



EQUITY RESEARCH

Quick Mart PLC

Initiation of Coverage Report

The Crescendo at the Countertop: A Private Equity Exit via the Capital Markets

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Contents

Executive Summary.....	3
Industry Overview.....	4
The Great Shakeup: The Collapse of Legacy Chains and the Rebirth of Kenyan Retail.....	4
The Governance Crucible	6
Consumer Behaviour and Market Preference.....	7
The Resilience of the Duka: Why Supermarkets Cannot Unseat Informal Trade	7
Retail Store Formats & the Convenience of E-Commerce	8
Quick Mart PLC.....	9
Company Overview.....	9
Offer Details.....	10
The Offer	10
Shareholding Structure.....	11
Risks to Investment.....	12
Thin Liquidity Buffers	12
Competition & Store Concentration	12
E-Commerce Economics	12
Claims and Litigation.....	13
Performance, Review & Outlook.....	13
Valuation.....	15
Discounting Assumptions	15
Discounted Cash Flows.....	15
Dividend Discount Model.....	16
Relative Valuation.....	17
Valuation Summary	18
Earnings Model	19
Disclaimer	20
Contacts.....	21

Executive Summary

The QuickMart PLC Initial Public Offering (IPO) opened on October 5, 2026, and closes on October 30, 2026, with selling shareholder Sokoni Retail Kenya Limited offering 2,000,000,000 ordinary shares (*a c. 50% post-offer float*) at KES 7.50 per share to raise KES 15.0Bn. Structured strictly as a secondary offer for sale, QuickMart will receive no net proceeds from the transaction; physical store expansion and digital initiatives will remain fully funded through organic operating cash flows and existing credit lines.

The business is Kenya's second-largest supermarket chain by store count and revenue, operating 73 leased outlets across 16 counties. Its core merchandise strategy focuses on fast-moving consumer goods, with Food (52%) and Fresh Produce (12%–13%) generating c. 65% of total sales. The business operates an asset-light model by leasing 100% of its stores. Managed through a standardized six-month rollout, new stores are reported to achieve EBITDA break-even in their first month, mature within 12 months, and achieve full capital payback within two to three years. Its medium-term strategy centres on expanding its footprint to 125 domestic locations by 2030. Simultaneously, the company plans to scale its digital and e-commerce channel, QSOKO, to contribute over 10% of total revenue.

Primary investment risks

Thin Liquidity Buffers: While operating thin cash reserves relative to balance sheet size has effectively sustained the business through high inventory turnover and disciplined working capital management, this standard negative working capital model carries unique structural vulnerabilities within an East African context, a risk that historical domestic retail failures illustrate. Minimal cash buffers provide virtually no insulation if suppliers compress payment terms or mandate cash-on-delivery during temporary liquidity troughs.

Competition & Store Concentration: Approximately 60% of QuickMart's c.73 stores are concentrated in the dense Nairobi Metropolitan Area – a market hosting c. 200 of Kenya's c. 500 modern trade outlets. This high geographical density exposes QuickMart to aggressive promotional pricing and margin compression from market leaders who leverage greater volume scale for preferential vendor terms. Additionally, fast-growing regional chains may drive up deposits and commercial lease rates across QuickMart's 100% leased footprint.

E-Commerce Economics: Direct online fulfilment carries high last-mile logistics expenses that are margin-dilutive, while relying on third-party aggregators (e.g., Glovo, Bolt) incurs merchant commissions and weakens direct customer retention. Compounding this, well-capitalized international peers like Carrefour can leverage larger balance sheets, giving them an e-commerce edge that may threaten to squeeze QuickMart in this fast-growing urban market segment.

Valuation

We performed a blended valuation taking into account intrinsic (DCF & DDM) and relative (P/E, P/B, EV/EBITDA) methodologies to estimate the fair value of QuickMart PLC. Our model derives a consolidated fair value estimate of KES 7.32 per share. This indicates that the IPO offer price of KES 7.50 per share represents a slight premium (+2.3%) over the blended intrinsic and peer-based valuation, suggesting near-term operational growth and market positioning are fully priced into the offer.

Blended Valuation	Fair Value Est.	Weighting	Implied Value
Intrinsic Valuation	6.86	50.0%	3.43
Relative Valuation	7.78	50.0%	3.89
Implied Value est.			7.32
IPO Offer Price			7.50
Upside/ (Downside) Potential			-2.3%

Industry Overview

The Great Shakeup: The Collapse of Legacy Chains and the Rebirth of Kenyan Retail

Rise of Titans



Naivas's rapid growth was catalyzed by a 30% stake sale to an Amethis and IFC-led consortium in 2020. Between 2022 and 2024, Mauritius-based IBL Group executed a buyout to secure a 51% controlling majority stake.

The presence of foreign institutional capital and professional governance enabled Naivas to aggressively acquire prime locations, expanding its footprint to 114 outlets to lead the East African market.



QuickMart Supermarket's expansion into Kenya's second-largest retailer mirrors Naivas' playbook, leveraging institutional private equity to professionalize and scale rapidly from a family business.

In 2019 private equity firm Adenia Partners acquired a 51% controlling stake. In January 2020, Adenia executed a masterstroke by merging QuickMart with another of its acquisitions, Tumaini Self-Service, consolidating both under the QuickMart brand.



Entered Kenya in 2016 through UAE-based franchise operator Majid Al Futtaim (MAF), Carrefour rapidly expanded by taking over high-footfall real estate vacated by collapsed legacy chains in premium urban shopping centers. Backed by MAF's institutional capital, global supply chain, and professionalized corporate governance, the retailer scaled its network to over 34 outlets – establishing itself as Kenya's dominant foreign-owned retail power and a top competitor capturing roughly 7% grocery market.

Fall of Giants



Nakumatt began its severe decline in 2016–2017, entered administration in January 2018, and was formally dissolved and liquidated on January 7, 2020.



Tuskys Supermarket began collapsing in 2020 due to severe financial distress, mass store closures, and mounting supplier debts, and it was formally ordered into liquidation by the High Court of Kenya in June 2023.



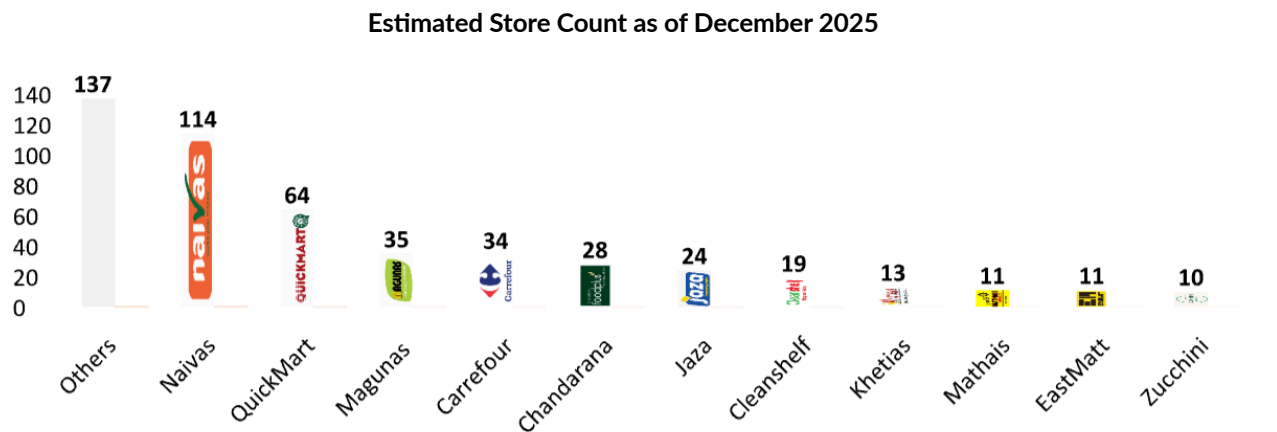
Uchumi eventually imploded under the weight of aggressive, debt-fueled expansion, systemic internal fraud, and crippling cash-flow crunches, leaving the legacy giant technically insolvent.



Ukwala Supermarket collapsed due to massive tax dispute with the Kenya Revenue Authority (KRA), leading to its liquidation and the eventual exit of its acquirer, Choppies Supermarket.

Following the collapse of legacy giants like Nakumatt, Tuskys, and Uchumi between 2015 and 2023, Kenya’s modern retail sector underwent a dramatic rebirth. Homegrown leaders Naivas and Quick Mart, along with Carrefour Kenya, stepped in to capture the market vacuum – competing fiercely among themselves for urban market share rather than encroaching on traditional informal trade. Backed by institutional capital from foreign private equity firms and development finance institutions, these top chains aggressively secured existing storefronts and built new ones, adding over 72 locations after 2020.

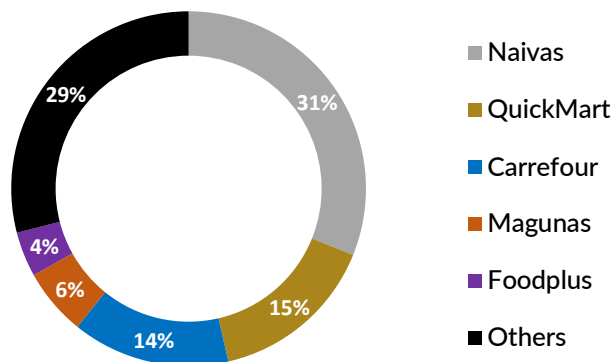
Today, Kenya’s modern chain retail landscape comprises an estimated 500 outlets across roughly 20 retail chains operating in key urban centres. Findings from the ATNi Kenya Retail Assessment 2026 report reveal a distinct market structure: while a low Herfindahl-Hirschman Index¹ (HHI) score of 571.3 out of 10,000 and a c. 56.7% independent grocer share point to overall fragmentation, market power is highly consolidated at the top. Together, Naivas (c. 23% market share), Quick Mart (c. 13% market share), and Carrefour Kenya (c. 7% market share) capture c. 43% of modern grocery trade.



Source: SIB Research, Quick Mart IPO Information Memorandum

From a revenue perspective, Kenya’s modern grocery market is concentrated among three top players that hold 60% of total revenues despite accounting for 43% of total grocery outlets: market leader Naivas (31%), Quick Mart (15%), and Carrefour (14%). The remaining revenue is split between regional chains Magunas (6%) and Foodplus (4%), and a fragmented tail of smaller operators (29%). Overall, modern trade accounts for c.12% of Kenya's total retail expenditure, with informal trade capturing c. 87%.

Modern Grocery Retail Market Share by Estimated Revenue (2025)



Source: SIB Research, Quick Mart IPO Information Memorandum

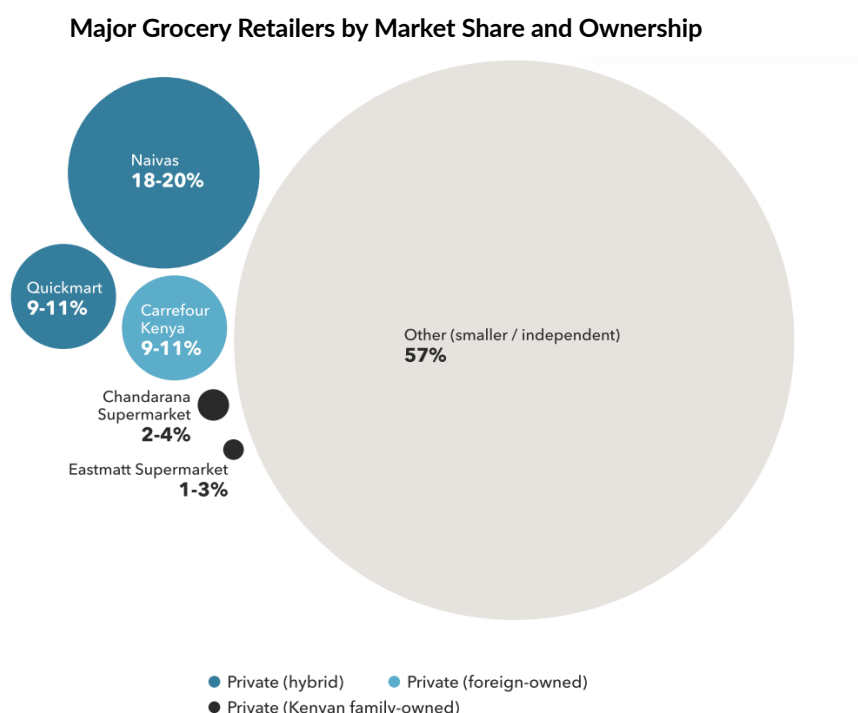
¹ HHI is a key measure of market concentration, giving insight into the level of competition within an industry. In essence, it helps determine whether an industry is closer to a monopoly, with a few dominant players, or perfect competition, with many small players. Governments and regulatory bodies use the HHI to monitor industries and make sure they remain competitive. Generally, a low score represents stiff competition and a high score signals little competition.

The Governance Crucible

Indeed, governance failures were the defining catalyst behind the catastrophic collapse of Kenya's legacy retail titans. For decades, family-owned giants such as Nakumatt and Tuskys, along with the state-backed and publicly listed Uchumi, operated under opaque, informal management structures characterized by unchecked executive authority, insider dealings, and systemic supplier debt. Lacking independent board oversight and rigorous auditing controls, these legacy grocers relied on aggressive, debt-fuelled store expansion while continuously delaying supplier payments to mask operational cash-flow deficits. When supplier confidence ultimately ruptured, stockouts cascaded across store floors, exposing deep working capital insolvencies and triggering corporate collapse. The fall of these institutions demonstrated that long-term survival in retail hinges far less on store count than on transparent, disciplined corporate governance, and disciplined leverage.

From an ownership vantage point, Kenya's modern retail sector turned decisively toward private equity firms and Development Finance Institutions to rebuild corporate governance and fund store expansion following the collapse of legacy family-owned chains and the downfall of Uchumi, previously the country's sole publicly listed supermarket.

Consequently, foreign institutional capital heavily backs the market's leading players: market leader Naivas is 51% controlled by Mauritius-based IBL Group, while Carrefour Kenya operates under UAE-based Majid Al Futtaim. However, Quick Mart's landmark Initial Public Offering (IPO) on the NSE marks a historic turning point. Initiated by majority shareholder Adenia Partners, this milestone transaction restores grocery retail to public equity markets for the first time since Uchumi, signalling an evolution from private equity stewardship to public market ownership.



Source: ATNi Kenya Retail Assessment 2026 Report

According to the ATNi Kenya Retail Assessment 2026, corporate governance and store management in Kenya's modern retail sector have undergone a radical shift, replacing the opaque, family-led practices that bankrupted legacy giants with professionalized corporate structures enforced by foreign institutional investors.

Modern market leaders – Naivas, Quick Mart, and Carrefour – now operate under formalized board oversight, centralized supply chains, and sophisticated inventory tracking systems to maintain strict financial discipline and eliminate supplier

payment bottlenecks. Strategically, store management has pivoted toward format diversification: hypermarkets in major urban malls cater to monthly payday bulk shopping, while agile neighbourhood supermarkets, 24-hour branches, and compact Express outlets leverage expanded fresh food delis and strategic positioning to capture daily urban foot traffic.

Consumer Behaviour and Market Preference

Payday sets a familiar choreography in motion for the urban Kenyan shopper: a monthly pilgrimage to the supermarket to stock up on bulk staples and private-label essentials, followed by the steady rhythm of daily life for the rest of the month – gathering evening meals of fresh meat, sweet tomatoes, fish and/or crisp vegetables, coin by coin, from neighbourhood vendors.

Findings from the ATNi Kenya Retail Assessment 2026 report highlight this dual lifestyle. Modern grocery retail primarily caters to urban consumers with higher disposable incomes and greater mobility, who rely on supermarkets for periodic bulk shopping rather than daily meals. In these aisles, shoppers prioritize "one-stop shop" convenience, broad product variety, locally sourced goods, and affordable store brands.

Yet daily purchasing remains overwhelmingly dominated by the informal sector. Neighbourhood kiosks, open-air stalls, and roadside vendors thrive on unmatched proximity, accessibility, and affordability – offering flexible unit sizes and informal credit lines that supermarkets cannot match.

While urban households now purchase an estimated 98% of their food, their shopping lists remain starkly split: fresh produce, dairy, meat, and unbranded staples come almost exclusively from informal vendors. Modern grocery retail (*like supermarkets*), by contrast, functions mainly as distribution hubs for packaged and ultra-processed items, with fresh fruits and vegetables estimated to occupy 2% of supermarket shelf space according to the report.

The Resilience of the Duka: Why Supermarkets Cannot Unseat Informal Trade

While Kenya's modern retail giants clash for urban basket share, the traditional informal market remains the undisputed lifeline of daily consumption, capturing over 70% of total grocery trade and up to 85% of fresh produce. Formal chains cannot easily penetrate this space because informal trade is built on hyper-local convenience, social trust, and structural flexibility that supermarkets cannot replicate. Through informal micro-credit, the friction-free breaking of bulk into daily-wage portions, and near-zero operational overhead, the neighborhood duka² and kibanda³ serve the daily survival rhythms of the majority – relegating formal supermarkets to periodic payday destinations rather than everyday kitchens.

² A **Duka** (plural: *maduka*) is the Swahili word for a **shop** or **store**. In East Africa—especially in Kenya, Tanzania, and Uganda—a duka typically refers to a small, independent neighborhood corner store or kiosk. They serve as the backbone of everyday retail in many communities.

³ A **kibanda** (plural: *vibanda*, often colloquially called a *kibandaski*) is a Swahili term for a makeshift stall, shed, or roadside food kiosk commonly found throughout East Africa, especially in Kenya. While a duka is typically a small enclosed shop selling packaged goods, a kibanda usually refers to two primary types of informal setups:

- **Roadside Food Joints:** The most popular use of the word refers to casual, low-cost local eateries. They are often built using wooden poles, corrugated iron sheets, or canvas umbrellas.
- **Grocery/Vegetable Stalls:** It also refers to roadside fruit and vegetable stands (often managed by vendors affectionately called *mama mboga*). These stalls display fresh daily farm produce like kale (*sukuma wiki*), tomatoes, onions, spinach, and fruits.

Retail Store Formats & the Convenience of E-Commerce

Modern grocery retail relies on several distinct store formats tailored to different customer shopping needs, basket sizes, and geographic locations:



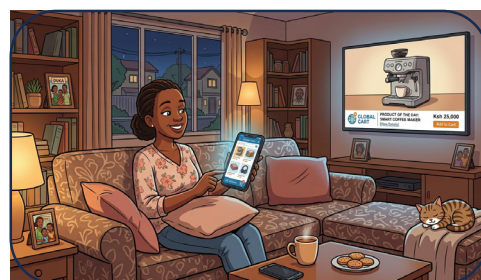
Hypermarkets: Massive, destination-style stores (typically >25,000 sq. ft.) anchor major malls and suburban retail centres. Designed for comprehensive "one-stop-shop" visits, they combine extensive grocery selections with general merchandise, consumer electronics, apparel, and large-scale fresh food counters (e.g., Carrefour flagships, Naivas Mega).

Supermarkets: Supermarkets are generally mid-sized (typically 8,000 to 25,000 sq. ft.), situated in residential neighbourhoods and suburban commercial hubs. They focus primarily on food, produce, and daily household goods, and do not carry heavy general merchandise, large furniture, or major electronics departments like hypermarkets.



Convenience Stores & Express Outlets: Compact, high-accessibility footprints (typically 800 to 3,000 sq. ft.) positioned along high-footfall transit corridors, petrol stations, and dense urban hubs. Tailored for immediate-need top-ups and grab-and-go food service, they trade higher price margins for speed and extended operating hours (e.g., Carrefour Express, Quick Mart express hubs).

E-Commerce & Digital Grocery Delivery: While modern physical retail continues to expand, digital channels represent a growing frontier in Kenya's grocery ecosystem, operating at the intersection of tech adoption, urban convenience, and logistical reality. Findings from the ATNi Kenya Retail Assessment 2026 underscore that digital grocery ordering remains a specialized, high-convenience channel rather than a replacement for physical retail.



Modern grocery e-commerce accounts for less than 5% of overall retail food sales, operating primarily as an urban, high-basket phenomenon driven by affluent households in key metropolitan centres. Omnichannel market leaders – most notably Carrefour via its MAFDelivery platform, alongside Naivas and Quick Mart – utilize their store networks as micro-fulfilment hubs while partnering with quick-commerce aggregators to capture time-poor urban professionals. However, high last-mile fulfilment costs and cold-chain logistical constraints for perishables restrict digital penetration among mass-market consumers. Consequently, while seamless M-Pesa integration enables low-friction transactions for packaged goods and specialty items, e-commerce reinforces the broader structural divide: serving as an added convenience for periodic modern trade, while daily food security remains firmly anchored in local, physical vendor networks (*vibanda and duka*).

Quick Mart PLC

Company Overview

Founded in 2006 in Nakuru and Nairobi, QuickMart PLC has grown into Kenya's second-largest supermarket chain by store count and turnover. Following a 2019 private equity-backed merger between the original QuickMart and Tumaini Supermarkets under Sokoni Retail Kenya Limited, the combined entity was consolidated into a unified platform operating across hypermarket, supermarket, and express formats. As of mid-2026, QuickMart operates 73 stores across 16 counties, encompassing approximately 1.2 Mn square feet of net selling area across Kenya's major population centres.

The company stocks approximately 40,000 SKUs⁴ across eight categories. Fast-moving essential goods drive two-thirds of total revenue, led by Food (52%) and Fresh produce (12%–13%), with Home Care (9%) and Personal Care (9%) rounding out core household spending. Discretionary and secondary categories account for the remaining revenue share – *Liquor* (6%), *Electronics* (4%–5%), *Household Goods* (4%), and *Textiles* (3%).

From a transaction perspective, M-Pesa dominates payment processing, accounting for 63.1% of gross sales value in FY 2025 (*up from 44.4% in FY 2021*). Driven by high digital payment adoption across Kenya, this shift accelerates store checkouts and reduces cash-handling overhead. Management opines mobile money as a vital margin-protection driver, as its transaction fees are significantly lower than traditional card-processing costs while simultaneously mitigating security and cash-management risks.

Operationally, QuickMart utilizes a supplier-led direct-to-store⁵ distribution model that avoids heavy central warehousing, complemented by a 48-vehicle fleet for inter-store stock rebalancing. The business operates an asset-light model by leasing 100% of its stores (*averaging 5.3 years remaining on lease agreements*), preserving capital for inventory, technology, store fit-outs, and network expansion. Managed through a standardized six-month rollout funded by internal cash flows and credit lines, new stores are reported to achieve EBITDA break-even in their first month, mature within 12 months, and achieve full capital payback within two to three years.

According to its Information Memorandum, QuickMart's medium-term strategy (2026–2030) centres on expanding its footprint to 125 domestic locations by 2030 – *backed by an active pipeline of 30 prospective sites* – while maintaining its capital-efficient, asset-light structure funded primarily through internal cash flows. Simultaneously, the company plans to scale its digital and e-commerce channel, QSOKO, to contribute over 10% of total revenue (*up from c.2%–3% currently, closing the gap with peer benchmarks such as Carrefour, which we suspect have achieved the 10% contribution*) underpinned by a new ERP system rollout. To enhance operating margins, management is also focused on refining category management and expanding its proprietary private label brand, QuickChoice, into higher-margin product lines.

In 2026, the company converted to a public limited company ahead of its initial public offering (IPO) on the Nairobi Securities Exchange (NSE) to sell a 50% stake held by its majority shareholder.

⁴ SKU stands for Stock Keeping Unit. It is a unique scannable code—usually represented as a barcode—assigned to a specific product to track inventory internally within a store or business. In retail, the total number of SKUs represents the breadth and variety of products a store carries. For instance, Quick Mart stocking 40,000 SKUs means they carry roughly 40,000 distinct product types and size variations across their stores

⁵ In this setup, manufacturers and local distributors take responsibility for transporting products straight to store locations—often assisting with shelf replenishment for fast-moving items like daily groceries, fresh produce, and beverages. By eliminating the need for costly central distribution hubs, this model allows retailers like Quick Mart to maintain an asset-light structure, reduce capital expenditure, minimize spoilage on fresh inventory, and accelerate stock turnover.

Offer Details

The Offer

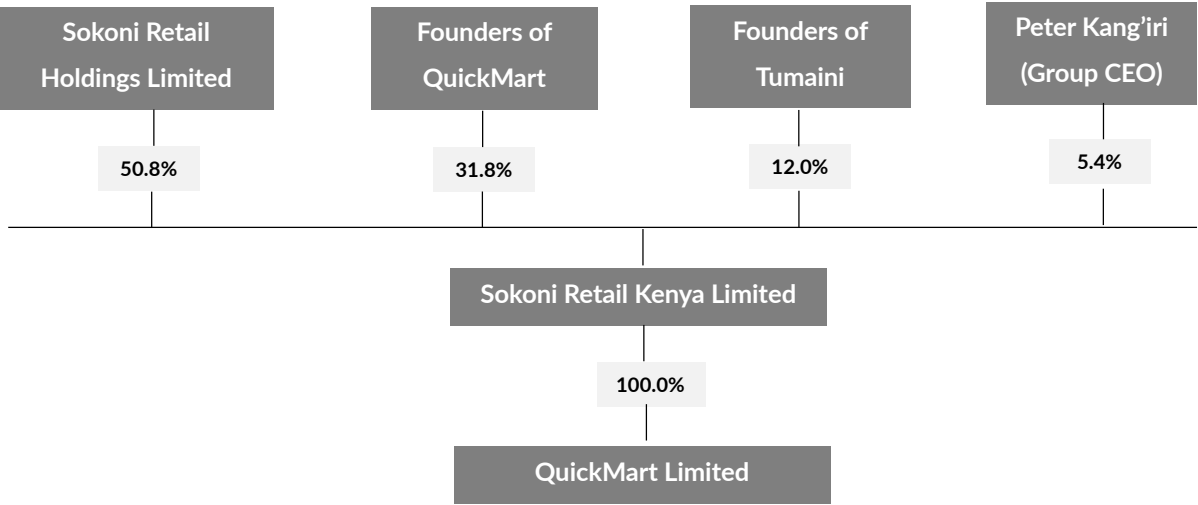
The QuickMart PLC IPO is structured entirely as a secondary offer for sale of existing ordinary shares by majority shareholder Sokoni Retail Kenya Limited, meaning QuickMart itself will issue no new shares and receive zero gross or net proceeds from the transaction. Consequently, QuickMart's ongoing store network expansion and digital initiatives will continue to be financed through its organic cash flows and existing credit facilities rather than fresh capital from equity investors.

Item	Details
Company	QuickMart PLC
Selling Shareholder	Sokoni Retail Kenya Limited
Listing Exchange	Main Investment Market Segment of the Nairobi Securities Exchange
Offer Price per Share	KES 7.50
Base Offer Size	2,000,000,00 Ordinary Shares (c. 50% free-float equity)
Offer Window	Opens: October 5, 2026 & Closes: October 30, 2026
Minimum Subscription	500 shares (KES 3,750); incremental multiples of 100 shares
Cornerstone Investment	IFC conditionally agreed to 13% of the Offer (260,000,000 shares / c. KES 1.94 Bn)
Status	The ordinary shares being offered shall rank pari passu in all respects with the existing issued ordinary shares of the Issuer.
Allocation Framework	- Kenyan Institutional Investors: 35% (700Mn shares) - Kenyan Retail Investors: 20% (400Mn shares) - Foreign Investors: 20% (400Mn shares) - Cornerstone Investor (IFC): 13% (260Mn shares) - East African Community Investors: 12% (240Mn shares) Unallocated shares from any undersubscribed pool will be reallocated to oversubscribed pools in this strict sequence: Kenyan Retail Investors, Kenyan Institutional Investors, East African Community (EAC) Investors, Foreign Investors, Cornerstone Investor.
Shariah Compliance	Classified as non-compliant
Greenshoe Option	There is no over-allotment option to increase the 2 billion shares offered; the total offer size remains capped.
Underwriting	The offer is not underwritten
Settlement Date	November 11, 2026
Listing Date	November 12, 2026

Source: Quick Mart IPO Information Memorandum

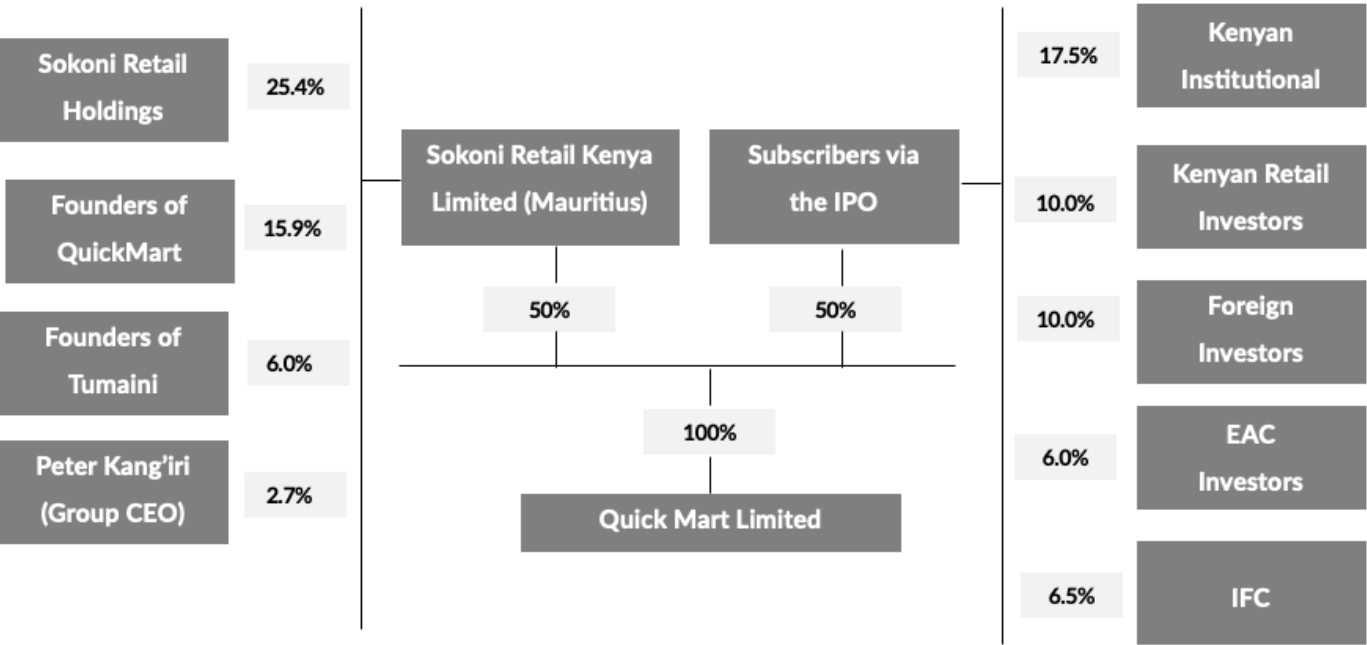
Shareholding Structure

As of June 30 2026, QuickMart PLC's ownership structure was as follows;



Source: Quick Mart IPO Information Memorandum

Post-IPO, if successful and fully subscribed in all allotment categories, the current shareholders will be diluted through the IPO process and will yield the following post-listing shareholding structure:



Source: SIB Research

Pursuant to CMA guidelines, the majority owner, Sokoni Retail Kenya Limited (SRKL), is subject to a 24-month lock-up period starting on the listing date of November 12, 2026. Of its 2Bn ordinary shares (50% post-offer equity), 60% (1.2Bn shares) will be locked to align sponsor incentives and stabilize trading.

Risks to Investment

Thin Liquidity Buffers

While operating with thin cash reserves relative to balance sheet size has effectively sustained the business through high inventory turnover and disciplined working capital management, this standard negative working capital model carries unique structural vulnerabilities within an East African context. Unlike mature international markets where retail giants leverage expansive credit backstops, regional supply chains are acutely sensitive to supplier sentiment; as historical domestic retail failures illustrate, minimal cash buffers provide virtually no insulation if suppliers compress payment terms or mandate cash-on-delivery during temporary liquidity troughs.

Moreover, the company's asset-light, leased-store footprint imposes rigid fixed overheads, amplifying sensitivity to inflationary spikes and localized landlord friction. Crucially, with expansion and store refurbishments reliant entirely on organic cash flows rather than primary IPO proceeds, any operational cash bottlenecks could destabilize execution timelines or necessitate unplanned debt gearing to maintain growth momentum – reintroducing leverage risks reminiscent of the region's historic retail collapses.

Competition & Store Concentration

Close to 60% of Quick Mart's c. 73 store footprint is concentrated in the dense Nairobi Metropolitan Area – a region that accounts for roughly 200 to 210 of the estimated 500 modern supermarket and hypermarket outlets nationwide. This heavy geographic concentration is even more pronounced among tier-one chains, heightening exposure to intense competition and aggressive promotional pricing that compress store-level operating margins.

The primary structural risk stems from market leaders leveraging superior volume scale to extract preferential vendor terms, directly squeezing QuickMart's negative working capital structure. Furthermore, the proliferation of fast-growing regional chains may inflate deposits and commercial lease rates across QuickMart's 100% leased asset footprint.

E-Commerce Economics

While e-commerce does not immediately threaten to disintermediate physical stores, the primary operational and investment risk stems from the unit economics of omnichannel fulfilment. High last-mile logistics expenses make direct online fulfilment margin-dilutive. Furthermore, while partnering with quick-commerce aggregators like Glovo or Bolt captures urban demand, it exposes sales to merchant commission fees and crucially weakens direct customer retention.

Compounding this, well-capitalized international competitors like Carrefour may use larger balance sheets to invest in dedicated micro-fulfilment centres and proprietary digital ecosystems, giving them a distinct e-commerce edge that may threaten to squeeze QuickMart in this fast-growing urban market segment. Given that QuickMart's IPO yields zero primary capital injection, funding digital delivery infrastructure relies entirely on internal cash generation; allocating internal cash flow to digital delivery infrastructure directly competes with physical store expansion, creating execution exposure if digital customer acquisition erodes higher-margin physical store footfall.

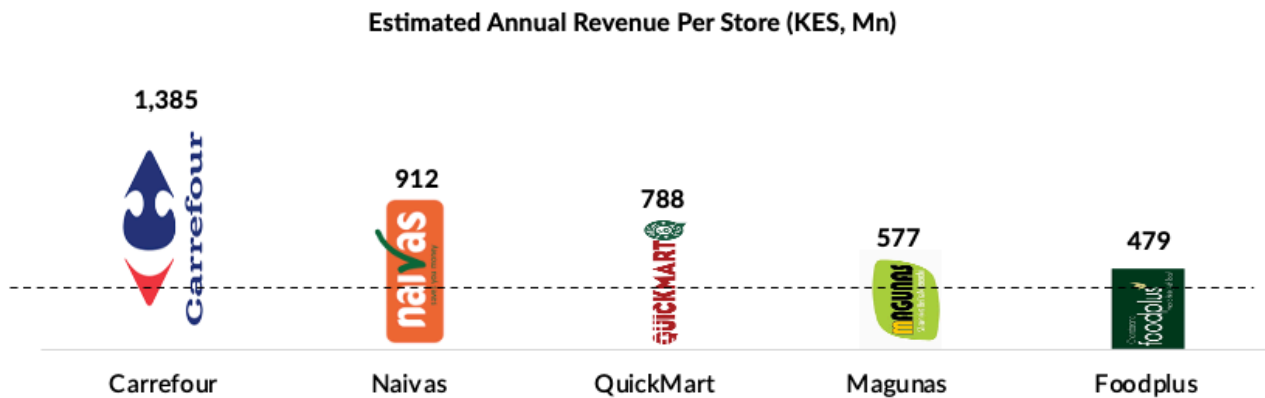
Claims and Litigation

According to disclosures in the Information Memorandum, QuickMart PLC faces no material litigation liabilities, with routine ODPC regulatory inquiries yielding zero penalties or sanctions. The disclosures highlight that adequate provisions have been recognized in the financial statements as of December 31, 2025. Total financial exposure remains unquantified across the two pending matters: a customer defamation suit seeking unquantified damages over a declined payment card, and a landlord succession dispute at the Kamaki's store carrying a low, non-monetary eviction risk as lease terms continue to be honoured.

Performance, Review & Outlook

The independent auditor and reporting accountant for QuickMart PLC is Ernst & Young LLP (EY). In its independent auditor's report included in the Information Memorandum, EY issued an unqualified (clean) audit opinion, confirming that the company's financial statements present a true and fair view of its financial position, operational performance, and cash flows in full compliance with International Financial Reporting Standards (IFRS) as issued by the IASB and the relevant regulatory framework.

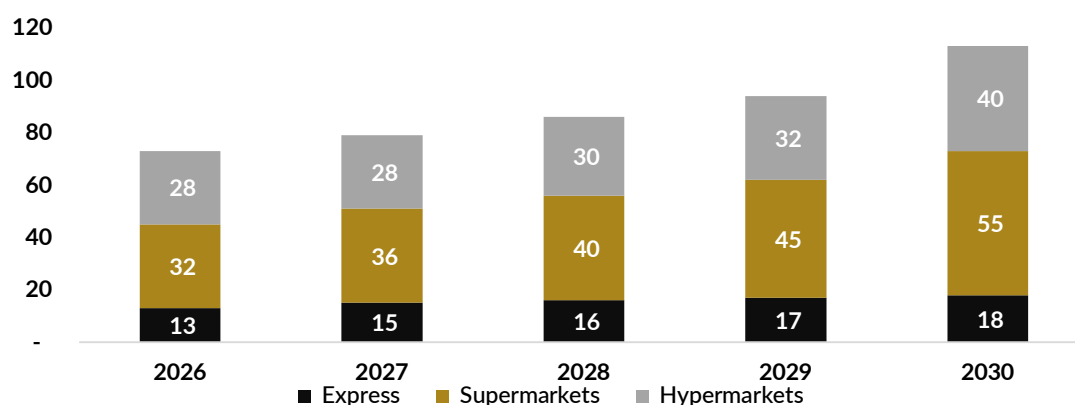
On a peer comparison basis, QuickMart ranks third by our estimates in average annual revenue per store, trailing Carrefour (c. KES 1.4Bn) and Naivas (c. KES 912Mn). However, absolute store throughput obscures real space productivity, the true gauge of lease monetization and inventory-turnover efficiency. While sector square-footage data remains unquantified at the time of writing, we suspect that QuickMart likely achieves superior revenue per square foot, given its strategic tilt toward smaller-format supermarket and express store layouts.



Supermarkets generated c. 49% of QuickMart's FY2025 revenues, with hypermarket and express formats delivering c. 40% and c. 11%, respectively. Building on historical performance and management's growth strategy, supermarket store formats will continue to anchor top-line expansion. This is supported by plans to open 40–50 new branches in the near term, heavily skewed toward the core supermarket footprint.

The expansion strategy carries a unit capex intensity of KES 100Mn to KES 150Mn per location (*translating to a cumulative KES 4Bn to KES c.7.5Bn for the target output*), concentrated in store fit-outs, specialized Fresh & Easy refrigeration systems, and upfront inventory deployment.

Estimates of Expansion by Store (2026-2030)



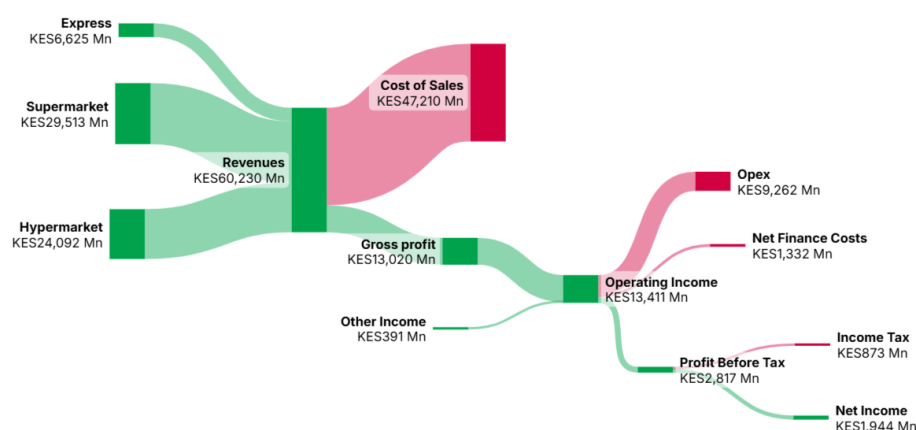
Source: SIB Research

Anchored by a 40,000-SKU offering, Quick Mart generates c. 65% of its sales from essential categories (*Food: 52%; Fresh produce: 12%–13%*), with discretionary lines comprising the remainder. Our financial model projects this category distribution to remain structurally stable over the forecast period. Driven by consistent consumer purchasing behaviour in basic grocery items, network expansion will naturally clone the current sales mix, meaning top-line growth will be driven by volume throughput across new locations rather than category mix shifts.

Quick Mart operates a cash-generative retail business model underpinned by a structural negative Cash Conversion Cycle (*averaging c. 36 days over the forecast period*) and high cash conversion, converting c. 65% of Adjusted EBITDA into free liquidity. By maintaining trade payable terms (*averaging c. 81 days over the forecast period*) significantly above inventory holding periods (*31 to 37 days*), the firm systematically leverages supplier credit float to generate robust underlying adjusted cash flows. This cash-generation engine provides the continuous liquidity management relies upon to fund maintenance capex, lease commitments, and organic store expansion.

In FY2026, we anticipate top-line revenues of KES 60.2Bn (+19% y/y) and gross profit of KES 13.0Bn (c. 21.6% *gross margin*). Network expansion under the base case assumes a store footprint of 73 locations, delivering an average revenue per store of KES 825Mn (+5% y/y). Total operating expenditure is expected to rise 16% y/y to KES 9.3Bn, producing an EBITDA of KES 6.3Bn and operating profit of KES 4.1Bn on adjustment for other income. Profit after tax is forecast at KES 1.9Bn after accounting for an effective tax charge of KES 873Mn (31% *effective tax rate*), underpinning a total dividend distribution of KES 2.0Bn (KES 0.50 *per share*).

FY26 QuickMart Earnings Forecast



Source: SIB Research

Valuation

We have performed a series of valuations (intrinsic and relative) based on the audited financial statements of the company, assessment of industry trends, plausibility of the strategic outlook, disclosures and information available in the public domain, reasonable growth rate of forecasts, review of the IPO information memorandum, and meetings with management to determine the fair value estimate range of the business on all likely fronts.

Discounting Assumptions

For the market risk premium, we used NYU Stern's country default spreads and risk premium estimates (*adjusted to changes in the risk-free rate*). We assumed a beta of 1, given that the company is yet to come to market. About the risk-free rate, we used the US 5-year bond as the implied risk-free rate. To account for the additional risk on the sovereign above the risk-free rate, we computed a sovereign risk spread between the US and Kenya from the differentials of their 10-year equivalent bonds (in US Dollars).

Using a terminal growth rate of 2.05% – *a function of the sustainable Return-on-Equity and the sustainable retention rate, both from forecasted performance* – we estimated the terminal value of the business beyond the 2030 forecasted period at KES 27.5 Bn. We then estimated the cost of equity from a rational investor's point of view and calculated the present value of cumulative future free cash flows and the present value of the above terminal value.

For investors who do not share the same level of assumptions on the discount rate and the terminal growth rate, we have provided a sensitivity analysis for discounted cash flows and the dividend discount models that captures fair value estimates at different levels of assumptions. Laws of congruence should apply to data points not captured in the table.

Cost of Equity Assumptions:		13-Oct-26	Terminal growth rate	
Risk-free rate		5.07%	Sustainable ROE	41.07%
Beta		1.00	Retention Rate	5.00%
Market Risk Premium		13.68%	Terminal Growth Rate	2.05%
Sovereign risk spread		4.28%		
Cost of Equity		23.03%		
<u>Terminal Assumptions:</u>			Cost of Debt	14.25%
Terminal growth rate		2.05%	Value of Debt	46,286
Net Earnings FY30		5,546,251	Value of Equity	1,055,861
Terminal Value (Year 2030)		27,468,467	Equity Weight	95.80%
			Debt Weight	4.20%
			WACC	22.66%

Source: SIB Estimates

Discounted Cash Flows

Our cash flow based valuation yields a central fair value of **KES 8.22** per share for QuickMart, bounded by a sensitivity range of **KES 6.90 to KES 10.50**. The IPO offer price sits at a significant discount to the business's long-term earning potential, indicating that the shares are priced materially below our central intrinsic cash-focused value target.

Free Cash Flow Model (KES, '000)	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
FCFF	3,040,643	5,259,339	6,470,721	7,824,018	9,332,016
Terminal Value					27,468,467
Time	0.22	1.22	2.22	3.22	4.22
Discount Factor	0.96	0.78	0.64	0.52	0.42
Present value	2,909,157	4,102,345	4,112,539	4,054,026	15,545,673

Value of the firm	30,723,741
Value of debt	46,286
Plus cash & near cash	2,195,964
Book value of Equity	32,873,419
Number of shares	4,000,000
Value per share	8.22

Sensitivity Analysis

		WACC				
		18.66%	20.66%	22.66%	24.66%	26.66%
Terminal Growth Rate	0.05%	9.33	8.55	7.91	7.37	6.90
	1.05%	9.57	8.74	8.06	7.48	7.00
	2.05%	9.85	8.95	8.22	7.61	7.10
	3.05%	10.15	9.18	8.40	7.75	7.21
	4.05%	10.50	9.44	8.59	7.90	7.33

Source: SIB Estimates

Dividend Discount Model

Our Dividend Discount Model yields a baseline intrinsic value of **KES 5.51** per share for QuickMart (bounded between **KES 4.35** and **KES 7.62** under sensitivity analysis). With a long-term dividend payout ratio of 95% of net earnings, our baseline valuation prices the business at a dividend yield of 7.5%. Consequently, at KES 7.50 per share, the IPO offer price commands a material premium over the business's dividend-generating capacity.

Dividend Discount Model (KES, '000)	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
Dividends	2,015,112	2,529,452	3,319,963	4,229,144	5,268,938
Terminal Value					27,468,467
Time	0.22	1.22	2.22	3.22	4.22
Discount Factor	0.96	0.78	0.64	0.52	0.42
Present value	1,927,973	1,973,002	2,110,040	2,191,337	13,829,302

Value of equity	22,031,653
Number of Shares	4,000,000
Fair Value per share	5.51

Sensitivity Analysis

		WACC				
		18.66%	20.66%	22.66%	24.66%	26.66%
Terminal Growth Rate	0.05%	6.44	5.76	5.20	4.74	4.35
	1.05%	6.68	5.94	5.35	4.85	4.44
	2.05%	6.96	6.15	5.51	4.98	4.55
	3.05%	7.26	6.38	5.69	5.12	4.66
	4.05%	7.62	6.64	5.88	5.28	4.78

Source: SIB Estimates

Relative Valuation

Under the relative valuation approach, we benchmarked QuickMart against emerging market peers in modern grocery and general merchandise retail using Bloomberg sector multiples. Baseline peer medians for P/E, P/B, and EV/EBITDA were established at 21.0x, 4.1x, and 7.1x, respectively. Applying these market multiples yields implied fair values per share for QuickMart of KES 10.19 (P/E), KES 1.97 (P/B), and KES 11.19 (EV/EBITDA). An equal-weighted combination of these three approaches generates a blended relative fair value estimate of **KES 7.78** per share.

Collectively, the relative valuation framework indicates that the IPO offer price of KES 7.50 fairly prices the business against its peer group. However, underlying methodologies present contrasting signals: while P/E and EV/EBITDA suggest modest upside relative to near-term earnings power, the severely depressed P/B valuation highlights thin equity capital and limited retained reserves on the balance sheet – a core structural consideration for prospective investors.

P/E

Sector Median P/E	21.0x
2026 Net Income (KES, 000)	1,943,757
Number of Shares (000)	4,000,000
EPS	0.49
Implied Fair Value Per Share	10.19

EV/EBITDA

Sector Median EV/EBITDA	7.1x
2026 EBITDA (KES, 000)	6,306,207
Number of Shares (000)	4,000,000
Implied Fair Value Per Share	11.19

P/B

Sector Median P/B	4.1x
Shareholders' Equity June 2026 (KES, 000)	1,928,654
Number of Shares (000)	4,000,000
NAV	0.48
Implied Fair Value Per Share	1.97

Valuation Summary

Equal weightings were applied to the methodologies used in relative valuation and intrinsic valuation to derive implied valuations of **KES 7.78** (for relative methodologies) and **KES 6.86** (for intrinsic methodologies). Blending these two approaches on an equal-weighted basis produces a **consolidated fair value estimate of KES 7.32** per share, bounded by a sensitivity range of **KES 6.70 to KES 8.42**. Consequently, the IPO offer price of KES 7.50 per share reflects a minor premium over the stock's blended fair value, suggesting the business is fully valued relative to its near-term operational potential and peer benchmarks.

Intrinsic Valuation	Fair Value Est.	Weighting	Implied Value
DCF	8.22	50.0%	4.11
DDM	5.51	50.0%	2.75
Implied Value est.			6.86
Relative Valuation	Fair Value Est.	Weighting	Implied Value
P/E	10.19	33.3%	3.40
P/B	1.97	33.3%	0.66
EV/EBITDA	11.19	33.3%	3.73
Implied Value est.			7.78
Blended Valuation	Fair Value Est.	Weighting	Implied Value
Intrinsic Valuation	6.86	50.0%	3.43
Relative Valuation	7.78	50.0%	3.89
Implied Value est.			7.32
IPO Offer Price			7.50
Upside/(Downside) Potential			-2.3%
Recommendation			HOLD

Sensitivity Analysis

		WACC				
		18.66%	20.66%	22.66%	24.66%	26.66%
Terminal Growth Rate	0.05%	7.83	7.47	7.17	6.92	6.70
	1.05%	7.96	7.56	7.24	6.98	6.75
	2.05%	8.09	7.67	7.32	7.04	6.80
	3.05%	8.25	7.78	7.41	7.11	6.86
	4.05%	8.42	7.91	7.51	7.19	6.92

Source: SIB Estimates

Earnings Model

Profit & Loss (KES, Mn)	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	FY28F	FY28F	FY30F
Revenue	25,681	34,781	41,216	46,708	50,428	60,230	71,708	84,134	97,572	112,089
Cost of sales	(20,274)	(27,385)	(32,578)	(36,432)	(39,349)	(47,210)	(56,207)	(65,947)	(76,480)	(87,859)
Gross profit	5,406	7,396	8,638	10,275	11,078	13,020	15,501	18,187	21,092	24,230
Other income	191	181	233	284	340	392	451	520	599	690
Operating Income	5,597	7,577	8,872	10,560	11,418	13,411	15,952	18,707	21,691	24,920
Operating expenses	(4,500)	(5,936)	(6,893)	(7,594)	(7,967)	(9,262)	(10,726)	(12,230)	(13,772)	(15,349)
Operating profit	1,097	1,641	1,979	2,966	3,451	4,149	5,227	6,477	7,919	9,571
Net finance charges	(828)	(1,239)	(1,333)	(1,322)	(1,284)	(1,332)	(1,368)	(1,412)	(1,467)	(1,533)
Profit before tax	269	402	646	1,644	2,167	2,817	3,859	5,065	6,452	8,038
Income tax expense	(86)	(127)	(196)	(509)	(658)	(873)	(1,196)	(1,570)	(2,000)	(2,492)
Profit for the year	183	275	450	1,135	1,509	1,944	2,663	3,495	4,452	5,546
Earnings per share (EPS)	0.05	0.07	0.11	0.28	0.38	0.49	0.67	0.87	1.11	1.39
Dividends Paid	-	106	782	1,176	1,647	2,015	2,529	3,320	4,229	5,269
Dividend Per Share (DPS)	-	0.03	0.20	0.29	0.41	0.50	0.63	0.83	1.06	1.32
Balance Sheet (KES, Mn)	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	FY28F	FY28F	FY30F
Non-current assets	9,108	11,756	11,976	11,019	11,303	12,170	12,334	12,511	12,703	12,910
Inventories	2,367	3,540	3,418	3,555	4,431	4,848	5,490	6,141	6,805	7,485
Trade and other receivables	728	1,471	1,606	1,612	1,795	2,126	2,288	2,450	2,613	2,779
Cash and Cash Equivalents	929	634	1,337	1,876	2,196	1,307	1,975	2,693	3,472	4,318
Total Assets	13,131	17,401	18,337	18,062	19,725	20,451	22,087	23,796	25,593	27,492
Shareholder's equity	1,400	1,386	1,236	1,194	1,056	985	1,118	1,292	1,515	1,792
Lease liabilities	5,327	7,094	7,491	7,198	7,321	7,840	7,769	7,701	7,638	7,578
Borrowings	543	946	789	177	46	28	45	64	85	107
Trade and other payables	5,746	7,668	8,725	9,289	11,218	11,515	13,071	14,655	16,272	17,930
Other Liabilities	115	307	97	203	84	84	84	84	84	84
Total Liabilities	11,731	16,015	17,101	16,867	18,669	19,467	20,969	22,504	24,078	25,700
Total Equities & Liabilities	13,131	17,401	18,337	18,062	19,725	20,451	22,087	23,796	25,593	27,492
Cashflows (KES, Mn)	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	FY28F	FY28F	FY30F
Net cash from operations	1,983	2,492	3,962	4,207	4,827	4,523	7,109	8,683	10,450	12,426
Net cash used in investing	(1,278)	(1,887)	(912)	(365)	(1,115)	(1,898)	(2,661)	(3,026)	(3,400)	(3,782)
Net cash from financing	(814)	(899)	(2,347)	(3,303)	(3,392)	(3,514)	(3,780)	(4,939)	(6,272)	(7,797)
Net change in cash	(110)	(295)	703	539	320	(889)	667	719	778	846
Cash & equivalents at 1 Jan	1,039	929	634	1,337	1,876	2,196	1,307	1,975	2,693	3,472
Cash & equivalents at 31 Dec	929	634	1,337	1,876	2,196	1,307	1,975	2,693	3,472	4,318

Source: Quick Mart IPO Information Memorandum, SIB Research

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