

QUICK MART LIMITED  
ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025

QUICK MART LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025

| CONTENTS                                                   | PAGE    |
|------------------------------------------------------------|---------|
| Company Information                                        | 1       |
| Report of the Directors                                    | 2 - 3   |
| Statement of the Directors' Responsibilities               | 4       |
| Report of the Independent Auditor                          | 5 - 6   |
| Financial Statements: -                                    |         |
| Statement of Profit or Loss and Other Comprehensive Income | 7       |
| Statement of Financial Position                            | 8       |
| Statement of Changes in Equity                             | 9       |
| Statement of Cash Flows                                    | 10      |
| Notes to the Financial Statements                          | 11 - 36 |

QUICK MART LIMITED  
COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2025

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Quick Mart Building  
Ruaka - Old Limuru Road  
P.O. Box 2361-00621  
Nairobi, Kenya

BOARD OF DIRECTORS

|                         |                                 |
|-------------------------|---------------------------------|
| Jerome Loubere*         | - Chairman                      |
| Peter Kang'iri          | - Group Chief Executive Officer |
| Jacques Dome***         | - Managing Director - Kenya     |
| Nnennia Lilian Ejebe**  |                                 |
| Alexis Caude*           |                                 |
| Duncan Muiruri Kinuthia |                                 |
| Moses Nditika Ngeruro   |                                 |
| Gladys Wambui Kinuthia  |                                 |
| Martha Amoiti Osier     |                                 |

\* French

\*\* American

\*\*\* Belgian

LEGAL ADVISORS

Capital Law Group  
Swiss Cottages Riverside Drive  
P.O. Box 10997-00100  
Nairobi, Kenya

COMPANY SECRETARY

CPS Nicholas Jotham Gitonga Kiragu  
CPS R/3681  
P.O. Box 10997-00100  
Nairobi, Kenya

PRINCIPAL BANKERS

Family Bank Limited  
Nakuru Market Branch  
P.O. Box 74145-00200  
Nairobi, Kenya

SBM Bank (Kenya) Limited  
Riverside Mews, Chiromo Road  
P.O. Box 34886-00100  
Nairobi, Kenya

The Co-operative Bank of Kenya Limited  
Co-operative House, Haile Selassie Avenue  
P.O. Box 48231-00100  
Nairobi, Kenya

Equity Bank Kenya Limited  
Ruaka Branch  
P.O. Box 75104-00200  
Nairobi, Kenya

KCB Bank Kenya Limited  
Gigiri Square, United Nations Avenue  
P.O. Box 39036-00623  
Nairobi, Kenya

NCBA Bank Kenya Plc  
Village Market, Nairobi  
P.O. Box 44599-00100  
Nairobi, Kenya

INDEPENDENT AUDITOR

Ernst & Young LLP  
Kenya Re Towers, Upper hill  
Off Ragati Road  
P.O. Box 44286-00100  
Nairobi, Kenya

QUICK MART LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2025

The directors are pleased to submit their report together with the audited financial statements for the year ended 31 December 2025 which discloses the state of affairs of Quick Mart Limited (the "Company").

1. INCORPORATION

The Company is domiciled in Kenya where it is incorporated as a private company limited by shares under the Kenyan Companies Act. The address of the registered office is set out on page 1.

2. PRINCIPAL ACTIVITY

The principal activity of the Company is undertaking retail supermarket business.

3. FINANCIAL RESULTS

The results for the year are set out on page 7.

4. DIRECTORATE

The directors who held office during the year and to the date of this report are set out on page 1.

5. DIVIDENDS

During the year ended 31 December 2025, the directors declared and paid an interim dividend of KShs 1,647,055,000 (2024: KShs 1,176,465,000). The Directors do not recommend payment of final dividend for the year ended 31 December 2025 (2024: nil).

6. BUSINESS REVIEW

**Nature of Business**

Quick Mart Limited is a Kenyan retail supermarket that was established in year 2006. The Company is the fastest growing retailer in Kenya and recognized by the Financial Times as the 11th fastest growing company in Africa in the year 2022 and 79th position in year 2025. Currently, it has a total of 66 branches stretched across 16 counties across Kenya. Quick Mart Limited is committed to provide exceptional customer experience, by offering quality, fresh products, and convenience. The Company's vision is to be the retailer of choice in every market it serves in Africa.

**Principal risks and uncertainties**

The risks described below could, in ways we may or may not accurately predict, materially and adversely affect our business, results of operations, financial position and liquidity. The following risk factors do not identify all risks that we may face.

*Strategic risks*

If the Company does not timely identify or effectively respond to consumer trends or preferences, it could negatively affect its relationship with its customers, demand for its products and services it sells, its market share and the growth of its business. In addition, the Company faces strong competition from other retailers and other businesses which could materially adversely affect its financial performance. Further, general or macro-economic factors such as changes in inflation, exchange rates, legal and regulatory environment may materially adversely affect the Company's financial performance.

*Operational risks*

Global health epidemics or pandemics and other events could materially adversely affect the Company's financial performance. The occurrence of one or more natural disasters, such as global health epidemics or pandemics or other contagious outbreaks and catastrophic and other events, such as war, civil unrest (including theft, looting or vandalism) or the loss of merchandise as a result of shrinkage or theft could adversely affect our operations and financial performance. Moreover, the Company relies extensively on information and financial systems to process transactions, summarize results, and manage its business. Disruptions in the Company's systems could harm its ability to conduct its operations. Given the number of individual transactions the Company has each year, it is crucial that it maintains uninterrupted operation of its business-critical information systems.

6. BUSINESS REVIEW (CONTINUED)

The key financial indicators are summarized below;.

The Company posted a solid performance in the year 2025 by focusing on protecting its margins with its gross profit margin stabilising at 22% in the current year (2024: 22%). The customer growth strategy also bore fruits with an increase in the top line by 8%. These contributed to the significant growth in the Company's profitability with its net income increasing by 33%.

The Company is keen to continue maintaining high levels of profitability for the business and with the sustainable growth strategy that is currently being pursued, coupled with significant investment in continuous improvement in the Company's internal controls and cost management, as well as expansion into untapped and underserved markets. The Company is expected to continue registering sustainable growth in profitability.

7. STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved.

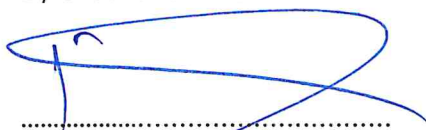
there is, so far as the director is aware, no relevant audit information of which the Company's auditor is unaware; and

the director has taken all the steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

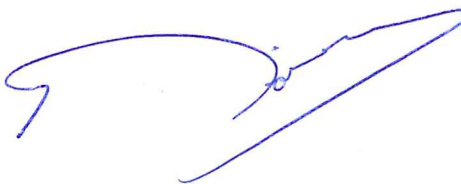
8. TERMS AND APPOINTMENT OF THE AUDITOR

Ernst & Young LLP continues in office in accordance with the company's Articles of Association and Section 719 of the Companies Act. The directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration for the Company has been charged to profit or loss in the year.

By Order of the Board



.....  
Director/ Company Secretary  
Nairobi, Kenya



31 March.....2026

QUICK MART LIMITED  
STATEMENT OF DIRECTORS' RESPONSIBILITIES  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the Company; (b) disclose, with reasonable accuracy, the financial position of the Company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Companies Act.

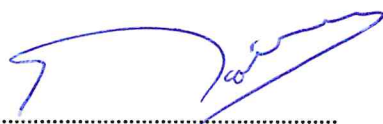
The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. They also accept responsibility for:

- (i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (ii) selecting suitable accounting policies and applying them consistently; and,
- (iii) making accounting estimates and judgements that are reasonable in the circumstances.

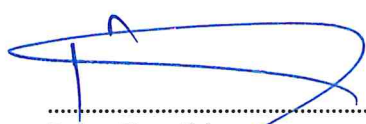
Having made an assessment of the Company's ability to continue as a going concern, except as discussed under note 28 to the financial statements, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Board of Directors on .....31/03/..... 2026 and signed on its behalf by:



.....  
Jacques Dome  
Director/ Managing Director - Kenya



.....  
Peter Kang'iri  
Director/ Group Chief Executive Officer

REPORT OF THE INDEPENDENT AUDITOR TO  
THE MEMBERS OF QUICK MART LIMITED  
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

*Opinion*

We have audited the accompanying financial statements of Quick Mart Limited (the "Company"), set out on pages 7 to 36, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Quick Mart Limited as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code and other independence requirements applicable to performing audits of financial statements of the Company and in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Company financial statements and in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

The directors are responsible for the other information. The other information comprises the information included on pages 3 to 5 of the document titled "Quick Mart Limited Annual Report and Financial Statements For the year ended 31 December 2025", which includes the Report of the Directors as required by the Kenyan Companies Act, 2015, Statement of Directors' Responsibilities for the Financial Statements and Company Information. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Directors' Responsibilities for the Financial Statements*

The directors are responsible for the preparation and fair presentation of the financial statements, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan 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 misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## REPORT ON OTHER MATTERS PRESCRIBED BY THE KENYAN COMPANIES ACT

In our opinion, the information given in the report of the directors on page 2 and 3 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Nancy Muhoya, Practicing Certificate Number 2158.



For and on behalf of Ernst & Young LLP  
Certified Public Accountants  
Nairobi, Kenya

31 March 2026



UNIQUE CODE: 72139260331

QUICK MART LIMITED  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2025

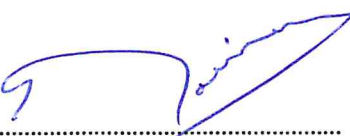
|                                                     | Notes | 2025<br>KShs 000    | 2024<br>KShs 000    |
|-----------------------------------------------------|-------|---------------------|---------------------|
| Revenue                                             | 4     | 50,427,637          | 46,707,717          |
| Cost of sales                                       | 5     | <u>(39,349,358)</u> | <u>(36,432,225)</u> |
| Gross profit                                        |       | 11,078,279          | 10,275,492          |
| Other income                                        | 6     | <u>339,999</u>      | <u>284,187</u>      |
| Operating Income                                    |       | <u>11,418,278</u>   | <u>10,559,679</u>   |
| EXPENSES                                            |       |                     |                     |
| Employee benefits                                   | 7     | (3,155,532)         | (2,936,397)         |
| Administration and general expenses                 | 8     | (3,172,049)         | (3,017,636)         |
| Depreciation of property and equipment              | 13    | (696,767)           | (739,760)           |
| Depreciation of right-of-use assets                 | 19    | (897,467)           | (872,602)           |
| Amortisation of intangible assets                   | 14    | (30,575)            | (33,408)            |
| Allowance for expected credit losses                | 9     | <u>(15,104)</u>     | <u>6,203</u>        |
| Operating expenses                                  |       | <u>(7,967,494)</u>  | <u>(7,593,600)</u>  |
| Operating profit before finance costs and tax       |       | 3,450,784           | 2,966,079           |
| Net finance charges                                 | 10    | <u>(1,284,016)</u>  | <u>(1,321,908)</u>  |
| Profit before tax                                   | 11    | 2,166,768           | 1,644,171           |
| Income tax expenses                                 | 12(b) | <u>(658,194)</u>    | <u>(509,364)</u>    |
| Profit for the year                                 |       | 1,508,574           | 1,134,807           |
| Other comprehensive income for the year, net of tax |       | <u>-</u>            | <u>-</u>            |
| Total comprehensive income for the year, net of tax |       | <u>1,508,574</u>    | <u>1,134,807</u>    |

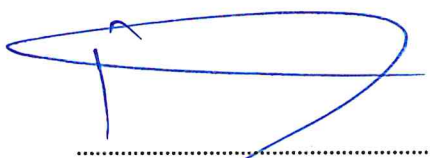
QUICK MART LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025

| ASSETS                          | Notes | 2025<br>KShs '000 | 2024<br>KShs '000 |
|---------------------------------|-------|-------------------|-------------------|
| <i>Non-current assets:</i>      |       |                   |                   |
| Property and equipment          | 13    | 5,260,143         | 4,888,915         |
| Right-of-use assets             | 19    | 5,168,594         | 5,319,591         |
| Intangible assets               | 14    | 99,725            | 85,590            |
| Deferred tax asset              | 15    | 552,407           | 508,480           |
| Long term deposits              | 16    | <u>222,114</u>    | <u>216,227</u>    |
| Total non-current assets        |       | <u>11,302,983</u> | <u>11,018,803</u> |
| <i>Current assets:</i>          |       |                   |                   |
| Inventories                     | 17    | 4,430,959         | 3,554,903         |
| Trade and other receivables     | 18    | 1,795,159         | 1,612,104         |
| Term deposit                    | 20    | 1,393,514         | 806,575           |
| Cash and equivalents            | 21    | <u>802,450</u>    | <u>1,069,407</u>  |
| Total current assets            |       | <u>8,422,082</u>  | <u>7,042,989</u>  |
| TOTAL ASSETS                    |       | <u>19,725,065</u> | <u>18,061,792</u> |
| EQUITY AND LIABILITIES          |       |                   |                   |
| EQUITY                          |       |                   |                   |
| Share capital                   | 22    | 130               | 130               |
| Share premium                   | 22    | 799,970           | 799,970           |
| Retained earnings               |       | <u>255,761</u>    | <u>394,242</u>    |
| Total equity                    |       | <u>1,055,861</u>  | <u>1,194,342</u>  |
| LIABILITIES                     |       |                   |                   |
| <i>Non-current Liabilities:</i> |       |                   |                   |
| Borrowings                      | 24    | 46,286            | 177,066           |
| Lease liabilities               | 19    | <u>6,510,056</u>  | <u>6,312,982</u>  |
| Total non-current liabilities   |       | <u>6,556,342</u>  | <u>6,490,048</u>  |
| <i>Current liabilities:</i>     |       |                   |                   |
| Lease liability                 | 19    | 811,103           | 885,355           |
| Trade and other payables        | 25    | 11,218,156        | 9,288,787         |
| Income tax payable              | 12(c) | <u>83,603</u>     | <u>203,260</u>    |
| Total current liabilities       |       | <u>12,112,862</u> | <u>10,377,402</u> |
| TOTAL LIABILITIES               |       | <u>18,669,204</u> | <u>16,867,450</u> |
| TOTAL EQUITY AND LIABILITIES    |       | <u>19,725,065</u> | <u>18,061,792</u> |

The financial statements were approved and authorised for issue by the Board of Directors on

31/03/2026 2026 and signed on its behalf by -

  
.....  
Jacques Dome  
Director/ Managing Director - Kenya

  
.....  
Peter Kang'ui  
Director/ Group Chief Executive Officer

QUICK MART LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2025

|                                         | Share<br>capital<br>KShs '000 | Share<br>premium<br>KShs '000 | Retained<br>Profit<br>KShs '000 | Total<br>KShs '000 |
|-----------------------------------------|-------------------------------|-------------------------------|---------------------------------|--------------------|
| At 1 January 2024                       | 130                           | 799,970                       | 435,900                         | 1,236,000          |
| Profit for the year                     | -                             | -                             | 1,134,807                       | 1,134,807          |
| Other comprehensive income for the year | -                             | -                             | -                               | -                  |
| Total comprehensive income for the year | -                             | -                             | 1,134,807                       | 1,134,807          |
| Dividends:                              |                               |                               |                                 |                    |
| Interim dividend paid                   | -                             | -                             | (1,176,465)                     | (1,176,465)        |
| At 31 December 2024                     | <u>130</u>                    | <u>799,970</u>                | <u>394,242</u>                  | <u>1,194,342</u>   |
| At 1 January 2025                       | 130                           | 799,970                       | 394,242                         | 1,194,342          |
| Profit for the year                     | -                             | -                             | 1,508,574                       | 1,508,574          |
| Other comprehensive income for the year | -                             | -                             | -                               | -                  |
| Total comprehensive income for the year | -                             | -                             | 1,508,574                       | 1,508,574          |
| Dividends:                              |                               |                               |                                 |                    |
| Interim dividend paid                   | -                             | -                             | (1,647,055)                     | (1,647,055)        |
| At 31 December 2025                     | <u>130</u>                    | <u>799,970</u>                | <u>255,761</u>                  | <u>1,055,861</u>   |

QUICK MART LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2025

|                                                     |       | 2025<br>KShs '000  | 2024<br>KShs '000  |
|-----------------------------------------------------|-------|--------------------|--------------------|
| OPERATING ACTIVITIES                                | Notes |                    |                    |
| Profit before tax                                   |       | 2,166,768          | 1,644,171          |
| Adjustments for: -                                  |       |                    |                    |
| Depreciation - Property and equipment               | 13    | 696,767            | 739,760            |
| - Right-of-use assets                               | 19    | 897,467            | 872,602            |
| Amortisation charge on intangible assets            | 14    | 30,575             | 33,408             |
| Finance charges on capital leases                   | 19    | 1,008,131          | 995,480            |
| Gain on termination of lease                        | 6     | (17,489)           | -                  |
| Gain on disposal of property and equipment          | 6     | <u>(3,683)</u>     | <u>(6,839)</u>     |
| Operating profit before working capital changes     |       | 4,778,536          | 4,278,582          |
| Working capital changes:                            |       |                    |                    |
| - Inventories                                       |       | (876,056)          | (136,441)          |
| - Trade and other receivables                       |       | (183,055)          | (6,265)            |
| - Trade and other payables                          |       | <u>1,929,369</u>   | <u>563,927</u>     |
| Cash generated from operating activities before tax |       | 5,648,794          | 4,699,803          |
| Income tax paid                                     | 12(c) | <u>(821,778)</u>   | <u>(492,361)</u>   |
| Net cash flows generated from operating activities  |       | <u>4,827,016</u>   | <u>4,207,442</u>   |
| INVESTING ACTIVITIES                                |       |                    |                    |
| Purchase of property and equipment                  | 13    | (1,089,658)        | (393,456)          |
| Proceeds from disposal of property and equipment    |       | 25,346             | 43,898             |
| Purchase of intangible assets                       | 14    | (44,710)           | (15,366)           |
| Payments for long term deposits                     | 16    | <u>(5,887)</u>     | <u>-</u>           |
| Net cash flows used in investing activities         |       | <u>(1,114,909)</u> | <u>(364,924)</u>   |
| FINANCING ACTIVITIES                                |       |                    |                    |
| Repayment of bank borrowings                        | 24    | (130,780)          | (611,682)          |
| Payment of dividends                                | 23    | (1,647,055)        | (1,176,465)        |
| Repayment of lease liabilities                      | 19    | <u>(1,614,290)</u> | <u>(1,515,349)</u> |
| Net cash flows used in financing activities         |       | <u>(3,392,125)</u> | <u>(3,303,496)</u> |
| Net increase in cash and cash equivalents           |       | 319,982            | 539,022            |
| Cash and cash equivalents at 1 January              |       | <u>1,875,982</u>   | <u>1,336,960</u>   |
| Cash and cash equivalents at 31 December            |       | <u>2,195,964</u>   | <u>1,875,982</u>   |
| Represented by:                                     |       |                    |                    |
| Short term investments                              | 20    | 1,393,514          | 806,575            |
| Cash and bank balances                              | 21    | <u>802,450</u>     | <u>1,069,407</u>   |
|                                                     |       | <u>2,195,964</u>   | <u>1,875,982</u>   |

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements of Quick Mart Limited (the "Company") are set out below. These policies have been consistently applied, unless otherwise stated.

a) Basis of preparation

The measurement basis applied is historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenyan Shillings (KShs), which is also the functional currency, rounded to the nearest thousand (KSh'000') unless expressly stated otherwise.

b) Statement of compliance

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

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

c) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. The directors consider that there is no material difference between the fair value and carrying value of the Company's financial assets and liabilities where fair value details have not been presented.

(d) Revenue from contracts with customers

The Company is in the business of running retail supermarket stores situated in Kenya. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Loyalty points programme

The Company has a loyalty points programme, *Qpoints*, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points.

The Company updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue. The disclosures of significant estimates and assumptions relating to the estimation of the stand-alone selling price of the loyalty points are provided in note 2.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Tax

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is recognized for all taxable temporary differences, except:

- Where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised in other comprehensive income or equity are also recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Expenses and assets are recognised net of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable, and
- When receivables and payables are stated with the amount of value added tax included.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Taxes (continued)

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(f) Property and equipment

Construction in progress (capital work-in-progress) is stated at cost, net of accumulated impairment losses, if any. Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Depreciation is calculated on a reducing balance basis over the estimated useful lives of the assets, as follows:

- Buildings 15 to 20 years
- Property and equipment 5 to 15 years
- Partitions, fixtures and fittings 15 to 20 years
- Motor vehicles and other equipment 3 to 5 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) *Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office /Store Space 4 - 15 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases

ii) *Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in Interest-bearing loans and borrowings.

iii) *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

*Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

QUICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss. Software licenses are amortised over a period of between 5 and 10 years.

(j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortised cost (debt instruments)*

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other receivables, short term investments and cash and cash equivalents.

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company does not have any debt instruments at fair value through OCI.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Note 2 significant accounting judgements, estimates and assumptions
- Note 19 Trade receivables, including contract assets

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and loan from shareholder.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost (loans and borrowings)
- Financial liabilities at fair value through profit or loss

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

The Company has not designated any financial liability at fair value through profit or loss.

QUICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(m) Cash and short-term deposits

These comprise cash on hand and at bank and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(n) Pensions and other post-employment benefits

The Company contributes to the statutory National Social Security Fund (NSSF). This fund is a defined contribution scheme registered under the National Social Security Fund Act. The Company's obligations under this scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of KShs. 540 per employee per month for Tier 1 contributions remitted to NSSF and KShs 3,780 per month for Tier 2 contributions. Tier 2 Contributions have been contracted out to a collective pension fund managed by Prudential Life Assurance Kenya Limited.

The Company's obligations to the scheme is recognized in the statement of profit or loss and other comprehensive income.

QUICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) New and amended standards, interpretations and improvements

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS for periods beginning on or after 1 January 2025. The new standards and amendments effective as of 1 January 2025 are listed below:

| New standards or amendments                    | Effective for annual period beginning on or after |
|------------------------------------------------|---------------------------------------------------|
| Lack of exchangeability - Amendments to IAS 21 | 1 January 2025                                    |

New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2025

Effective for annual periods beginning on or after 1 January 2026

- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
- Annual Improvements to IFRS Accounting Standards- Volume 11
- Contracts Referencing Nature-dependent Electricity -Amendments to IFRS 9 and IFRS 7

Effective for annual periods beginning on or after 1 January 2027

- IFRS 18 - Presentation and Disclosure in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures
- Translation to a hyperinflationary presentation currency - Amendments to IAS 21

Effective date postponed indefinitely

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28
- Amendments to illustrative examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37

IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of profit or loss

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS18 requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. 18 requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'

Main business activities

For the purposes of classifying its income and expenses into the categories required by IFRS 18, an entity will need to assess whether it has a 'main business activity' of investing in assets or providing financing to customers, as specific classification requirements will apply to such entities. Determining whether an entity has such a specified main business activity is a matter of fact and circumstances which requires judgement. An entity may have more than one main business activity.

Management-defined performance measures IFRS 18 introduces the concept of a management-defined performance measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS accounting standard.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) New and amended standards, interpretations and improvements (continued)

IFRS 18 - Presentation and Disclosure in Financial Statements (continued)

Location of information, aggregation and disaggregation IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements.

Consequential amendments to other accounting standards Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss'. The optionality around classification of cash flows from dividends and interest in the statement of cash flows has also largely been removed. New requirements have been added to IAS 33 Earnings per Share that only permit entities to disclose additional amounts per share, if the numerator used in the calculation meets specified criteria. The numerator must be:

- An amount attributable to ordinary equity holders of the parent entity; and
- A total or subtotal identified by IFRS 18 or an MPM as defined by IFRS 18.

Some requirements previously included within IAS 1 have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. IAS 34 Interim Financial Reporting has been amended to require disclosure of MPMS. Transition IFRS 18, and the consequential amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and must be applied retrospectively. Early adoption is permitted and must be disclosed.

The entity is currently assessing the expected impact on the financial statements as well as the relevant adoption strategies in case of a significant impact.

Except IFRS 18 - Presentation and Disclosure in Financial Statements as discussed above, the amendments are not expected to have an impact on the Company's financial statements at 31 December 2025.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management
- Financial instruments risk management and policies
- Sensitivity analyses disclosures

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 in 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.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The key areas of judgement and sources of estimation uncertainty are as set out below:

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). The Company included the renewal period as part of the lease term for leases of buildings with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of buildings with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Property lease classification – Company as lessor

The Company has entered into commercial property subleases on its leased properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the leases and the present value of the minimum lease payments not amounting to substantially all of the fair value of the leases, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Allowance for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and cash and bank balances. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Company's trade receivables, amounts due from related companies and bank balances is disclosed in notes 3 and 18.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Income Taxes

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

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Further details on income taxes are disclosed in Notes 12 and 15. Refer to Note 27 and below for details on contingent tax matters.

Useful lives of property and equipment

The Company reviews the estimated useful lives and residual values of property and equipment at the end of each reporting period. In reviewing the useful lives of property and equipment, the Company considers the remaining period over which an asset is expected to be available for use. The rates used are set out in the accounting policy for property, plant and equipment, note 1(f) and the carrying amount of property, plant and equipment is in note 13.

Revenue recognition - Estimating stand-alone selling price - Qpoints loyalty programme

The Company estimates the stand-alone selling price of the loyalty points awarded under the *Qpoints* programme. The stand-alone selling price of the loyalty points issued is calculated by multiplying the estimated redemption rate and the monetary value assigned to the loyalty points. In estimating the redemption rate, the Company considers breakage which represents the portion of the points issued that will never be redeemed. The Company applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated quarterly and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Company considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Company ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required). As points issued under the programme do not expire, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at 31 December 2025, the estimated liability for unredeemed points was KShs 139,070,000 (2024: KShs 117,070,000). If the estimated redemption rate used had been higher by 1% than management's estimate, the carrying amount of the estimated liability for unredeemed points as at 31 December 2024 would have been higher by KShs 1,390,700 (2024: KShs 1,170,700).

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

### 3. FINANCIAL RISK MANAGEMENT

The Company 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 Company. The Company's ability to recognise, successfully control and manage risks early in their development and to identify and exploit opportunities is key to its ability to successfully realise the corporate vision. The Company has exposure to the following risks from its use of financial instruments:

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk
- iv) Capital management

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

#### i) *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 Company'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.

##### a) *Interest rate risk*

The Company's exposure to market risk due to changes in market interest rates relates primarily to the Company's long and short-term obligations and assets with floating interest rates. The assets and liabilities with exposure to interest rate risk were as follows: -

|               | 2025<br>KShs '000 | 2024<br>KShs '000 |
|---------------|-------------------|-------------------|
| Term deposits | 1,393,514         | 806,575           |
| Borrowings    | <u>46,286</u>     | <u>177,066</u>    |

The table below summarizes the effect on post-tax profits and equity had interest rates been 1 percentage point higher/ (lower), with all other variables held constant.

|                      | 2025<br>KShs '000 | 2024<br>KShs '000 |
|----------------------|-------------------|-------------------|
| Increase/ (decrease) |                   |                   |
| Pre-tax profit       | <u>13,472</u>     | <u>6,295</u>      |
| Equity               | <u>9,430</u>      | <u>4,407</u>      |

##### b) *Price risk*

The Company does not hold any financial instruments subject to price risk.

##### c) *Foreign exchange risk*

The Company is not exposed to foreign exchange risk arising from various currency exposures primarily because all its transactions are in Kenya Shillings (KShs). The risk may arise from future transactions, assets and liabilities in the statement of financial position date.

QUICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

ii) *Credit risk*

Credit risk arises from cash and short-term investments as well as trade and other receivables. The Company has policies in place to ensure that sales are made to customers with an appropriate credit history. The credit controllers assess the credit quality of each customer, taking into account its financial position, past experience and other factors. For banks and financial institutions, only reputable well-established financial institutions are accepted. The utilisation of credit limits is regularly monitored. The Company has two types of financial assets that are subject to the expected credit loss model; i.e. trade and other receivables and cash and cash equivalents.

*Trade Receivables*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 1 year before 1 January 2025 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has assessed the impact of macroeconomic factors and the impact was not material.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and where the debtor has been declared insolvent.

*Cash and bank balances*

For cash at bank, management assesses the expected credit loss based on probability of default attached to the various banks by external rating agencies.

The gross carrying amount of financial assets with exposure to credit risk at the reporting date was as follows:

|                             | Gross Amounts    | Expected credit     | Total            |
|-----------------------------|------------------|---------------------|------------------|
| At 31 December 2025         | KShs '000        | losses<br>KShs '000 | KShs '000        |
| Long term deposits          | 231,106          | (8,992)             | 222,114          |
| Trade and other receivables | 1,852,582        | (57,423)            | 1,795,159        |
| Term deposits               | 1,410,945        | (17,431)            | 1,393,514        |
| Cash at bank                | <u>802,534</u>   | <u>(84)</u>         | <u>802,450</u>   |
| Gross carrying amount       | <u>4,297,167</u> | <u>(83,930)</u>     | <u>4,213,237</u> |
| At 31 December 2024         |                  |                     |                  |
| Long term deposits          | 224,979          | (8,752)             | 216,227          |
| Trade and other receivables | 1,658,594        | (46,490)            | 1,612,104        |
| Term deposits               | 809,279          | (2,704)             | 806,575          |
| Cash at bank                | <u>1,080,287</u> | <u>(10,880)</u>     | <u>1,069,407</u> |
| Gross carrying amount       | <u>3,773,139</u> | <u>(68,826)</u>     | <u>3,704,313</u> |

iii) *Liquidity risk*

Liquidity risk concerns the ability of the Company to fulfil its financial obligations as they become due. The Company'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 Company's reputation. Changing market conditions expose the Company to various financial risks and management have highlighted the importance of financial risk management as an element of control for the Company. The policy of the Company is to minimise the negative effect of such risks on cash flow, financial performance and equity.

QUICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

iii) Liquidity risk (continued)

The Company 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 Company as a whole. The Company also arranges for short-term borrowings to ensure that the Company's financial obligations are met. The Company's non-derivative financial liabilities analysed 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 31 December 2025      | Less than 1 Year<br>KShs '000 | Over 1 Year<br>KShs '000 | Total<br>KShs '000 |
|--------------------------|-------------------------------|--------------------------|--------------------|
| Trade and other payables | 11,218,156                    | -                        | 11,218,156         |
| Borrowings               | 46,286                        | -                        | 46,286             |
| Lease liabilities        | <u>811,103</u>                | <u>6,510,056</u>         | <u>7,321,159</u>   |
|                          | <u>12,075,545</u>             | <u>6,510,056</u>         | <u>18,585,601</u>  |
| At 31 December 2024      |                               |                          |                    |
| Trade and other payables | 9,288,787                     | -                        | 9,288,787          |
| Borrowings               | 177,066                       | -                        | 177,066            |
| Lease liabilities        | <u>885,355</u>                | <u>6,312,982</u>         | <u>7,198,337</u>   |
|                          | <u>10,351,208</u>             | <u>6,312,982</u>         | <u>16,664,190</u>  |

iv) Capital management

The Company's objective in managing its capital is to ensure that it supports the development of its business and is able to continue as a going concern, while at the same time maximising the return to its shareholders. The Company is not subject to any external capital requirements. The Company manages its capital by evaluating the working capital requirements and investment in non-current assets.

The capital structure of the Company consists of debt, which includes borrowings disclosed in note 24, trade and other payables disclosed in note 25, less cash and cash equivalents and equity attributable to equity holders, comprising issued capital as disclosed in note 22 and retained earnings.

|                                            | 2025<br>KShs '000 | 2024<br>KShs '000 |
|--------------------------------------------|-------------------|-------------------|
| 4. REVENUE                                 |                   |                   |
| Sales                                      | <u>50,427,637</u> | <u>46,707,717</u> |
| 5. COST OF SALES                           |                   |                   |
| Cost of sales                              | <u>39,349,358</u> | <u>36,432,225</u> |
| 6. OTHER INCOME                            |                   |                   |
| Sales - gondolas                           | 200,224           | 170,000           |
| Rental income                              | 63,680            | 54,512            |
| Gain on termination of lease (note 19)     | 17,489            | -                 |
| Branding                                   | 8,936             | 4,843             |
| Finance income                             | 21,138            | 22,142            |
| Gain on disposal of property and equipment | 3,683             | 6,839             |
| Revenue from agency banking                | <u>24,849</u>     | <u>25,851</u>     |
|                                            | <u>339,999</u>    | <u>284,187</u>    |

QUICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025

|                                                                            |                      |                      |
|----------------------------------------------------------------------------|----------------------|----------------------|
| 7. EMPLOYEE BENEFITS                                                       | 2025<br>KShs '000    | 2024<br>KShs '000    |
| Salaries and wages                                                         | 2,841,448            | 2,676,983            |
| National Social Security Fund (NSSF)                                       | 49,571               | 31,245               |
| Staff welfare                                                              | <u>264,513</u>       | <u>228,169</u>       |
|                                                                            | <u>3,155,532</u>     | <u>2,936,397</u>     |
|                                                                            | 2025<br>No. of staff | 2024<br>No. of staff |
| The average number of persons employed during the year, by category, were: |                      |                      |
| Permanent                                                                  | 1,881                | 1,351                |
| Outsourced                                                                 | <u>5,638</u>         | <u>5,962</u>         |
| Total                                                                      | <u>7,519</u>         | <u>7,313</u>         |
| 8. ADMINISTRATION AND GENERAL EXPENSES                                     | 2025<br>KShs '000    | 2024<br>KShs '000    |
| Electricity and water                                                      | 642,204              | 682,794              |
| Cleaning                                                                   | 227,649              | 216,624              |
| Professional fees                                                          | 166,307              | 246,478              |
| Security                                                                   | 220,683              | 204,614              |
| Management fees                                                            | 208,424              | 141,400              |
| Advertising and sales promotion                                            | 210,657              | 109,542              |
| Repairs and maintenance                                                    | 165,669              | 169,260              |
| Non-deductible input VAT                                                   | 99,985               | 99,666               |
| Office expenses                                                            | 209,476              | 190,748              |
| Loyalty points expenses                                                    | 273,072              | 195,787              |
| Computer software expenses                                                 | 61,098               | 106,843              |
| Insurance                                                                  | 82,812               | 70,429               |
| Licenses and permit                                                        | 89,316               | 80,020               |
| Directors' fees                                                            | 82,926               | 72,411               |
| Rent and rates                                                             | 53,928               | 64,488               |
| Travelling and entertainment                                               | 63,269               | 53,159               |
| Vehicle running and maintenance                                            | 62,476               | 64,040               |
| Bank charges and card commissions                                          | 40,295               | 37,491               |
| Bakery kerosene and gas                                                    | 54,906               | 58,443               |
| Legal fees                                                                 | 20,885               | 12,672               |
| Tax penalties                                                              | 1,036                | 43,691               |
| Internet                                                                   | 29,864               | 24,824               |
| Generator fuel                                                             | 34,526               | 40,558               |
| Consultancy fees                                                           | 38,610               | -                    |
| Printing and stationery                                                    | 23,662               | 24,488               |
| Auditor's remuneration                                                     | 5,750                | 5,500                |
| Catering levy                                                              | -                    | 2,601                |
| Foreign exchange gains                                                     | -                    | (2,198)              |
| Subscriptions                                                              | 2,216                | 855                  |
| Postage and telephone                                                      | <u>348</u>           | <u>408</u>           |
|                                                                            | <u>3,172,049</u>     | <u>3,017,636</u>     |
| 9. ALLOWANCE FOR EXPECTED CREDIT LOSSES                                    |                      |                      |
| Bank balances (note 21)                                                    | (10,796)             | (169)                |
| Short term deposits (note 20)                                              | 14,727               | 2,704                |
| Long term deposits (note 16)                                               | 240                  | -                    |
| Trade receivables (note 18)                                                | <u>10,933</u>        | <u>(8,738)</u>       |
|                                                                            | <u>15,104</u>        | <u>(6,203)</u>       |

QUICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025

| 10. FINANCE CHARGES                                                                        | 2025<br>KShs '000 | 2024<br>KShs '000 |
|--------------------------------------------------------------------------------------------|-------------------|-------------------|
| Interest expense on lease liabilities (note 19)                                            | 1,008,131         | 995,480           |
| Finance charges on bank borrowings                                                         | <u>275,885</u>    | <u>326,428</u>    |
|                                                                                            | <u>1,284,016</u>  | <u>1,321,908</u>  |
| 11. PROFIT BEFORE TAX                                                                      |                   |                   |
| The following items have been charged/ (credited) in arriving at operating profit:         |                   |                   |
| Cost of sales (note 5)                                                                     | 39,349,358        | 36,432,225        |
| Employee benefit expense (note 7)                                                          | 3,155,532         | 2,936,397         |
| Depreciation - property and equipment (note 13)                                            | 696,767           | 739,760           |
| - right-of-use assets (note 19)                                                            | 897,467           | 872,602           |
| Amortisation of intangible assets (note 14)                                                | 30,575            | 33,408            |
| Directors' fees (note 8)                                                                   | 82,926            | 72,411            |
| Management fees (note 8)                                                                   | 208,424           | 141,400           |
| Allowance for expected credit losses (note 9)                                              | 15,104            | (6,203)           |
| Auditor's remuneration (note 8)                                                            | <u>5,750</u>      | <u>5,500</u>      |
| 12. INCOME TAX                                                                             |                   |                   |
| a) Income tax charge                                                                       |                   |                   |
| Income tax expense for the year                                                            | 702,121           | 598,869           |
| Deferred tax credit (note 15)                                                              | <u>(43,927)</u>   | <u>(89,505)</u>   |
| Income tax expense                                                                         | <u>658,194</u>    | <u>509,364</u>    |
| b) Reconciliation of the income tax expense to expected tax based on the accounting profit |                   |                   |
| Accounting profit before tax                                                               | <u>2,166,768</u>  | <u>1,644,171</u>  |
| Income tax at the applicable tax rate of 30% (2024: 30%)                                   | 650,030           | 493,251           |
| Tax effect of:                                                                             |                   |                   |
| - expenses not deductible for tax purposes                                                 | <u>8,164</u>      | <u>16,113</u>     |
| Income tax expense                                                                         | <u>658,194</u>    | <u>509,364</u>    |
| c) Income tax payable                                                                      |                   |                   |
| At 1 January                                                                               | 203,260           | 96,752            |
| Charge for the year                                                                        | 702,121           | 598,869           |
| Income tax paid                                                                            | <u>(821,778)</u>  | <u>(492,361)</u>  |
| At 31 December                                                                             | <u>83,603</u>     | <u>203,260</u>    |

QUICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025

13. PROPERTY AND EQUIPMENT

|                              | Motor<br>vehicle<br>KShs '000 | Partition and<br>fixtures<br>KShs '000 | Furniture and<br>fittings<br>KShs '000 | Bakery, fridges<br>and commercial<br>kitchen<br>KShs '000 | Heavy<br>machinery<br>KShs '000 | Computers<br>KShs '000 | Work in<br>progress<br>KShs '000 | Total<br>KShs '000 |
|------------------------------|-------------------------------|----------------------------------------|----------------------------------------|-----------------------------------------------------------|---------------------------------|------------------------|----------------------------------|--------------------|
| Year ended 31 December 2025: |                               |                                        |                                        |                                                           |                                 |                        |                                  |                    |
| COST                         |                               |                                        |                                        |                                                           |                                 |                        |                                  |                    |
| At 1 January 2025            | 128,212                       | 4,789,103                              | 718,442                                | 1,952,989                                                 | 212,619                         | 598,516                | -                                | 8,399,881          |
| Additions                    | 18,103                        | 386,213                                | 119,941                                | 146,692                                                   | 22,570                          | 63,265                 | 332,874                          | 1,089,658          |
| Disposals                    | (5,070)                       | (38,184)                               | (1,380)                                | (1,992)                                                   | (2,855)                         | (2,701)                | -                                | (52,182)           |
| At 31 December 2025          | <u>141,245</u>                | <u>5,137,132</u>                       | <u>837,003</u>                         | <u>2,097,689</u>                                          | <u>232,334</u>                  | <u>659,080</u>         | <u>332,874</u>                   | <u>9,437,357</u>   |
| DEPRECIATION                 |                               |                                        |                                        |                                                           |                                 |                        |                                  |                    |
| At 1 January 2025            | 82,190                        | 1,966,301                              | 252,306                                | 743,288                                                   | 75,877                          | 391,004                | -                                | 3,510,966          |
| Charge for the year          | 14,747                        | 369,851                                | 63,777                                 | 159,580                                                   | 18,147                          | 70,665                 | -                                | 696,767            |
| Disposals                    | (4,909)                       | (20,505)                               | (310)                                  | (1,166)                                                   | (1,513)                         | (2,116)                | -                                | (30,519)           |
| At 31 December 2025          | <u>92,028</u>                 | <u>2,315,647</u>                       | <u>315,773</u>                         | <u>901,702</u>                                            | <u>92,511</u>                   | <u>459,553</u>         | -                                | <u>4,177,214</u>   |
| CARRYING AMOUNT              |                               |                                        |                                        |                                                           |                                 |                        |                                  |                    |
| At 31 December 2025          | <u>49,217</u>                 | <u>2,821,485</u>                       | <u>521,230</u>                         | <u>1,195,987</u>                                          | <u>139,823</u>                  | <u>199,527</u>         | <u>332,874</u>                   | <u>5,260,143</u>   |
| Year ended 31 December 2024: |                               |                                        |                                        |                                                           |                                 |                        |                                  |                    |
| COST                         |                               |                                        |                                        |                                                           |                                 |                        |                                  |                    |
| At 1 January 2024            | 138,161                       | 4,661,580                              | 665,329                                | 1,864,696                                                 | 191,737                         | 559,770                | -                                | 8,081,273          |
| Additions                    | -                             | 146,943                                | 53,113                                 | 121,336                                                   | 25,373                          | 46,691                 | -                                | 393,456            |
| Disposals                    | (9,949)                       | (19,420)                               | -                                      | (33,043)                                                  | (4,491)                         | (7,945)                | -                                | (74,848)           |
| At 31 December 2024          | <u>128,212</u>                | <u>4,789,103</u>                       | <u>718,442</u>                         | <u>1,952,989</u>                                          | <u>212,619</u>                  | <u>598,516</u>         | -                                | <u>8,399,881</u>   |
| DEPRECIATION                 |                               |                                        |                                        |                                                           |                                 |                        |                                  |                    |
| At 1 January 2024            | 73,633                        | 1,578,240                              | 188,664                                | 590,557                                                   | 60,846                          | 317,055                | -                                | 2,808,995          |
| Charge for the year          | 15,686                        | 396,245                                | 63,642                                 | 166,592                                                   | 17,795                          | 79,800                 | -                                | 739,760            |
| Disposals                    | (7,129)                       | (8,184)                                | -                                      | (13,861)                                                  | (2,764)                         | (5,851)                | -                                | (37,789)           |
| At 31 December 2024          | <u>82,190</u>                 | <u>1,966,301</u>                       | <u>252,306</u>                         | <u>743,288</u>                                            | <u>75,877</u>                   | <u>391,004</u>         | -                                | <u>3,510,966</u>   |
| CARRYING AMOUNT              |                               |                                        |                                        |                                                           |                                 |                        |                                  |                    |
| At 31 December 2024          | <u>46,022</u>                 | <u>2,822,802</u>                       | <u>466,136</u>                         | <u>1,209,701</u>                                          | <u>136,742</u>                  | <u>207,512</u>         | -                                | <u>4,888,915</u>   |

QUICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025

| 14. INTANGIBLE ASSETS | 2025<br>KShs '000 | 2024<br>KShs '000 |
|-----------------------|-------------------|-------------------|
| COST                  |                   |                   |
| At 1 January          | 235,377           | 220,011           |
| Additions             | <u>44,710</u>     | <u>15,366</u>     |
| At 31 December        | <u>280,087</u>    | <u>235,377</u>    |
| AMORTISATION          |                   |                   |
| At 1 January          | 149,787           | 116,379           |
| Charge for the year   | <u>30,575</u>     | <u>33,408</u>     |
| At 31 December        | <u>180,362</u>    | <u>149,787</u>    |
| CARRYING AMOUNT       |                   |                   |
| At 31 December        | <u>99,725</u>     | <u>85,590</u>     |

15. DEFERRED TAX ASSET

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2024: 30%). The movement on the deferred tax account is as follows:

|                                                 | 2025<br>KShs '000 | 2024<br>KShs '000 |
|-------------------------------------------------|-------------------|-------------------|
| At 1 January                                    | 508,480           | 418,975           |
| Credit to statement of profit or loss (note 12) | <u>43,927</u>     | <u>89,505</u>     |
| At 31 December                                  | <u>552,407</u>    | <u>508,480</u>    |

Deferred tax assets/ (liabilities) in the statement of financial position and deferred tax (charge)/ credit to statement of profit or loss are attributable to the following items

| 2025                                      | At 1 January<br>KShs'000 | Recognized in<br>profit/loss<br>KShs'000 | At 31 December<br>KShs'000 |
|-------------------------------------------|--------------------------|------------------------------------------|----------------------------|
| Accelerated depreciation for tax purposes | (113,357)                | (50,274)                                 | (163,631)                  |
| Leases                                    | 563,624                  | 82,146                                   | 645,770                    |
| Provision on loyalty points               | 35,121                   | 6,600                                    | 41,721                     |
| Allowance for expected credit allowance   | 20,647                   | 4,531                                    | 25,178                     |
| Provision for annual leave days           | <u>2,445</u>             | <u>924</u>                               | <u>3,369</u>               |
| Net deferred tax asset                    | <u>508,480</u>           | <u>43,927</u>                            | <u>552,407</u>             |
| 2024                                      | At 1 January<br>KShs'000 | Recognized in<br>profit/loss<br>KShs'000 | At 31 December<br>KShs'000 |
| Accelerated depreciation for tax purposes | (93,456)                 | (19,901)                                 | (113,357)                  |
| Leases                                    | 457,804                  | 105,820                                  | 563,624                    |
| Provision on loyalty points               | 26,251                   | 8,870                                    | 35,121                     |
| Allowance for expected credit allowance   | 22,509                   | (1,862)                                  | 20,647                     |
| Provision for annual leave days           | <u>5,867</u>             | <u>(3,422)</u>                           | <u>2,445</u>               |
| Net deferred tax asset                    | <u>418,975</u>           | <u>89,505</u>                            | <u>508,480</u>             |

ICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025

| 16. LONG TERM DEPOSIT                             | 2025<br>KShs '000 | 2024<br>KShs '000 |
|---------------------------------------------------|-------------------|-------------------|
| Rental deposits                                   | 240,098           | 224,979           |
| Less: Allowance for expected credit losses        | <u>(8,992)</u>    | <u>(8,682)</u>    |
|                                                   | <u>231,106</u>    | <u>216,227</u>    |
| Movement in allowance for expected credit losses: |                   |                   |
| At 1 January                                      | 8,752             | 8,752             |
| Increase (note 9)                                 | <u>240</u>        | <u>-</u>          |
| At 31 December                                    | <u>8,992</u>      | <u>8,752</u>      |

17. INVENTORIES

|                |                  |                  |
|----------------|------------------|------------------|
| Stock in trade | <u>4,430,959</u> | <u>3,554,903</u> |
|----------------|------------------|------------------|

18. TRADE AND OTHER RECEIVABLES

|                                            |                  |                  |
|--------------------------------------------|------------------|------------------|
| Trade receivables                          | 1,453,989        | 1,386,806        |
| Deposits                                   | 329,448          | 223,984          |
| Prepaid expenses                           | <u>69,145</u>    | <u>47,804</u>    |
| Gross trade and other receivables          | 1,852,582        | 1,658,594        |
| Less: Allowance for expected credit losses | <u>(57,423)</u>  | <u>(46,490)</u>  |
| Net trade and other receivables            | <u>1,795,159</u> | <u>1,612,104</u> |

|                   | Gross<br>amount<br>KShs '000 | Allowance for<br>expected credit<br>losses<br>KShs '000 | Carrying<br>Amount<br>KShs '000 |
|-------------------|------------------------------|---------------------------------------------------------|---------------------------------|
| 31 December 2025  |                              |                                                         |                                 |
| Trade receivables | 1,453,989                    | (57,423)                                                | 1,396,566                       |
| Deposits          | <u>329,448</u>               | <u>-</u>                                                | <u>329,448</u>                  |
|                   | <u>1,783,437</u>             | <u>(57,423)</u>                                         | <u>1,726,014</u>                |
| 31 December 2024  |                              |                                                         |                                 |
| Trade receivables | 1,386,806                    | (46,490)                                                | 1,340,316                       |
| Deposits          | <u>223,984</u>               | <u>-</u>                                                | <u>223,984</u>                  |
|                   | <u>1,610,790</u>             | <u>(46,490)</u>                                         | <u>1,564,300</u>                |

In the opinion of the directors, the carrying amounts of trade and other receivables are approximate to their fair value.

The closing allowance for expected credit losses allowance for trade and other receivables reconcile to opening allowance for expected credit losses as set out below:

|                                                                                       | 2025<br>KShs '000 | 2024<br>KShs '000 |
|---------------------------------------------------------------------------------------|-------------------|-------------------|
| At 1 January                                                                          | 46,490            | 55,228            |
| Increase/ (decrease) in loss allowance recognized through statement of profit or loss | <u>10,933</u>     | <u>(8,738)</u>    |
| At 31 December                                                                        | <u>57,423</u>     | <u>46,490</u>     |

QUICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025

| 19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES     | 2025<br>KShs '000 | 2024<br>KShs '000 |
|---------------------------------------------------|-------------------|-------------------|
| Lease liabilities:                                |                   |                   |
| At 1 January                                      | 7,198,337         | 7,491,087         |
| Additions                                         | 873,684           | 227,119           |
| Rent payments                                     | (1,614,290)       | (1,515,349)       |
| Lease modifications                               | (95,568)          | -                 |
| Reversal on lease cancellation                    | (49,135)          | -                 |
| Accretion of interest (note 10)                   | <u>1,008,131</u>  | <u>995,480</u>    |
| At 31 December                                    | <u>7,321,159</u>  | <u>7,198,337</u>  |
| Current portion                                   | 811,103           | 885,355           |
| Non-current portion                               | <u>6,510,056</u>  | <u>6,312,982</u>  |
|                                                   | <u>7,321,159</u>  | <u>7,198,337</u>  |
| Right-of-use of assets:                           |                   |                   |
| Cost:                                             |                   |                   |
| At 1 January                                      | 8,755,869         | 8,528,750         |
| Additions                                         | 873,684           | 227,119           |
| Reversal on lease cancellation                    | (49,135)          | -                 |
| Gain on lease termination                         | 17,489            | -                 |
| Lease modifications                               | <u>(95,568)</u>   | <u>-</u>          |
| At 31 December                                    | <u>9,502,339</u>  | <u>8,755,869</u>  |
| Accumulated depreciation:                         |                   |                   |
| At 1 January                                      | 3,436,278         | 2,563,676         |
| Charge for the year                               | <u>897,467</u>    | <u>872,602</u>    |
| At 31 December                                    | <u>4,333,745</u>  | <u>3,436,278</u>  |
| Carrying amount:                                  |                   |                   |
| At 31 December                                    | <u>5,168,594</u>  | <u>5,319,591</u>  |
| 20. SHORT TERM DEPOSITS                           |                   |                   |
| Short-term deposits with commercial banks         | 1,410,945         | 809,279           |
| Less: Allowance for expected credit losses        | <u>(17,431)</u>   | <u>(2,704)</u>    |
|                                                   | <u>1,393,514</u>  | <u>806,575</u>    |
| Movement in allowance for expected credit losses: |                   |                   |
| At 1 January                                      | 2,704             | -                 |
| Increase (note 9)                                 | <u>14,727</u>     | <u>2,704</u>      |
| At 31 December                                    | <u>17,431</u>     | <u>2,704</u>      |
| 21. CASH AND BANK BALANCES                        |                   |                   |
| Cash at bank                                      | 603,081           | 898,546           |
| Less: Allowance for expected credit losses        | <u>(84)</u>       | <u>(10,880)</u>   |
| Net cash at bank                                  | 602,997           | 887,666           |
| Cash in hand                                      | <u>199,453</u>    | <u>181,741</u>    |
| Net cash and bank balances                        | <u>802,450</u>    | <u>1,069,407</u>  |
| Movement in allowance for expected credit losses: |                   |                   |
| At 1 January                                      | 10,880            | 11,049            |
| Decrease (note 9)                                 | <u>(10,796)</u>   | <u>(169)</u>      |
| At 31 December                                    | <u>84</u>         | <u>10,880</u>     |

QUICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025

| 22. CAPITAL AND REVENUE RESERVES                    | 2025<br>KShs '000 | 2024<br>KShs '000 |
|-----------------------------------------------------|-------------------|-------------------|
| Authorised:                                         |                   |                   |
| 10,000 ordinary shares of KShs 100 each             | 1,000             | 1,000             |
| Issued and fully paid:                              |                   |                   |
| 1,300 (2021: 1300) ordinary shares of KShs 100 each | <u>130</u>        | <u>130</u>        |
|                                                     | <u>130</u>        | <u>130</u>        |
| Share premium                                       | <u>799,970</u>    | <u>799,970</u>    |

The share premium represents the excess of the price paid for the additional shares over the par value. The share premium is not distributable.

23. PROPOSED DIVIDENDS

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are not recognised until they have been declared at an Annual General Meeting (AGM).

During the year ended 31 December 2025, the directors declared and paid an interim dividend of KShs 1,647,055,000 (2024: KShs 1,176,465,000). The Directors do not recommend payment of final dividend for the year ended 31 December 2025 (2024: nil).

24. BORROWINGS

| The borrowings are made up as follows: | 2025<br>KShs '000 | 2024<br>KShs '000 |
|----------------------------------------|-------------------|-------------------|
| At 1 January                           | 177,066           | 788,748           |
| Repayments                             | <u>(130,780)</u>  | <u>(611,682)</u>  |
| At 31 December                         | <u>46,286</u>     | <u>177,066</u>    |

Bank borrowing relates to a loan facility with Family Bank Limited amounting to KShs 1.85 billion. The loan is meant for capital expenditure. This loan attracts interest at a rate of 13% p.a. and is repayable monthly within the term of 36 months; and KShs 350 million meant for working capital financing. The working capital financing loan is a short-term loan payable within 90 days and attracts interest rate of 13%p.a. The facility has the following securities:

- i) All asset debentures over company assets for KShs 1.85 billion;
- ii) Resolution to borrow from Sokoni Retail Kenya Limited;
- iii) Letter of comfort by Sokoni Retail Kenya Limited; and
- iv) Quick Mart Limited directors' resolution to borrow.

| 25. TRADE AND OTHER PAYABLES                 | 2025<br>KShs '000 | 2024<br>KShs '000 |
|----------------------------------------------|-------------------|-------------------|
| Trade payables                               | 10,890,644        | 8,932,292         |
| Accrued expenses                             | 171,664           | 174,245           |
| Withholding VAT payable                      | 16,778            | 56,905            |
| Provision for loyalty point liabilities      | 139,070           | 117,070           |
| Amounts due to the related company (26(iii)) | <u>-</u>          | <u>8,275</u>      |
|                                              | <u>11,218,156</u> | <u>9,288,787</u>  |

QUICK MART LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025

26. RELATED PARTY TRANSACTIONS AND BALANCES

The parent company is Sokoni Retail Kenya Limited while the ultimate holding company is Sokoni Holdings Limited; both incorporated in Mauritius.

The following transactions were carried out with related parties:

|                                                         | 2025<br>KShs '000 | 2024<br>KShs '000 |
|---------------------------------------------------------|-------------------|-------------------|
| i) Management fees                                      |                   |                   |
| Sokoni Holdings Limited                                 | 40,628            | -                 |
| Sokoni Retail Kenya Limited                             | <u>167,796</u>    | <u>141,400</u>    |
|                                                         | <u>208,424</u>    | <u>141,400</u>    |
| ii) Consultancy fees                                    |                   |                   |
| Oltotoi Ranch Limited                                   | <u>38,610</u>     | <u>-</u>          |
| iii) Key management compensation                        |                   |                   |
| Short-term employee benefits                            | 108,166           | 85,761            |
| Directors' fees                                         | <u>82,926</u>     | <u>72,411</u>     |
|                                                         | <u>191,092</u>    | <u>158,172</u>    |
| iv) The amounts due to related parties were as follows: |                   |                   |
| Sokoni Retail Kenya Limited                             | <u>-</u>          | <u>8,275</u>      |

The amounts due to Sokoni Retail Kenya Limited relates to management fees.

27. FINANCIAL GUARANTEES

The Company had financial guarantees of KShs 467.18 million as at 31 December 2025 (2024: KShs 455.85 million). The guarantees are granted to select suppliers who demand such to secure credit limits or in lieu of deposits for leased properties. All the guarantees are held with local banks.

28. GOING CONCERN

For the year ended 31 December 2025, the Company recorded a profit before tax of KShs 2.2 billion (2024: KShs 1.6 billion) and generated positive cash flows from operations of KShs 4.8 billion (2024: KShs 4.2 billion). However, the Company had a net current liability position of KShs 3.7 billion as of 31 December 2025 (2024: KShs 3.3 billion). The directors consider that this could represent a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern should the Company not be able to:

- Generate sufficient cashflows from operations to meet its obligations to its creditors when these obligations are due for payment. In addition, the plans to improve financial performance as forecasted require additional funding for capital expenditure to expand. The Company's ability to repay trade creditors is also critical in ensuring continued availability of supplies and services from the creditors which is necessary for continued operations of the Company.
- Obtain lenders' additional funding for capital expenditure.
- Obtain the Parent Company financial support as and when required e.g., through guaranteeing commercial loans and funding from on-lent loans or equity and providing the required approvals to mobilise funding from other sources.
- Comply with loan repayment obligations and borrowing agreement covenants and obtain the required waivers. In the absence of waivers, breach of loan repayment obligations and covenants that are not rectified within the time specified in the respective agreements, as applicable, would cause an event of default under the loan agreements. Unless covenant breach waivers and loan repayment moratoria are obtained, the debt may be called due which could materially impact the ability of the Company to meet debt repayment obligations and fund operations and critical capital expenditure.

28. GOING CONCERN (CONTINUED)

Despite the above, the Company has made significant strides in improving its financial performance and continues to receive immense support from its key stakeholders including the parent company, suppliers, and lenders. The directors expect that ongoing initiatives and invaluable support from key stakeholders will strengthen the Company's financial position and improve its performance.

Whilst the Company remains in a net current liability position in line with the global retail industry practice, the directors have put in place the following measures to drive its financial and liquidity position:

- Focus on growing its margins through range building and category management.
- Efficient management of inventories to ensure efficient holding and optimal rotation.
- Continuous negotiation with suppliers for favorable credit terms.
- Turnover optimization through sustainable marketing initiatives such as promotions and enhancement of loyalty customers management.
- Maintenance of the current disciplined cost management strategy.
- Continue sourcing funds at competitive interest rates and favorable payment terms.
- Maintain minimal levels of dividends or freeze the same, if necessary.
- Obtain support from the parent company, if and when necessary.

Given the nature of the business and in line with the industry best practices, the Company's strategy is to prudently increase its negative working capital to improve its cash flows by increasing its inventory rotation (maintaining an average of 30 days for inventory), minimize growth in trade receivables and negotiation of better terms from our suppliers (average 60 payables' days). Trade credit is therefore an important source of financing for the business and hence the healthy negative working capital that was maintained. To augment trade credit, the company has maintained its facility with Family Bank Limited with an overall limit of KShs 1.85 billion in year 2025. However, due to its strong operating cash flows, the Company only had an outstanding liability of KShs 46.3 million from this facility as at year-end and continues to be prudent in the application of debt to fund its development.

In line with standard governance practice, the directors have made the above assessment of the Company's liquidity position and are satisfied of the Company's ability to continue as a going concern for the foreseeable future and thus, the financial statements are prepared on the basis of accounting policies applicable to going concern.

29. EVENTS AFTER REPORTING THE REPORTING PERIOD

The directors are not aware of any other event after the reporting date that require disclosure in or adjustments to the financial statements.