

AFRICA FINTECH OVERVIEW

PUBLIC MARKETS

The Imara African Opportunities Fund, investing in listed fintech and payment companies, was down 2.4% in June 2026. The Fund is up 14.5% YTD.

After what was a relatively quiet month newsflow-wise, here is a recap of the Fund and what we do in the African listed equity space. The Fund is a long only, listed equity strategy. We offer liquid access into high quality, high growth companies that are enabling, and driving, the Financial Inclusion megatrend in Africa. These companies consistently grow faster than nominal GDP and generate returns higher than their cost of capital, while having a significant positive impact in their societies. Low penetration and huge TAM's in Africa, give them long AND wide runways for growth, while high RoE and early mover advantage create defensible moats. Our companies are not immune to external and macro factors, yet have demonstrable ability to grow despite them. Our experienced team (21 years) has developed an in-house scoring system to identify and monitor these companies.

This is juxtaposed against all-time low valuation multiples, creating an attractive risk/return opportunity. Our outlook is underpinned by continued strong earnings growth, expanding multiples and improved liquidity in African markets. The macro backdrop, thanks mostly to the policy dividend is positive and at all-time highs in some economies.

We are often asked will the recovery rally last, or how will a sustainable rally unfold. 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, Asahi, Nedbank 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.

Over and above this, a key source of optimism for sustained appreciation in local stock markets, is structural improvement in liquidity. Low liquidity has been a source of volatility and an enduring concern for foreign investors. The major cause of this has been the low participation of domestic investors, which serve as the deep pocketed dip-buyers when foreigners exit. Very positive developments in each of our key markets are driving strong growth in domestic pools of capital.

The time to invest in Africa is NOW!!

VENTURE CAPITAL AND PRIVATE EQUITY DEAL UPDATE



Daya raised \$2.4 million in pre-seed funding to build payment infrastructure that helps businesses across emerging markets move money faster using stablecoins. The round was led by Hivemind Capital, with participation from Lattice, Alliance, Globelink, and Aptos Foundation.



African payments infrastructure company PawaPay says it has processed more than 3 billion mobile money transactions since launch. The milestone highlights just how much of Africa's digital economy runs on mobile wallets rather than cards.



Flutterwave landed a Series E round that values the company at \$3.2 billion, marking its first major funding announcement in more than four years. Among the investors is Ripple, whose backing will help power Flutterwave's growing stablecoin and cross-border payments ambitions across Africa.



3IF Ventures reached a \$12 million first close for a fund dedicated to African insurtech startups. The opportunity is sizable: more than a billion people across the continent remain uninsured, leaving founders plenty of room to rethink how coverage is distributed and delivered.

ECONOMIC AND POLITICAL OVERVIEW

■ ■ NIGERIA

The Federal Government on Wednesday dismissed reports suggesting it had adopted or was considering the introduction of new taxes on telecommunications services and petroleum products following recommendations contained in the latest IMF Article IV Consultation Report on Nigeria.

Nigeria's current account surplus rose sharply by 256% quarter-on-quarter to USD 5bn in the first quarter of 2026, driven by higher crude oil, gas and refined petroleum exports, as well as a steep decline in petroleum product imports, according to the latest Balance of Payments report released by the Central Bank of Nigeria.

The Dangote Group says it has strengthened its strategic partnership with the Africa Finance Corporation with the signing of a USD 600m loan agreement to support the expansion of its fertilizer production capacity to boost food security across Nigeria and Africa.

Nigeria's daily natural gas production rose to 7.93 billion standard cubic feet per day in May 2026, driven by increased domestic demand and the growing contribution of non-associated gas production.

Macro releases included (May Stats):

- Inflation increased to 15.9% y/y (Apr: 15.7%).
- FX reserves increased to USD 49.6bn (Apr: USD 49.4bn).
- PMI was 54.1 (Apr: 52.4).

15.9% y/y

INFLATION
RATE

US\$ 49.6bn

FX
RESERVES

54.1

PMI

■ ■ EGYPT

The IMF has reached a staff-level agreement with Egypt on the seventh review of the country's USD 8bn Extended Fund Facility programme and the second review under the Resilience and Sustainability Facility. This paves the way for USD 1.64bn in fresh financing, subject to IMF Executive Board approval, according to a statement by the fund on Tuesday. The IMF hailed the gov't's policy response to the external shock stemming from the regional conflict, saying it helped mitigate its impact. The fund added that "while the economy has remained resilient, downside risks underscore the importance of continuing decisive implementation of the authorities' reform program." The fund also praised the progress on the fiscal side, saying that by end-Mar both the primary balance and tax revenue targets exceeded the set targets. Moreover, the fund stated that revenue-mobilisation efforts are set to boost tax revenues by an additional 1.2% of GDP in the upcoming FY26/27. Finally, the fund highlighted key policy priorities, including strengthening debt management, reducing inflationary pressures, protecting vulnerable groups, and advancing reforms – particularly those related to improving the business environment and reducing the role of the state – to support stronger private sector-led growth to benefit all Egyptians.

Egypt granted four state-owned companies preliminary listings as part of the gov't's privatisation programme. Three are from the petroleum sector – Engineering for Petroleum and Chemical Industries (ENPPI), Egyptian Linear Alkyl Benzene Company (ELAB) and Petroleum Marine Services – while the fourth is Maamoura for Reconstruction and Tourism Development. The three petroleum sector companies' capital totals USD687m, a separate Petroleum Ministry statement said. Investment Minister Mohamed Farid Saleh said that four state-owned companies are expected to be listed before May 2027.

The Suez Canal saw a 23% y/y to USD 4.7bn in FY25/26, with the number of vessels rising 10% y/y and cargo tonnage up 22% y/y. The recovery is being helped by easing geopolitical tensions and declining insurance premiums. Both metrics, though, remain short of the canal's pre-disruption targets.

The House of Representatives approved amendments to the Value Added Tax (VAT) Law on Tuesday, introducing a package of tax incentives aimed at boosting industrial production, supporting the healthcare sector and accelerating VAT refunds. Key amongst the amendments was a reduction of VAT on medical equipment to 5% from the standard 14% rate. The amendments also extend the suspension of VAT on imported machinery to two more years. Services provided to transit goods moving between Egyptian ports will also be tax-exempt. Meanwhile, the amendments

impose VAT on commercial and administrative units for the first time at the standard 14% rate. Moreover, natural gas has been removed from the list of VAT-exempt goods and will, instead, become subject to a schedule tax of EGP20 per 1,000 cubic feet.

The tax amendments are a key component to allow the gov't to reach its target of 5% of GDP primary surplus in the upcoming FY26/27 (ex-asset sales proceeds), a full one percentage point higher than this year's budget. The approval is, therefore, one of the key requirements for the gov't to pass the still-ongoing seventh review of the IMF programme; hence, bringing the gov't one step closer to finalise the review.

Remittances from Egyptians working abroad climbed 33.2% y/y to USD39.2bn in 10MFY25/26 (Jul-Apr), according to the Central Bank of Egypt. In April, flows jumped 41% y/y to USD 4.3bn.

Norway's Scatec is planning to inject up to USD 5bn in new investments into Egypt over the coming two years, company officials announced. The new investment plan will target strategic sectors, including water desalination powered by renewable energy, green data centres, solar and wind power projects, energy storage systems and infrastructure supporting the green transition. The announcement came during a review of Scatec's current strategic project portfolio in Egypt, which already represents USD5bn in investments across renewable energy, energy storage and industrial infrastructure.

Macro releases included (May Stats):

- Inflation was 14.6% y/y (Apr: 14.9%).
- FX reserves were USD 53.1bn (Apr: USD 53.0bn).
- PMI increased to 47.1 (Apr: 46.6).

14.6% y/y

INFLATION
RATE

US\$ 53.1bn

FX
RESERVES

47.1

PMI

KENYA

The Court of Appeal has restored authority to banks to enforce guarantees after restructuring defaulted loans, ruling that guarantors remain bound where they expressly agreed that lenders could vary or reorganise credit facilities without seeking fresh consent.

State-owned power producer Kenya Electricity Generation Company (KenGen) has laid out an ambitious plan to expand its renewable energy development pipeline to 5,500 megawatts, funded through several sources including public-private partnerships (PPPs) and bonds. KenGen currently operates an installed generation capacity of 1,786 megawatts. The new plan is more than three times the 1,500 megawatts target unveiled last September in its 10-year G2G 2034 Strategy.

Johannesburg-based Absa Group Limited has offered KSh 30.91Bn (USD 238.74m) to acquire up to 895,989,600 additional ordinary shares in Absa Bank Kenya PLC.

Macro releases included (May Stats):

- Inflation was 6.7% y/y (Apr: 5.6%).
- PMI decreased to 46.6 (Apr: 49.4).
- 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%.

6.7% y/y

INFLATION
RATE

5.7%

GDP
GROWTH

46.6

PMI

MOROCCO

Morocco's Central Bank, Bank Al-Maghrib, on Tuesday held its benchmark interest rate steady at 2.25%, judging that inflation was on track to meet its medium-term price stability target, supported by improved economic growth. Inflation is expected to accelerate this year to an average of 1.5%, from 0.8% in 2025, reflecting the impact of the conflict in the Middle East, in updated forecasts by BAM. The bank expects inflation to accelerate further to 2.1% in 2027. Nevertheless, the bank projects core inflation to remain muted at 0.2% in 2026, mostly on lower food prices. Inflation expectations, based on the bank's survey of market participants, show only a "limited increase" in expected inflation. BAM projects growth to remain strong this year - partially thanks to strong growth in the agriculture sector - projecting real GDP growth of 5.2% in 2026, up from 4.9% this year.

Morocco's economy expanded by 4.6% in 1q26, decelerating from 5% in 1Q25, according to data from the High Commission for Planning (HCP). Agriculture was the strongest-performing sector, expanding 18.4% compared with 8.1% a year earlier. Such strong growth offset slower growth in the non-agriculture economy, which expanded by an underwhelming 2.6%, a notable slowdown from 4% a year earlier. The slower growth was primarily driven by a 1% contraction in the manufacturing sector and 3.2% for extractive industries. Meanwhile, construction continued to grow, but at a much slower pace than last year. Stronger growth was spotted in the service sector, with tourism defying regional geopolitical escalation, growing 8.1%, and the financial services expanding by 7.6%. On an expenditure basis, growth was supported by decent expansion in investment (+10.3%), as well as household consumption (+4.6%). Net exports contributed negatively to growth as a result of a notable 12.7% rise in imports.

Macro releases included (May Stats):

- Inflation was 1.2% y/y (Apr: 1.7%).
- Gross investments into Morocco slowed, down -3.1% in 2q23 (2q22: -8.4%).

1.2% y/y

INFLATION
RATE

-3.1%

GROSS
INVESTMENT

MAURITIUS

Macro releases included (May Stats):

- Inflation was 4.3% y/y (Apr: 3.6%).
- Bank of Mauritius (BoM) moved the interest rate to 4.75%.

4.3% y/y

INFLATION
RATE

4.75%

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.