

DYER & BLAIR INVESTMENT BANK

COMPANY REPORT

Founder Member of the Nairobi Securities Exchange

23RD SEPTEMBER 2026



DYER & BLAIR
INVESTMENT BANK

WE KNOW. YOU KNOW.

QUICKMART IPO BY WAY OF OFFER FOR SALE

DEAR ALL,

We initiate coverage on Quickmart Limited following the Company's announcement of its intention to float 50.0% of its shares on the Nairobi Securities Exchange. Our equity value estimate ranges between KES 31.2 BN to KES 37.3 BN. Quickmart is a supermarket chain operating in the Kenyan retail space and had 72 stores as at August 2026. In 2026, the Company has rolled-out 8 stores so far. Robust store roll-out in the medium term will be a key growth driver for the Company, paired with improving profitability margins. Return on equity stood at 134.1% as at FY25.

Highlights

We project revenues to reach KES 83.7 BN by FY28f compared to KES 50.4 BN recorded in FY25, driven by continued store expansion, growth in the customer base and higher average customer spending.

Quickmart is projected to open 10 new stores per annum for the forecasted periods (2026-2028). The company has on average opened 7 new stores annually since 2020 and is looking to open 40-50 new stores in the medium term. We expect new store openings to be funded through business cashflows.

We expect the Company to remain debt-free throughout the forecast period of 2026–2028. The Company operates with minimal debt as at 1H26, having repaid the majority of its borrowings, and pays dividends to shareholders. Management indicated that it has access to a KES 1.85 billion credit line currently not utilized.

Quickmart has generated strong operating cash flows in recent years, with cash flows from operating activities increasing to KES 4.8 billion in 2025 from KES 4.2 billion in 2024. The continued growth in operating cash flows reflects the Company's strong cash-generating capacity and provides flexibility to fund its ongoing operations and expansion plans through internally generated funds. Cash and cash equivalents at year end stood at KES 2.2 BN as at FY25.

KEY METRICS

Equity value est. (KES BN)	31.2 - 37.3
No. of shares on offer (BN)	2.0
% of shares on offer	50.0%
Over-allotment option	15.0%

Research Analysts

LUCY ODHIAMBO

lodhiambo@dyerandblair.com

[+254 709 930 129](tel:+254709930129)

SYLVESTER OTIENO

sotieno@dyerandblair.com

[+254 709 930 127](tel:+254709930127)

ESTHER NYABOKE

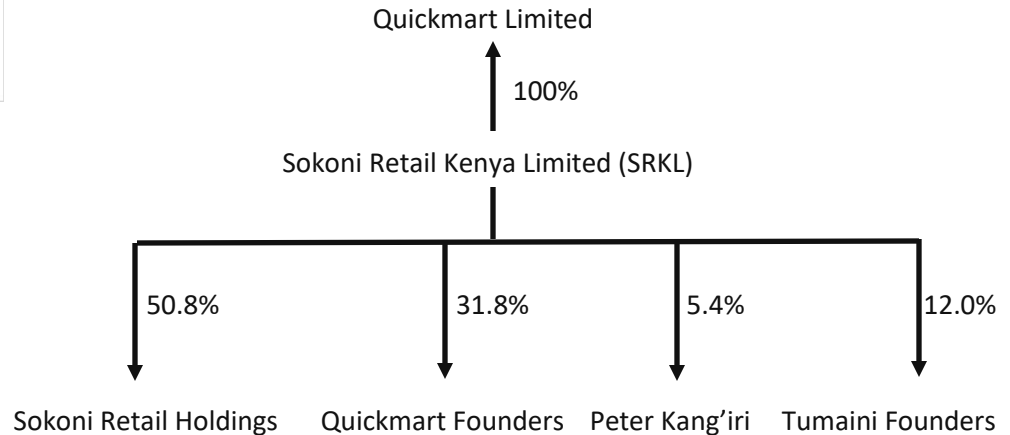
enyaboke@dyerandblair.com

Quickmart Supermarket

IPO by way of Offer for Sale

Quickmart supermarket chain was founded in the year 2006 as a family-owned business. In 2019 (the company operated 11 branches then), private equity firm Adenia Partners, through its local subsidiary Sokoni Retail Kenya Limited, bought a majority stake in the company and merged it with Tumaini Self Service, a local supermarket chain which at the time operated 13 branches.

Current Ownership Structure:



Quickmart Limited will be listing on the Nairobi Securities Exchange through an IPO by way of an Offer for Sale. Through this offer, Sokoni Retail Kenya Limited (SRKL) is selling 50.0% stake, with the proceeds to be distributed on a pro-rata basis to SRKL shareholders. The founding families of Quickmart and Tumaini will continue to be shareholders of the Company.

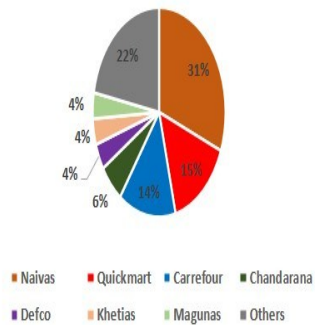
Quickmart operates 72 retail stores as at August 2026 spread across 16 counties in Kenya, 8 of which were rolled out in 2026. 32 stores are located in Nairobi and its surrounding counties. The retail chain operates three different formats of stores: hypermarket, supermarket and express. These three vary mainly on size basis.

	Store size	Count*	Avg. basket size (KES)
Hypermarket	20,000-30,000 sq. ft	27	1,100 - 1,200
Supermarket	10,000-20,000 sq. ft	29	800 - 900
Express	5,000-10,000 sq. ft	14	500 - 600
Total		70	

*As at 1H26

The company boasts negative 30 days cash conversion cycle (excluding non-trade payables) as at 2025, zero debt levels as at 1H26, an expanding network of stores and a growing e-commerce platform. The retail market in Kenya is estimated to grow at a CAGR of 4.1% from 2026 to 2030 buoyed by factors discussed later in this report.

Market share of formal retail
as at 2025



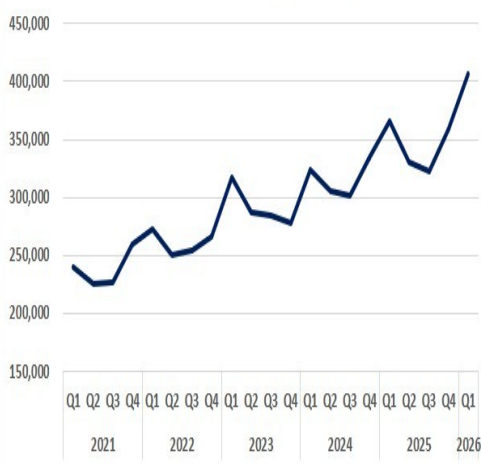
Source: Sagaci Research

Kenya Est. CAGR 2025-2030

Total retail market	4.1%
Modern retail market	9.4%
Online retail market	30.2%
Traditional retail	2.8%

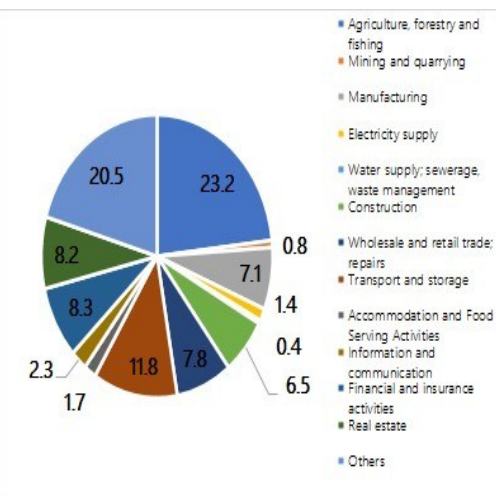
Source: Sagaci Research

Wholesale & Retail Trade
GDP Contribution (KES MN)

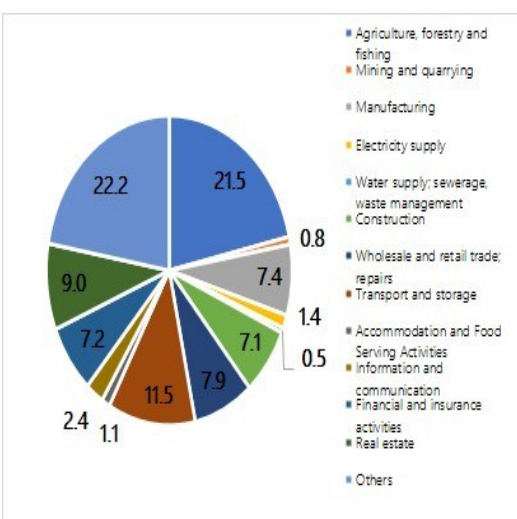


Source: KNBS

Contribution to GDP 2025



Contribution to GDP 2021



The retail sector in Kenya

According to KNBS, the Wholesale & Retail Trade sector ranks fifth in contribution to GDP as at 2025 after Agriculture, Transportation & Storage, Financial & Insurance and Real Estate. This underpins the sector's position in contribution to GDP, positioned above the Manufacturing sector on current prices basis. In 1Q26, Wholesale and Retail ranked third, growing by 11.0% y-o-y to stand at KES 405.8 BN. Based on the KNBS statistics, the Retail & Wholesale sector is notably cyclical, hitting its highest contribution to GDP in 1Q of each year. Whilst this may be the case, supermarket chains in Kenya record the highest sales in 4Q on account of festive shopping.

2025	% y-o-y change	% Contribution to GDP
Agriculture, forestry and fishing	11.75	23.2
Mining and quarrying	25.87	0.8
Manufacturing	5.76	7.1
Electricity supply	(1.91)	1.4
Water supply; sewerage, waste management	4.49	0.4
Construction	11.14	6.5
Wholesale and retail trade; repairs	9.00	7.8
Transport and storage	1.01	11.8
Accommodation and Food Serving Activities	18.80	1.7
Information and communication	7.95	2.3
Financial and insurance activities	13.93	8.3
Real estate	5.32	8.2
Others	7.29	20.5

Source: KNBS 2026 Economic Survey

According to research firm Sagaci Research, the retail market in Kenya is estimated at USD 22.9 BN as at 2025 and is projected to reach USD 27.9 BN by 2030, poised to grow at a CAGR of 4.1% from 2026 to 2030. This growth trajectory is driven by a burgeoning middle class and accelerated urbanization, leading to an increasing demand for diverse consumer goods and modern shopping experiences. The rise of digital platforms and e-commerce also plays a pivotal role, shifting traditional shopping habits toward more convenient online solutions.

The retail sector is segmented into two: formal retail and informal retail. Informal retail encompasses traditional retail points like dukas (small local shops), open-air market stalls, roadside stalls, telecom kiosks and table-top kiosks. Formal retail encompasses modern shopping points like shopping malls, supermarkets and online shops.

Kenya's formal: informal retail market share is estimated at 30%:70%, with Quickmart's market share estimated at 15.0% of the modern retail market, ranking second on market share basis. Naivas, the largest player in the Kenyan modern retail sector, has a market share of c. 30.0%, while Carrefour's market share is estimated at c.13.0%.

The retail sector in Kenya

Growth in urban population

Urban population in Kenya as a percentage of total population stood at 32.0% as at 2025 compared to 64.0% in South Africa, 64.0% in Nigeria and 43.0% in Egypt. The Sub-Saharan Africa figure stood at 45.0% in the same period, highlighting significant ground to cover with respect to Kenya's growth in urban population density. The chart on the left shows the step-like nature of the transitioning of urbanization in Kenya, with the country poised to experience a steep rise in urban population density in the medium term.

Urban population as a % of total population

South Africa	64.0%
Nigeria	64.0%
Zambia	46.0%
Egypt	43.0%
Zimbabwe	40.0%
Tanzania	37.0%
Kenya	32.0%
Uganda	32.0%
Ethiopia	24.0%
Sub-Saharan Africa	45.0%
World	58.0%

Source: World Bank

A key challenge accompanying growing urbanization in Kenya is the subsequent increase in people living in informal settlements. It is estimated that 60.0% of Nairobi's population resided in informal settlements as at 2024 compared to 33.0% four decades prior.

Urban population in Kenya stood at 18.5 MN as at 2025, marking a 2.97% y-o-y increase compared to 18.0 MN in 2024. Taking a worst case approach based on Nairobi numbers, this would imply a c. 1.78% increase in population in urban formal settlements wherein lies the driver of formal retail growth in the country. The low and lower-middle income populations are mainly served by smaller retail outlets.

As at 2025, the biggest supermarket chains in Kenya —Naivas, Quickmart, Carrefour, Chandarana and Magunas operated more than 275 stores across urban areas in Kenya and account for >50.0% of all formal store count. This marked a 7.8% y-o-y increase from 255 stores in 2024, competing for the growing urban population in the country.

Chain	No. of stores*
Naivas	114
Quickmart	64
Magunas	35
Carrefour	34
Chandarana	28

Source: Sagaci Research

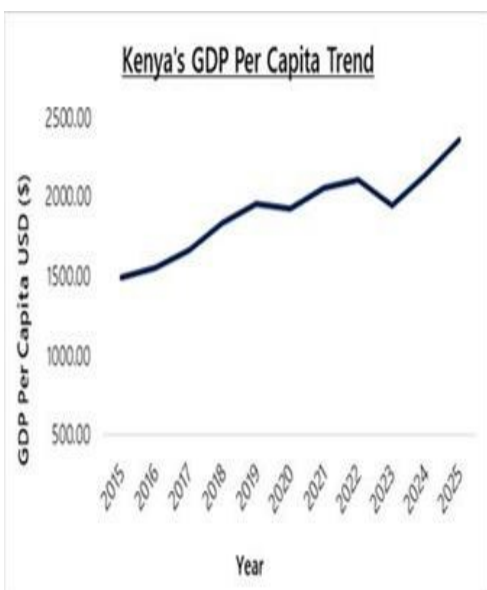
*as at 2025

The retail sector in Kenya

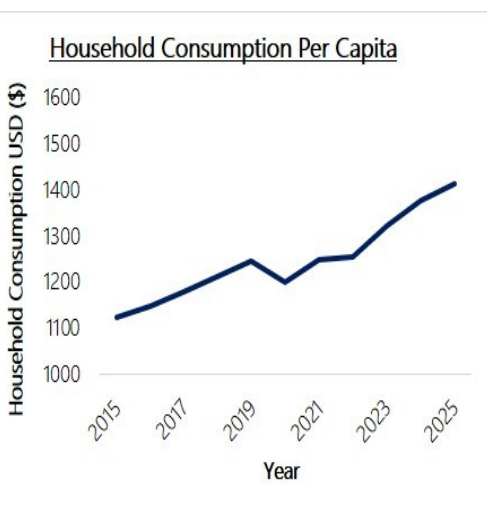
A growing middle class

The World Bank classifies Kenya as a lower-middle-income country. Kenya's middle income consumer base remains relatively limited, although the economic conditions supporting its expansion have strengthened. Real GDP per capita increased by 58.7% from USD 1,489 in 2015 to USD 2,363 in 2025, while real household consumption per capita rose by 25.6% from USD 1,125 to USD 1,413 over the same period. The increase in both measures points to improving economic and household purchasing capacity, although the significantly slower growth in consumption suggests that gains in economic output have not translated proportionately into household spending. Inflation, income growth and employment conditions are likely to remain important constraints to discretionary consumption growth. This is consistent with the relatively high proportion of the population remaining below the lower-middle-income purchasing threshold, with World Bank data indicating that 65.5% of Kenyans were below USD 4.20 per day threshold in 2023. Overall, the evidence points to an improving consumer base, but one whose transition into higher purchasing-power segments remains gradual and uneven.

The middle-income consumer segment therefore presents significant long-term headroom rather than evidence of rapid, broad-based expansion. A large share of consumers still operates with relatively constrained purchasing capacity. Nevertheless, continued economic growth, urbanization, rising employment and improving household consumption could gradually shift more consumers into higher spending segments. For retailers, this creates a two-speed opportunity, with near-term demand likely concentrated among established urban and higher-income consumers, while the larger opportunity lies in capturing the gradual upgrading of consumption as more households gain purchasing capacity.



Source: World Bank, DBIB Research



Source: World Bank, DBIB Research

The retail sector in Kenya

Discount stores rollout

Kenya's retail sector has seen the rollout of a number of new entrants over the past 3-5 years. Modern retail store count increased from 339 stores in 2020 to 520 stores in 2025. Some of the new entrants have been China Square and Panda Mart, Chinese-owned shops operating with different concepts compared to market leaders. Their outlets are mostly situated within shopping malls and focus largely on selling cheaper imported household goods.

Quickmart's market share evolution has shown resilience, growing from 13.4% in June 2025 to 15.0% of the formal retail market in 1H26.

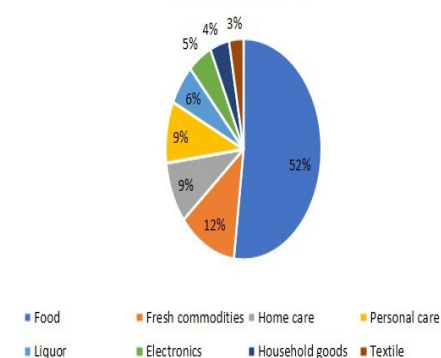


Source: Sagaci Research

Quickmart Operations

Quickmart's sales categories are as follows:

Sales contribution



Sales contribution	
Food	52%
Fresh commodities	12%
Home care	9%
Personal care	9%
Liquor	6%
Electronics	5%
Household goods	4%
Textile	3%

Source: Company

The company sources these products from local suppliers (suppliers handle importation independently), a proportion of this is on consignment model; goods are delivered at their stores on a straight-to-shelf basis (certain stores act as redistribution centers); makes the items available for sale at a mark-up; payments to suppliers are made according to the agreed payment terms. In 2024, the company introduced private label items (e.g. sugar, tissue, milk) which contribute 1-2% of total sales and carry margins that are 2-3% above normal product margins.

Fresh food commodities (like vegetables, fruits, bread, meat products) and household goods notably carry the highest gross margins. The fresh commodities segment was launched in 2019 and is allocated approximately 30.0% of floor space. This segment has recorded a CAGR of 17.1% in the period 2021-2025 to become the second-largest product category by sales and contributes the highest margins.

Quickmart runs periodic promotions on specific SKUs in partnership with suppliers to ramp up volumes. Items on promotion typically boost shopping frequency and basket size. Approximately 25.0% of sales are generated on promotional items. The company further runs a loyalty program, with 2.5 MN loyalty members as at 1H26 contributing 73.8% of total sales. This number has grown from 1.5 MN in 2022.

The total store floor space stood at 1.11 MN square feet as at FY25, implying a trading density of KES 46,636 sales per square foot per annum. This compares to Shoprite's (JSE listed) c. USD 867.00 — KES 111,840 sales per square foot and Groupe LabelVie (CSE listed) c. KES 65,051 sales per square foot. We view the strategy to optimize store productivity positively as this is expected to drive up trading density numbers, with key focus expected on the higher margin segments.

Trading density*

Quickmart	KES 46,636
LabelVie	KES 65,051
Shoprite	KES 111,840

***KES per square foot**

FY25	Sales contribution	Trading density (KES)
Supermarkets	39.8%	49,403
Hypermarkets	48.5%	42,163
Express	11.8%	61,993
Total	100.0%	

Quickmart Operations

CAPEX lay-out

Average capex per square ft (KES)

Hypermarket	6,097
Supermarket	6,870
Express	9,573

Source: Company

Capex intensity*

Quickmart	2.21%
Choppies	2.55%
Shoprite	2.15%
Pick n Pay	1.67%

Source: Bloomberg

*Latest Filings

Quickmart targets to open 9 new stores in 2026 and 10 new stores in 2027. The CAPEX layout for FY26 stands at KES 1.6 BN and KES 1.8 BN for FY27, implying an average CAPEX per new store opening of KES 178.8 MN inclusive of maintenance CAPEX. Maintenance CAPEX is estimated at KES 200 - 300 MN annually. Capex intensity averaged 3.12% over the period 2021-2025 (FY25:2.21%), noting a slow-down in store openings in 2023 and 2024. JSE-listed Shoprite recorded a capex intensity of 2.15% as at June 2026 while Choppies recorded a CAPEX intensity of 2.55%. Quickmart's CAPEX payback period is estimated at 2-3 years of operations.

Quickmart Operations

Going big on convenience

Chain	No. of stores*
Naivas	114
Quickmart	64
Magunas	35
Carrefour	34
Chandarana	28

Source: Sagaci Research

*as at 2025

The Company's focus has been on expanding into urban neighborhood centers and positioning stores in strip malls located in densely populated areas and near commuter stations. This is in a bid to provide convenience with respect to ease of access and availability of uncharged parking. Key competitors like Carrefour have notably majorly been mall anchors housed within large shopping malls. The biggest question would be whether foot traffic numbers match the Company's strategy. A study by Knight Frank alludes to a decline in mall footfall primarily impacted by reduced disposable income, translating into a slowdown in consumer spending and in turn resulting in reduced revenues for mall tenants. In response, major retailers have shifted their strategy by expanding into residential neighborhoods, further suppressing mall footfall growth.

Rent rates in prime malls is estimated to average around KES 600.00 per square foot per month (exclusive of VAT) as at 2025. In 2025, Quickmart reported rent expenditure of KES 1.6 BN, implying an estimated charge of KES 125.27 per square foot per month.

E-commerce the next big thing?

Quickmart launched its e-commerce app QSOKO in August 2024 offering fresh produce, groceries, household items and electronics with same-day delivery at a fee. The Company runs a Whatsapp channel where promotions are communicated and links to the online shopping platform and the QSOKO app are availed. The retailer is also in partnership with e-commerce firms such as Glovo, BoltFood and UberEats, making its products available on the platforms at the same prices as in-store. One is able to shop by categories such as promotions, ready meals, bread & bakery and fruit & vegetables among others. Approximately 2-3% of the company's revenues are generated via these online applications, with c. 43.0% of online sales generated through Glovo and c. 27.0% generated through Whatsapp.

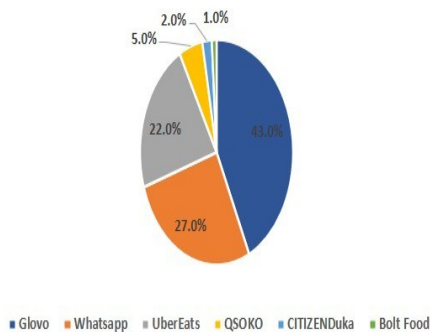
Carrefour and Naivas similarly operate their e-commerce platforms. Carrefour's online sales as a percentage of total sales is estimated at c. 14.0%, having launched its mobile app in 2021. In August 2026, Carrefour launched a prepaid card option in partnership with KCB Bank. We expect this to have marginal impact on other retail chains due to already-existing ease of payment with shoppers' debit/credit cards.

Quickmart Operations

E-commerce the next big thing?

According to the International Trade Administration (ITA), Kenya's e-commerce revenues are estimated to have grown by 16.4% in 2025 fueled by the adoption of a digital economy blueprint meant to develop the ICT sector and e-commerce activity. In 2022, Kenya was ranked the third-largest e-commerce market in Africa after South Africa and Nigeria buoyed by high usage of mobile money payments. Kenya's median age is estimated at 19 years, and an estimated 75.0% of the population is aged below 35 years. E-commerce market revenue in Kenya is estimated at USD 886.0 MN in 2025 with an annual growth forecast of 10 - 15% in 2026. The largest e-commerce revenue contributor is electronics, taking up 26.0% revenue share.

Quick Mart
E-Commerce Sales Distribution



Source: Company

Quickmart Strategy

Optimizing on supermarket formats

Quickmart operates three types of store formats: hypermarkets, supermarkets and express stores. Hypermarkets are large format stores having the broadest assortment of items and therefore highest customer spend per visit. The retail chain operates 27 hypermarket stores, out of which two were rolled out in 1H26. Supermarkets are convenient residential stores intended to serve recurring household needs. Quickmart operates 29 such stores, one of which was rolled out in 1H26 and 2 in 3Q26. Express stores are compressed (fewer SKUs) and targeting high frequency turnover for purposes of quick convenience. The company operates 14 express stores, having rolled out 1 of these over 1H26. All stores are notably profitable at the EBITDA level. 35 of these stores operate 24-hours a day, with 15.0% of sales in the 24-hour stores recorded at night. The 3-year CAGR for 24-hour store revenues stood at 12.0% in the period 2022-2025.

	<u>Sales contribution</u>	<u>Customer transactions</u>	<u>EBITDA margin</u>
Hypermarket	51.0%	13.0 MN	10.3%
Supermarket	38.0%	11.6 MN	9.6%
Express	12.0%	5.3 MN	7.8%

Source: Company

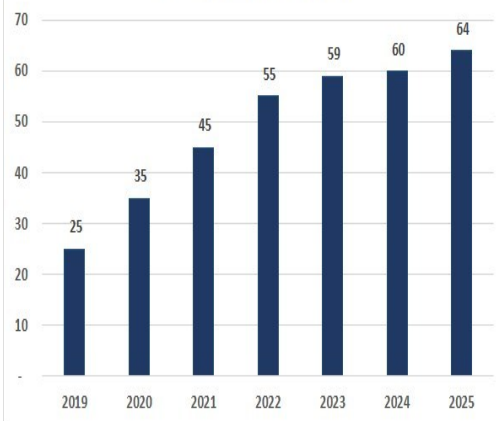
The company operates on a straight-to-shelf model, operates only one warehouse and a fleet of 48 trucks for store-to-store transfers. The company has implemented rigorous SKU management to prevent stock-outs and helps to keep the cash conversion cycle at a significant low. The average stock holding period stands at 30-35 days, with 0.2% of sales recorded under waste and 0.5% under shrinkage as at 1H26.

Quickmart carries out no direct imports, everything is sourced from local suppliers (who carry out importation independently), limiting exposure to currency fluctuations. The retailer's top ten suppliers accounted for c.27.0% of FY25 purchases.

The average basket size stood at KES 896.33 as at 2025, rising steadily from KES 766.00 in 2022 (implying a CAGR of 3.8%). Express stores have seen faster rise in average basket size, growing by 4.9% in FY25 to stand at KES 615.00.

The company employs approximately 1,800-2,000 direct staff on its payroll while it outsources approximately 6,000 staff from third party providers. As at FY25, staff numbers stood at 7,519, representing 1,881 permanent staff and 5,638 outsourced staff. Revenue per employee stood at KES 6.7 MN as at FY25 while salaries and wages as a percentage of sales stood at 5.6% in 2025 compared to 5.7% in 2024.

Quick Mart Store Count



Source: Company

<u>Revenue per employee</u>	<u>KES</u>
FY24	6,386,943
FY25	6,706,695

<u>Salaries & wages as a % of sales</u>	
FY24	5.7%
FY25	5.6%

Retail Sector Risks

Upcoming elections

With elections in Kenya coming up in August 2027, a key threat faced by all retailers is political goonism that usually involves vandalism of property and looting of retail commodities. These events further create disruptions in business activities leading to two levels of losses in revenues. Quickmart incurred costs of KES 39.0 MN and KES 21.0 MN in FY24 and FY25 respectively due to the Finance Bill protests experienced in Kenya in June of the respective years.

Declining disposable income

Research by the Kenya Bankers' Association showed that workers' purchasing power declined by 12.0% over the past five years on account of higher taxation, increases in statutory deductions and a higher cost of living. Recently introduced statutory deductions include a 1.50% Affordable Housing Levy deduction and a 2.75% Social Health Insurance Fund deduction from payslips, curtailing disposable income growth. Quickmart's basket size CAGR over the period 2021-2025 stood at 3.8%, trailing annual inflation growth numbers which averaged 5.99% over the same period.

Year of closure in Kenya

Nakumatt ***2020***

Uchumi ***2019***

Tuskys ***2023***

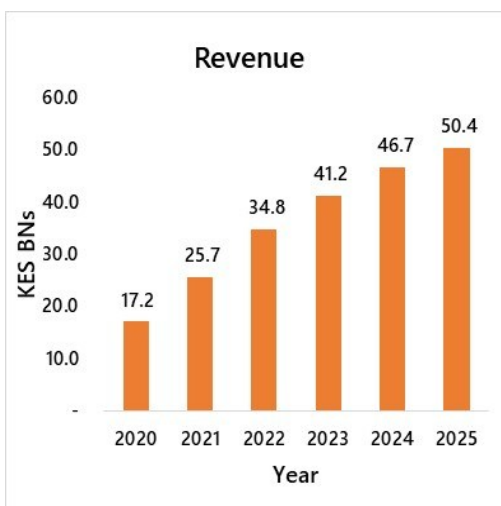
Fallen giants

It is difficult to overlook the fact that a number of large supermarket chains closed shop in the Kenyan market in recent years. Uchumi Supermarkets, Nakumatt and Tuskys collapsed due to a number of reasons. Nakumatt Supermarkets collapsed and shut down completely (final liquidation was in 2020) due to massive debt, rapid over-expansion, and cash flow problems. At its peak, it was East Africa's largest retail chain with over 60 outlets. Uchumi Supermarkets similarly collapsed and closed its stores in Uganda and Tanzania and shrank its Kenya operations due to aggressive over-expansion, mismanagement, and internal fraud, but it is attempting a slow recovery driven largely by rental income rather than retail sales. Tuskys Supermarkets completely collapsed and shut down all its branches by March 2023 on account of financial distress and massive debt amounts.

This fosters cautionary expansion across the region for existing supermarket chains, with investors keen on cash flow levels and debt levels to avoid existing pitfalls. We take a look at the company's debt and cash flow numbers in later pages.

Quickmart By The Numbers

Revenues



Number of Quickmart Stores: We project Quickmart to open an average of 10 new stores per annum over the forecast period (2026–2028), compared to an average of seven stores opened annually since 2020. Management is targeting the addition of 40–50 stores over the medium term, providing a strong pipeline for continued expansion. Beyond 2026, the Company has identified 30 potential sites, of which 13 are currently under negotiation, while 17 require further research and site visits. Quickmart also plans to expand its geographic footprint into additional counties, having established a presence in 16 counties. We view the continued store rollout and geographic expansion as key drivers of revenue and customer growth over the forecast period.

Average revenue per store: The average revenue per store is forecasted adjusted for projected inflation (Inflation expectations are sourced from IMF) and a multiplier effect from an expected increase in demand. The average revenue per store stood at KES 787.9 MN in 2025.

E-commerce: Quickmart has expanded its online retail offering through its own Q-Soko platform, Uber Eats, Glovo, Whatsapp, Bolt food and Citizen Duka providing customers with access to a broad range of products and convenient home delivery. We expect the continued growth of online shopping in Kenya to provide an additional avenue for revenue growth, while complementing the Company’s physical store network. The integration of online and offline channels should enhance customer convenience, increase purchase frequency and improve customer retention. Currently approximately 2.0% - 3.0% of sales are generated online.

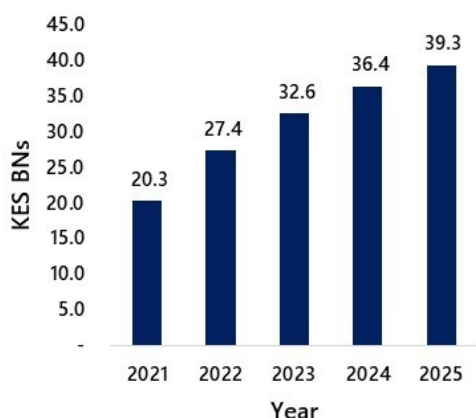
We project revenues to reach KES 83.7 billion by 2028, driven by continued store expansion, growth in the customer base, increased online retail demand and higher average customer spending. The combination of an expanding store footprint and increased customer traffic is expected to support sustained revenue growth over the forecast period. In addition, the Company’s convenient, neighbourhood-focused store locations provide a competitive advantage by improving accessibility and supporting recurring customer traffic and purchase frequency.

Source: Company Financials, DBIB Analysis

Quickmart By The Numbers

Cost of Sales (COGS)

Cost of sales



Source: Company Financials, DBIB Analysis

Cost of Sales stood at KES 39. BN in 2025, an 8.0% y-o-y increase from 36.4 bn in 2024. The Cost of sales is projected as a percentage of revenue. Over the past five years, the cost of sales margin has gradually declined from 79.3% in 2020 to 78.0% in 2025, indicating an improvement in the Company's cost efficiency and gross margins.

We expect this trend to continue over the forecast period supported by continued margin efficiency and effective cost management, with cost of sales as a percentage of revenue declining further from 78.0% in 2025 to 77.9% by the end of the forecast period.

Operating Expenses (OPEX)

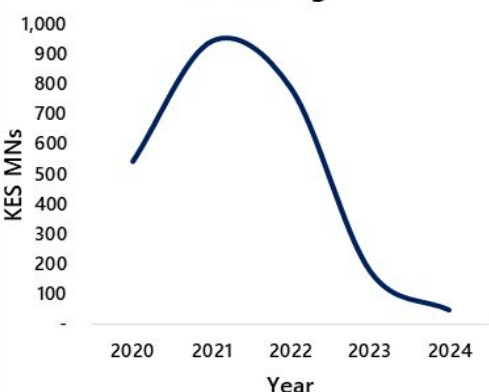
Employee benefits are projected to grow at an average rate of 10% p.a. in line with the increase in number of stores. Employee benefits have grown by an average of 19.1% over the past 5 years as a result of business growth and store expansion, but this growth has slowed down tremendously with employee benefits only growing by 7.5% in 2025 compared with 21.0% in 2021. The moderation in employee benefit expenses is largely attributable to the Company's effective cost management initiatives, which we expect to continue supporting controlled growth in staff costs.

Administration and general expenses are projected to grow at an average annual rate of 8.8% over the forecasted period in line with increase in number of stores. Admin expenses have also experienced a slow down in growth with only a 5.1% growth registered in 2025 in comparison to 16.6% growth registered in 2024. This is mainly due to effective cost management.

Borrowings

We expect the Company to remain debt-free throughout the forecast period of 2026–2028. The Company had fully repaid its remaining debt by 1H26, with management indicating that it has access to a KES 1.85 billion credit line that could be utilized should it pursue an aggressive expansion strategy. While we expect the Company to potentially draw on this facility in the future, we anticipate that, in the medium term, it will continue to fund its growth organically through internally generated cash flows, thereby maintaining its debt-free position.

Borrowings



Source: Company Financials, DBIB Analysis

Quickmart By The Numbers

Dividend Payout Ratio (DPR)

We expect the dividend payout ratio (DPR) to remain at 80% of net earnings, in line with the dividend policy approved by the Board. Historically, the Company has demonstrated a strong commitment to shareholder returns, at times paying dividends above reported earnings and recording DPRs exceeding 100%.

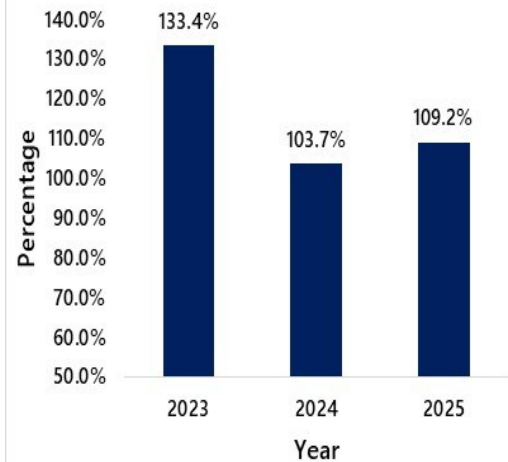
While we do not expect this level of payout to continue following the listing, the move towards a more sustainable 80% payout ratio should provide investors with a more predictable and attractive dividend stream, while allowing the Company to retain sufficient earnings to support future growth.

Cashflows

Quickmart has generated strong operating cash flows in recent years, with cash flows from operating activities increasing to KES 4.8 billion in 2025 from KES 4.2 billion in 2024. The Company also benefits from a negative operating cash cycle, allowing it to operate with a cash surplus. This provides a structural working capital advantage, supports strong operating cash generation and reduces the need to rely on external financing to fund day-to-day operations. We view this as a key strength of the Company's business model and an important contributor to its financial flexibility.

The continued growth in operating cash flows reflects the Company's strong cash-generating capacity and provides flexibility to fund its ongoing operations and expansion plans through internally generated funds.

Dividend Payout Ratio



Source: Company, DBIB Research

Consolidated Statement of Profit or Loss (KES BNs)

Year End: December	FY25A	FY26F	FY27F	FY28F
Revenue	50.43	59.11	70.42	83.70
Cost of Sales	(39.35)	(46.10)	(54.89)	(65.20)
Gross Profit	11.08	13.00	15.53	18.50
Other Income	0.34	0.40	0.43	0.52
Operating Income	11.42	13.40	15.96	19.02
Employee benefits	(3.16)	(3.72)	(4.44)	(5.27)
Administration and general expenses	(3.17)	(3.75)	(4.47)	(5.31)
Allowance for expected credit losses	(0.02)	(0.03)	(0.03)	(0.04)
Depreciation of property and equipment	(0.70)	(0.75)	(0.84)	(0.94)
Depreciation of right-of-use assets	(0.90)	(0.82)	(0.89)	(0.96)
Amortisation of intangible assets	(0.03)	(0.05)	(0.06)	(0.08)
Operating profit before finance costs and tax	3.45	4.29	5.24	6.42
Net Finance Charges	(1.28)	(1.24)	(1.35)	(1.46)
Profit/(loss) before tax	2.17	3.05	3.89	4.96
Income tax	(0.66)	(0.94)	(1.21)	(1.54)
Profit/(loss) for the year	1.51	2.10	2.69	3.42

(Source: Company, DBIB Research)

Consolidated Statement of Financial Positions (KES BNs)

Year End: December	FY25A	FY26F	FY27F	FY28F
ASSETS				
Non-current assets:				
Property and equipment	5.26	6.65	7.47	8.37
Right-of-use assets	5.17	6.36	6.90	7.49
Intangible assets	0.10	0.13	0.17	0.20
Deferred tax asset	0.55	0.60	0.65	0.71
Long term deposits	0.22	0.24	0.25	0.27
Total Non-current Assets	11.30	13.98	15.45	17.04
Current assets:				
Inventories	4.43	4.61	5.85	6.69
Trade and other receivables	1.80	2.19	2.82	2.77
Term deposit	1.39	1.63	1.95	2.31
Cash and equivalents	0.80	1.82	0.68	1.96
Total Current Assets	8.42	10.25	11.29	13.74
TOTAL ASSETS	19.73	24.23	26.74	30.78
EQUITY AND LIABILITIES				
LIABILITIES				
Non-current liabilities:				
Borrowings	0.05	-	-	-
Lease liabilities	6.51	7.90	8.70	9.44
Total Non-current Liabilities	6.56	7.90	8.70	9.44
Current liabilities:				
Lease liabilities	0.81	1.11	1.08	1.18
Trade and other payables	11.22	13.97	15.17	17.67
Income tax payable	0.08	0.09	0.10	0.11
Total Current Liabilities	12.11	15.17	16.35	18.96
TOTAL LIABILITIES	18.67	23.07	25.05	28.40
EQUITY				
Share capital	0.00	0.00	0.00	0.00
Share premium	0.80	0.80	0.80	0.80
Retained earnings	0.26	0.36	0.89	1.58
TOTAL EQUITY	1.06	1.16	1.69	2.38
TOTAL LIABILITIES AND EQUITIES	19.73	24.23	26.74	30.78

(Source: Company, DBIB Research)

Ratios

	2024A	2025A	2026F	2027F	2028F
Profitability Ratios					
Gross Profit Margin	22.0%	22.0%	22.0%	22.1%	22.1%
Operating Profit Margin	6.4%	6.8%	7.3%	7.4%	7.7%
Net Profit Margin	2.4%	3.0%	3.6%	3.8%	4.1%
Return on Average Equity	93.4%	134.1%	189.9%	188.3%	168.0%
Return on Average Assets	6.2%	8.0%	9.6%	10.5%	11.9%
Leverage Ratios					
Debt-to-Equity Ratio	14.8%	4.4%	0.0%	0.0%	0.0%
Equity Ratio	6.6%	5.4%	4.8%	6.3%	7.7%
Debt Ratio	1.0%	0.2%	0.0%	0.0%	0.0%
Efficiency Ratios					
Asset Turnover Ratio	2.6x	2.7x	2.7x	2.8x	2.9x
Accounts Receivable Turnover Ratio	33.7x	35.5x	36.0x	33.0x	35.0x
Accounts Receivable Days	11	10	10	11	10
Inventory Turnover Ratio	10.4x	9.9x	10.2x	10.5x	10.4x
Inventory Turnover Days	35	37	36	35	35
Payables Turnover Ratio	4.2x	4.1x	4.5x	4.6x	4.9x
Payables Days	86	90	81	79	75
Operating Cash Cycle	(40)	(43)	(35)	(34)	(30)
Liquidity Ratios					
Current Ratio	0.68	0.70	0.68	0.69	0.72
Quick Ratio	0.34	0.33	0.37	0.33	0.37
Cash Ratio	0.10	0.07	0.12	0.04	0.10

(Source: Company, DBIB Research)

DCF Valuation (KES MNs)

Year End: December	FY26F	FY27F	FY28F	TV*
Net cash from operations	8,139	6,206	9,655	
Less:				
Lease payments	(1,241)	(1,347)	(1,462)	
Adj. net cash from operations	6,898	4,859	8,194	
Capex				
PPE	(2,138)	(1,659)	(1,835)	
Intangible Assets	(76)	(107)	(100)	
	(2,214)	(1,767)	(1,935)	
Free Cash Flows to Equity	4,684	3,092	6,259	39,456
Discounting rate	21.7%	21.7%	21.7%	21.7%
PV of Free Cashflows	4,441	2,410	4,010	25,278
(TV* - Terminal Value)				

DCF Valuation

Total PV of Cashflows 36,139

Equity Value **36,139**

EV.EBITDA Valuation (KES MNs)

EBITDA FY26F	5,899
EV/EBITDA*	7.5x
Implied EV	44,529
Less: Debt	-
Less: Lease Liabilities	9,012
Add: Cash	1,816

Implied Market Value of Equity **37,333**

**Industry median EV/EBITDA applied 15.0% illiquidity discount*

Comparables

Counter	Country	EV/EBITDA
Shoprite Holdings	South Africa	8.9x
Choppies	Botswana	6.3x
Sefalana Holding Co.	Botswana	11.1x
Label'Vie	Morocco	10.5x
Spinneys	United Arab Emirates	6.5x
Lulu Retail Holdings	United Arab Emirates	7.0x
BinDawood Holdings	Saudi Arabia	8.0x
Abdullah Al-Othaim Markets	Saudi Arabia	11.8x
Al Meera Consumer Goods	Qatar	11.6x
Median		8.9x
Average		9.1x

P/E Valuation (KES MNs)

Quickmart Net Income (FY26F)	2,102
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Industry Average PE*	14.82x
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Equity Value 2026	31,154
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**Industry average P/E ratio applied 15.0% illiquidity discount*

Comparables

Counter	Country	P/E
Shoprite Holdings	South Africa	20.19x
Spar Group	South Africa	11.98x
Woolworth Holdings	South Africa	11.36x
Choppies	Botswana	23.31x
Sefalana Holding Co.	Botswana	17.31x
Label'Vie	Morocco	20.95x
Spinneys	United Arab Emirates	13.17x
Lulu Retail Holdings	United Arab Emirates	15.84x
BinDawood Holdings	Saudi Arabia	19.07x
Al Meera Consumer Goods	Qatar	21.20x
Median		18.19x
Average		17.44x

Blended Valuation (KES MNs)

Valuation Model	Equity Value	Weighting	Weighted Equity Value
DCF	36,139	50.0%	18,069
EV/EBITDA	37,333	30.0%	11,200
P/E	31,154	20.0%	6,231
Sum		100.0%	35,501

APPENDIX

COMPANY INVESTMENT RATINGS

Buy: Share price may generate more than 15.0% upside over the next 12 months

Overweight: Share price may generate between 5.0% and 15.0% upside over the next 12 months

Hold: Share price may fall within the range of <+5.0%/- 10.0% over the next 12 months

Take Profit: Target price has been attained. Look to accumulate at lower levels. Company fundamentals however remain strong

Underweight: Share price may generate between 10.0% and 15.0% downside over the next 12 months

Sell: Share price may generate more than 15.0% downside over the next 12 months, significant business and/or financial risks present, industry concerns

Not Rated: Counter is not within regular research coverage

SECTOR INVESTMENT RATINGS

Overweight: Industry performance better than that of the whole market

Equal weight: Industry performance about the same as that of the whole market

Underweight: Industry performance worse than that of the whole market

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