

*CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025*

MACO

MAINGĪ AUKA & COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS OF KENYA

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**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

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TRUSTEES, PROFESSIONAL ADVISERS AND OTHER INFORMATION

Trustees

Michael Omondi	-	Chairperson
Grace Ndung'u	-	Trustee
Lydia Wambugu	-	Trustee
Michael Wamae	-	Trustee
Jostine Orina	-	Trustee
Peter Kagwi	-	Trustee
Victor Muguna	-	Trustee
Grace Mwai	-	Trustee
Joshua Omollo	-	Trustee

Administrator

Enwealth Financial Services Limited
Enwealth Business Centre
Ngong Lane, Off Ngong Road
P.O. Box 52840 - 00200
Nairobi.

Investment manager

Cytonn Asset Managers Limited
Cysuites Work Spaces, Church Road, Westlands
P.O. Box 20695 - 00200
Nairobi.

Custodian

Custodial services
SBM Bank Central offices
Riverside mews
P.O BOX 34886 - 00100
Nairobi.

Independent auditor

Maingi Auka & Company LLP
Certified Public Accountants (Kenya)
3rd Floor, Pension Towers, Loita Street
P.O. Box 76172 - 00508
Nairobi.

Registered office

Cysuites Work Spaces, Church Road, Westlands
P.O. Box 20695 - 00200
Nairobi.

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME
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REPORT OF THE TRUSTEES

The Trustees present the annual report together with the audited financial statements for the year ended 31 December 2025 which disclose the state of affairs of the scheme.

Establishment, nature, and status of the Scheme

The Scheme was established and is governed, by a Trust Deed dated 28 May 2019. It is a defined contribution Scheme and provides, under the rules of the Scheme, retirement benefits for the members on retirement at a specified age and the relief for certain of the dependants of members who die while in membership of the Scheme. It is an exempt approved plan under the Income Tax Act and is registered with the Retirement Benefits Authority. However, income on contributions in excess of Shs 240,000, Shs 360,000 effective 27th December 2024 per annum is subject to income tax.

Principal activity

The main purpose of the Scheme is the provision of retirement benefits and other ancillary benefits to members upon their retirement at a specified age and relief for the dependents of deceased members as defined in the Trust Deed and Rules or the Legal Instrument of Establishment.

Contributions

Each Sponsor and each Member employed by such Sponsor shall be liable to make the contributions to the Scheme provided for herein and in the Rules and in the Deed of Adherence executed by such Sponsor and in determining the amounts to be paid in respect of such contributions the Sponsors and the Members may reduce the amounts of such contributions by the amounts of their respective contributions to the State Scheme.

The Scheme also receives NSSF Tier II contributions from both members and employers in accordance with the NSSF Act, 2013. These Tier II contributions are treated as pensionable contributions and are credited to individual members' accounts in line with the Scheme Rules. The Board of Trustees confirms that all such contributions are properly accounted for and invested in compliance with the applicable laws, regulations, and approved investment guidelines.

Withdrawals benefits

A member, less than 50 years of age, who leaves service of own free will or is dismissed by the Sponsor, shall be entitled to benefits equal to:

- i) 50% of the total accrued benefits exclusive of NSSF Tier II contributions at the date of leaving service.
- ii) While the remaining 50% of the total accrued benefits will be transferred out to the Scheme of the new employer or deferred to normal retirement age.

Membership

Description	2025			2024		
	Active	Deferred	Totals	Active	Deferred	Totals
At start of year	72	171	243	150	101	251
Joiners	44	24	68	-	74	74
Adjustments	-	230	230	-	-	-
Non-contributors	(24)	-	(24)	-	-	-
Retirements	-	(1)	(1)	-	-	-
Leavers	-	(7)	(7)	(78)	(4)	(82)
	<u>92</u>	<u>417</u>	<u>509</u>	<u>72</u>	<u>171</u>	<u>243</u>

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REPORT OF THE TRUSTEES (continued)

Deferred members comprise those members who have left the Scheme, for any reason other than death, having completed one or more years' service and who are entitled to a deferred benefit of the amount accrued in respect of the Founder's contributions, which are retained in the Scheme until certain conditions are met

Financial review

The statement of changes in net assets on page 12 shows an increase in net assets of the Scheme for the year of Shs. **14,335,956** (2024: increase Shs. **12,999,067**) and the statement of net assets available for benefits on page 13 shows the Scheme's net assets as Shs. **75,124,379** (2024: Shs. **60,788,422**)

The net rate of return on investments to be credited to the members' accounts on the registered fund for the year is **19.25%** (2024: **18.85%**), while the net rate of return to be credited to the members' accounts on the unregistered fund for the year is **16.29%** (2024: **18.13%**)

Investment of members' Funds

Under the terms of their appointment, Cytonn Asset Managers Limited (Investment Managers) are responsible for the investment of the available funds. However, the overall responsibility for investment and performance lies with the Trustees.

Trustees are responsible for determining the Scheme's Investment Strategy and have in place the Investment Policy Statement dated 15 May 2025.

The principal objective of the Investment Policy Statement is to document the investment policy and summarise the investment strategy, set out decision making responsibilities relating to the Scheme's assets, provide a framework for the effective implementation and review of all the components of the investment strategy, assist stakeholders, including the trustees in understanding the Investment policy and strategies of the Scheme and to demonstrate the adherence to legislation.

The Scheme's investment managers are guided by an established Investment Policy. The make-up of the investments as at year-end is summarised in the investment compliance table below.

Amounts credited to members' accounts

In accordance with Legal Notice No. 22, The Retirement Benefits (Umbrella Retirement Benefits Schemes) (Amendment) Regulations, 2023, in determining the amounts to be credited to members' accounts, the Trustees have excluded unrealized gains and losses arising from the valuation of financial assets using the fair value model.

The net income/(loss) to be allocated to the members' accounts has therefore been arrived at as follows:

	2025	2024
	Shs	Shs
Net return/(loss) on investments, less investment management and administration expenses, as reported in the audited financial statements	12,324,364	11,133,607
Adjusted for:		
Unrealised (gains) / losses from the revaluation of debt instruments using the fair value model arising in the prior year realised in the current year	-	-
Unrealised losses/ (gains) from the revaluation of debt instruments using the fair value model arising in the current year	<u>(1,170,589)</u>	<u>(1,950,462)</u>
Amount credited to members' accounts	<u>11,153,775</u>	<u>9,183,145</u>

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REPORT OF THE TRUSTEES (continued)

We confirm that there is no self-investment, nor have the Scheme's assets been used as security or collateral on behalf of the employer or any connected business or individual.

The Scheme's investment managers are guided by an established Investment Policy. The make-up of the investments as at year-end is summarised in the investment compliance table below:

Investment compliance (Continued)

	Value as at 31/12/2025	% of portfolio %	Value as at 31/12/2024	% of portfolio %	% RBA limits %
Treasury bonds	24,546,577	32.54	25,493,687	42.25	90.00
Quoted equities	20,631,555	27.35	13,688,600	22.68	70.00
Fixed deposits	4,415,013	5.85	6,149,243	10.19	30.00
Cytonn unit trust	13,760,553	18.24	3,166,464	5.25	20.00
Cash at bank	281,115	0.37	48,611	0.08	5.00
	<u>63,634,813</u>	<u>84.36</u>	<u>48,546,603</u>	<u>80.45</u>	
Property – Alma Unit	<u>11,800,000</u>	<u>15.64</u>	<u>11,800,000</u>	<u>19.55</u>	30.00
	<u><u>75,434,813</u></u>	<u><u>100.00</u></u>	<u><u>60,346,603</u></u>	<u><u>100.00</u></u>	

Investment policy statement (Fund management)

The primary investment objectives of the Scheme are as follows:

- i) Capital preservation: The investment of the Scheme's assets will ensure the preservation of capital.
- ii) Long term capital growth: Capital growth with avoidance of risk over the long term. Short term volatility will be tolerated if appropriate considering the asset class and comparable market risk.
- iii) Return on investment: The attainment of the agreed investment performance deliverables against the accepted benchmarks over the investment period.
- iv) Liquidity: An adequate level of liquidity will be maintained to enable the scheme to meet its liabilities and obligations.

Trustees

The Trustees are appointed in accordance with the requirements of the Retirement Benefits Act, and the Scheme's Trust Deed and Rules. The current Trustees of the Scheme to the date of this report are listed on page 2.

Auditors

The auditors, Maingi Auka & Company LLP, have expressed their willingness to continue in office in accordance with Section 34 (3) of the Retirement Benefits Act, and subject to Scheme's Trust Deed and Rules. The Trustees monitor the effectiveness, objectivity, and independence of the auditor. He also approves the annual audit engagement, which sets out the auditors' appointment and related fees.

For the Trustees

Peter Kagwi

Trustees

23/March/ 2026

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SCHEME GOVERNANCE DISCLOSURE STATEMENT

1. Trustees in office

Name of Trustee	Age	Category	No. of Meetings attended during the year	Certified (Yes/No)	Highest Qualification	Membership of other Trustee Boards
Michael Omondi	32	Independent	1	Yes	Bachelor	No
Grace Ndung'u	45	Independent	1	Yes	Bachelor	No
Lydia Wambugu	52	Independent	1	Yes	Masters	No
Michael Wamae	35	Independent	1	No	Bachelor	No
Jostine Orina	32	Independent	1	No	Bachelor	No
Peter Kagwi	32	Independent	1	No	Bachelor	No
Victor Muguna	31	Independent	1	Yes	Bachelor	No
Grace Mwai	28	Independent	1	No	Bachelor	No
Joshua Omollo	26	Independent	1	Yes	Bachelor	No

2. Dates of Trustee Board Meetings

The Board of Trustees held One (1) board meeting of its governing body for the scheme during the year ended 31 December 2025.

The board meeting was held on the date set out below:

- a) 28th November 2025 – BOT Q4 2024 to Q3 2025

3. Transition from Corporate Trustee to Trustees

The Scheme hereby notifies its members and stakeholders of a transition in its trustee structure from a Corporate Trustee to Individual Trustees. The Corporate Trustee shall formally hand over all trustee responsibilities, documents, and records to the Individual Trustees effective on 16th September 2025.

4. Composition of the Board of Trustees

- a) Gender balance: Female: 33.33%. Male: 66.67%
 b) Skills mix: No of Trustees with financial skills: Three (3)
 c) Age mix: Number of Trustees who are younger than 35 years. Six (6)
 d) Number of Trustees who are older than 35 years. Three (3)

5. Committees of the Board

The Committees of the Board are formed on need basis

6. Fiduciary responsibility statement

The Board of Trustees are the governing body of the **Cytonn Umbrella Retirement Benefits Scheme** and are responsible for the corporate governance of the scheme. The trustees are responsible for ensuring that the administration of the scheme is conducted in the best interests of the scheme's members and the sponsor. To achieve this, the trustees embrace its fiduciary responsibility by:

- (a) Acting honestly and not improperly use inside information or abuse its position;
 (b) Exercising the highest degree of care and diligence in the performance of its duties that a reasonable person in a like position would exercise in the circumstances; and
 (c) Performing its duties with the requisite degree of skill.

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SCHEME GOVERNANCE DISCLOSURE STATEMENT(Continued)

The Scheme has complied with the laws, regulations, and guidelines that govern retirement benefits Schemes and the Scheme's business operations.

7. Responsible corporate citizenship

The Scheme is 100% invested in a segregated fund and in the opinion of the Trustees, the Scheme have not been involved in any activity that may undermine the well-being of the Sponsor, members, or the community in which it operates.

8. Key outcomes

The Trustees seek to achieve the following:

- (a) Building trust with the members and sponsor of the scheme so that they are satisfied with the administration of the scheme;
- (b) Supporting innovation and developing solutions that meet the members' and sponsor's needs; and
- (c) Ensuring that the scheme's administrative processes remain transparent and accessible to members and the sponsor.

The Board of Trustees will measure the progress towards these outcomes through:

- a) Triennial members' survey score. **No survey was conducted**
- b) Regular reports and feedback from the sponsor. No. of reports **N/A**


9. Annual general meeting (AGM)

The Board of Trustees has not held the Annual General Meeting **for the year 2024**. The Trustees intend to have the Annual General Meeting for the year 2024 and 2025 held in 2026, having been duly constituted and legally quorate.

10. Trustee remuneration policy

During the year under review, the founder replaced the Corporate Trustee with Individual Trustees. Both the Corporate Trustee and the Individual Trustees were remunerated for service rendered to the Scheme During the Year ended 31 December 2025 for a total sum of Shs **138,752**

For the Board of Trustees:

Signed 
.....
(Chairperson)

Dated **23/March/.....2026**

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME
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STATEMENT OF TRUSTEES RESPONSIBILITIES

Section 34 of the Retirement Benefits Act requires the Trustees to prepare financial statements in respect of their scheme, which give a true and fair view of the state of affairs of the scheme at the end of the financial year and the operating results of the scheme for that year. It also requires the Trustees to ensure that the Scheme keeps proper accounting records which disclose with reasonable accuracy the financial position of the Scheme and Safeguard the assets of the Scheme.

The Trustees are responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme for and as at the end of the financial year ended on 31 December 2025. This responsibility includes:

- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv) Safeguarding the assets of the entity;
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances

The Trustees are responsible for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the Retirement Benefits Act, 1997.

The Trustees are of the opinion that the Scheme's financial statements give a true and fair view of the state of Scheme's transactions during the financial year ended as at December 2025, and of the Scheme's financial position as at that date. The Trustees further confirm the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme's financial statements as well as the adequacy of the systems of internal financial control.

The Trustees certify that to the best of their knowledge and belief the information furnished to the auditors for the purposes of the audit was correct and complete in every respect.

Nothing has come to the attention of the Trustees to indicate that the Scheme will not remain a going concern for at least the next twelve months from the date of this statement.

The Trustees acknowledge that the independent audit of the Scheme's financial statements does not relieve them their responsibilities.

The statement was approved by the Trustees on 23rd March.....2026 and signed on its behalf by:

For the Trustees,

Name: Peter Kagwi

Designation: Trustee

Sign: Peter Kagwi

Name: Lydia Wambugu

Designation: Trustee

Sign: Lydia Wambugu

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MAINGI AUKA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS OF KENYA

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Email: info@maingiauka.com

REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME

Opinion

We have audited the accompanying financial statements of Cytonn Umbrella Retirement Benefits Scheme set out on pages 12 to 27, which comprise the statement of changes in net assets available for benefits, statement of net assets as at 31 December 2025, and statement of changes in member's funds and statement of cash flows for the year then ended, together with a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Scheme as at 31 December 2025 and of the statement of changes in net assets available for benefits and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Retirement Benefits Act, 1997.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 Scheme in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Trustees are responsible for the other information. Other information comprises the information included in the annual report, but 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 any form 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 on the other information that we obtained prior to the date of this auditor's report, 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements and in forming our opinion thereon, and we do not provide a separate opinion on them.

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF CYTONN UMBRELLA
RETIREMENT BENEFITS SCHEME (Continued)**

Responsibilities of Trustee for the financial statements

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits Act, and for such internal controls as the Trustees determine are 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 Trustees are responsible for assessing the Scheme'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 Trustees either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

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 ISA's 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 based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- 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 a fair presentation.
- Conclude on the appropriateness of the Trustees 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 Scheme'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 Scheme to cease to continue as a going concern.

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF CYTONN UMBRELLA
RETIREMENT BENEFITS SCHEME (Continued)**

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Scheme to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Scheme's audit. We remain responsible for our audit opinion.

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

Report on other legal requirements

As required by the Kenyan Retirement Benefits Act, we report to you, based on our audit, that in our opinion, the information given in the report of the trustees on pages 3 to 5 is consistent with the financial statements.

*The Engagement Partner responsible for the audit resulting in the independent auditor's report is
FCPA, Dr. Jackson K. Maingi, Practicing Certificate No. 1331.*



For and on behalf of:
Maingi Auka & Company LLP
Certified Public Accountants
P.O BOX 76172 – 00508
Nairobi



Date 25th March, 2026



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**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME
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STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Note	2025 Shs	2024 Shs
Income from dealings with members			
NSSF Tier II Contributions	4(a)	<u>4,053,236</u>	<u>2,039,924</u>
		<u>4,053,236</u>	<u>2,039,923</u>
Outgoings from dealings with members			
Benefits paid to withdrawing members	5	<u>(2,041,644)</u>	<u>(174,464)</u>
Net surplus from dealings with members		<u>2,011,593</u>	<u>1,865,460</u>
Return on investments			
Investment income	6(a)	6,626,168	5,413,747
Change in fair value of investments	6(b)	<u>8,113,544</u>	<u>8,074,745</u>
Return on investment		14,739,712	13,488,492
Investment management expenses	8(a)	<u>(863,084)</u>	<u>(625,111)</u>
Gross return on investment		<u>13,876,628</u>	<u>12,863,381</u>
Expenditure			
Administration expenses	8(b)	(1,025,680)	(1,441,689)
Tax expense for the year	13	<u>(526,585)</u>	<u>(288,085)</u>
		<u>(1,552,265)</u>	<u>(1,729,774)</u>
Net return on investment		<u>12,324,364</u>	<u>11,133,607</u>
Net increase in net assets for the year		<u>14,335,956</u>	<u>12,999,067</u>
Net assets available for benefits at the start of the year		<u>60,788,422</u>	<u>47,789,355</u>
Net assets available for benefits at end of year		<u>75,124,379</u>	<u>60,788,422</u>

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STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 31 DECEMBER

	Note	2025 Shs	2024 Shs
Investments			
Investments at fair value	7	45,178,132	39,182,287
Investments at amortized cost	7	4,415,013	6,149,243
Cytonn unit trust		13,760,553	3,166,464
Property- Alma Unit		11,800,000	11,800,000
		<u>75,153,698</u>	<u>60,297,994</u>
Current assets			
Cash at bank	11(a)	281,115	48,611
Contribution debtors	12	319,868	611,972
Tax recoverable	13	-	254,341
		<u>600,983</u>	<u>914,924</u>
Current liabilities			
Tax payable	13	(113,797)	-
Accounts payable	10	(516,505)	(424,496)
		<u>(630,302)</u>	<u>(424,496)</u>
Net current liabilities / assets		<u>(29,319)</u>	<u>490,428</u>
Total net assets available for benefits		<u><u>75,124,379</u></u>	<u><u>60,788,422</u></u>
Financed by			
Members fund		73,367,916	60,202,549
Revaluation reserve		1,756,463	585,873
		<u>75,124,379</u>	<u>60,788,422</u>

The financial statements on pages 12 to 27 were approved for issue by the Trustees on.....

.....2026 and signed on their behalf by:

Peter Kagui

Trustee

J. Wambui

Trustee

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME
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STATEMENT OF CHANGES IN MEMBERS' FUNDS

	Members Funds Shs	Revaluation Reserve Fund Shs	Totals Shs
Year ended 31 December 2024			
At 1 January 2024	49,153,944	(1,364,589)	47,789,355
Contributions and transfers in	2,039,924	-	2,039,924
Withdrawal benefits payable	(174,464)	-	(174,464)
Net investment profit	11,133,607	-	11,133,607
Transfer to reserve	<u>(1,950,462)</u>	<u>1,950,462</u>	<u>-</u>
At 31 December 2024	<u>60,202,549</u>	<u>585,873</u>	<u>60,788,422</u>
Year ended 31 December 2025			
At 1 January 2025	60,202,549	585,873	60,788,422
Contributions and transfers in	4,053,236	-	4,053,236
Withdrawal benefits payable	(2,041,644)	-	(2,041,644)
Net investment profit	12,324,364	-	12,324,364
Transfer to reserve	<u>(1,170,589)</u>	<u>1,170,589</u>	<u>-</u>
At 31 December 2025	<u>73,367,916</u>	<u>1,756,463</u>	<u>75,124,379</u>

Revaluation reserve fund is created from the revaluation gains on treasury bonds (undistributable gains), in accordance with Legal Notice No. 22 of the Retirement Benefits (Umbrella Scheme) (Amendment) Regulations, 2023. This Legal Notice requires unrealised gains or losses from treasury bonds to be excluded from distribution to members.

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STATEMENT OF CASH FLOWS

	Note	2025 Shs	2024 Shs
Cash flows from operating activities			
Contributions received		4,345,340	60,114
Benefits paid to seceding members	5	(2,041,644)	(174,464)
Administrative expenses paid		(978,783)	(1,391,466)
Tax paid	13	<u>(158,447)</u>	<u>(258,319)</u>
Net cash generated/(used in) from operations activities		<u>1,166,467</u>	<u>(1,764,135)</u>
Cash flows from investing activities			
Investment income received		8,375,268	2,282,843
Investment management expenses paid		(817,972)	(581,884)
Purchase of Cytonn Unit Trust		(10,594,089)	-
Purchase of investment	7(a)	(2,971,929)	(3,617,093)
Sale of investments	7(a)	<u>5,074,759</u>	<u>3,719,732</u>
Net cash (used in) /generated in investing activities		<u>(933,962)</u>	<u>1,803,598</u>
Net Increase in cash and cash equivalents		<u>232,504</u>	<u>39,463</u>
Movement in cash and cash equivalents			
At the start of the year		48,611	9,149
Net Increase in cash and cash equivalents		<u>232,504</u>	<u>39,463</u>
Cash and cash equivalents at the end of the period	11(b)	<u>281,115</u>	<u>48,611</u>

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ACCOUNTING POLICIES

1. Material accounting policy information

The accounting policy information considered material in the preparation of these financial statements is set out below:

a) Basis of preparation

The financial statements are prepared in accordance with and comply with IFRS Accounting Standards (IFRS) issued by the International Accounting Standards Board, the Kenyan Retirement Benefits (Umbrella Retirement Benefits Schemes) Regulations, 2000, and the Retirement Benefits (Umbrella Retirement Benefit Schemes) Regulations, 2000.

The financial statements summarize the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay benefits that fall due after the end of the year.

The financial statements are presented in Kenya Shillings (Shs), and are prepared under the historical cost convention, as modified by the carrying of investments at fair value.

For those assets and liabilities measured at fair value, 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. When measuring the fair value of an asset or a liability, the scheme uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the scheme using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

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

Transfers between levels of the fair value hierarchy are recognised by the scheme at the end of the reporting period during which the change occurred.

b) New and revised standards

i. Adoption of new and revised standards

- Amendments to IAS 21 titled Lack of Exchangeability (issued in August 2023, effective 1 January 2025). The standard has been adopted by the Scheme where applicable.

The amendment has not had a material impact on the Scheme's financial statements.

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME
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ACCOUNTING POLICIES (Continued)

ii. New and revised standards and interpretations which have been issued but are not yet effective.

The Scheme has not applied the following revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2025.

- IFRS 18 titled Presentation and Disclosure in Financial Statements (issued in April 2024, effective 1 January 2027).
- IFRS 19 titled Subsidiaries without Public Accountability: Disclosures (issued in May 2024, effective 1 January 2027).
- Amendments to IFRS 9 and IFRS 7 titled Amendments to the Classification and Measurement of Financial Instruments (issued in May 2024, effective 1 January 2026).
- Annual Improvements to IFRS Accounting Standards - Volume 11 (issued in July 2024, effective 1 January 2026).
- Amendments to IFRS 9 and IFRS 7 titled Contracts Referencing Nature-dependent Electricity (issued in December 2024, effective 1 January 2026).

The Trustees have assessed the potential impact of the above and expect that they will not have a significant impact on the Scheme's financial statements.

c) Contribution receivables and revenue recognition

Contributions from the members and employer are accounted for in the period in which they fall due. The Scheme's revenue is generated from monthly contributions from members, interest income from government securities and dividends from quoted and unquoted equities. Revenue represents the fair value of consideration received or receivable in the course of the Scheme's activities. It is recognized when it is probable that future economic benefits will flow to the Scheme and the amount of revenue can be measured reliably. It is stated net of value added tax, rebates and trade discount

Investments are carried at fair value. The fair value of marketable securities is the market value. Securities that have fixed redemption values are carried at those amounts assuming constant rates of return to maturity. Interest on Government securities, corporate bonds, short-term deposits, treasury bills and offshore investments is recognized in the period in which it is earned. Interest income is recognized in the changes in net assets available for benefit as it accrues and is calculated by using the effective interest rate method. Investment income also includes dividend income which is recognized when the right to receive the payment is established. Rental income is on a straight-line basis over the lease term. The excess of rental income on a straight-line over cash received is recognized as an operating lease liability/asset. Dividends are recognized when the Scheme's right to receive the payment is established.

d) Benefits payable

Benefits payable to seceding members are recognised as liabilities in the period in which they fall due

e) Income from investments

Dividend income is recognised when the right to receive the payment is established.

Interest income is recognised for all interest-bearing instruments on a time proportion basis using the effective interest method.

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ACCOUNTING POLICIES (Continued)

f) Investments

All purchases and sales of investments are recognised on the trade date, which is the date the scheme commits to purchase or sell the investment. The cost of purchase includes all transaction costs. Investments are subsequently carried at fair value. Changes in the fair value of investments are recognised in the Statement of Changes in Net Assets Available for Benefits.

g) Transfers in or out

Transfers are recognized in the period in which members join from other Schemes or leave for other Schemes. The values are based on methods and assumptions determined by Actuaries and accounted for in the statement of changes in net assets.

h) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in income statement in the period in which they arise, including the corresponding tax effect.

i) Contribution debtors and other accounts receivable

Critical estimates are made by the trustees in determining the recoverable number of receivables. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Accounts receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for Impairment. At the end of the year, a review of all outstanding amounts is made then a provision is given for bad and doubtful debts. All amounts that the management feels that are uncollectable, are written off as bad debts in the year in which they are identified.

j) Benefits and other accounts payables

Pensions and other benefits payable to seceding members are taken into account in the period in which they fall due. Accounts payable including accruals are recognized when the Scheme has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the Scheme. Accounts payable are initially measured at fair value, and are subsequently measured at amortized cost.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity of three months or less in the statement of financial position. Cash and cash equivalent are initially and subsequently recorded at fair value while placements are measured at amortized costs.

***CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME
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ACCOUNTING POLICIES (Continued)

l) Income tax expense

The scheme is an exempt approved plan under the Income Tax Act and is registered with the Retirement Benefits Authority. However, income on contributions in excess of Shs 240,000 Shs 360,000 effective 27th December 2024 per member per annum is subject to income tax.

The tax charge for the year is calculated on the investment income less administrative and investment management expenses apportioned to the supplementary (taxable) scheme, which comprises the cumulative contributions in excess of the limits imposed by the Income Tax Act for tax exempt schemes, and income thereon.

The rate used for apportionment of expenses is calculated by taking the total of the opening fund value, contributions received during the year and benefits paid during the year of the supplementary scheme as a portion of the total opening fund value, contributions received during the year and benefits paid during the year.

m) Functional and presentation currency

Assets and liabilities expressed in foreign currencies are translated to Kenya shillings at the rates of exchange ruling at the end of each reporting period while transactions during the year in foreign currencies are converted at the rates of exchange ruling on the dates of the transactions. Exchange gains or losses arising from foreign currency transactions are dealt with in the statement of changes in net assets.

n) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentations in the current year

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NOTES TO THE FINANCIAL STATEMENTS

2. Significant judgements and key sources of estimation and uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including exceptions of future events that are believed to be reasonable under the circumstances. There are no estimates or judgements made that give rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Financial risk management objectives and policies

The Scheme's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Scheme's overall risk management policies are set out by the fund managers and guidelines approved by the trustees, and focus on the unpredictability of changes in the financial markets and seek to minimise the potential adverse effects of such risks on its financial performance. The Scheme does not hedge against any risks.

i) Credit risk

Credit risk arises from cash and cash equivalents, fixed deposits, interest bearing investments, deposits with bank and receivable. It excludes equity investments. The investment manager assesses the credit quality of each investment, taking into account its credit rating. Individual risk limits are set by the trustees.

The Trustees ensure that the fund's obligations are met as they arise. The Trustees ensure prudent management of liquidity by planning and budgeting for cash requirements during the year. The Trustees ensure adequate funds are retained in liquid or near liquid forms to pay leavers within thirty days of leaving. The Trustees direct the Investment Manager to invest surplus funds not needed immediately for payments.

The amount that best represents the Scheme's maximum exposure to credit risk at 31 December 2025 is made up as follows:

	2025	2024
	Shs	Shs
Treasury bonds	24,546,577	25,493,687
Fixed and call deposits	4,415,013	6,149,243
Contribution debtors	319,868	611,972
Cash & bank balances	281,115	48,611
	<u>29,562,573</u>	<u>32,303,513</u>

ii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Interest rate risk

The fund's investments in variable rate deposits exposes it to cash flow interest rate risk, and its investments in fixed rate bonds expose it to fair value interest rate risk. The investment managers advise the Trustees on the appropriate balance of the portfolio between equity, fixed-rate interest, and variable-rate interest investments. The fund has no interest-bearing liabilities.

Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency. The investment managers advise the trustees on the appropriate limit of exposure to offshore investments.

Other price risk

Marketable instruments held by the fund include Treasury Bonds, Offshore Investments, Corporate Bonds and Commercial Papers whose market prices are subject to change. The trustees review the portfolio, set exposure limits and respond to market price changes and conditions to secure both fair values and cash flow from such instruments.

If the price of Quoted equity were to appreciate/depreciate by 5%, it would have resulted in an increase or decrease in net assets of Shs 1,031,578 (2024: Shs 684,430).

If the price of treasury bonds were to appreciate/depreciate by 5%, it would have resulted in an increase or decrease in net assets of Shs 1,227,329 (2024: Shs 1,274,684).

	2025	2024
	Shs	Shs
4 NSSF Tier II Contributions receivable		
NSSF Employee contributions	1,979,681	1,019,962
NSSF Employer contributions	1,979,681	1,019,962
Contributions in arrears	93,875	-
	<u>4,053,237</u>	<u>2,039,924</u>
5 Benefits paid to seceding members		
Benefits paid	2,041,644	174,464
	<u>2,041,644</u>	<u>174,464</u>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2025	2024
	Shs	Shs
6(a) Investment income		
Realized income		
Treasury bonds interest	3,203,902	3,398,918
Fixed and time deposits interest	882,471	464,953
Cytonn unit trust interest	1,144,089	504,608
Dividend income	1,127,400	782,000
Gain on sale of treasury bonds	13,589	80,268
Rent income	254,717	183,000
	<u>6,626,168</u>	<u>5,413,747</u>
6(b) Change in fair value of investment		
Revaluation gains on treasury bonds	1,170,589	1,950,462
Revaluation gains on quoted equity	6,942,955	4,756,445
Revaluation gains on Alma properties	-	1,367,838
	<u>8,113,544</u>	<u>8,074,745</u>
Total income	<u>14,739,713</u>	<u>13,488,492</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7(a) RECONCILIATION OF NET INVESTMENTS

Year ended 31 December 2025	At	Purchases	Sales	Change in fair	Gain / Loss	Accrued	Value at
	1/1/2025						at cost
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At fair value							
Quoted Equity	13,688,600	-	-	6,942,955	-	-	20,631,555
Treasury bonds	25,493,687	2,971,929	(5,074,759)	1,170,589	13,589	(28,457)	24,546,577
At amortized cost	39,182,287	2,971,929	(5,074,759)	8,113,544	13,589	(28,457)	45,178,132
Fixed and time deposits	6,149,243	5,160,000	(6,722,000)	-	-	(172,230)	4,415,013
	45,331,530	8,131,929	(11,796,759)	8,113,544	13,589	(200,686)	49,593,145

Year ended 31 December 2024

Year ended 31 December 2024	At	Purchases	Sales	Change in fair	Gain / Loss	Accrued	Value at
	1/1/2024						at cost
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At fair value							
Quoted equity	8,932,155	-	-	4,756,445	-	-	13,688,600
Treasury bonds	23,600,546	3,617,093	(3,719,732)	1,950,462	80,268	34,950	25,493,687
At amortized cost	32,532,701	3,617,093	(3,719,732)	6,706,907	80,268	34,950	39,182,287
Fixed and time deposits	1,819,422	9,177,000	(5,015,000)	-	-	167,821	6,149,243
	1,819,422	9,177,000	(5,015,000)	-	-	167,821	6,149,243
	34,352,123	12,794,093	(8,734,732)	6,706,907	80,268	202,771	45,331,530

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7(b) Investment analysis

	Up to 3 months	4 to 12 months Shs	1 to 5 years Shs	Over 5 Years Shs	Total Shs
Treasury bonds	-	-	-	24,546,577	24,546,577
Fixed deposits	-	4,415,013	-	-	4,415,013
Totals	-	4,415,013	-	24,546,577	28,961,590

7(c) Concentration of investments

The following investments in a single institution exceed 5% of the net assets of the Scheme

	2025 Shs	%	2024 Shs	%
Fixed and time deposits	4,415,013	5.88	6,149,243	10.12
Treasury bonds	24,546,577	32.67	25,493,687	41.94
Cytonn unit trust	13,760,553	18.32	3,166,464	5.21

The fair values of government securities are based on prices published by brokers (Level 1). Fair values of corporate bonds and term deposits are based on discounted cash flows using a discount rate based on current market rates offered for deposits with similar credit risk and maturity dates (Level 2).

	Level 1 Sh	Level 2 Sh	Level 3 Sh	Total Sh
At 31st December 2025				
Quoted equity in Kenya	20,631,555	-	-	20,631,555
Government bonds and bills	24,546,577	-	-	24,546,577
Cytonn unit trust	13,760,553	-	-	13,760,553
Total	58,938,685	-	-	58,938,685
At 31st December 2024				
Quoted equity in Kenya	13,688,600	-	-	13,688,600
Government bonds and bills	25,493,687	-	-	25,493,687
Cytonn unit trust	3,166,464	-	-	3,166,464
Total	42,348,751	-	-	42,348,751

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 Expenses	2025	2024
	Shs	Shs
(a) Investment management expenses		
Management fees	781,208	568,632
Custodial fees	81,877	56,479
	<u>863,084</u>	<u>625,111</u>
(b) Administrative expenses		
Administration fees	179,327	136,225
Audit fees	29,000	23,200
Bank charges	19,469	12,880
Trustee allowances	138,752	152,246
RBA levy	150,249	121,788
Group life cover	445,084	441,847
IPS preparation Fees	63,800	-
Property rates and related costs	-	553,503
	<u>1,025,680</u>	<u>1,441,689</u>
9 RBA levy for the Scheme		
(a) The RBA levy is arrived at as follows:		Annual levy rate
(Based on the size of the Scheme)		%age of the
		Scheme
Up to 500 million		0.20%
More than 500 million but not exceeding 1,000 million		0.15%
More than 1,000 million but not exceeding 5,000 million		0.10%
RBA levy	<u>150,249</u>	<u>121,788</u>
(b) RBA levy at the beginning of the year	120,997	94,838
RBA levy for the year	150,249	121,788
RBA levy paid	<u>(121,627)</u>	<u>(95,629)</u>
RBA levy payable at the end of the year.	<u>149,619</u>	<u>120,997</u>
10 Accounts payable		
Investment management fees	221,021	182,010
Custody fees	21,120	15,018
Trustee allowances	46,522	43,894
Audit fees	29,000	23,200
Administration fees	49,224	39,377
Retirement Benefits Authority levy	<u>149,619</u>	<u>120,997</u>
	<u>516,505</u>	<u>424,496</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2025 Shs	2024 Shs
11 Cash and cash equivalent		
(a) Cash with the custodian		
SBM Bank Custody	281,115	48,611
	<u>281,115</u>	<u>48,611</u>
(b)		
For the purpose of the cash flow statement, cash and cash equivalents comprise the following:		
Cash with the custodian	281,115	48,611
Fixed and time deposits	-	-
	<u>281,115</u>	<u>48,611</u>
12 Contribution debtors		
Employee contributions	159,934	305,986
Employer contributions	159,934	305,986
	<u>319,868</u>	<u>611,972</u>

13 Tax status of the Scheme

Cytonn Umbrella Retirement Benefits Scheme has been approved by the Kenya Revenue Authority (KRA) and is exempt from income tax on its investment income.

The unregistered Scheme's investment income is taxable at the current prevailing rate of 30% while the registered Scheme is exempt from tax. In the current year, the tax on the unregistered portion of investment income was as shown below.

Tax charge for the year	<u>526,585</u>	<u>288,085</u>
Tax recoverable at the beginning of the year	(254,341)	(284,107)
Tax charge for the year	526,585	288,085
Less: Tax paid during the year	<u>(158,447)</u>	<u>(258,319)</u>
Tax Payable / (recoverable) at the end of the year	<u>113,797</u>	<u>(254,341)</u>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Related party transactions

Related parties comprise the Trustees, the administrator, the participating companies, and Companies which are related to these parties through common shareholdings or common Directorship. With the exceptions of contributions receivable from the participating companies and the payment of fees to the administrator, there are no other transactions carried out with related parties during the year.

15 Contingent liabilities

Other than the liability to pay future benefits there were no contingent liabilities of the Scheme as at 31 December 2025.

16 Events after the reporting date

The Trustees are not aware of events after the reporting date that require disclosure in or adjustments to the financial statements as at the date of this report.

17 Registration

The Scheme is registered in Kenya under the Retirement Benefits (Umbrella Scheme) Regulations, 2000. The registration number is (Scheme Ref. 02075 and Certificate No. 01668)

18 Currency

The financial statements are presented in Kenya Shillings (Shs).