AFRICA FINTECH OVERVIEW

PUBLIC MARKETS

The Imara African Opportunities Fund, investing in listed fintech and payment companies, was up 2.2% in July 2026. The Fund is up 17% YTD.

For any readers who did not see our Safaricom post on the Eyes on Africa Whatsapp Group, here are the key points and a link to video (detailed notes in Appendix at end of this report).

- How Safaricom became East Africa's largest listed company and one of the region's strongest consumer brands.
- Why M-Pesa's dominant position places it at the heart of Africa's shift from cash to digital payments.
- What makes Safaricom exceptionally profitable, cash-generative, and difficult to compete with.
- How Ethiopia could become its next major growth engine, with almost 15m customers already.
- WHY TODAY'S ATTRACTIVE VALUATION MAY OFFER A RARE OPPORTUNITY TO INVEST IN ONE OF AFRICA'S LEADING DIGITAL INFRASTRUCTURE BUSINESSES.

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Separately, a significant development in Egypt reinforced our assertions on the deepening and broadening of African capital markets. Finance Minister Ahmed Kouchouk said his Ministry intends to introduce a 15% tax discount for companies that list their shares on the local stock exchange for a period of three years. The Minister added that "this is an immediate tax incentive, not an end-of-year incentive, to attract major companies back to the Egyptian market; implementation will begin as soon as the President approves the law." The Minister also flagged the elimination of the capital gains tax on market transactions, which was replaced by a more simplified stamp tax.

We view any action by the authorities to promote and incentivize capital markets, and the companies and investors therein, as very positive for the Listed African equity space.

The time to invest in Africa is NOW!!

VENTURE CAPITAL AND PRIVATE EQUITY DEAL UPDATE

Pan-African payments startup Moment has raised $22 million in a Series A led by AlphaCode Venture Partners. With $55 million raised so far, Moment plans to expand its payment network and infrastructure across the continent.

PalmPay is eyeing a Hong Kong IPO targeting a $1 billion valuation. The Africa-focused fintech is reportedly considering raising around $150 million to $200 million as it looks beyond its core African markets.

Seventeen African fintechs made CNBC and Statista's 2026 list of the world's top 500 fintech companies. Highlighting the continent's growing influence in global financial technology despite a tougher funding environment.

Klump has partnered with Jumia to allow Nigerian shoppers to split eligible purchases into installments at checkout. Customers can spread payments over time without leaving Jumia's platform.

Flutterwave secured investment from Circle Ventures to expand USDC-powered payments and settlement across Africa. The partnership strengthens Flutterwave's stablecoin ambitions as blockchain-based payment rails gain traction for cross-border commerce

South African fintech Bridgement raised $20.3 million to scale its AI-powered lending platform for small businesses. The company uses real-time business data instead of traditional collateral to make credit decisions, reflecting the growing role of AI in SME finance

ECONOMIC AND POLITICAL OVERVIEW

NIGERIA

The Securities and Exchange Commission has commenced the implementation of a fully electronic registration process for capital market operators, enabling designated regulatory services to be completed entirely online as part of efforts to modernise Nigeria's capital market and improve regulatory efficiency.

Banks urged to deepen financial inclusion, MSME financing. The Chartered Institute of Bankers of Nigeria and the Association of Corporate Communication and Marketing Professionals in Banks have called on banks to deepen financial inclusion, promote women's empowerment and support the growth of micro, small and medium enterprises through targeted policies and strategic frameworks.

China's capital inflows to Nigeria fall 41% despite USD20bn pledge. Capital inflows from China into Nigeria fell by 41% in the first quarter of 2026 despite the Federal Government's announcement that it had secured over USD20bn in investment commitments from Chinese investors across manufacturing, energy, mining, agriculture and other sectors.

Macro releases included (June Stats):

- Inflation decreased to 15.91% y/y (May: 15.93%).
- FX reserves increased to USD 51.3bn (May: USD 49.6bn).
- PMI was 53.4 (May: 54.1).

15.91% y/y	US$ 51.3bn	53.4
INFLATION RATE	FX RESERVES	PMI

EGYPT

The Egypt's food industry exports were up 10.4% y/y in 1H26 to USD 3.77bn, hitting an all-time high level, according to the Export Council for Food Industries. The higher exports were driven by the expansion of Egypt's export market base – reaching 108 markets – and a broader range of food products shipped to international markets. Exports momentum accelerated in 2Q26, which accounted for 66% of 1H exports, with an increase of 13.2% y/y to USD2.01bn during the quarter, compared to 7.5% growth in 1Q26. Arab countries remained the largest destination for Egyptian food exports, with a 46% market share, followed by the EU (23%).

Real estate developer Qatari Diar Egypt unveiled the master plan for its USD30bn Alam Al-Roum project on Egypt's North Coast in collaboration with architecture, engineering and urban planning firm Skidmore, Owings & Merrill (SOM), as per an emailed press release. The development is planned as an integrated, year-round Mediterranean destination combining tourism and mixed-use components.

Egypt's Financial Regulatory Authority (FRA) will launch a specialised training programme for executives of state-owned companies preparing for stock market listings, as the gov't steps up efforts to advance its IPO programme, the authority said in a statement on Monday. The programme, which will begin within two weeks in coordination with the Cabinet's State-Owned Companies Unit, is designed to prepare SOEs that have been temporarily listed on the Egyptian Exchange to meet the regulatory, financial and governance requirements for initial public offerings.

Remittances from Egyptians working abroad surged 31% during 11MFY25/26 (Jul-May), reaching USD 43.1bn, according to Central Bank of Egypt (CBE) data released on Thursday. In May, remittances increased 13.5% y/y to USD 3.9bn.

Macro releases included (June Stats):

- Inflation was 14.3% y/y (May: 14.6%).
- FX reserves were USD 55.1bn (May: USD 53.1bn).
- PMI decreased to 46.0 (May: 47.1).

14.3% y/y	US$ 55.1bn	46.0
INFLATION RATE	FX RESERVES	PMI

KENYA

Absa Bank Kenya has signalled a pivot towards private sector lending from investments in government securities as its South African parent pushes the local unit to diversify its revenue base. The tier-one lender sees an opportunity to increase lending to businesses and households as returns on government securities decline. The bank also expects fresh digital investments to generate additional non-interest-funded income to help shore up revenues after earnings fell in the first quarter of 2026. Absa says parking money in government securities, especially short-dated Treasury bills, left it exposed as interest rates fell faster than expected.

Kenya will borrow Sh81 billion to fund the expansion of Jomo Kenyatta International Airport (JKIA), abandoning an earlier plan to finance the upgrade entirely through a bond. The loan will cover 70% of the Sh116 billion expansion costs. The remaining Sh35 billion will be raised through a securitised bond and the recent infrastructure fund. The bond will be backed by and repaid from the air passenger service levy. Under securitisation, the projected future revenue streams from the levy — a fee of USD50 (Sh6,450) for international tickets and Sh600 for domestic tickets — will be packaged into marketable securities and sold to investors. Kenya aims to nearly triple JKIA's annual passenger handling capacity to 22 million.

The government has unveiled a Sh1.08 trillion agriculture investment plan that hinges on the private sector financing nearly half the cost, marking one of Kenya's biggest bets yet on private capital to transform farming. The five-year blueprint seeks to mobilise Sh486 billion from businesses and investors while national and county governments contribute 35%, reflecting shrinking fiscal space and growing pressure on public finances. If successful, the programme is poised to reshape Kenya's food production, create more than two million jobs, raise farmers' incomes, and reduce dependence on fragmented donor-funded agricultural projects.

Macro releases included (June Stats):

- Inflation was 6.4% y/y (May: 6.7%).
- PMI increased to 50.0 (May: 46.6).
- 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%.

6.4% y/y	5.7%	50.0
INFLATION RATE	GDP GROWTH	PMI

MOROCCO

The Consumer Price Index decreased by 0.4% in June 2026 as compared to the previous month, translating a 0.8% decrease in the food consumer price index and a 0.2% decrease in the non-food consumer price index. Therefore, CPI recorded a 0.3% increase as compared to June 2025. As for the underlying inflation indicator, which excludes volatile price products and regulated ones, it increased by 0.2% as compared to the previous month and decreased by 0.1% as compared to June 2025.

The African Development Bank and the Fonds d'équipement communal announce a second financing agreement of EUR 150m for municipal development: On July 22nd, 2026, the African Development Bank Group and the Fonds d'équipement communal (FEC) which would translate to "Municipal Equipment Fund" signed a second loan agreement for an amount of EUR 150m to support the investment momentum among Morocco's municipalities. In addition to the financing of sustainable but also inclusive and resilient infrastructure projects, this financial support would back the construction of rural access roads, drinking water networks, urban renewal initiatives as well as educational and socio-cultural facilities. From a larger perspective, the objective of this new operation is to:

- support the provision of public services at the municipal level, particularly in rural areas,
- improve the community's access to essential services,
- strengthen resilience to climate change and
- promote job creation and investment opportunities.

In addition to this financing program, the African Development Bank will provide technical assistance to the FEC to foster its operational capacities. As part of the strengthening of this partnership, the African Development Bank is aligned with the development priorities of the Kingdom of Morocco through these operations dedicated to promoting the socio-economic development of the territories and the improvement of the quality of life of local communities.

Macro releases included (June Stats):

- Inflation was 0.3% y/y (May: 1.2%).
- Gross investments into Morocco slowed, down -3.1% in 2q23 (2q22: -8.4%).

0.3% y/y	-3.1%
INFLATION RATE	GROSS INVESTMENT

MAURITIUS

Macro releases included (June Stats):

- Inflation was 3.7% y/y (May: 4.3%).
- Bank of Mauritius (BoM) moved the interest rate to 4.75%.

3.7% y/y	4.75%
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 2026. 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, a hugely positive signal to the markets. 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.

Kenya

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.

Morocco

Morocco's key economic drivers are mining, agriculture and tourism. Tourism is rebounding with positive indicators for 2026. 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.

CASE STUDY

Safaricom

A POSTER CHILD FOR AFRICA'S DIGITAL PAYMENTS OPPORTUNITY

Safaricom sits at the centre of Africa's shift from cash to digital payments. It has the brand, the network, the customers, the margins and now a second major growth engine in Ethiopia, yet it trades close to an all-time low valuation.

It is one of our highest-conviction investments. We own just 12 listed companies across Africa, all benefiting from what we believe is one of the world's biggest structural investment themes: Africa's transition from cash to digital payments.

Most investors outside Africa know little about Safaricom. They should. It is not only Kenya's largest mobile operator, but also East Africa's largest listed company, the region's strongest consumer brand and the owner of M-Pesa, the world's third-largest mobile payments platform. Vodafone, the world's tenth-largest telecom operator, recognised this opportunity years ago and today owns 35% of the business. Safaricom has become one of the crown jewels of the Vodafone Group.

How M-Pesa became so powerful

M-Pesa began with a simple idea. Millions of Kenyans had mobile phones but no bank accounts. Safaricom created an extensive network of local agents where customers could deposit and withdraw cash, then used basic mobile technology to allow money to be transferred instantly between phones.

The innovation transformed the mobile phone into a bank account and brought millions of people into the formal financial system.

Today, M-Pesa has evolved into a complete financial ecosystem. Customers use it for merchant payments, savings, lending, insurance, investments, international remittances and business services. Each additional service is delivered to an existing customer base at virtually no incremental cost, creating an exceptionally attractive business model.

The numbers speak for themselves

Vodafone's two best performing subsidiaries are African with growth and profitability that are exceptional by global telecom standards.

Safaricom (Vodafone Kenya) & Vodafone Egypt both growing EBITDA annually by around 40% with EBITDA margins of 57% & 38% respectively.

EBITDA
GROWTH 40%
Safaricom (Vodafone Kenya) & Vodafone Egypt

EBITDA
MARGINS 57%
Safaricom (Vodafone Kenya)

EBITDA
MARGINS 38%
Vodafone Egypt

Vodafone UK: has broadly flat earnings, while the Vodafone Group's EBITDA is growing by c.4.5%

Few telecom operators combine this level of growth, profitability and cash generation.

While this growth is coming off a lower base than Vodafone's developed-market businesses, that is precisely why the long-term opportunity remains so compelling.

Why Safaricom is so difficult to compete with

Safaricom is one of East Africa's most trusted brands, while M-Pesa controls around 70% of Kenya's mobile money market.

The company has invested billions of dollars in its network, fibre, spectrum and customer infrastructure. Unlike many operators, it still owns most of its towers, preserving long-term value and strategic control.

Its business model is equally attractive. Customers prepay before consuming airtime or data, resulting in minimal credit risk, low bad debts and exceptional cash generation.

Highly liquid shares that are attractively valued

Despite these fundamentals, Safaricom trades on only around 10x earnings, close to an all-time valuation low. Across African and frontier markets, many high-quality businesses continue to trade on single-digit or low double-digit earnings multiples despite delivering strong earnings growth throughout the recent five-year bear market.

Liquidity is improving. International investors are returning, while domestic pension and retail capital are becoming an increasingly important source of long-term demand. The combination of low valuations, resilient fundamentals and improving liquidity creates a compelling entry point and the potential for a sustained market re-rating.

Africa's cash-to-digital revolution

Across much of Africa, more than 80% of retail transactions are still made in cash. Every percentage point that shifts from cash to digital payments benefits platforms such as M-Pesa. This is a structural transformation likely to continue for decades.

PayPal's decision to partner with M-Pesa rather than compete against it illustrates the strength of Safaricom's distribution network, customer relationships and trusted brand.

Ethiopia: the second growth engine

By June 2026, Safaricom Ethiopia had reached 14.7 million active customers. M-Pesa users more than doubled during the year, service revenue increased 68%, and transaction values rose 175%. With a population exceeding 130 million, Ethiopia is steadily becoming Safaricom's second major growth engine.

CONCLUSION

Safaricom is no longer simply a telecom operator. It is one of Africa's leading digital infrastructure businesses. Every year, more consumers move from cash to digital payments, M-Pesa expands its ecosystem, and the value of the network grows.

Combined with East Africa's strongest brand, dominant market share, exceptional margins, minimal credit risk, world-class cash generation and a rapidly growing business in Ethiopia, we believe Safaricom offers one of the most compelling long-term investment opportunities in emerging markets…and…the shares are liquid!