African Market Outlook 2026

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HELIOS Investment Partners

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Introduction

1.0 Introduction

Sub-Saharan Africa entered 2026 with renewed momentum as macroeconomic conditions across the region continued to stabilize.

Growth is projected to strengthen gradually over the next two years, supported by easing inflation, structural reform efforts, improving domestic demand, and a more favorable global interest-rate environment. While the recovery remains uneven across countries, the region is broadly emerging from the multiple shocks that defined the early 2020s.

As structural reforms and improving conditions continue to advance, nations are expected to witness strengthening economic foundations, positioning economies for a more durable phase of growth from 2026. Successful policy action would not only support domestic resilience but also benefit neighboring countries, underpinning a broader regional recovery. On the back of this, we believe the coming period presents a compelling opportunity to pursue high-quality investment opportunities in the continent's largest and most reform-oriented economies.

Looking to 2026, several sectors are particularly well-placed to benefit from the improving economic conditions and structural shifts underway across the continent. Within our private equity strategy we remain focused on our four chosen sectors: digital infrastructure, financial services and fintech, consumer non-discretionary, and tech-enabled business services. These sectors are supported by two long-term megatrends that remain firmly intact, creating a scalable, defensible and high-growth environment: Africa's accelerating demographic and urbanization dynamics, and rapid adoption of technology and innovation.

Digital infrastructure is no longer a supporting theme; it is the backbone of Africa's growth story, driven by surging data consumption and multi-country platform expansion. Financial services and fintech are reshaping inclusion at scale, unlocking new revenue pools and attracting global capital. Consumer non-discretionary businesses continue to prove their resilience, with local manufacturing and digitally enabled retail formats redefining how essential goods and services reach the mass market. And tech-enabled business services, powered by AI and digital transformation, are rewriting the rules of productivity and competitiveness across the continent.

While these sectors offer compelling opportunities, we remain cognizant of the risks, including regulatory changes, economic volatility, and infrastructural challenges. Nonetheless, with strategic planning and our nuanced understanding of individual markets, the opportunities for growth and investment returns are substantial.

2

Macroeconomic outlook

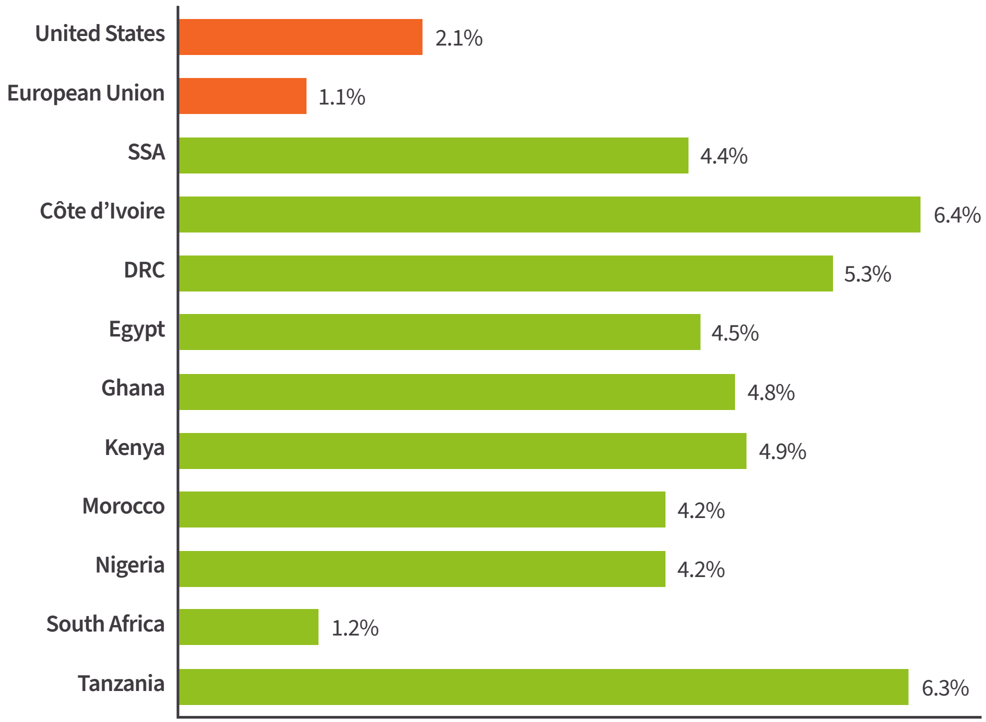
2.0 Macroeconomic outlook

Despite a challenging external environment, Sub-Saharan Africa's real GDP grew by 4.1% in 2025 and is expected to continue growing at a rate of 4.4% in 2026. Forecasts have risen marginally in the year, reflecting macroeconomic stabilization and reform efforts.

Inflation across the continent is expected to moderate, easing from 13.9% in 2025 to a projected 10.9% in 2026. While inflation is expected to ease, it has had a material distributional impact since 2022 (especially via food and transport), compressing real wages, driving down-trading, and straining financial inclusion. The investable opportunity is in firms that defend or even stimulate affordability (small packs, value brands), operate asset-light local supply chains, and use digital rails to keep customer acquisition and servicing costs low.

At Helios, our funds are structured to remain resilient amid these macroeconomic pressures. We maintain broad geographic diversification and focus on investments that offer FX protection, including portfolio companies that earn revenues in hard currency, operate within pegged currency regimes, or have the capacity to pass FX movements through the value chain. Additionally, we invest in market-leading businesses in non-discretionary and non-cyclical sectors, which tend to demonstrate stronger stability even during periods of economic volatility.

2026 real GDP growth forecast
%



Source: IMF World Economic Outlook October 2025

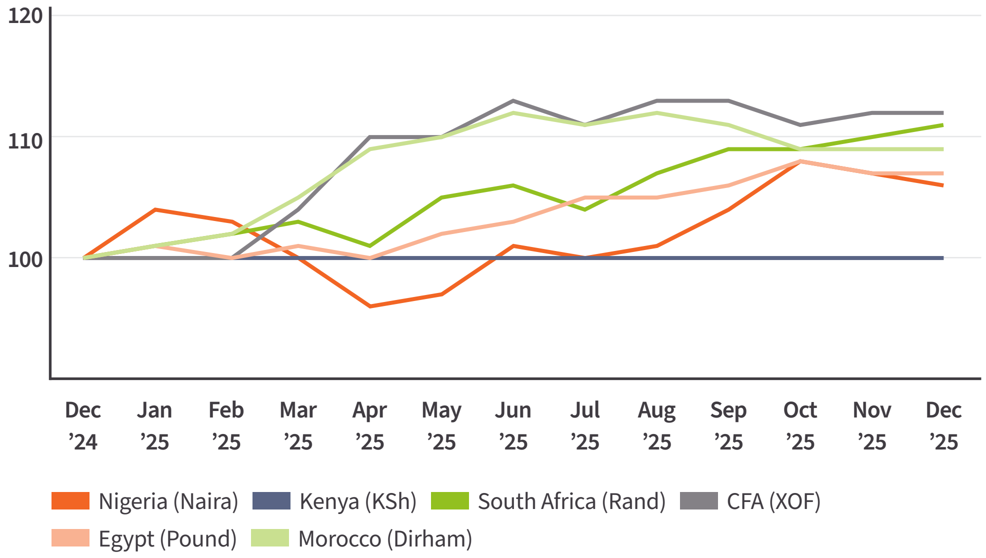
Many African economies continue to face constrained fiscal pressures, driven largely by elevated debt-service obligations that limit space for development spending. While global financial conditions have begun to ease as advanced economies lower interest rates, the resulting improvement in funding costs has been gradual and uneven. These improving global financial conditions helped reopen market access for select African sovereigns, enabling Côte d'Ivoire's oversubscribed $2.6bn Eurobond issuance in 2024, followed by Kenya and Angola's successful returns to international capital markets in 2025.

Several countries are also showing early signs of stabilization, demonstrating that sustained growth and stronger fiscal management can meaningfully reduce debt burdens. Yet fiscal fragility remains a central vulnerability across the region, particularly for lower-income economies.

Looking ahead to 2026, African economies are expected to see fiscal and debt dynamics continue to improve gradually, provided the easing cycle in global interest rates continues and governments maintain strong levels of fiscal discipline. Countries that have demonstrated progress through improved growth or stricter debt management are better positioned to reduce debt ratios. For other countries at high risk of debt distress, the outlook remains more challenging, requiring continued multilateral support, concessional financing and structural reforms.

African currencies versus USD (Rebased)

FY 2025



Source: Factset, December 2025

Despite fiscal constraints, we believe that the ongoing reforms in Egypt, Nigeria, and Kenya will yield long-term benefits for their respective economies, making them very attractive from a risk/reward perspective in the long run.

Below, we provide an overview of trends in the five largest African economies: Nigeria, South Africa, Egypt, Kenya and Morocco.

2.1 Nigeria

Nigeria is set for a moderate recovery in 2026, with IMF projections pointing to GDP growth of c.4.2% in 2026 and a stronger nominal GDP. Continued recovery will hinge on sustained oil output gains and the normalization of domestic demand after the 2023–2025 reforms. The Central Bank has adopted a tighter, more market-oriented stance through 2025, keeping the monetary policy rate elevated at c.27% (November 2025) while gradually easing short-term interest rates to stimulate lending. Inflation has begun to decline from its peak but remains high. Foreign exchange (FX) volatility is expected to ease if the current account remains in surplus, and FX reserves remain robust.

4.2%

Nigeria is set for a moderate recovery in 2026, with IMF projections pointing to GDP growth of c.4.2% for 2026 and a stronger nominal GDP.

Fiscal policy for 2026 is focused on revenue mobilization and priority capital spending. The Nigerian Federal Government aims to attract investment in upstream and energy investment. Both the Nigerian National Petroleum Company (NNPC) and regulators have outlined plans to raise production and stimulate private sector capital expenditure. If security conditions improve and projects are executed effectively, these initiatives could significantly increase export earnings and public revenue. While fiscal ceilings are likely to remain tight, the government is expected to keep prioritizing infrastructure and energy-related investment.

Nigeria's prospects in 2026 are shaped by three main factors. First, the oil sector is showing clear improvement. Increased investment and drilling activity have pushed reported crude output toward the 1.7–1.8m barrel per day range. Nigeria's 2026 budget assumes c.1.8 million barrels per day and an exchange rate of c.₦1,400/$, while reserves were reported at c.$47bn in late 2025 – buffers that, if sustained, should help underpin a steadier external position. If this momentum holds, it will provide a substantial lift to export revenues and the fiscal outlook. Second, external buffers and the functioning of the FX market have strengthened over 2025. Official FX reserves have risen to multi-year highs, and the Central Bank has communicated a more market-aligned, data-driven approach to FX management. These developments reduce the likelihood of disruptive FX volatility and give policymakers greater room to guide a stable adjustment process.

Third, parts of the non-oil economy, including telecoms, financial services, agro-processing, food & beverages, and selective manufacturing tied to domestic substitution, have gained momentum in 2025. Continued reform progress and focused public capital spending could help create a more balanced and diversified growth base in 2026, reducing reliance on the oil sector alone. While hydrocarbons remain fiscally and externally important (given oil's dominance in export receipts), the composition of GDP growth has increasingly been driven by non-oil sectors, particularly services and parts of agriculture, with the oil sector's share of GDP remaining relatively small post-rebasing.

More broadly, risks remain elevated. Inflation remains a major constraint on policy, and the Central Bank's decision to keep interest rates high reflects this. Elevated real borrowing costs and debt service obligations are likely to continue weighing on private investment in the near term. Security and implementation challenges also pose meaningful risks. The recovery in the upstream sector depends on further reductions in security, along with timely execution of planned investments. Potential fiscal gains from higher oil earnings could be weakened by implementation delays or softer global oil demand. Global economic conditions also introduce uncertainty. A decline in external demand, a downturn in the commodity cycle, or a shift in global risk appetite could affect Nigeria through lower oil prices, tighter financing conditions, and renewed pressure on the FX market. These factors suggest that policymakers will remain careful as they try to consolidate the gains achieved in 2025.

2.2 South Africa

South Africa's economic outlook will continue to be shaped by structural reforms, gradual improvements in household consumption, low investment levels, fiscal pressures, and ongoing political uncertainty within the Government of National Unity (GNU). The IMF forecasts real GDP growth of 1.2% in 2026, slightly above the 1.1% projected for 2025. Over the medium term, growth is expected to be supported by rising household purchasing power, a modest recovery in employment, and gradual wealth gains. Continued investment in renewable energy and the easing of key structural constraints is also anticipated to strengthen local investment activity. Achieving faster and more inclusive economic growth will depend on deepening collaboration between the public and private sectors, particularly in the energy and transport sectors, accelerating structural reforms, reducing regulatory burdens, and expanding infrastructure investment. While the country remains a low-growth economy, it is in an improving environment where growth and reforms will be critical for improving productivity, boosting job creation, and sustaining long-term economic momentum.

Annual consumer inflation is comfortably inside the South African Reserve Bank's (SARB) new inflation target of 3% (with a ±1% point tolerance band), at around 3.6% in October 2025. The Monetary Policy Committee (MPC) expects inflation for the year to be 3.3%, with 3.5% predicted for 2026 and 3.1% for 2027. IMF forecasts are broadly in line with the MPC, at 3.4% for 2025 and 3.7% for 2026. The improved business sentiment, restrictive rates, and the absence of immediate inflation pressure justified a fourth 25bps cut in the year, bringing the prime lending rate to 6.75%. For both South African and African countries, lower inflation pressures have occurred as currencies appreciated against the US dollar due to dollar weakness and stronger commodity prices, along with moderations in fuel prices. While further interest rate cuts are expected in the short term, global dynamics will be key in terms of impacts on domestic inflation, particularly around oil prices and the dollar.

1.2%

The IMF forecasts real GDP growth of 1.2% in 2026, slightly above the 1.1% projected for 2025.

South Africa's successful exit from the Paris-based Financial Action Task Force (FATF) grey list marks a significant milestone for the country's regulatory credibility and investment environment. This development provides a clear signal to global investors, financial institutions and multinationals that regulatory risks have eased and that the country's financial governance is aligned with international standards. Going into 2026, this is expected to boost business confidence, lower compliance-related friction for cross-border transactions, and reduce risk premiums. For capital allocators, the exit serves as a positive endorsement that may catalyze increased investment, while domestic businesses are expected to benefit from easier access to international financial markets and improved sentiment.

In November 2025, South Africa was upgraded by S&P Global from BB- to BB, and although this remains below investment grade, it marks the country's first credit rating upgrade in nearly 20 years. The upgrade reflects improving fiscal management, stronger growth prospects, and progress in stabilizing key state-owned entities. As a result, the country could expect reduced borrowing costs, increased investor confidence, and a more favorable economic outlook. This step signals that ongoing reforms are starting to take hold and could pave the way for further improvements, with Finance Minister Enoch Godongwana expecting to regain an investment grade credit rating by 2027.

2.3 Egypt

Egypt's economy is expected to remain on a steady growth path in 2026, with real GDP growth forecast at 4.5%, up from 4.3% in 2025. Accelerated economic reforms, supported by the IMF and the UAE's sovereign wealth fund, and investments across vital industries and infrastructure have underpinned Egypt's recovery from the aftermath of a sharp currency devaluation, soaring inflation, and geopolitical shocks.

Momentum is building. The government has upgraded its full year growth target to 5% for FY2026, driven by stronger activity in non-oil manufacturing, tourism, telecommunications, and rising FDI. Domestic demand is improving, reforms are taking hold, and Egypt is positioning itself as a higher growth, higher yield emerging market.

4.5%

Egypt's economy is expected to remain on a steady growth path in 2026, with real GDP growth forecast at 4.5%, up from 4.3% in 2025.

Stronger activity in non-oil manufacturing, tourism and telecommunications, together with higher foreign direct investment (FDI), improving domestic demand, and the ongoing impact of economic reforms, are all expected to support Egypt's economic growth trajectory.

Inflation has been on a clear downward trend. Consumer prices rose by an average of 15.7% year-on-year between January and July 2025, half the rate of the same period the preceding year. Inflation continued to ease in the second half of the year, reaching 12.3% in November 2025.

The downward trend is expected to continue, with 2026 inflation forecasted at 11.8%, largely attributable to strong base effects, tight monetary policy, and easing global price pressures.

External buffers have also strengthened. Net international reserves reached around $49bn in July 2025, the highest level in over two decades, while the current account deficit narrowed by 21.8% between July 2024 and March 2025. At the same time, the Egyptian pound traded within a relatively narrow range against the US dollar in early 2025 and appreciated by more than 6% from April, signaling improving investor confidence and better FX market functioning.

Looking ahead, broad exchange-rate stability is anticipated through 2026. This outlook is supported by higher reserve balances, a further narrowing of the current account deficit, and sustained FDI inflows linked to large-scale infrastructure and real-estate projects.

Despite delays in some structural reforms, Egypt has achieved meaningful macroeconomic stabilization. Growth is accelerating from a low base, inflation is on a downward trajectory, and the exchange rate has become more stable against the backdrop of stronger reserves and improving external balances. While risks remain, particularly around reform implementation and regional geopolitics, these dynamics, combined with ongoing reform efforts and rising FDI, position Egypt as an increasingly attractive destination for investors seeking exposure to a higher-growth, higher-yield emerging market.

2.4 Kenya

Kenya is projected to remain among Africa's six largest economies by 2026. After expanding by 4.7% (real GDP growth) in 2024, Kenya's economy is expected to reach a real GDP growth rate of 4.8% in 2025, and to accelerate modestly in 2026 as monetary conditions ease and the private sector strengthens. Although forecast ranges for 2026 have narrowed, they are not fully aligned, with the Focus Economics Consensus Forecast projecting a real GDP growth rate of 5.0% in 2026, the IMF placing real GDP growth at 4.9%, while the finance ministry and Central Bank of Kenya project a higher 5.2–5.4% band for 2025/26. This places Kenya above Sub-Saharan Africa's average of 4.4%.

4.8%

Kenya's economy is expected to reach a real GDP growth rate of 4.8% in 2025, and to accelerate modestly in 2026.

The improved outlook is underpinned by a shift from tight to accommodative monetary policy and a calmer price environment. Since early 2025, the policy rate has been reduced in seven steps from 11.3% in February 2025, to 9.5% in August 2025 as inflation moved back into the central bank's target range. However, average commercial lending rates still sit at c.15.8%, indicating that lower policy rates are not yet fully passing through to borrowers and leaving credit access as a key constraint on household and corporate spending.

Consensus views for 2026 emphasize falling credit costs, a recovery in exports, and continued resilience in services and agriculture as the main growth drivers, with easing financing conditions expected to support fixed investment and household consumption. On the fiscal side, however, vulnerabilities remain prominent. The 2024/2025 deficit widened to c.5.9% of GDP and pushed public debt to c.68.8% of GDP, keeping Kenya at high risk of debt distress. Post the 2024 protests, the consolidation path is likely to rely more on base-broadening, compliance, and digitized administration, rather than headline rate hikes, a constraint that raises execution risk but also accelerates reforms to modernize tax collection.

The FY 2025/2026 budget therefore prioritizes "growth-friendly" consolidation through administrative measures, digital tax systems, base broadening, and reduced tax expenditure, while relying more heavily on domestic borrowing to finance a larger deficit. For investors, Kenya's story is one of resilience and reform where growth remains above the regional average and fiscal modernization is reshaping the investment landscape.

2.5 Morocco

Morocco enters 2026 with a comparatively constructive macroeconomic setup relative to many emerging and regional peers. Inflation has eased decisively, policy credibility remains strong, and growth is being supported by an investment cycle that includes large-scale infrastructure linked to long-term national priorities such as the 2030 FIFA World Cup, alongside resilient foreign-exchange-generating sectors such as tourism and remittances. As a result, the central macroeconomic question for 2026 is no longer one of stabilization, but of execution, specifically, how effectively Morocco can convert higher levels of public and private investment into durable productivity gains while keeping the fiscal trajectory firmly anchored.

4.5%

The government has articulated a growth objective of 4.5% for 2026, consistent with its broader fiscal-recovery and reform agenda.

Growth in 2026 is expected to remain solid but range-bound. Consensus forecasts cluster around moderate-to-strong expansion, with variation largely reflecting assumptions about agricultural output, which remains highly sensitive to rainfall conditions. The government has articulated a growth objective of 4.5% for 2026, consistent with its broader fiscal-recovery and reform agenda. At the same time, IMF surveillance continues to emphasize that medium-term growth could accelerate further if investment efficiency improves and structural reforms gain traction. In this context, non-agricultural activity, particularly industry, construction, logistics, and services should remain the core growth anchor in 2026, while agriculture remains the main source of volatility in headline outcomes.

Inflation dynamics have improved markedly, creating a supportive monetary environment. After the supply-side shocks of recent years subsided, inflation fell sharply and is expected to remain contained into 2026, with Bank Al-Maghrib signaling a low single-digit inflation outlook. This backdrop supports a broadly steady and predictable monetary stance, unless disrupted by renewed weather-related food price pressures or imported inflation shocks. With price pressures muted, Morocco has greater scope than many peers to maintain growth-supportive policy settings while preserving monetary credibility, even as the central bank advances operational reforms and gradually moves toward a more formal inflation-targeting framework.

Fiscal consolidation remains a central pillar of the macro-outlook. The 2026 budget direction is framed around continued deficit reduction, with widely cited targets pointing to a fiscal deficit near 3% of GDP, down from higher levels envisaged in earlier post-shock periods. Rather than signaling fiscal easing, the stance underscores policy continuity and supports Morocco's credibility with investors and rating agencies. The main tests in 2026 will lie in revenue collection, control of subsidy and social spending, and the authorities' ability to scale up investment without undermining deficit targets or debt sustainability.

On the external front, Morocco's position remains broadly supportive. Strong services receipts, particularly from tourism, and steady diaspora remittance inflows continue to cushion the impact of a structurally wide trade deficit, which at times is widened further by investment-related imports. World Bank analysis highlights that while capital goods imports linked to investment have increased the trade gap, tourism and remittances have partially offset this effect. This has aided to keep foreign exchange reserves at comfortable levels, covering more than five months of imports in recent assessments. IMF reporting similarly underscores the buffering role of these inflows alongside the authorities' commitment to gradual fiscal consolidation and debt reduction.

Tourism represents a particularly important near-term positive for the 2026 outlook. Morocco recorded a record 19.8 million tourists in 2025, with tourism revenues rising strongly year on year. This momentum provides an important source of foreign exchange liquidity heading into 2026 and supports employment and domestic demand across a wide range of service sectors. As a result, the likelihood of disruptive balance-of-payments stress in 2026 appears low. Sensitivities remain around terms-of-trade movements, notably in phosphates and energy, and demand conditions in Europe.

Overall, Morocco's 2026 macro outlook is characterised by stability rather than acceleration. Upside potential lies in sustained tourism momentum, successful execution of the investment cycle across infrastructure and industrial platforms, and continued policy credibility that helps contain sovereign risk premia. Downside risks stem primarily from climate-related volatility affecting agriculture, weaker euro-area growth transmitting through trade and tourism channels, commodity price swings, and execution risks that could dilute the productivity payoff from higher investment.

3

Sector outlook

3.0 Sector outlook

Our key sectors of focus are digital infrastructure, financial services and fintech, consumer non-discretionary, and tech-enabled business services. We offer our assessment of the trends in those sectors.

Digital infrastructure

(e.g. data centers, fiber networks, and telecom towers)

Financial services and fintech

(e.g. BankTech, payments and financial management software)

Consumer non-discretionary

(e.g. food and beverage, healthcare and education)

Tech-enabled business services

(e.g. cloud and other IT services, Cyber Security, and HealthTech)

3.1 Digital infrastructure

The digital infrastructure landscape in Africa continues to undergo significant transformation driven by the surge in data consumption. This heightened demand is primarily driven by the increasing adoption of smartphones, particularly among the younger population engaged in active social media use, app downloads, and streaming.

The number of internet users across Africa doubled from 2015 to 2022, with over 70% of the sub-Saharan African population accessing the internet through mobile phones. The transition to mobile broadband is accelerating, necessitating robust infrastructure for data storage and cloud solutions. Despite this, Africa has less than 1% of global data center capacity, despite accounting for c.20% of the world population.

At the same time, the customer mix is evolving – retail colocation still accounts for the largest share of African data-center demand, but wholesale colocation backed by hyperscale cloud providers (hyperscalers) and global content platforms is growing steadily, and new facilities are increasingly designed to support high-performance and higher-density computing, such as cloud, AI inference, and analytics workloads.

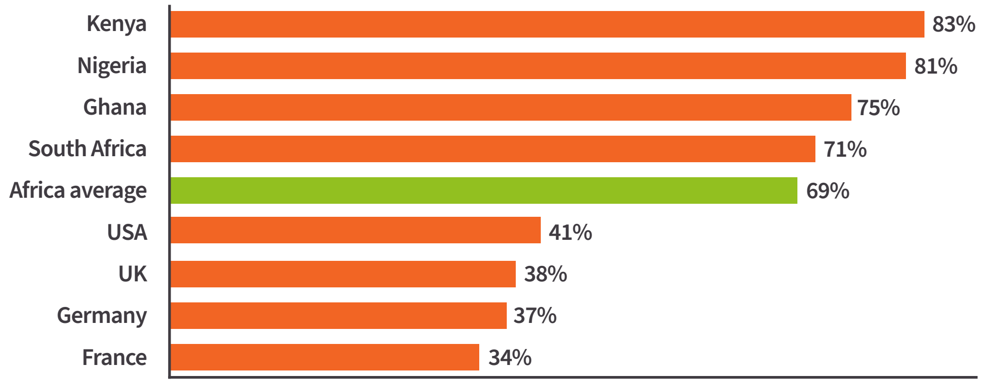
With the widespread adoption of smartphones, data consumption growth in Africa is outpacing other regions:

37% — Forecast CAGR[1] in total African data volume vs. 23% in Europe.

7x — Change in mobile data traffic across Africa vs. 3.7x in Europe[2].

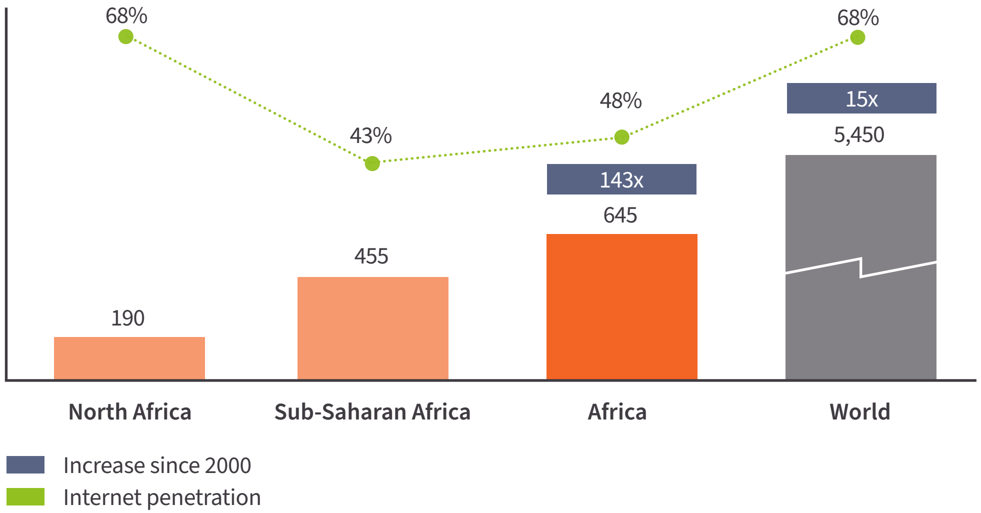
This data is overwhelmingly accessed through ever-cheaper mobile devices.

Mobile versus desktop share of page views



Source: Ericsson, Brookings, The Xalam Rise of African Cloud Report March 2019, Juniper Research, Data Reportal, Hootsuite, GWI Social Media Flagship Report 2022
Notes: (1) 2022 to 2028 CAGR. Volume in annual exabytes (2) 2017–2022 change

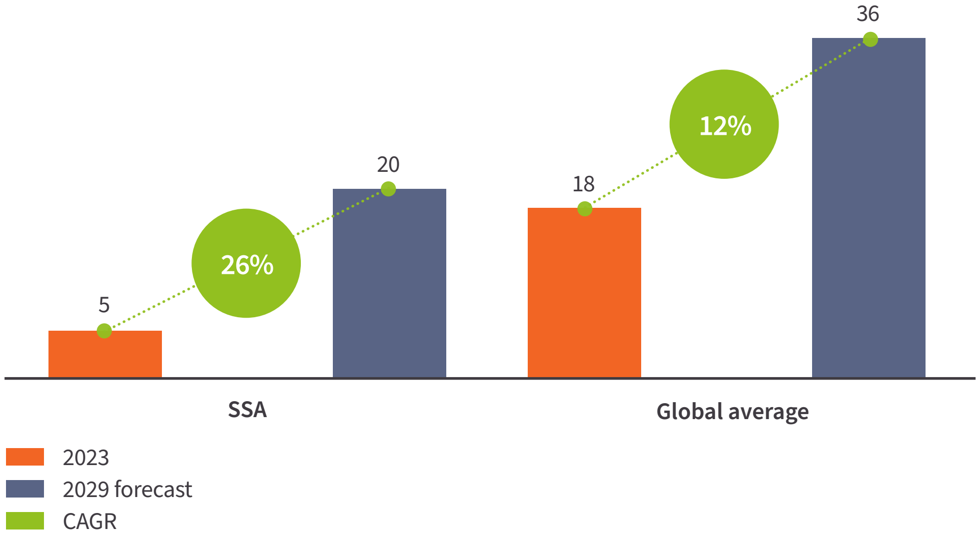
Number of Internet users
2023 in millions of users



Source: Internet World Stats; Statista as of July 2024, Ericsson Mobility Report 2024

And using individual data consumption as a measure, there is still significant upside potential:

Average mobile data traffic per user
Gigabytes per month



Source: Internet World Stats; Statista as of July 2024, Ericsson Mobility Report 2024.

Recent transactions demonstrate that capital is shifting from a focus on subsea and towers into pan-African data-center platforms. In April 2025, the IFC announced a $100m loan to Raxio Group, its largest digital-infrastructure investment in Africa, to accelerate the build-out of a Tier III colocation platform across Ethiopia, Mozambique, Côte d'Ivoire, Tanzania, Angola, and the DRC. Raxio has since commissioned Angola's largest carrier-neutral data center in a c.$30m project and added capacity across their regions, supporting local cloud, fintech, and e-government workloads closer to end-users. Alongside these pan-African platform investments, incumbent national champions and regional players are also executing large-scale campus expansions, signaling growing depth in the market.

iXAfrica announced the securing of financing to support a 20MW expansion of its NBOX1 data centre campus in Nairobi. Other notable expansions include the commissioning of Rack Centre's 12MW data centre in Nigeria, Wingu Africa securing $60m from Rand Merchant Bank to expand in Ethiopia and Tanzania, and Open Access Data Centres (OADC) announcing plans for a $240m 24MW data centre in Nigeria. Together, these projects illustrate a broadening ecosystem in which scaled neutral-host platforms, regional challengers and hyperscaler-aligned facilities are filling the capacity gap and segmenting the market by size, service level and power density.

However, challenges remain. Africa currently has the highest data costs globally, coupled with considerable latency issues. This is due to the elevated data transport pricing in certain African markets, as content and capacity providers, including hyperscalers, deliver cloud solutions from Europe where internet exchange ecosystems are more developed, and markets that are less complex.

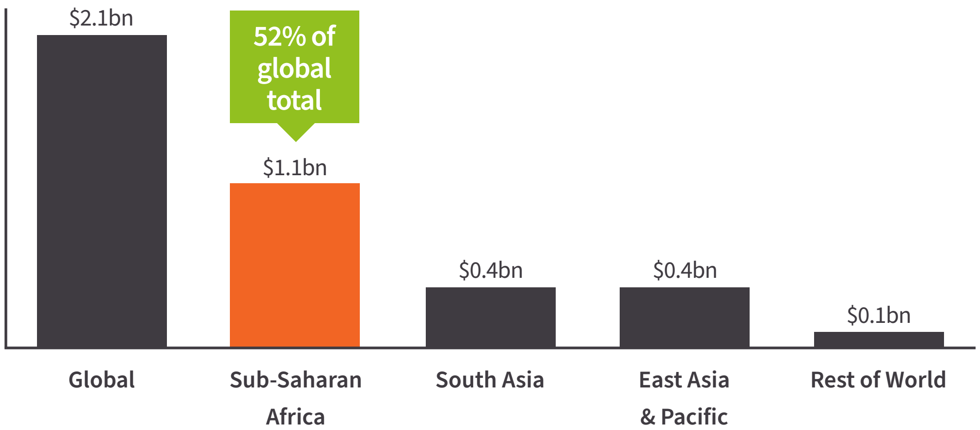
These players, such as Google, Microsoft, and AWS, recognize the enormous growth potential across Africa and are investing in developing talent to generate integrated and interconnected global and regional trade. Still, there remains scope for significant development of digital ecosystems including fiber and data center capacity on the continent, with 1.2 GW of additional data center capacity by 2030 required to meet Africa's latent demand. Despite the challenges, there is a positive shift in dynamics. The evolving landscape suggests a growing place for Africa in the global digital infrastructure arena.

3.2 Financial services and fintech

Africa's financial landscape is undergoing significant change, shaped by rapid digitization and mobile connectivity. Mobile-first behavior is deeply embedded in Africa's young population, as evidenced by Africa being the global leader in the $1.7tn mobile money market.

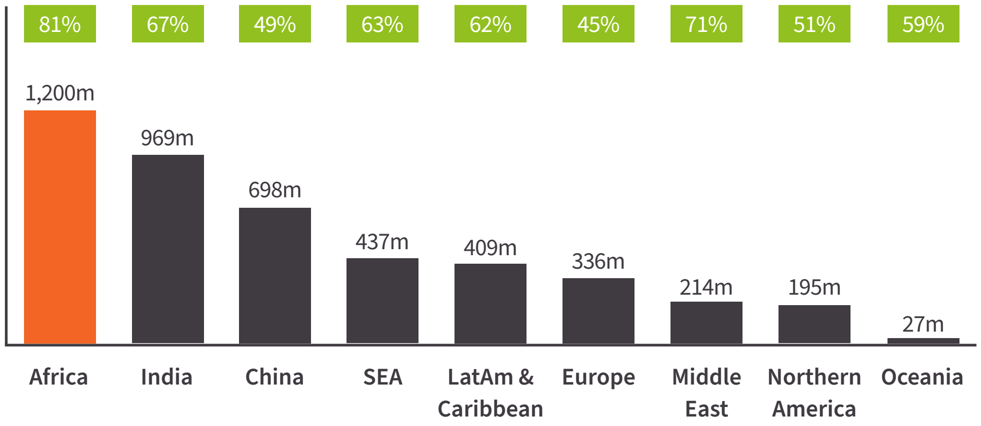
Mobile money transactions have tripled in recent years, making Africa the world's most advanced mobile-money ecosystem and a global benchmark for financial inclusion. This digital shift has enabled millions of individuals and informal enterprises to participate in the formal financial economy for the first time.

Registered mobile money accounts
Billions



Sources: GSMA, The State of the Industry Report on Mobile Money 2025

Digital natives population (millions) and percentage of total population



Source: UN World Population Prospects (as of June 2024)

Fintech is filling long-standing gaps in payments, savings, and cross-border transactions in Africa. Payments and merchant acquiring dominate the African fintech landscape, with firms like Fawry and Moniepoint showing strong commercial traction and sustained investor appetite. These platforms allow SMEs to gain access to financial services that were previously inaccessible. Telco-led mobile money ecosystems, such as M-PESA and MTN MoMo, continue to anchor digital finance by enabling low-cost payments and savings solutions at scale.

Credit access remains one of Africa's largest structural challenges, with a multi-trillion-dollar financing gap. Fintech lenders, BNPL providers, embedded-finance platforms, mobility-asset financiers, and P2P lenders have emerged as critical players in closing this gap. These players use alternative data, such as mobile money transactions, e-commerce sales, mobility data, and behavioral analytics, to underwrite borrowers who lack formal credit histories.

As these models have matured and demonstrated improving portfolio performance, they have increasingly unlocked access to debt capital, reflecting growing lender confidence in Africa's fintech credit ecosystem. As of September 2025, $935m worth of debt has been raised in Africa, c.42% of total funding raised in 2025, more than total debt raised in FY2024 and FY2022. It is forecast that by the end of 2025, total debt raised will top the 2023 record of $1.1bn. In the fintech sector specifically, Wave, one of Africa's most valuable startups, raised a $137m debt round led by RMB to scale its mobile money operations.

Sub-Saharan Africa's usage patterns of digital assets emphasize the increasing role of digital assets in everyday financial activity, with a primary use case being cross-border payments. An example here is Thunes, a Helios portfolio company. The region is the third fastest-growing region in the world in global digital asset adoption, having increased c.52% in 2025 (compared to c.23% in 2024), with digital asset customers sitting above 54m, and Nigeria ranking as number 2 in adoption. Further, Africa has emerged as a global leader in stablecoin usage, contributing 9.3% to global stablecoin usage with 43% of transaction volume being in stablecoins.

In 2025, interest in the African market increased from global players. In 2025 two UK-based fintechs announced plans to expand into the African market. Revolut announced plans of launching in Morocco to offer FX and remittances before scaling into digital banking, while Wise received conditional regulatory approval from South Africa's central bank to offer money transfer services in South Africa. Latin American fintech, dLocal, announced its plan to acquire Aza Finance to gain access to key African markets including Botswana, Mozambique, and Guinea. Tyme Group, South African digital bank, secured a $250m Series D round, led by Nubank, Latin America's most valuable fintech.

2025 also marked a resurgence in IPOs and strategic exits:

- In November of 2025, two African fintechs, Optasia and CashPlus, both went public, making the first IPOs in the region since the pandemic. Optasia raised $345m at a $1.4bn valuation on the JSE, while CashPlus raised $82.5m at a $550m valuation on the Casablanca Stock Exchange.
- Nedbank acquired iKhokha in a deal worth $94m aimed at deepening its support for SMEs.
- Lesaka Technologies entered into an agreement to acquire Bank Zero in a deal worth $61.4m.

Looking ahead, fintech will play an increasingly central role in Africa's fintech landscape. If combined with a robust regulatory posture, strong consumer protection, and continued investment in digital public infrastructure, Africa's fintech ecosystem could materially expand financial access, enhance credit availability, and accelerate the continent's economic transformation.

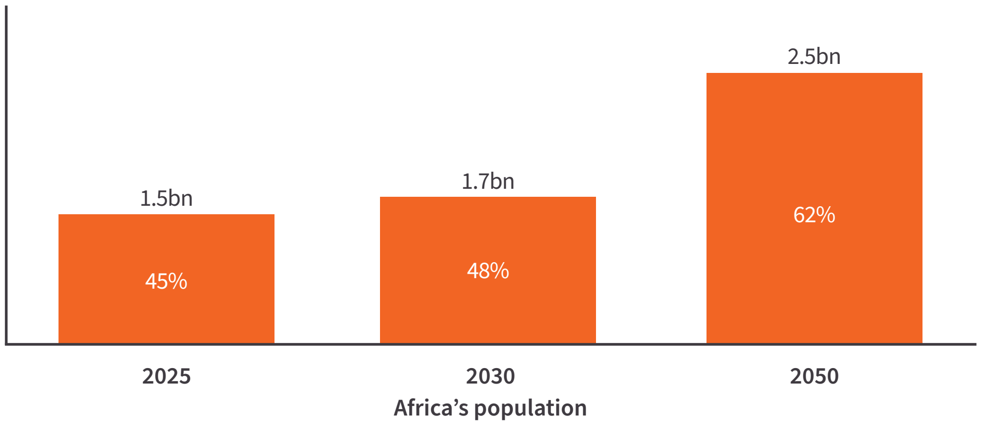
3.3 Consumer non-discretionary

Through 2025, Africa's consumer non-discretionary sectors have remained resilient despite a difficult macro backdrop, supported by steady private consumption and gradual disinflation across many markets.

Sub-Saharan Africa's GDP growth is tracking close to c.4.1% in 2025, with domestic consumption, rather than exports, providing the main anchor for activity. This reinforces that demand for essential goods and services holds up even in volatile conditions and should remain a key driver of growth into 2026.

Africa's young, urbanizing population remains the structural engine behind opportunities in the consumer non-discretionary sector. Total consumer expenditure is expected to reach around $2.1 trillion by 2025, with the broader consumer goods market projected to grow at an 8–9% CAGR between 2024 and 2028, driven by population growth, rapid urbanization, and rising incomes. This is mirrored by the emergence of a large "floating" class, defined as households above the poverty line but still highly price-sensitive and focused on value. As governments continue to allocate constrained budgets towards healthcare, education, and social protection, and as digital adoption broadens access to services, these demographics underpin a long runway for non-discretionary demand in 2026 and beyond.

Africa's population relative to urbanization forecast



Source: Africa Centre for Strategic Studies

1 Ongoing shift towards local manufacturing and regional value chains

In recent years, persistent FX volatility, elevated logistics costs, and import-price pass-through have accelerated a structural shift from imported to locally manufactured staples. By 2025, this trend has become firmly embedded: the African consumer goods market will be increasingly driven by import substitution and local cross-border trade, particularly in East and North Africa. Local FMCG players, such as GB Foods, have continued to gain share by offering affordable, smaller-pack SKUs and by building efficient regional supply chains. At the same time, several multinational groups have been rationalizing or exiting sub-scale operations, opening space for local champions, carve-outs, and contract-manufacturing partnerships.

Going into 2026, it is expected that the localization theme will deepen. Forecasts for a modest recovery in growth, combined with a broadly more accommodative monetary stance in many African markets, should support CapEx into processing, packaging, and cold-chain infrastructure, especially where firms can leverage regional trade arrangements to diversify their currency exposure. Businesses that can manufacture essential products locally, price in local currency, and export selectively within Africa are best placed to capture non-discretionary demand while managing FX and supply-chain risk.

2 Retail formats adapting to a price-sensitive, digitally connected consumer

Africa's retail landscape in 2025 remains dominated by informal and semi-formal channels, but modern and digitally enabled formats have continued to expand, particularly in large urban centers. The combination of smartphone adoption, mobile money, and improving logistics has expanded e-commerce and B2B distribution platforms. This allows non-discretionary brands to reach small neighborhood retailers and consumers more efficiently. Across markets, the same pattern is seen as consumers are trading down on price but trading up on reliability, convenience, and brand trust.

Into 2026, with inflation expected to ease further in several economies and monetary policy remaining supportive, a gradual re-acceleration in volume growth in non-discretionary categories is expected. This should benefit value-oriented modern retail, such as discount grocers, hard discounters, and last-mile delivery platforms that can partner effectively with informal traders. In this context, BIM Morocco illustrates the scale and resilience of the discount model, having grown into the country's largest discount grocery retailer with over 750 stores nationwide, offering essential products at competitive prices through its high-quality private-label range and a strong, centralised logistics platform. This could also lead to greater integration of loyalty data, micro-credit and flexible pack sizes to retain highly price-sensitive consumers, particularly in major cities.

3 Healthcare and education: essential services catching up

Healthcare has been a clear non-discretionary priority through 2025, but one that still reflects significant under-penetration. Average health expenditure per capita in Africa remains below $100, lower than comparable developing regions such as Asia and South America (c.$650–900) and far behind Europe and North America.

In 2025/26, governments and private providers in Africa have increasingly focused on expanding coverage while building local manufacturing capacity in generics, vaccines, and medical consumables to reduce reliance on imports and insulate systems from FX shocks. Morocco's 2026 draft budget allocates 140 billion dirhams (~$15 billion) to health and education, a 16% increase year-on-year, with specific plans to strengthen infrastructure and support local pharmaceutical and vaccine production initiatives. Several other countries have expanded or reformed public financing for health, for example, South Africa increased its health allocation by roughly R28.9 billion in the 2025 budget to support staff and services, while Nigeria's ongoing health financing reforms and WHO advocacy aim to boost public health budget shares and expand insurance coverage, with private spending already representing a significant share of total health expenditure. Regional commitments, such as the WHO African Region pledge to accelerate local medicine and vaccine manufacturing, further underscore the policy emphasis on public-led initiatives that create markets and crowd in private investment in manufacturing, delivery, and technology ecosystems across the continent.

2026 is expected to see continued growth in mid-market healthcare targeting the broad base of the population rather than only premium segments. Key markets are likely to remain reference points for regional healthcare networks, with increasing use of public-private partnership models, InsurTech, and digital tools to improve access and efficiency.

4 Education increasingly becoming a top priority

Education has followed a similar pattern. With Africa on course to have the world's largest working-age population, education has become a top priority. In 2025, private K-12 schools, affordable tertiary institutions, and workforce-development platforms continued to attract capital, while EdTech models leveraging mobile connectivity have expanded access to digital skills training and supplementary education across borders. Despite fiscal constraints, governments aim to protect core education spending, with private providers and donors filling gaps in capacity and quality. Looking into 2026, education is expected to remain one of the most compelling consumer non-discretionary themes, both in terms of impact and returns.

Overall, consumer non-discretionary exposure in Africa offers a defensive entry point into the continent's growth story. While macro conditions remain uneven across countries, the combination of resilient private consumption, localization of production, the gradual formalization of retail, and the catch-up in healthcare and education supports a constructive outlook for 2026. Our focus remains on consumer non-discretionary businesses that are asset-light, exposed to essential spend, and either naturally hedged or able to pass inflation and currency devaluation through to customers.

3.4 Tech-enabled business services

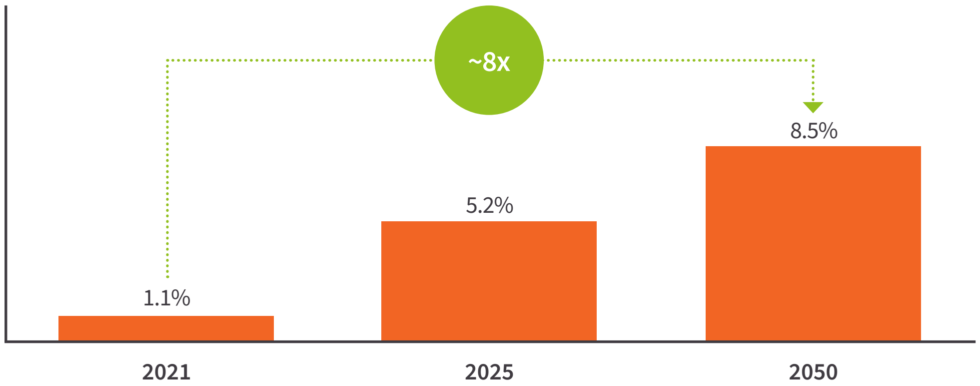
The tech-enabled business services (TEBS) sector comprises companies that utilize technology to deliver products and services that improve their clients' growth, cost efficiency, and operational effectiveness.

What differentiates TEBS firms from traditional service providers is their ability to embed technology, often digital, cloud-based, and more recently AI-driven, into core processes to enhance scalability and improve customer outcomes. This differentiation is further reinforced by the growing availability of globally experienced African technology professionals who are accustomed to working in distributed, product-oriented, and cloud-native environments, enabling TEBS providers to move beyond labor-intensive models toward higher-value, scalable service delivery.

Rapid digitization, increased enterprise cloud adoption, and a surge in investment from global hyperscalers are collectively accelerating demand for technology services across Africa's emerging tech hubs. The number of tech hubs across the continent has grown rapidly, from 643 in 2019 to more than 1,000 today, with global technology firms increasingly investing in African locations. Global firms such as Google, AWS, and Microsoft have invested in African regional headquarters, datacenters, and cloud infrastructure, contributing to developing local businesses and tech development across the continent. This growth is supported by a fast-expanding base of skilled developers, with Africa home to one of the world's youngest workforces: over 60% of the population are under the age of 25, creating a deep and scalable talent pool for technology and service delivery.

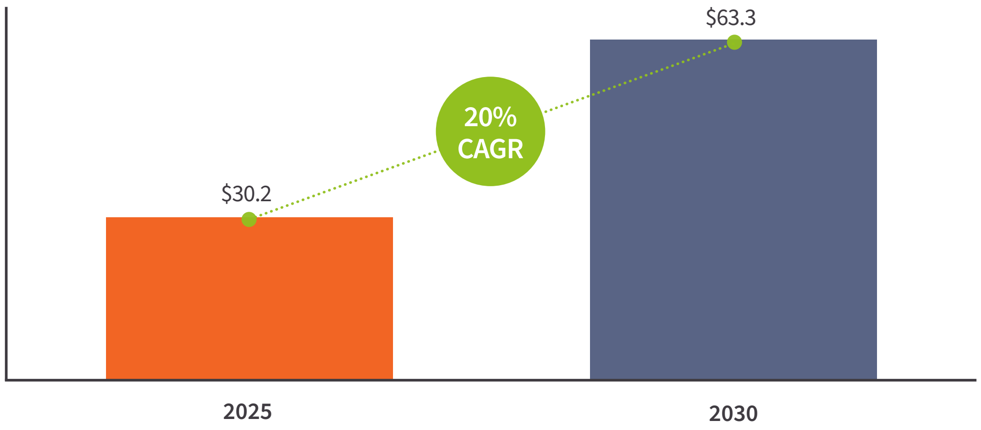
Digital transformation is rapidly reshaping Africa's economic landscape, driven by major investments in connectivity, data infrastructure, fintech innovation, and widespread mobile adoption. The continent's digital economy is expanding quickly as more people and businesses gain access to online services, digital payments, cloud tools, and tech-enabled solutions across sectors such as commerce, education, and health. Significant improvements in internet connectivity driven by new subsea cable systems and falling broadband costs have reduced latency and enabled African professionals to work seamlessly with global clients, reinforcing the viability of Africa as a location for tech-enabled service delivery. This shift is creating new pathways for entrepreneurship, improving financial inclusion, boosting productivity, and enabling governments and companies to deliver services more efficiently. Ultimately, this represents a structural change that is unlocking growth and access to broader opportunities across the continent.

Africa digital economy
% share of GDP



Source: FutureAfrica

Average digital transformation market
$bn



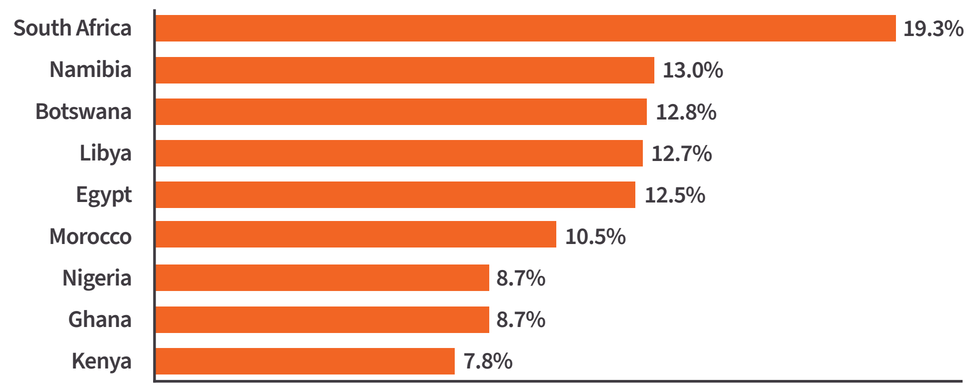
Source: FutureAfrica

AI has been emerging as one of the most transformative forces in the TEBS sector, reshaping both operating models and the value proposition to clients. Across Africa, enterprises are moving beyond experimental use cases and beginning to deploy AI, particularly automation, machine learning, and generative AI, at scale to enhance customer engagement, streamline processes, optimize supply chains, and strengthen against fraud and risk. This shift is driving significant demand for TEBS providers that can deliver data engineering, AI integration, model deployment, and workflow redesign. African developers typically have 4–6 years of professional experience on average and are increasingly involved in data engineering, automation, and applied AI projects for global organizations, creating strong foundations for AI-enabled service delivery.

AI adoption across the continent is growing steadily but remains highly uneven. At 19.3%, South Africa stands out as the only country above the global average of AI users of 15% (defined as the percentage of working-age adults using AI tools). Countries such as Namibia, Botswana, Libya, and Egypt form a second tier of strong adopters. Most other major economies still register lower uptake, reflecting the reality that AI in Africa is spreading primarily through practical, user-level applications rather than large-scale model rollouts. Improvements in connectivity, cloud availability, and digital-skills growth are enabling adoption, while gaps in infrastructure, technology, and language accessibility continue to slow progress in many markets.

For the TEBS sector, this pattern signals a clear opportunity as the nations that are leading AI adoption already have the digital readiness and enterprise demand to support AI-enhanced solutions such as automation, analytics, and customer-engagement tools. At the same time, the uneven spread of adoption means providers must design tools that are accessible, affordable, and suited to varying infrastructure conditions.

2025 AI user adoption in key African nations
%



Source: Microsoft: AI Diffusion Report: Where AI is most used, developed, and built

Africa's growing, youthful, and increasingly urban population is a major driver for the global labor supply. As more people move into cities and gain access to better connectivity and digital tools, the region is building a large workforce that is comfortable with technology and well-positioned for tech service and support roles. Africa is one of the fastest-growing sources of global tech talent, helping address a worldwide technology skills gap estimated to reach more than 85 million workers by 2030. At the same time, continued investment in digital infrastructure, improved internet access, and more efficient business processes across African markets are making it easier for companies to operate and outsource within the continent. These shifts are helping Africa strengthen its own domestic TEBS industry while also becoming a more competitive location for regional and global service delivery.

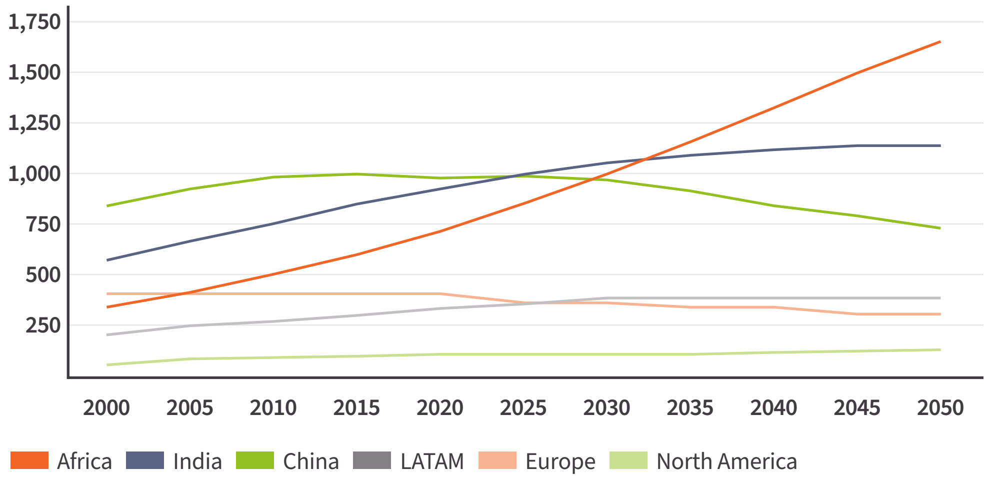
Additionally, BPO providers are utilizing AI to improve service delivery through automation, boosting speed and accuracy. Cloud and IT service firms are embedding AI into observability, cybersecurity, and performance monitoring, while SaaS platforms are differentiating through AI-powered insights and decision support. While AI adoption presents challenges such as data-quality constraints, infrastructure gaps, and the need for specialized talent, it is also opening high-growth revenue pools and accelerating the sector's evolution from labor-intensive service provision to higher-value, technology-centric solutions.

1.6bn

Number of working-age adults in Africa by 2050[1]

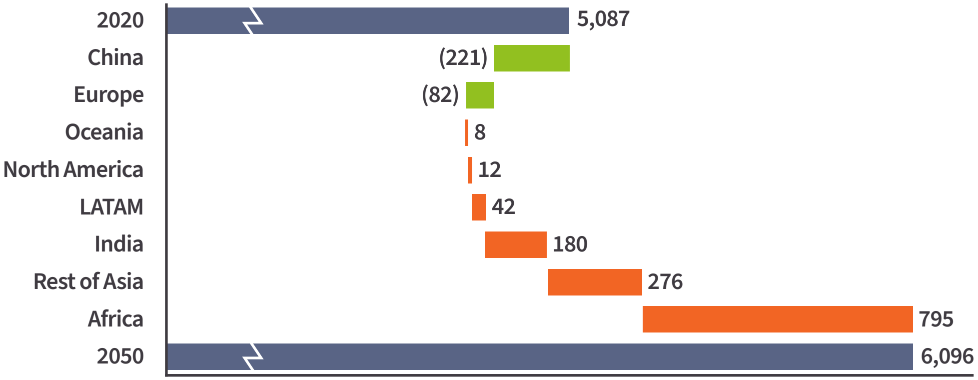
Working-age population in largest countries and regions

Million people aged 15–64



Source: (1) United Nations, Department of Economic and Social Affairs, Population Division 2022

Global workforce evolution
(millions of workers, 2020–2050)



79%

Africa's contribution to the global workforce by 2050[1]

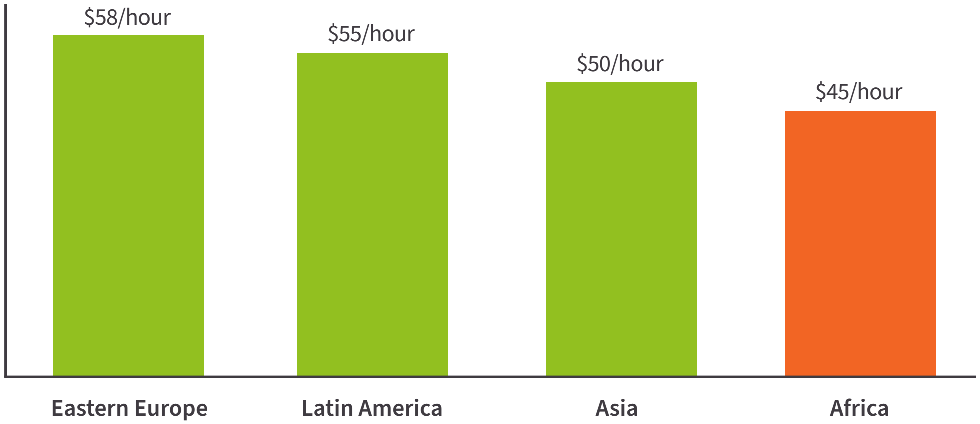
Source: (1) United Nations, Department of Economic and Social Affairs, Population Division 2022

Social media use in Nigeria

Working-age internet users are ranked 3rd in the world for daily time spent on social media. Users say that they spend an average of 3 hours and 42 minutes using social networks every day.

Source: GWI Social Media Flagship

2025 offshore senior software development rates



Source: Thescalers: Offshore software development rates by country in 2025: Top locations

4

ESG and impact perspectives

4.0 ESG and impact perspectives

As we look toward 2026 and beyond, Helios' investment strategy is closely aligned with the impact outcomes that will be most critical to Africa's long-term growth.

Africa's demographic profile will continue to shape both opportunity and risk, with over 60% of the population under the age of 25 and African youth expected to represent around 42% of the global youth cohort by 2030. This rapidly expanding working-age population places increasing importance on the creation of productive, inclusive, and sustainable employment. Helios focuses on scalable platforms operating in non-discretionary and technology-enabled sectors that are positioned to create formal, locally anchored jobs as they grow, with particular relevance for youth and women entering the workforce.

Financial inclusion remains a central pillar of this impact outlook, but the focus is shifting from basic access toward meaningful participation and resilience. Digital payments are increasingly formalizing economic activity and lowering transaction costs, while the next phase of inclusion is being driven by improved access to SME finance, embedded credit, savings solutions, and insurance. Helios' investments in financial services, fintech, and enabling infrastructure are designed to support these outcomes, expanding affordability and strengthening the ability of households and businesses to manage risk as digital financial models continue to mature.

Access to essential goods is another area where Helios' strategy aligns closely with future impact priorities. In a region where a large share of the population remains highly price-sensitive and population growth continues to drive demand, affordability and availability of food and everyday essentials are increasingly important. Through our focus on consumer non-discretionary businesses, particularly in food, Helios invests in companies with resilient local supply chains and the ability to serve large consumer bases, supporting inclusive growth while benefiting from structurally resilient demand.

Finally, Helios views digital infrastructure and technology-enabled business services as foundational enablers across impact themes. Although internet penetration remains below global averages, connectivity and data usage continue to expand rapidly, unlocking new business models, service delivery channels and employment opportunities. Continued investment in digital infrastructure is expected to underpin productivity gains, support enterprise scale, and expand opportunities for younger, digitally native populations.

Across these themes, Helios' investment strategy is deliberately forward-looking, allocating capital behind structural drivers of inclusion, resilience, and productivity, and positioning the portfolio to address Africa's evolving impact priorities while supporting sustainable long-term returns.

Sources

Sources: Helios; Bloomberg; FactSet; IMF, October 2024, World Economic Outlook 2024; OECD, December 2024, Revenue Statistics in Africa 2024; France 24, June 2023, A necessary 'sacrifice': Nigeria ends almost 50 years of fuel subsidies; CNBC Africa, January 2024, Ivory Coast says it raised $2.6 bln in oversubscribed Eurobonds issuance; International Trade Centre, February 2024, Tech Hubs in Africa; BCG, May 2023, QED Investors; McKinsey, September 2022, The future of payments in Africa; World Oil, November 2024, Nigeria expects 30% rise in crude output by year-end with new deals; Engineering News, August 2024, South Africa's infrastructure spend plans soar as energy woes ease; CNBC Africa, December 2024, Egyptian pound breaches 50 to the dollar, central bank says; Bloomberg, May 2024, Egypt's Outlook Raised by Fitch After $57 Billion Global Bailout; Central bank of Kenya, February 2024, Weekly Bulletin; BBC, June 2024, What are Kenya's controversial tax proposals?; African Law & Business, November 2024, Kenyan privatisation programme hangs in the balance; Global Finance, October 2024, Nigeria: Automation Will Add Forex Transparency; African Development Bank Group, May 2024, Annual Meetings 2024: old debt resolution for African countries – the cornerstone of reforming the global financial architecture; The World Bank, December 2024, Kenya Economic Update; Reuters, June 2024, Kenya budget sees deficit at 3.3%, seeks to protect economic recovery; ADCA, February 2021, Growing Africa's Data Center Ecosystem: An Assessment Of Utility Requirements; Reuters, July 2024, Nigeria's inflation hit new 28-year high in June, may have peaked, WHO Regional Office for Africa, December 2024, Noncommunicable Diseases

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