



Quickmart NSE Listing

Rock IB View



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1. INVESTMENT VIEW

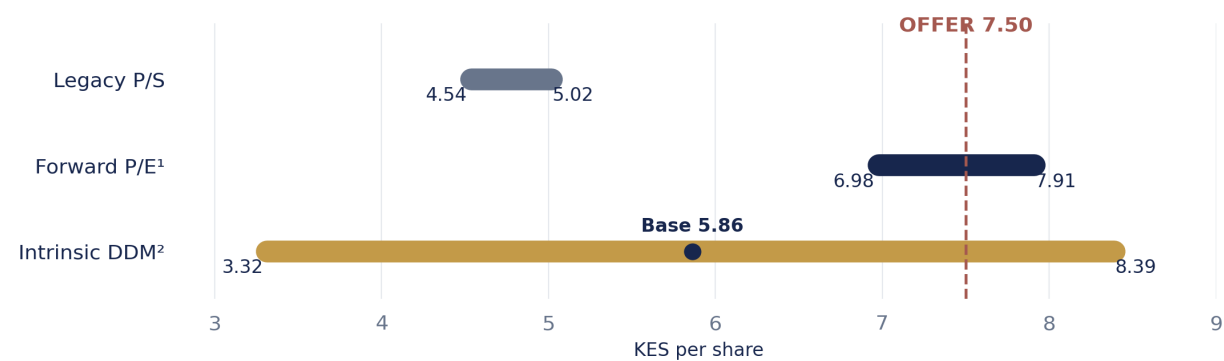
Demanding at the offer price

A credible retail franchise whose valuation depends on faster growth and cash discipline.

KES 7.50 OFFER PRICE	19.9× FY25 REPORTED P/E	14.3× FY26 FORECAST P/E
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ROCK HOUSE VIEW

We regard KES 7.50 as demanding rather than conclusively overvalued. The forward earnings comparison supports the offer, but our base intrinsic scenario and three-year earnings test leave limited valuation protection. We do not support an unconditional subscription on the present evidence.



Regional median P/E less a 15%–25% RIB risk discount, applied to FY26 forecast earnings. Dividend discount scenarios; these are conditional valuations, not price targets. Methods and assumptions appear on pages 8–9.

What underpins the investment case

Quickmart has a recognized brand, 72 stores and improving reported profitability. Eight openings since December 2025 provide a tangible route to faster sales. At 14.3× forecast earnings, the offer is about 19% below the current regional peer median of 17.7×.

What prevents a stronger recommendation

FY25 sales growth of 8.0% lagged local competitors. FY26 requires H2 profit about 41% above H1, while a 95% payout target leaves little accounting profit for expansion. The secondary offer brings no new capital into the business.

Our position would strengthen with recurring earnings delivery, demonstrated

after-lease cash coverage of capex and dividends, and clear related-party lease oversight. Until then, participation requires acceptance of execution risk; a lower entry price would improve the investment balance.

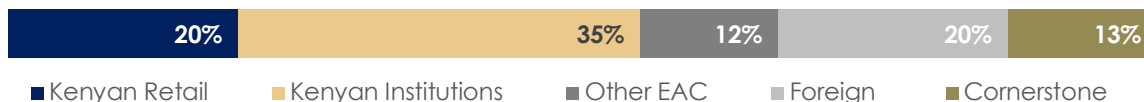
Research date 9 October 2026. Financial forecasts are issuer forecasts; valuation adjustments and investment judgements are RIB analysis.



2. THE OFFER

The allocation and economics

KES 30 billion implied equity value with no primary capital raised.



Indicative allocation of the 2.0 billion shares offered. The 13% cornerstone pool includes IFC's conditional participation; it is not additional to the offer.

Key term	Final position
Offer	2.0bn existing shares at KES 7.50; KES 15.0bn offer size
Issued shares	4.0bn shares; 50% offered and 50% retained by SRKL at full subscription
Relative pricing	0.595× FY25 P/S; 19.9× FY25 P/E; 14.3× FY26 forecast P/E
Conditions	Not underwritten; minimum 75% subscription and 250 investors, subject to permitted waiver or approval
Timetable	Closes 30 October; results 6 November; expected listing 12 November 2026
Over-allotment	None in the final offer terms

Allocation and IFC

The pools represent 400m Kenyan retail, 700m Kenyan institutional, 240m other EAC, 400m foreign and 260m cornerstone shares. Undersubscribed categories may be reallocated, with Kenyan retail first in line; employee priority sits within that pool. IFC's approximately KES 1.94bn commitment represents about 12.9% of the offer and 6.45% of issued capital. It remains conditional, pending IFCs board approval.

The free float rule

The CMA MIMS checklist applies Regulation 10(a) and the First Schedule of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023: at

least 15% must be available for public trade, excluding controlling or associated holders and senior managers, with at least 250 shareholders. A 50% offer exceeds the percentage threshold by 35 percentage points, but compliance depends on the final qualifying register.

Implication: the offer broadens ownership but does not finance the store plan. A large, offered stake also does not assure active secondary-market liquidity.

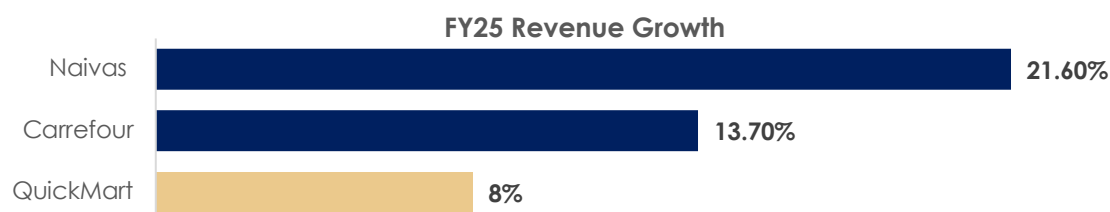


3. COMPETITIVE POSITION

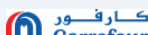
Growth trails the local leaders

Quickmart's stronger net margin must be assessed alongside slower sales growth

72 STORES AT SEPTEMBER 2026	65% FOOD AND FRESH SALES	74% SALES LINKED TO Q POINTS
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FY25 revenue growth: Quickmart December year-end; Carrefour Kenya December, in AED; Naivas / Mambo June, in reporting currency. These are not matched-period same-store growth rates. [5,7–9]

Business	Scale and profitability	Interpretation
 Quickmart	KES 50.43bn sales; 3.0% reported PAT margin	Slower growth; higher reported net margin
 Naivas / Mambo	About KES 113.5–114.5bn sales; about 2.1% profit margin	More than twice Quickmart's sales scale
 Carrefour Kenya	AED 1.386bn sales; 1.3% NOPAT margin	Faster growth; NOPAT is not PAT

The business model creates returns and obligations

Neighborhood convenience, fresh food, loyalty participation and 35 stores trading around the clock support customer frequency. A largely leased estate reduces initial property investment, but rent, fit-out, replenishment capex, wastage and supplier settlement remain recurring cash demands.

A 10% EBITDA margin is not a like-for-like advantage

Quickmart's FY25 reported EBITDA margin is about 10.1% and adjusted margin 10.6%. IBL's wider Retail cluster reports 6.3%, but includes businesses beyond

Naivas. Majid Al Futtaim's adjusted EBITDA treats rent as under IAS 17. Comparing that measure with Quickmart's post-IFRS 16 EBITDA overstates comparability. We therefore place greater weight on earnings, after-rent returns and cash coverage.

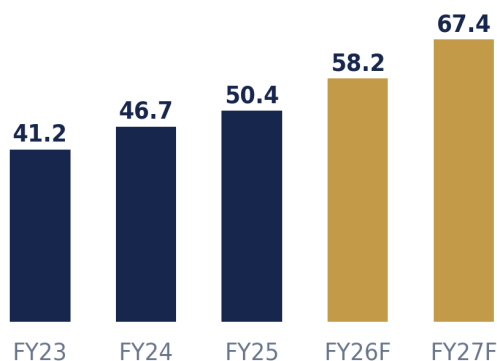
Profitability supports some sales-multiple premium; the growth record does not yet establish a superior retail franchise.



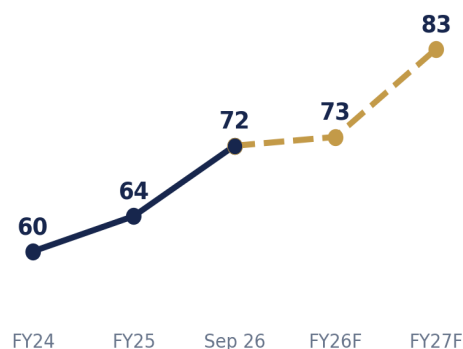
4. GROWTH OUTLOOK

Revenue growth must rise to 15.4% in FY26 and 15.9% in FY27

Revenue | KES bn



Store network | actual and forecast



Actual financial history; September estate; store targets of 73 and 83 and approximately 6% like-for-like growth are from the IM extraction in. Gold denotes forecasts.

Why sales growth slowed to 8% in FY25

Only four stores were added, from 60 at FY24-end to 64 at FY25-end. Closing-store count rose 6.7%; sales per closing store increased just 1.2%. Modest footprint growth and limited improvement in this productivity proxy help explain the slowdown, although the measure is not same-store growth.

Faster growth at Naivas and Carrefour means weak household demand alone cannot explain the relative performance. Opening dates, catchment overlap, format mix and competition are plausible influences; their individual effects are not disclosed.

What must be delivered

Measure	H1 FY26 actual	H2 required	Full FY26 forecast
Revenue KES bn	27.27	30.94	58.20
Reported PAT KES bn	0.873	1.230	2.103
Net margin	3.2%	4.0%	3.6%

Eight openings by September support acceleration. FY26 still requires H2 revenue 13.5% above H1 and profit 40.9% higher. Store maturation, full-year contributions and expanding margins must support that bridge; unquantified seasonality is insufficient.

RIB FY26 stress	Revenue KES bn	PAT margin	Offer P/E
Sales grow 8%; margin holds	54.46	3.0%	18.4×
Sales meet plan; margin holds	58.20	3.0%	17.2×
Issuer forecast delivered	58.20	3.6%	14.3×

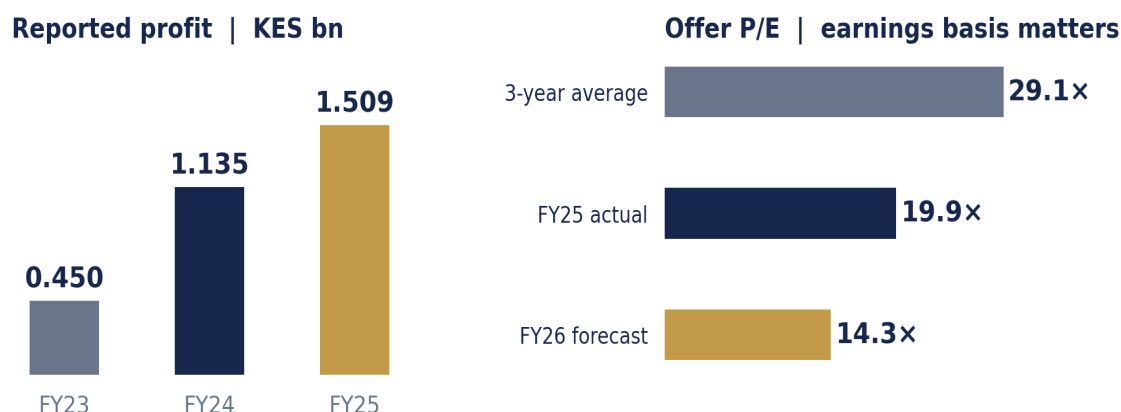
The apparent forward discount is sensitive to both growth and margins
Forecast delivery should be treated as an execution case.



5. QUALITY OF EARNINGS

Stronger profits deserve a closer test

The improvement has an operating explanation but should not be capitalized uncritically.



KES bn except margins	FY21	FY23	FY24	FY25
Revenue	25.681	41.216	46.708	50.428
Reported PAT	0.183	0.450	1.135	1.509
Adjusted PAT ¹	0.448	0.603	1.312	1.709
Reported EBIT margin	4.3%	4.8%	6.4%	6.8%
Reported PAT margin	0.7%	1.1%	2.4%	3.0%

Management-adjusted figures are unaudited. FY21 PAT is KES 182.637m, or 0.711% of sales, reconciled to the accounts-derived ITF schedule.

The profit improvement is principally operational

Between FY23 and FY25, reported PAT rose KES 1.059bn. EBIT increased KES 1.472bn, finance charges fell KES 0.049bn and higher tax absorbed KES 0.462bn. Gross margin improved by about one percentage point and the operating expense ratio fell by about 0.9 points. H1 FY26 reported EBIT margin of 7.1% supports an improvement extending beyond the listing year.

The three-year test changes the pricing picture

Average FY23–FY25 reported PAT of KES 1.031bn implies 29.1× P/E at the offer; average adjusted PAT of KES 1.208bn implies 24.8× P/E. The average may

understate a genuine step-up, but it guards against valuing the business solely on its best historical year.

Pre-listing earnings quality

The evidence does not establish manipulation. Key tests are settled supplier rebates, inventory ageing and shrinkage, capitalized fit-out and IT costs, lease assumptions and recurring corporate costs. FY25 add-backs raise PAT by 13.3%; only costs that genuinely cease without replacement warrant removal. Repeated disruption or restructuring costs should remain in sustainable earnings.

Use reported earnings as the principal earnings measure, with historical averages and cash conversion as checks.



6. CASH AND DIVIDENDS

High payouts tighten the funding test

Growth must be funded after rent and investment without stretching suppliers

FY26F | 95% payout

1.998 distributed

0.105 retained

FY27F | 90% payout

2.563 distributed

0.285 retained

KES bn, calculated from issuer forecast reported PAT and annual payout targets. The 95% FY26 and 90% FY27 targets are confirmed in issuer FAQs; an at least 80% payout applies thereafter.

Up-to 6.7% FY26 INDICATIVE GROSS YIELD	KES 0.70bn CASH AT JUNE 2026	KES 0.54bn FIVE-DAY SUPPLIER STRESS
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A dividend target is conditional on distributable cash

The annual FY26 indication is approximately KES 0.50 per share. It is not a guaranteed first payment to IPO investors. Targets are subject to liquidity, distributable reserves and Board approval; semi-annual declarations determine payment timing. Retention rises from 5% in FY26 to 10% in FY27, then to at most 20% under the minimum 80% policy.

How expansion can be financed

Cash operating earnings can exceed accounting PAT because depreciation is non-cash. That benefit must fund lease payments, maintenance and new-store capex before distributions. The legal opinion records substantially undrawn Family Bank facilities of up to KES 2.0bn, secured by an all-assets debenture. These provide potential liquidity, but availability, tenor and covenants must fit the rollout.

Negative working capital is a discipline test

At June 2026, bank borrowings were only about KES 0.007bn, but working capital was negative by approximately KES 4.0bn. A five-day shortening of supplier terms would absorb about KES 0.54bn at FY25 cost of sales, nearly 77% of cash. Low bank debt therefore does not establish low funding risk. Prompt customer collections can support a sustainable negative working-capital model. The danger arises when overdue suppliers permanently

finance dividends or long-lived expansion. FY25 dividends of about KES 1.65bn exceeded PAT by KES 0.14bn, making the reserves and cash reconciliation material.

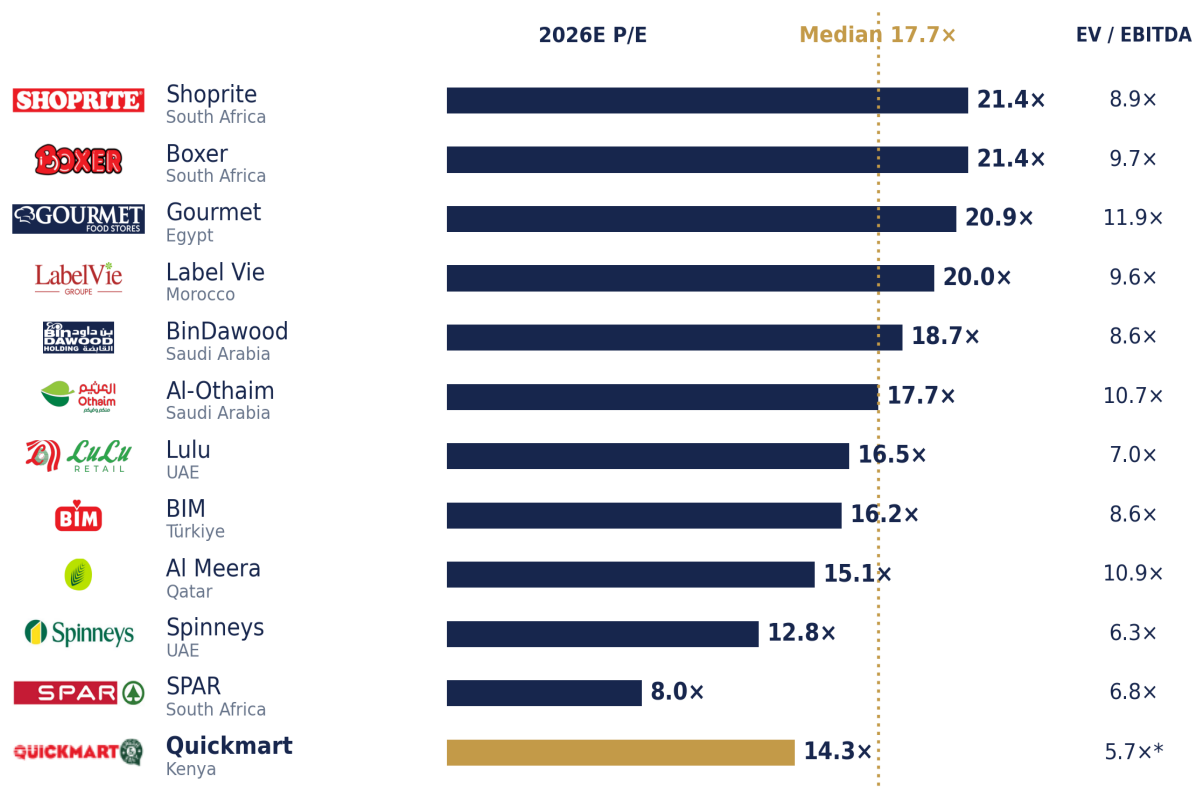
Funding condition: after-tax operating cash, after interest and all lease payments, should cover dividends plus planned capex by at least 1.0× without deterioration in overdue payables. If coverage fails, reduce payouts or rollout, or secure committed long-term funding.



7. REGIONAL VALUATION

The discount depends on forecast delivery

Quickmart is cheaper on forward earnings and close to peers on current reported profits.



Snapshot at 21 September 2026, published by Stanbic. All 11 peers retained without weighting; median P/E 17.7x, mean 17.2x; median EV/EBITDA 8.9x.

*Quickmart 5.7x is the issuer's EV/adjusted EBITDA quote and requires lease and adjustment alignment.

Read the comparison on a consistent basis

At 19.9x FY25 reported earnings, Quickmart is about 5% above the same dataset's FY25E peer median of 19.0x. At 14.3x FY26 reported forecast earnings it is about 19% below the FY26E median. The issuer's 12.9x adjusted FY26 P/E is lower because it uses a different profit denominator.

South African and Moroccan peers provide African references; Gulf retailers, BIM in Türkiye and Gourmet in Egypt broaden the operating comparison. Scale, tax, inflation, fiscal years, premium versus discount formats and SPAR's wholesale mix prevent a mechanical transfer of the median.

RIB view: the published adviser rationale is now available and supports an earnings-based argument. It expressly disclaims an independent valuation or fairness opinion. We apply a risk sensitivity to the peer multiple and test the cash value separately.



8. VALUATION SYNTHESIS

Earnings and cash carry greater weight

Sales multiples remain a useful check rather than a stand-alone fair value conclusion

Legacy peer	P/S	Raw price	Market cap (Mn)
 SPAR	0.14×	9,550	ZAR 18,393.5
 Shoprite	0.57×	27,023	ZAR 159,797.4
 Pick n Pay	0.15×	2,490	ZAR 18,566.9
 Label Vie	0.77×	4,600	MAD 13,312.2
 Choppies	0.36×	180	BWP 3,284.0

Bloomberg / RIB Analysis as at 31 December 2025.

Mean = $(0.14 + 0.57 + 0.15 + 0.77 + 0.36) \div 5 = 0.398\times$; median = 0.36×. Both round to 0.4×. No exclusions, weighting or numerical adjustments apply. FY25 revenue implies KES 5.02 at the mean, KES 4.54 at the median and KES 1.76–9.71 across the full range.

Share price KES	FY25 P/S	FY25 P/E	FY26F P/E	FY26 yield
4.54	0.360×	12.0×	8.6×	11.0%
5.02	0.398×	13.3×	9.5×	10.0%
7.50 OFFER	0.595×	19.9×	14.3×	6.7%

Approximate KES 0.50 annual dividend indication. P/E and P/S value equity directly; no net-debt subtraction applies.

A transparent risk discount

A combined 15%–25% discount to 17.7× for scale, concentration, execution, governance and liquidity gives 13.28×–15.05× and KES 6.98–7.91; 20% gives KES 7.44. These are RIB sensitivities. Superior after-rent returns and cash conversion could justify a premium; IFC participation alone cannot.

Intrinsic DDM assumption	Downside	Base	Upside
FY27 PAT vs forecast	20% below	Delivered	Delivered
FY28–FY31 PAT growth	6%	10%	12%
FY27 / later payout	80% / 80%	90% / 80%	90% / 80%
Cost of equity / terminal growth	18% / 4%	16% / 5%	14% / 6%
Value KES per share	3.32	5.86	8.39

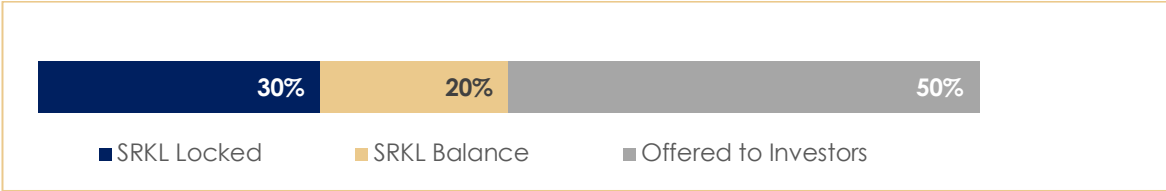
DDM: FY27–FY31 year-end dividends, discounted 1.23–5.23 years from 9 October 2026, plus Gordon terminal value (62% of base). Base DPS: 0.641, 0.627, 0.689, 0.758, 0.834. Discount rates are judgmental. Any confirmed post-IPO FY26 dividend adds discounted value. Distribution capacity after investment remains conditional.

RIB conclusion: 0.595× sales equals about 19.9× earnings at a 3% margin. Sustainable earnings and cash deserve greater weight than the P/S midpoint. The base intrinsic case and forecast peer pricing offer limited protection at KES 7.50.

9. GOVERNANCE

Minority protection must work in practice

The ownership structure makes independent challenge and related-party controls material



Ownership at full subscription. The lock-up covers 60% of SRKL's retained stake for 24 months, or 30% of issued capital, subject to exceptions. The remaining 20% is potential overhang, not an announced sale.

A concentrated shareholder remains influential

SRKL retains 50%, sufficient to block special resolutions but not automatically an outright voting majority. Sponsor, founder and CEO interests remain pooled upstream. Alignment supports continuity, while the secondary sale directs IPO proceeds to the seller and leaves issuer expansion capacity unchanged.

Board design is improving but is recent

The legal opinion records independent non-executive appointments of Jennifer Kinyoe and Disha Copreaux effective 1 October 2026, together with a Board charter and committee mandates. The CMA requirement is a majority of non-executive directors and at least one-third independent directors.

Governance function		Investment safeguard to require
Audit and Risk		Challenge rebates, inventory, leases, add-backs and cash coverage
Nomination and Remuneration	and	Tie incentives to cash returns and supplier discipline, not only EBITDA
Strategy Investment	and	Approve sites against after-rent returns, payback and committed funding
Related-party oversight		Maintain lease register; benchmark rents; require recusal and independent approval

Founder-linked property creates a potential conflict

Basic identifies Duncan Kinuthia as its founder and describes Quickmart as an anchor at close to 15 locations. This creates a potential related-party lease interface; the public profile is not a verified schedule of current issuer leases or beneficial interests. Attractive store returns must not depend on temporary concessionary rents.

The appropriate safeguards are disclosed counterparties, tenure and escalators, market rent benchmarking, recusal by conflicted directors and independent approval of material renewals. The Audit and Risk Committee should reconcile the lease register to the accounts.

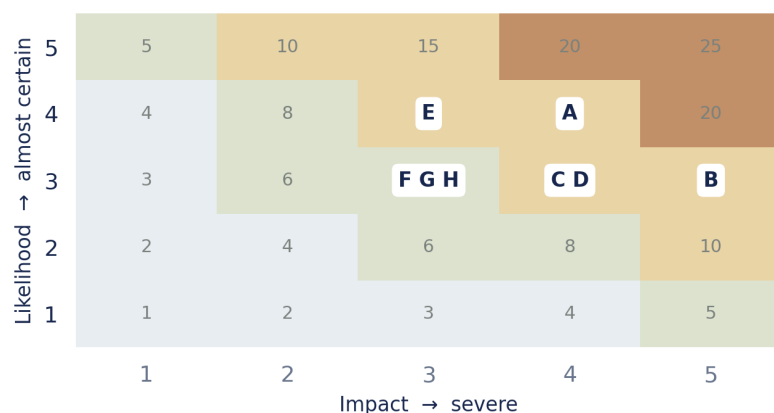
Governance position: moderate current risk. The structure has improved, but effectiveness must be demonstrated through disclosure and decisions on dividends, expansion and conflicts. Regulatory eligibility does not assure minority outcomes.



10. INVESTMENT RISKS

Execution and liquidity dominate

A five-point likelihood and impact framework over the next 12–24 months



TOP INVESTMENT RISKS

16

Growth and margins

15

Cash and suppliers

High risk | delivery and funding

Score = likelihood × impact. Likelihood: 1 rare; 2 unlikely; 3 possible; 4 likely; 5 almost certain. Impact: 1 insignificant to 5 severe. Bands: 1–4 low; 5–9 moderate; 10–16 high; 17–25 critical. Ratings are RIB judgement, not measured probabilities.

Risk	L × I	Rating	Priority monitoring and response
A Growth and margins	4 × 4	16 HIGH	Track store cohorts and H2 margin; revalue on a miss
B Cash and suppliers	3 × 5	15 HIGH	Require ≥1.0× cash coverage; monitor overdue ageing
C Earnings quality	3 × 4	12 HIGH	Reconcile rebates, add-backs and capitalization
D Rollout and leases	3 × 4	12 HIGH	Test site payback, rent-adjusted returns and funding
E Competition	4 × 3	12 HIGH	Monitor traffic, volumes, basket pricing and waste
F Governance	3 × 3	9 MODERATE	Verify independence, lease terms and recusals
G Operations and cyber	3 × 3	9 MODERATE	Monitor availability, recalls and continuity controls
H IPO and liquidity	3 × 3	9 MODERATE	Confirm conditions, allocation and qualifying float

The risks reinforce one another

A sales miss weakens supplier-funded operating cash precisely when leases, new stores and dividends require liquidity. Low bank borrowings do not remove that interaction. We would reassess the investment before each dividend declaration and after every results release, with an immediate review for deteriorating supplier ageing or material related-party disclosures.

Proposed controls do not reduce the score until their operation is evidenced. Payout flexibility is an important safeguard: a prudent dividend reduction is preferable to persistent arrears funding growth.



11. INVESTMENT CONCLUSION

Our position at KES 7.50

Cautious and selective with no unconditional subscription recommendation

The franchise is credible and reported profitability has improved. However, the offer's forward valuation depends on a simultaneous acceleration in sales and net margin. Three-year average earnings imply $29.1 \times P/E$, and our base intrinsic scenario of KES 5.86 is below the offer.

A stronger case requires	A weaker case would be signaled by
Recurring forecast earnings and sound new-store returns	Rising add-backs or falling store productivity
Dividends and capex covered after all lease payments	Ageing supplier balances funding distributions or capex
Transparent leases and independent board challenge	Unclear related-party terms or weak minority oversight

We would require either a lower entry price or stronger evidence of sustainable earnings and funded growth before taking a more positive position. IFC's conditional participation and the adviser's peer comparison provide context, but neither replaces the cash and governance tests.

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