AFRICA FINTECH OVERVIEW

PUBLIC MARKETS

The Imara African Opportunities Fund, investing in listed fintech and payment companies, is up 5.5% for December and 52.3% for the year 2025.

What is something worth? Well, it is only worth what someone is willing to pay for it. In a capital markets sense, we refer to this as the valuation multiple. African capital market instruments have been trading at **all-time low multiples**, implying they are not worth much and nobody is buying them. The perennial question is **HOW** and **WHEN** will this change? The good news is it is happening ALREADY. The interesting part is how it unfolds and why the dominoes will keep falling.

The answer to the how is simple. Big, smart money **bulldozes its way in and deems it so**.

- **Domino 1** - Billions of dollars are coming in to govt bonds, pushing up prices and lowering yields/cost of capital.
- **Domino 2** - Large operating investors such as Vodafone and Asahi are piling into African companies, paying substantial premia to public equity market valuations.
- **Domino 3** – Opportunistic financial investors like Elliott are swooping in, picking up stakes in listed companies.
- **Domino 4** – **YOU** are the fourth domino! Savvy investors who ride the self-reinforcing upward curve of rising multiples and strong earnings growth.

In next month's issue, we will delve into an under the radar, but extremely powerful force, that we believe will act like an extended fifth domino, giving the rally both momentum and sustainability, while importantly reducing volatility.

Asahi's acquisition of East Africa Breweries – SPECIAL MENTION

As a specific note, the Asahi deal above requires special mention as a classic example of action over hesitation, pragmatism over rhetoric. Asahi of Japan, bought Diageo's 65% stake in Kenya listed East African Breweries for a **whopping 170% premium to the share price** at 17x EBITDA and 57x PE. The price tells you that Diageo was a reluctant seller (under pressure to delever at Holdco level) and that **Asahi sees a bright future in the East African region**!

VENTURE CAPITAL AND PRIVATE EQUITY DEAL UPDATE

Visa is betting on Africa's $500 million fintech future. The payment giant wrapped Cohort 4 of its Africa Fintech Accelerator, giving startups access to 300+ products, mentorship, and launch support. With half the continent under 25, Visa says now is the time for ventures to build solutions that meet the needs of a young, tech-savvy population.

Ezeebit, a South African payments startup, secured $2.05 million in seed funding to help merchants spend digital coins like cash. With stablecoin rails, instant settlement, and lower fees, the platform is targeting South Africa, Kenya, and Nigeria, backed by Founder Collective and Raba Partnership.

Capitec is buying its way deeper into digital payments. The South African bank has acquired fintech Walletdoc in a deal worth up to R400 million (approximately $23.6 million), betting that cheaper, simpler payment tools can win over both merchants and everyday users. The move brings payment gateways, Instant EFT, and digital wallets firmly in-house.

ECONOMIC AND POLITICAL OVERVIEW

NIGERIA

Nigeria's private sector **expanded at its fastest pace in 2025 in December**, with the Composite Purchasing Managers' Index (PMI) rising to 57.6 points.

Nigeria's financial transactions with the rest of the world improved markedly in the third quarter of 2025 (Q3'25), as the country recorded a Balance of Payments surplus of USD4.6bn.

Remittance inflows, one of the country's most reliable and countercyclical sources of foreign exchange, are on track to hit USD23bn for 2025.

Nigeria's pension savings **crossed another milestone in October 2025**, growing by N570bn in just one month to hit N26.66 trillion. That jump represents a 2.2% rise from N26.09 trillion in September and a much stronger 21.6% increase compared with the same period last year, highlighting how the pension industry continues to expand.
The Federal Government on Monday, announced a ban on the use of physical cash for any form of revenue payment or collection across its Ministries, Departments and Agencies (MDAs), declaring that the era of cash transactions in government offices has come to an end.

Macro releases included (November Stats):

- Inflation decreased to 14.5% y/y (Oct: 16.1%).
- FX reserves increased to USD 44.6bn (Oct: USD 43.2bn).
- PMI was 53.6 (Oct: 54.2.2).

14.5% y/y	US$ 44.6bn	53.6
INFLATION RATE	FX RESERVES	PMI

EGYPT

Net Foreign International Reserves rose by USD 1.2bn in December 2025 to an all-time high USD 51.5bn, mainly on rise in gold reserves.

Egypt's PM cites optimism on IMF reviews, as economic indicators beat targets. Prime Minister Mostafa Madbouly stated on Wednesday that there is 'optimism' concerning ongoing talks with the IMF mission, citing positive economic indicators that have surpassed targets in some areas. Speaking at a weekly press conference, Madbouly confirmed that the IMF mission arrived two days ago to commence the fifth and sixth reviews of the country's loan programme.

Egypt's MoF announces second tax relief package. Egypt is planning to replace capital gains tax with a stamp duty to stimulate institutional investment in the stock exchange, Finance Minister Ahmed Kouchouk announced as part of a second package of tax facilities aimed at supporting the business community.

Macro releases included (November Stats):

- Inflation was 12.3% y/y (Oct: 12.5%).
- FX reserves were USD 50.2bn (Oct: USD 50.19bn).
- PMI increased to 51.1 (Oct: 49.22).

12.3% y/y	US$ 50.2bn	51.1
INFLATION RATE	FX RESERVES	PMI

KENYA

Formal wage employment in Kenya **rose steadily from 2.74m in 2020 to 3.21m** in 2024, reflecting broad-based growth across both private and public sectors, according to the Kenya National Bureau of Statistics.

The government has invited bids for transaction advisory services to support the **development of a commercial spaceport**, bringing Kenya a step closer to joining the global space economy.

Macro releases included (November Stats):

- Inflation was 4.56% y/y (Oct: 4.6%).
- PMI rose to 55.0 (Oct: 52.5).
- 2q23 current account deficit widened to KES 138.7bn (USD 920m).
- The Central Bank of Kenya (CBK) anticipates GDP growth for 2023 at 5.7%.

4.56% y/y	5.7%	55.0
INFLATION RATE	GDP GROWTH	PMI

MOROCCO

The Bank Al-Maghrib's Board decided to maintain the key interest rate at 2.25%, taking into account the following elements:

- A continuation of **moderate inflation, with an estimated average rate of 0.8% in 2025E**, 1.3% in 2026E and 1.9% in 2027E.
- A **GDP growth expected to accelerate reaching 5% in 2025E** and to consolidate at an average of 4.5% over the next two years.

In an excellent indicator of underlying economic growth and development, cement deliveries stood at 1,341kT in November 2025, up 4.9% as compared with November 2024. Cumulatively, cement deliveries rose by 10.6% to 13,718kT over the first eleven months of 2025.

Macro releases included (November Stats):

- Inflation was -0.3% y/y (Oct: 0.1%).
- FX reserves were USD 33.0bn (Jan: USD 32.8bn).
- Gross investments into Morocco slowed, down -3.1% in 2q23 (2q22: -8.4%).

-0.3% y/y	US$ 33.0bn	-3.1%
INFLATION RATE	FX RESERVES	GROSS INVESTMENT

MAURITIUS

Macro releases included (November Stats):

- Inflation was 4.0% y/y (Aug: 4.1%).
- Bank of Mauritius (BoM) moved the interest rate to 4.5%.

4.0% y/y	4.5%
INFLATION RATE	INTEREST RATE

COMPANY UPDATES

Key to brackets: (Country | Industry)

MARKET OUTLOOK

Africa is expected to outperform the rest of the world with an improved outlook in 2025. We continue to allocate to high quality businesses; those that score highly on our internally developed, Likert Q-scoring system, both currently and over time. We have two additional quantitative overlays, valuation and growth. We also have two qualitative overlays being management and ESG. What is particularly exciting is that we have a number of businesses across Africa that fit these criteria. The key transformational trends of financial inclusion, urbanisation and economic formalisation underpin a robust African consumer story that is taking shape regardless of global volatility. We allocate to the best companies in the sectors that tap into this transformation. At the moment, we have a bias towards financial inclusion and fintech themes as they do particularly well on our growth metrics.

Nigeria – The new President is taking reforms seriously, collapsing all rates to a single I&E window; a hugely positive signal to the markets. This, as new bills have been signed into law coupled with other positive moves, including the removal of fuel subsidies. The road to full recovery will take committed policy change and will be bumpy. The communications, fintech and banking sectors are growing strongly, yet high quality companies exploiting these, are at all time low valuation multiples.

Egypt – The short term outlook for Egypt is extremely positive on the back of the UAE real estate deal, the IMF and the World Bank deals. The tourism outlook has improved, wheat prices have halved, and strong remittance growth has returned. With the bulk of household consumption in cash, the investment opportunity for us in fintech is immense in this 100m population country and it will also drive economic formalisation and increased government revenue through widening of the tax net.

Morocco – Morocco's key economic drivers are mining, agriculture and tourism. Tourism is rebounding with positive indicators for 2025. In terms of outlook, it remains a stable, mid-growth country with excellent opportunities in retail, manufacturing and fintech.

Mauritius – Tourism rebounded and growth prospects are positive.

Kenya – Peaceful elections and a new, business-friendly President bode well for the country in the foreseeable future. Continued recovery in tourism, lower soft commodity import prices and a rebound in food exports should provide tailwinds. Corporate expansion into neighbouring countries such as the DRC and Ethiopia, provide significant opportunities for Kenya. Safaricom and Equity Group are the two main drivers. IMF and World Bank support will also allow the country to maintain a strong growth trajectory.