January 2016; and
- Board resolution by the borrower authorizing facilities and security arrangements dated 10 November 2016.

The overdraft facility was made available to Uchumi until 30 November 2016, this has not been reviewed by the bank, the bank can demand payment at any time after the 30 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 March, 2016 registered at the Land Titles Registry as IR 66890/10 and at the Companies Registry on 8th February, 2016;
- Registered Debenture dated 14 June, 2016 over the Borrower's assets for the sum of KShs 303 million; and
- Partially registered Further Legal Charge dated 14 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 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 23393 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.

	2024 KShs "000"	2023 KShs "000"

34 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	163,591	163,591
Interest and Penalties	(1,500)	-
At 30 June	**162,091**	**163,591**

	Group		Company	
	2024 KShs "000"	2023 KShs "000"	2024 KShs "000"	2023 KShs "000"

35 TRADE AND OTHER PAYABLES

Trade payables	4,932,043	5,001,564	4,857,266	4,856,846
Accrued expenses	2,148,909	2,155,685	2,058,909	2,155,685
Tax Payable -CGT	10,554	-	-	-
At 30 June	7,091,506	7,157,249	6,916,175	7,012,531

	2024 KShs "000"	2023 KShs "000"

36 DEFERRED REVENUE

At 1st July	87,854	87,854
Deferred during the year	17,108	-
At 30 June	**104,962**	**87,854**

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.

	2024 KShs "000"	2023 KShs "000"

37 SHAREHOLDERS

The top ten shareholders and number of shares held as at 30 June 2024 is as below

Name of Shareholder	Percentage	Number of Shares
Jamii Bora Bank Limited	14.9%	54,409,539
Government Of Kenya	14.7%	53,537,573
Equity Nominees Limited A/C0142	5.8%	21,219,898
Paul Wanderi Ndungu	4.6%	16,869,272
Standard Chartered Nominees Non-residents. A/C Ke8723	3.9%	14,058,020
Standard Chartered Nominees Limited Non-residents A/Cke11663	3.7%	13,371,407
Brunei Investment Limited	3.5%	12,830,103
Standard Chartered Nominees Non-residents. A/C 9289	3.2%	11,800,000
Co-Op Custody A/C 4018	2.3%	8,402,800
Standard Chartered Nominees Non-residents. A/C 9913	2.2%	8,166,000
Others	41.2%	150,296,982
		364,961,594

38 CAPITAL COMMITMENTS

There were no capital commitments as at 30 June 2024 (2023: Nil)

39 EVENTS AFTER THE REPORTING PERIOD

(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 was to receive a third of the proceeds to be realized upon the sale of the subject property.

(b) Company Voluntary Arrangement (CVA)

On 26th September, 2019, 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 fulfilment of the Arrangement depends on successful disposal by the Company of the Investment Property disclosed in Note 22 and on the settlement of part of the outstanding debts, in accordance with the CVA.

(c) Kenya Defence Force

In 2019, Kenya Defence Forces forceffuly entered the Investment Property disclosed in 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.

40 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.

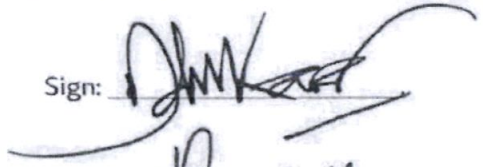
The Directors are not aware of other significant contingent liabilities that would require disclosure in the financial statements.

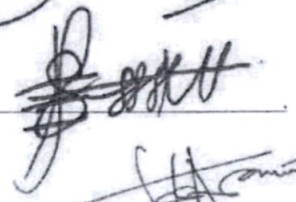


UCHUMI SUPERMARKETS PLC CVA REVISION PLAN 2023

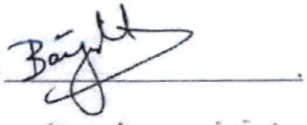
DECLARATION

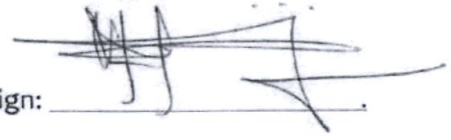
The directors are of the opinion that the information in this document gives a true and fair view of the proposal presented. Nothing has come to the attention of the directors that indicate that the information is other than what it purports to be.

Name: Mr. John Karani Sign: 

Name: Mr. Erastus Njoroge Sign: 

Name: Mr. George Karanja Sign: 

Name: Mr. Baiju Shah Sign: 

Name: Mr. John Mwara Sign: 

DIRECTOR'S INTEREST AND CREDITORS' PARTICIPATION

- **Director's Interest**

- There are no existing or proposed contracts between any of the Directors and the Company, other than employment contracts for those Directors who are employed in the ordinary course of business.

- **Creditors' Participation in Corporate Governance**

- The Revised plan provides for involvement of the creditors' representatives in the company's governance through permanent invitation t participate in meetings of the Strategy Finance and Business Development Committee of the Board.

- In line with best practice corporate governance rules, the board shall be reconstituted to include a multi – disciplinary team at the board and management. The reconstitution of the Board will involve the appointment of new directors to the Board.

BACKGROUND

Uchumi Supermarkets started facing financial challenges in the year 2013. The reasons fc these financial challenges were among others:

- An ambitious and poorly thought expansion programme that span across East Africa
- Weak management of the operations of the business coupled with conflict of interest
- Poor resource allocation and unsuitable financing for the business

Since then, various measures have been taken by the Board and Management aimed a addressing the financial challenges including:

- The raising of funds through rights issue,
- Sale and leaseback arrangement with financiers,
- Sale of non-core assets including the Ngong Hyper property,
- Bank loans,
- Supplier escrow account arrangement,
- Government support loan

These measures have borne very little success and seem to leave the company in wors position every time.

In the year 2020, the company and its creditors passed a CVA plan that was aimed a restructuring the creditors balances and recapitalizing the business.

CVA UPDATE REPORT

STATUS OF THE CREDITORS PLAN APPROVED IN MARCH 2020

The current CVA was passed in the year 2020 under the following framework:

- Sale of KML 20 acres property and realize KES 2.8B
- Partial repayment to all the company creditors and restructuring of the outstanding balance.
- Optimize performance through systems and new business model

So far, none of these proposals have been implemented.

CURRENT STATUS OF USP

KEY PRIORITIES	STATUS	PERCENT ACHIEVE
1 Payment of supplies Landlords and other credits	No supplies or landlords paid	
Paying appropriation of the outstanding debt as Lump sum. Spreading the remaining balance over a period of 5 to 10 years	None of the old debt has been paid Debt balance has not been spread as sale of asset has not been realized	
Seeking a waiver on all the outstanding penalties.	KCB, Coop and KDC have given waiver on penalties.	
Seeking a waiver on all the outstanding interest arrears	KCB, Coop and KDC have given waiver on interest.	
2 Stocking up the branches	Langata branch partially stocked	1
Settlement of payroll and statutory	Payroll and statutory arrears have not	
3 arrears.	been settled	
4 Funding operating cashflow	Operating cashflow has not been funded and business is in poor operating cashflows health.	1
5 Refurbishing of the current stores	All branches have been shut except the Langata branch which urgently requires to be refurbished	
Implementation of new MIS (Systems,		
6 Some hardware & Staff)	In the process of implementing new MIS	1

CURRENT STATUS OF USP

- Due to the inability of the business to realize funding through the sale of KML property, the business was forced to shut all its branches and now the company operates only one single branch (the Langata Hyper)
- The Langata property is currently being optimized to realize lease rentals from licensees and tenants

CURRENT STATUS OF USP

UCHUMI SUPERMARKETS PLC - ABRIDGED FINANCIALS									
		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 202
		AUDITED		UNAUDITED					
Revenue	KES 000	6,427,143	2,587,239	847,802	206,149	80,943	123,766	130,444	5
Gross Profit	KES 000	976,944	449,157	160,424	105,956	11,960	17,668	22,928	
Income/(Loss)	**KES 000**	**(3,600,289)**	**(1,870,928)**	**(1,706,516)**	**(619,760)**	**(455,757)**	**(265,382)**	**(154,668)**	**(28**
Total Assets	KES 000	5,002,216	4,327,281	3,821,780	3,717,758	3,525,372	3,498,535	3,472,398	3,453
Total Equity	KES 000	(2,097,377)	(3,384,678)	(4,588,375)	(5,720,328)	(6,173,636)	(6,439,019)	(6,593,686)	(6,62
Non-Current Liabilities	KES 000	667,421	991,072	1,325,750	1,656,088	9,440,264	9,733,241	9,937,554	10,06
Current Liabilities	KES 000	6,432,172	6,720,887	7,084,405	7,781,998	258,744	204,312	128,530	
Total Equity & Liabilities	KES 000	5,002,216	4,327,281	3,821,780	3,717,758	3,525,372	3,498,535	3,472,398	3,453
Cash at the end of the period	KES 000	(328,276)	(518,292)	(704,979)	(811,029)	816	291	159	

CURRENT STATUS OF USP

- Uchumi supermarkets PLC and its subsidiary currently have 3 key assets that have unique legal challenges as follows:

Property	LR No	Status
Kasarani Mall 3 Acres	23393	Matter currently in court. Dispute with Sidhi Investmer Ltd ELC1499/2013 (formerly 311/2005)
Kasarani Mall 17 Acres	5875/2	Matter currently in court. Dispute with Sidhi Investmer Ltd and KDF ELC010/2022
Langata Hyper Property	209/12593	Restricted use of the property

RECOMMENDED WAY FORWARD

RECOMMENDED WAY FORWARD

- Given the issues that have been highlighted and status of the compan the Management and the Board recommends the revision of th current CVA
- The revised CVA will give finality to all the creditors and stakeholde of the company

RECOMMENDED WAY FORWARD

The company recommends the following as a way forward:

1. Sell the KML properties after the following:
    a) Enter in to out of court settlement with the parties involved on the 3 acres property
    b) Enter in to out of court settlement with the parties involved on the 17 acres property.
2. Seek concurrence with KAA on how to resolve the matter of restricted use of the Langata property

The estimated timelines to resolve the above 2 issues is 24 months

The estimated proceeds to be realized from the sale of the 2 Kasarani Mall properties is KES 2.35B

RECOMMENDED WAY FORWARD - SHARES

The below creditors of the company to convert 50% of their debt in to Convertible Preferential Shares as per the table below:

CREDITORS		TOTAL OUTSTANDING	PREFERENTIAL SHARES
Trade Creditors - CVA	KES 000	4,801,103,862	2,400,551,9
Staff Dues	KES 000	505,779,000	252,889,5
Provisions & Other payables	KES 000	370,781,227	185,390,6
Bank Loans			
KCB	KES 000	1,611,092,537	
UBA	KES 000	323,004,203	161,502,1
Cooperative Bank	KES 000	272,632,003	80,956,2
KDC	KES 000	195,500,511	
Government Loan	KES 000	1,200,000,000	
Statutory & KRA Arrears			
Pension	KES 000	108,081,060	54,040,5
Kenya Revenue Authority	KES 000	251,587,949	
		9,639,562,353	3,135,330,9

RECOMMENDED WAY FORWARD – DISTRIBUTION OF PROCEEDS

		PAY 1 - KML 3 ACRES	PAY 2 - KML 17 ACRES	TOTAL PAY
	ESTIMATED PROCEEDS	351M	2.0B	2.35B
CREDITORS			DISTRIBUTION OF PROCEEDS	
Trade Creditors - CVA	KES 000	6.27%	35.00%	30.7
Staff Dues	KES 000	2.28%	10.00%	8.E
Provisions & Other payables	KES 000	18.36%	2.00%	4.4
Bank Loans				
KCB	KES 000	39.89%	22.00%	24.6
UBA	KES 000	0.43%	3.00%	2.6
Cooperative Bank	KES 000	0.43%	4.00%	3.4
KDC	KES 000	0.00%	0.00%	0.0
Government Loan	KES 000	0.00%	0.00%	0.0
Statutory & KRA Arrears				
Pension	KES 000	0.28%	2.00%	1.7
Kenya Revenue Authority	KES 000	11.31%	7.00%	7.6
		79.23%	85.00%	84.1
To be Utilized by the Business		20.77%	15.00%	15.8

RECOMMENDED WAY FORWARD – LONG TERM LOAN

- The company recommends that both the Government and KDC to convert all their debt (100%) in to long-term 10 year non-interest earning loan payable from the year 2026

RECOMMENDED WAY FORWARD – WRITE OFF

- The 3 acres property has a sale agreement in place awaiting completion of the transfer of the property.
- The company shall strive to get the best value possible from the sale of the 17 acres.
- The company recommends that after the two payments are made and a conversion of 50% of debt into convertible preferential shares, all other outstanding balances as at 30th June 2022 be written off by the creditors.

FAILURE TO REVISE THE PLAN

If the revision of the CVA is rejected, the alternatives available to creditors:

1. Maintain the current CVA Plan which cannot be implemented under the current circumstances.
2. Go in to liquidation

In the event that the company goes in to liquidation, then the unsecured creditors will not be able to recover any portion of their debt.

BUSINESS OPTIMIZATION

BUSINESS FOCUS

Management intends to turnaround the business by:

1. Converting the Langata Hyper in to a mall – the lease rentals realized shall be utilized to fund the operations of the business
2. Stock the shop and engage more partners to be located within the retail space
3. Optimization of the operations of the bakery – introduction of the distribution model
4. Introduce Uchumi Online Store
5. Franchise model to extend the business reach
6. Corporate partners

BUSINESS FOCUS - PROJECTIONS

UCHUMI SUPERMARKETS PLC - 5 YEARS PROJECTED ABRIDGED FINANCIALS

		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	KES 000	**238,977**	**956,381**	**1,648,632**	**2,260,322**	**2,562,738**
Gross Profit	KES 000	52,124	210,668	356,438	484,603	551,395
Expenses	KES 000	69,919	114,109	156,314	197,245	227,738
Income/(Loss)	**KES 000**	**(17,794)**	**96,559**	**200,124**	**287,358**	**323,657**
Total Assets	**KES 000**	**3,101,406**	**964,276**	**1,171,923**	**1,461,481**	**1,794,524**
Total Equity	**KES 000**	**(2,750,229)**	**(501,238)**	**(301,114)**	**(13,757)**	**309,900**
Non-Current Liabilities	KES 000	5,832,788	1,441,668	1,441,668	1,441,668	1,441,668
Current Liabilities	KES 000	18,846	23,846	31,369	33,570	42,956
Total Equity & Liabilities	KES 000	**3,101,406**	**964,276**	**1,171,923**	**1,461,481**	**1,794,524**

RESOLUTIONS

PROPOSALS

1. That the Board and Management to immediately engage with the parties of both Kasarani Mall properties to achieve an out of court settlement
2. That the management and the Board to engage with the Kenya Airports Authority to address issues surrounding the restricted use of the Langata property
3. That the Board and the Management conclude on the sell of the Kasarani Mall properties
4. That the Board and Management to proceed with speed to liquidate any other idle assets – the proceeds to be used to refinance the working capital of the business
5. Upon the receipt of funds, the company to distribute the funds as per the recommendations as shared
6. All creditors to submit their bank and payment details to the company
7. That the review of the CVA to be conducted every 12 months. That however, the Monitor may call any urgent meeting as may be necessary


UCHUMI NI YETU!

REPUBLIC OF KENYA

MINISTRY OF LABOUR AND SOCIAL PROTECTION

STATE DEPARTMENT FOR LABOUR AND SKILLS DEVELOPMENT

PRELIMINARY SUBMISSIONS ON PUBLIC PETITION NO. 9 OF 2026 REGARDING UNPAID SALARY ARREARS AND TERMINAL DUES BY THE FORMER WORKERS OF UCHUMI SUPERMARKETS PLC

1.0 INTRODUCTION

The Directorate of Labour has considered the concerns raised by former employees of Uchumi Supermarkets PLC regarding alleged inordinate delay in the payment and settlement of salary arrears and terminal dues owed to former employees following cessation of their employment.

The Directorate has also considered the written response submitted by Uchumi Supermarkets PLC through its memorandum dated 26th June 2026.

Uchumi Supermarkets PLC acknowledges that obligations owed to former employees remain outstanding. The Company, however, attributes the delayed settlement to its operations under a Court-approved Company Voluntary Arrangement (CVA), which, according to the Company, establishes a payment waterfall governing the manner in which available funds are applied to creditors, including former employees.
The purpose of this report is therefore to present the Directorate's assessment of the matter, based on the information submitted by the Company, and to propose appropriate measures for addressing the concerns raised by the former employees.

2.0 BACKGROUND

Uchumi Supermarkets PLC is a Kenyan supermarket company which has experienced financial and operational challenges resulting in outstanding obligations to various creditors, including former employees.

According to the Company's submission, Uchumi is currently operating under a Court-approved Company Voluntary Arrangement (CVA). The Company states that the CVA provides a structured framework for settlement of creditor and staff obligations while allowing the business to continue operating as a going concern.

The Company further states that payments to former employees have been made on a pro-rata basis, with each employee receiving a proportionate share based on their individual outstanding obligation. It nevertheless acknowledges that the amounts paid to date represent only a small proportion of the total outstanding obligations.

The matter has consequently attracted the attention of the National Assembly through a petition by the former Uchumi Staff Welfare Association.

3.0 ISSUES RAISED BY THE FORMER EMPLOYEES

From the Company's response to the petition, the principal concerns include:

1. Non-payment or delayed payment of outstanding salary arrears and terminal benefits;
2. Failure to fully honour commitments relating to payment of former employees' terminal dues;

3. Alleged diversion of lease and rental proceeds that could otherwise be applied towards settlement of staff claims;
4. Alleged failure to provide former employees with adequate disclosure of the computations underlying their terminal benefits;
5. Alleged exclusion of statutory deductions and other employee-related contributions from the terminal dues computations;
6. Continued opening or operating of business branches while former employees remain unpaid; and
7. Concerns regarding implementation of resolutions and/or directives arising from the CVA process.

The Company has responded to each of these concerns in its memorandum.

4.0 COMPANY'S RESPONSE

4.1 Outstanding Former Employee Obligations

It is a fact that full settlement of former employees' dues has not been achieved. The Company attributes this primarily to constrained cash flows and the payment priorities established under the CVA.

The Directorate therefore notes that the existence of outstanding employee obligations is **not disputed by the Company.**

4.2 Computation of Terminal Benefits

The Company states that terminal dues were computed using the Employment Act, 2007 and applicable Collective Bargaining Agreements.

According to the Company, the components included:

Terminal Benefits	Governing Legal Framework	Method of Calculation
Severance / Redundancy Pay	Employment Act, 2007 — Sec. 40(1)(g)	Fifteen (15) day's for each completed year of service computed as one-half (0.5) of one month's salary multiplied by the exact number of years of service (calculated on a daily basis from commencement of employment to date of redundancy, inclusive of fractional years)
Notice Pay	Employment Act, 2007 Sec.35	One (1) month's gross monthly salary, (pay in lieu of notice). This reflects the contractual notice

Terminal Benefits	Governing Legal Framework	Method of Calculation
		obligation applicable to the relevant employee levels.
Accrued Annual Leave	Employment Act, 2007 — Sec. 28 & 31	Outstanding accrued leave days multiplied by the daily leave rate is derived by dividing the employee's gross monthly salary by the annual leave. Where an employee had taken leave in excess of entitlement, the excess is treated as a deduction from terminal dues.
Service Years	Employment Act (general principles)	Computed as the exact number of calender days between the date of first employment and the date of redundancy, divided by 365.25 to account for leap years. This produces a precise fractional year figure and applied consistently across all affected employees.
Salary Arrears	Employment Contracts; Employment Act, 2007	Outstanding gross salary due to each employee for periods worked but unpaid, as recorded in the company's payroll records. Amounts verified against individual employment contracts and payroll history.

The Company states that the computation methodology was applied consistently to affected employees and that the basis of computation was shared with the relevant Workers Union.

However, the Directorate recommends that the actual individual computations be subjected to verification against the employees' contracts of employment, payroll records, applicable Collective Bargaining Agreements, statutory requirements and individual employment histories before the amounts claimed can be conclusively confirmed.

4.3 Alleged Diversion of Lease Proceeds

The former employees have raised concerns that lease and rental proceeds, including income from tenants occupying Uchumi-owned premises, may have been diverted away from staff claims.

Uchumi categorically denies the allegation and states that lease and rental receipts are channeled through the Company's bank accounts and applied in accordance with the CVA payment framework.

The Directorate notes that this is principally a matter requiring verification through the appropriate financial and/or insolvency oversight mechanisms. The Directorate has not, on the basis of the

information presently available, independently verified the Company's financial records or the application of the rental proceeds, and seeks for more time to very and submit the same.

4.4 Alleged Lack of Disclosure of Terminal Dues Computations

The Company acknowledges that communication of terminal settlement computations during the period 2018–2022 was not as clear as it should have been.

The Company nevertheless maintains that its computations were based on the Employment Act, 2007 and applicable Collective Bargaining Agreements and states that the methodology was shared with the relevant Workers Union.

The Directorate considers transparency in the computation and communication of terminal dues important in enabling former employees to understand and, where necessary, challenge the amounts attributed to them.

Accordingly, the Directorate recommends that each affected former employee be provided with an itemised statements showing:

- period of employment;
- salary used in the computation;
- salary arrears;
- notice pay;
- severance pay, where applicable;
- accrued leave;
- statutory deductions/contributions;
- amounts already paid; and
- the outstanding balance.

4.5 Statutory Deductions and Contributions

The petition raises concerns regarding the treatment of pension and Sacco contributions in the computation of terminal benefits.

Uchumi states that it exercised due care in preparing the computations but is reviewing terminal benefit calculations to ensure compliance with statutory requirements, including pension and Sacco contribution obligations.

The Directorate considers this matter requiring further verification, particularly in respect of statutory deductions and remittances that may have accrued during the employees' periods of service.

4.6 Continued Business Operations and Opening of New Branches

The Company has indicated that the Kitengela branch was opened on 1st July 2026 as part of its strategy to generate additional revenue. The Company argues that continued commercial operations are necessary to generate resources to meet obligations to creditors, including former employees.
The Directorate notes that the continued operation of the business does not, in itself, extinguish or negate employees' lawful claims. At the same time, the Company's explanation indicates that the business is operating within the framework of the approved CVA.

The Directorate therefore recommends that the payment of former employees' lawful employment-related claims should remain a clearly identifiable component of the Company's obligations under the applicable legal and CVA framework.

5.0 OBSERVATIONS OF THE DIRECTORATE OF LABOUR

Having considered the information submitted by Uchumi Supermarkets PLC, the Directorate makes the following observations:

5.1 Existence of Outstanding Employee Claims

The Company has expressly acknowledged that former employees' claims remain outstanding. The dispute therefore appears to concern principally the **quantification, verification and timing of settlement**, rather than the existence of all employee claims.

5.2 Verification of Individual Claims

The Company's submission refers to a verified schedule of former employee obligations. However, the Directorate has not independently verified the individual schedules against the employment records of each claimant.

It is therefore necessary to obtain and examine the underlying records before the Ministry can certify the accuracy of the amounts claimed.

5.3 Compliance with Employment Law

The Company's computation methodology should be tested against the applicable provisions of the Employment Act, 2007, individual contracts of employment and any applicable Collective Bargaining Agreements.

Particular attention should be given to:

- the circumstances under which each employee's employment was terminated;
- whether the termination constituted redundancy;
- the applicable notice period;
- the employee's length of service;
- accrued leave;

- salary arrears;
- severance pay and /or gratuity where applicable;
- contractual benefits; and
- statutory contributions and deductions.

5.4 Effect of the CVA

The Company has stated that it is bound by a Court-approved CVA and that payment of creditors is governed by an agreed payment waterfall.

The Directorate recognises that the Company Voluntary Arrangement is relevant to the timing and manner of payment. However, the existence of a CVA should not be interpreted as extinguishing employees' substantive rights and lawful employment claims.

The Directorate therefore considers it necessary for the Company to demonstrate how former employees' claims are classified and treated within the approved CVA and the expected mechanism and timetable for settlement.

5.5 Engagement with Former Employees

Uchumi reports that it has held three meetings with representatives of former staff jointly with the CVA Monitor to discuss outstanding dues and the Company's recovery trajectory.

The Directorate encourages continued engagement with the former employees and recommends that such engagement should result in clear, documented information on individual balances and the proposed payment process.

6.0 RECOMMENDATIONS

The Directorate of Labour recommends as follows:

6.1 Verification of Terminal Dues

Uchumi Supermarkets PLC should submit to the Directorate a comprehensive and updated schedule of all former employees affected, indicating:

1. name of employee;
2. employment number, where applicable;
3. date of employment;
4. date and reason for separation;
5. last gross salary;
6. salary arrears;

7. notice pay;
8. severance pay, where applicable;
9. accrued leave;
10. other contractual or statutory benefits;
11. total amount due;
12. amount already paid; and
13. outstanding balance.

6.2 Supporting Records

The Company should make available for verification the relevant employment records, payroll records, terminal dues computations, payment schedules and applicable Collective Bargaining Agreements.

6.3 Engagement with Former Employees

The Company should continue structured engagement with representatives of former employees and provide each claimant with an itemised statement of their individual claim.

6.4 Clarification of the CVA Payment Mechanism

The Company and/or CVA Monitor should provide the Directorate with the relevant portion of the approved CVA demonstrating:

- how former employees' claims are classified;
- the priority accorded to employee claims;
- the payment mechanism;
- amounts already paid;
- amounts projected to be paid; and
- the conditions, if any, that may affect future payments.

6.5 Payment Plan

Uchumi Supermarkets PLC should provide a clear and realistic payment plan for settlement of verified former employee claims, subject to the terms of the Court-approved CVA.

Where the payment schedule is subject to approval by creditors or the CVA Monitor, the Company should clearly indicate the applicable approval process and expected timelines.

6.6 Statutory Contributions

The Company should undertake a reconciliation of statutory deductions and contributions relating to former employees and provide evidence of remittance or outstanding statutory obligations, as applicable.

6.7 Resolution of Individual Disputes

Former employees who dispute the computation of their individual terminal benefits should be provided with an opportunity to raise their specific claims for verification and resolution through the appropriate labour dispute resolution mechanisms.

6.8 Continued Monitoring

The Directorate of Labour shall continue monitoring the matter and engage Uchumi Supermarkets PLC, the former employees' representatives and the CVA Monitor to ensure that verified employment-related claims are addressed within the applicable legal and insolvency framework.

7.0 PROPOSED RESPONSE TO THE PARLIAMENTARY QUESTION

The Ministry may inform the National Assembly that:

Uchumi Supermarkets PLC has acknowledged that outstanding obligations are owed to former employees. The Company has attributed the delayed settlement to its operation under a Court-approved Company Voluntary Arrangement, under which available funds are applied in accordance with an approved payment waterfall. The Company has indicated that some payments have been made on a pro-rata basis but that a substantial balance remains outstanding.

The Directorate of Labour has noted the Company's position but has not relied solely on the Company's submission to conclusively determine the accuracy of individual claims. The Directorate therefore proposes verification of the former employees' terminal benefit computations against employment records, payroll records, applicable Collective Bargaining Agreements and the relevant statutory requirements.

The Directorate further recommends that Uchumi provide an updated schedule of verified employee claims, amounts paid and balances outstanding, together with a clear payment plan within the framework of the Court-approved CVA.

The Ministry will continue to engage the Company, the former employees' representatives and the CVA Monitor with a view to ensuring that legitimate employment-related claims are properly verified and addressed in accordance with the applicable legal framework.

SIGNATURE ..... **DATE.....**

HON. (DR.) ALFRED N. MUTUA, EGH
CABINET SECRETARY

REF: USP/LEGAL/PPC/06-2026
4 August 2026

The Clerk
Public Petitions Committee
National Assembly of Kenya
Parliament Buildings
Nairobi

THE PHILOSOPHY AND LEGAL FRAMEWORK OF THE COMPANY VOLUNTARY ARRANGEMENT (CVA)

2.1 Introduction

The matters raised in this Petition can only be properly understood within the legal framework governing Uchumi Supermarkets PLC. The Company is presently operating under a Court-approved Company Voluntary Arrangement (CVA), a statutory corporate rescue mechanism established under the Insolvency Act, 2015.

The CVA was approved by the Company's creditors and subsequently sanctioned by the High Court of Kenya in Insolvency Petition No. 25 of 2018 through the Judgment of the Honourable Lady Justice Mary Kasango delivered on 1 July 2020. The Arrangement provides the legal framework within which Uchumi is restructuring its operations while progressively settling its obligations to all creditors, including former employees.

Accordingly, the issues raised in this Petition must be considered within the context of the legal obligations imposed upon the Company by the Court-approved CVA.

2.2 Philosophy of Corporate Rescue

The Insolvency Act, 2015 embodies the modern principle of corporate rescue, recognising that where a financially distressed company retains the potential to operate as a viable commercial enterprise, preserving the business as a going concern generally produces superior outcomes for creditors, employees, shareholders, customers, suppliers and the wider economy than liquidation.

A Company Voluntary Arrangement is therefore intended to provide an orderly, transparent and judicially supervised framework through which a financially distressed company can continue trading, restore commercial viability and progressively satisfy creditor claims from the value generated by a recovering business.

The philosophy underpinning the CVA is not to avoid payment of debts, nor to postpone legitimate obligations indefinitely. Rather, it seeks to maximise recoveries by preserving enterprise value and enabling the Company to generate sustainable cash flows from which creditors can be paid in accordance with an agreed and legally binding restructuring framework.

This philosophy recognises that liquidation often results in the destruction of enterprise value and significantly lower recoveries for creditors, whereas successful business rehabilitation creates the greatest opportunity for all stakeholders to recover value.

2.3 Legal Effect of the Court-Approved CVA

Upon approval by creditors and sanction by the High Court, the Company Voluntary Arrangement became legally binding upon Uchumi Supermarkets PLC and all creditors whose claims fall within its scope.

The Board of Directors and Management are therefore under a statutory and fiduciary obligation to administer the affairs of the Company strictly in accordance with the provisions of the CVA. Compliance with the Arrangement is independently supervised by the appointed CVA Monitor, who oversees implementation, monitors compliance and safeguards the interests of all creditors.

Consequently, neither the Board nor Management possesses legal discretion to depart from the approved restructuring framework by preferring one class of creditors over another or making payments outside the approved payment structure. Any such action would undermine the integrity of the Court-approved Arrangement and prejudice the equitable treatment of creditors.

2.4 The Payment Waterfall

A fundamental feature of the Company Voluntary Arrangement is the payment waterfall, which establishes the legally approved order and methodology through which available funds are distributed among the various classes of creditors.

The payment waterfall is intended to ensure transparency, fairness and equality of treatment by requiring that all available resources be applied in accordance with the priorities approved by creditors and supervised by the CVA Monitor.

Former employees constitute an important class of creditors within this framework. Payments made to former employees are therefore distributed on a pro-rata basis in accordance with verified claims and the availability of distributable funds under the CVA. Management is not legally permitted to accelerate or vary these payments outside the approved framework without the necessary approvals under the Arrangement.

2.5 Application of the CVA to Uchumi Supermarkets PLC

Since commencement of the Company Voluntary Arrangement, Uchumi Supermarkets PLC has continued implementing measures aimed at restoring operational stability, strengthening commercial performance and improving revenue generation.

The Company's operational initiatives, including optimisation of its retail network, prudent commercial investments and business expansion, are not inconsistent with the interests of creditors. Rather, they are integral components of the recovery strategy because the successful implementation of the CVA depends upon the Company's ability to generate sustainable revenues from continuing operations.

Every additional revenue stream improves the Company's capacity to satisfy outstanding obligations and accelerate payments to creditors in accordance with the Court-approved payment framework.

2.6 Strategic Importance of the Kasarani Asset to the CVA

The Committee may wish to note that one of the principal funding assumptions underpinning the approved Company Voluntary Arrangement was the realization of value from approximately seventeen (17) acres of land owned by Kasarani Mall Limited, a wholly owned subsidiary of Uchumi Supermarkets PLC.

The importance of this strategic asset formed part of the restructuring proposal considered by the High Court during the approval of the CVA. As reflected in the Judgment of the Honourable Lady Justice Mary Kasango delivered on 1 July 2020 in Insolvency Petition No. 25 of 2018, the realization of this asset constituted a significant component of the Company's recovery strategy and was expected to generate substantial proceeds for distribution to creditors in accordance with the approved CVA.

The anticipated realization of this strategic asset was therefore not merely a commercial aspiration but one of the important financial assumptions underpinning the Court-approved restructuring framework.

2.7 Subsequent Developments Affecting Implementation of the CVA

Following approval of the Company Voluntary Arrangement, circumstances arose that materially affected the implementation of this important funding strategy.

In 2023, the Company was unable to realise the Kasarani property following a dispute concerning its occupation by the Kenya Defence Forces, after which the Government proceeded with the development of an Affordable Housing Project on the site.

As a consequence, the Company has been unable to realise the value of a strategic asset that had been expected to contribute significantly towards implementation of the CVA and acceleration of payments to creditors.

The Company has since instituted legal proceedings to protect its interests and the matter is presently pending before the Court of Appeal in proceedings involving the Honourable Attorney General, the Ministry of Defence and the Kenya Defence Forces.

Consistent with the doctrine of sub judice and out of respect for the independence of the Judiciary, the Company does not invite the Committee to determine matters that are properly before the Court and therefore refrains from commenting on the merits of the pending proceedings.

The Company respectfully submits, however, that the inability to realise this strategic asset has materially affected one of the principal funding assumptions underpinning the approved Company Voluntary Arrangement and has consequently impacted the pace at which creditor obligations, including those owed to former employees, can be satisfied.

Subject to the determination of the Court of Appeal, the property is currently estimated to have a market value exceeding Kenya Shillings Five Billion (KES 5 billion). Realization of the Company's interest in this asset would materially strengthen its financial position and significantly enhance its ability to accelerate settlement of outstanding obligations under the Court-approved CVA.

2.8 Public Interest Considerations

The successful rehabilitation of Uchumi Supermarkets PLC extends beyond the interests of the Company itself. It serves broader public policy objectives by preserving employment opportunities, protecting shareholder value, sustaining supplier relationships, maintaining competition within Kenya's retail sector and maximising recoveries for creditors.

Conversely, liquidation would likely result in the destruction of enterprise value and substantially lower recoveries for creditors, including former employees.

The Company therefore respectfully submits that continued implementation of the Court-approved Company Voluntary Arrangement remains the most equitable, commercially prudent and legally compliant mechanism for balancing the interests of all stakeholders.

2.9 Conclusion

Uchumi Supermarkets PLC remains fully committed to honouring all legitimate obligations owed to its former employees and other creditors.

The Company respectfully submits that the delays experienced in settling these obligations are not attributable to any unwillingness to pay but arise from the legal framework governing the Court-approved Company Voluntary Arrangement and the unforeseen inability to realise one of the principal strategic assets upon which the approved restructuring plan was founded.

The Board, Management and the CVA Monitor remain committed to implementing the Arrangement in full compliance with the Insolvency Act, the directions of the High Court and the resolutions approved by creditors, while continuing to pursue all lawful avenues for strengthening the Company's financial position and accelerating payments to creditors.

John Mwara
Chairman
Uchumi Supermarkets PLC

cc: FCPA Owen Koimburi (CVA Monitor) | Mr. Lawrence Ngao (CEO & MD) | Ms. Judith Matata (Company Secretary)