CcHUB Investment Company

Around Investment

H1 2026 in Review, Outlook on H2 2026

Introduction
Proof Over Promise

$1.36B

Total Funding

↑0.74% YoY

190

Total Ventures Raising > $100k+

↓20.2% YoY

H1 2026 with a total funding of $1.36B did not mark a return to the exuberance that characterised African venture capital in 2021 and 2022. Instead, it confirmed a structural shift that had begun to emerge over the past two years: capital is becoming increasingly selective, investors are demanding stronger fundamentals, and funding is flowing disproportionately towards companies with proven business models rather than compelling narratives alone.

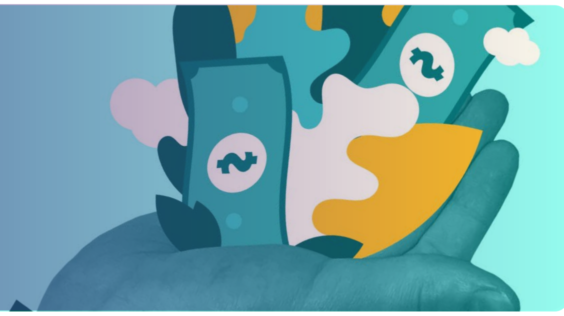
The "proof over promise" thesis that defined the opening quarter of the year only strengthened as H1 unfolded. Companies attracting the largest cheques shared common characteristics—demonstrable revenue growth, predictable cash flows, scalable operating models and, increasingly, tangible assets capable of supporting debt financing. Investors were no longer rewarding ambition in isolation; they were rewarding execution.

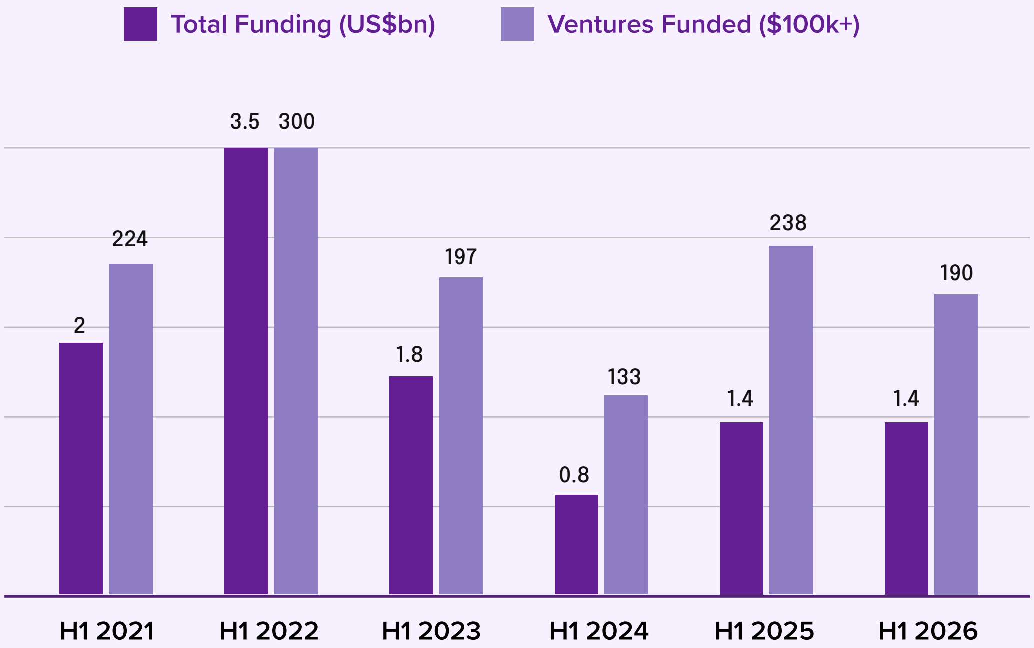
Yet the first half also demonstrated that headline funding figures can sometimes conceal as much as they reveal. A subdued April and May gave way to an exceptional June, driven by a handful of landmark transactions that reshaped the funding landscape. Pan-African electric mobility company Spiro's record equity raise and large debt facilities transformed what had initially appeared to be another subdued fundraising period into one that broadly matched H1 2025.

> *If H1 2025 asked whether Africa's venture ecosystem could recover from the funding correction, H1 2026 answered a different question: what kind of recovery was taking shape.*

The market has adapted—but on new terms. Discipline, governance, profitability, and capital efficiency now matter more than growth at all costs in determining who gets funded.

Funding
A Stable Funding Mix in a More Selective Market





Note: *Funding totals are approximate headline figures rounded by the source (Africa: The Big Deal). Venture counts reflect disclosed fundraises of US$100,000+.*

At first glance, H1 2026 appears remarkably resilient. According to Africa: The Big Deal, startup funding remained broadly comparable to H1 2025 despite significantly fewer companies raising capital. Beneath that resilience, however, lies one of the most significant structural changes the African venture ecosystem has experienced in recent years: debt has firmly established itself as a mainstream funding instrument.

Historically, African startup financing, like everywhere else across the globe, has been overwhelmingly equity-driven. Early-stage founders diluted ownership in exchange for growth capital, while debt financing remained largely confined to banks and mature financial institutions. H1 2026 demonstrated that this distinction is rapidly fading.

By the end of May, debt and equity financing were running almost neck and neck, representing a marked departure from previous years when equity overwhelmingly dominated venture investment. This shift mirrors broader global private capital trends, where private debt has become an increasingly important source of growth financing alongside traditional venture equity. June ultimately restored equity's lead, largely because of Spiro's landmark funding round, but that outcome should not obscure the broader trend. Debt financing is no longer a secondary option for companies unable to raise venture capital; it is becoming an intentional strategic choice for businesses with predictable revenues and asset-backed business models.

Equity funding reached approximately US$900 million during H1 2026, representing only a modest decline from H1 2025, while debt financing increased to approximately US$450 million, continuing the momentum established during Q1. The composition of funding, not simply the total amount raised, has become the defining characteristic of the market.

Several of the continent's largest transactions illustrate this evolution. Electric mobility company Spiro epitomised H1 2026's changing funding landscape, raising US$270 million in equity before securing a further US$50 million debt facility to expand its electric vehicle and battery-swapping network. Rather than signalling a return to indiscriminate venture investing, the financing reflected investor confidence in an asset-intensive business supported by tangible collateral, measurable utilisation and scalable operating economics.

The trend extended beyond mobility. Egyptian consumer finance platform ValU, which raised US$27 million in equity in 2025, returned to the market in H1 2026 with a US$75.6 million debt facility to expand its lending portfolio. The shift illustrates how more mature startups are increasingly using debt to finance growth once they have established predictable cash flows and financeable assets, rather than relying exclusively on equity capital.

This evolution reflects a broader maturation of African startup financing. Rather than relying predominantly on venture equity, companies are increasingly matching financing instruments to their business models, using equity to fund innovation and expansion, while deploying debt to scale businesses with predictable cash flows, financeable assets and proven operating models. For founders, this creates greater flexibility to finance growth without unnecessary equity dilution.

At the same time, H1 2026 underscored how concentrated venture capital remains. Although overall funding levels held broadly steady, a small number of large transactions accounted for a disproportionate share of capital deployed, with Spiro's landmark raise materially influencing continental totals. Together, these trends point to a more sophisticated funding market—one where access to capital increasingly depends not only on growth potential but also on the financing structure best suited to the underlying business.

The nature of investment also became more concentrated. While overall funding remained broadly in line with H1 2025, the number of startups raising at least US$100,000 declined from 238 in H1 2025 to 190 in H1 2026. This suggests that capital remained concentrated among a relatively small group of high-quality companies, with investors continuing to back businesses that demonstrate proven operating models, strong execution, and clear pathways to scale.

spiro **$270m** Equity **$50m** Debt

valu* **$27m** Equity **$75.6m** Debt

Sector Trends

Fintech Leads, Infrastructure Accelerates

Sector allocation in H1 2026 remained broadly familiar, but the composition of investment continued to evolve. Fintech retained its position as Africa's largest venture sector, attracting an estimated 41% of disclosed funding (approximately US$557 million), although this represented a moderation from 45% in H1 2025. The strongest momentum, however, came from climate technology, clean energy and electric mobility, where several of the continent's largest transactions reflected growing investor confidence in technology-enabled infrastructure and asset-intensive business models.

Mobility emerged as H1 2026's defining growth story. Spiro dominated the funding landscape, raising US$270 million in equity alongside a US$50 million debt facility, making it the continent's largest financing package during the half. Other mobility companies also attracted significant capital. MAX raised US$24 million to finance the deployment of 120,000 electric vehicles, while Roam and GoCab also secured funding, reinforcing investor confidence in electric mobility, fleet operations and battery-swapping infrastructure. Collectively, these transactions signalled that investors are increasingly willing to back businesses where technology is deployed alongside productive physical assets capable of generating recurring revenues.

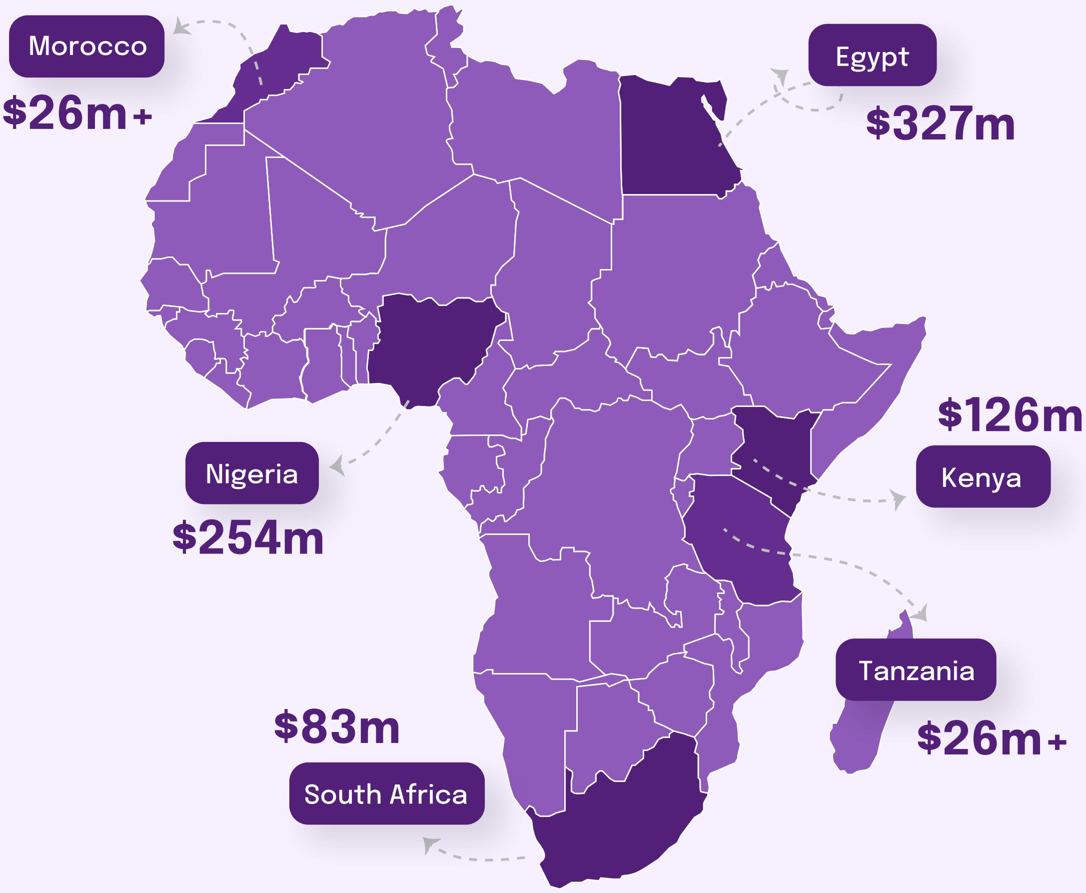
Despite mobility's momentum, fintech remained the continent's largest investment destination. Investment activity continued shifting beyond consumer payments towards lending infrastructure, embedded finance and enterprise financial services. Egyptian consumer finance platform ValU secured US$75.6 million in debt financing to expand its lending portfolio, while Blnk raised US$37.1 million through a combination of equity and debt financing to scale its point-of-sale financing platform. Nigeria's Flutterwave also reportedly closed an undisclosed Series E round, underscoring sustained investor confidence in mature, revenue-generating financial infrastructure.

Clean energy continued to attract significant institutional capital. SolarAfrica secured a US$94 million debt facility to accelerate commercial solar deployment, while distributed energy and grid-edge businesses continued attracting financing across the continent. Increasingly, investors viewed renewable energy not simply as an impact investment opportunity but as essential economic infrastructure capable of delivering long-term, contracted cash flows alongside measurable development outcomes.

Across sectors, financing structures became as important as sector selection. Mobility companies financed vehicle fleets and battery infrastructure, clean energy businesses leveraged power-generation assets, while financial services firms increasingly borrowed against loan portfolios and receivables. The common thread was not the industry itself, but the growing ability of mature businesses to access financing aligned with their underlying assets and cash-flow profiles, reducing reliance on equity as the sole source of growth capital.

Regional Dynamics

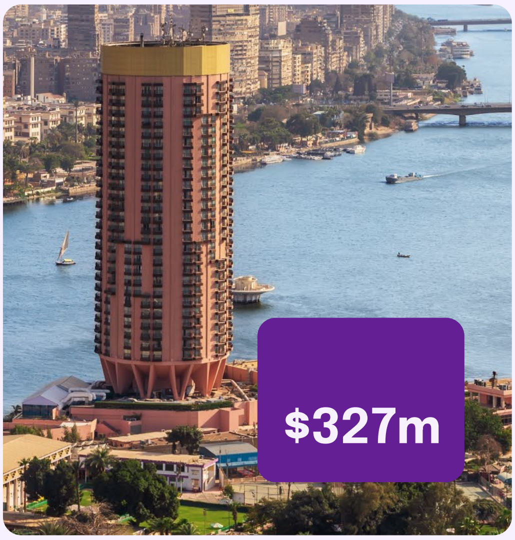
Egypt and Nigeria Lead as the Big Four's Dominance Continues to Ease



While Egypt, Nigeria, Kenya, and South Africa remained Africa's largest startup ecosystems in H1 2026, their combined share of total funding declined from 78% in H1 2025 to 58% in H1 2026. According to Africa: The Big Deal, this largely reflects the reclassification of Pan-African mobility company Spiro, which is no longer attributed to a single country, as well as increased funding activity across several emerging ecosystems.

Egypt

Egypt emerged as Africa's leading funding destination, attracting US$327 million during H1 2026. Although this represented a slight decline from US$339 million in H1 2025, Egypt's share of continental funding increased to 27%, marking its highest share on record since tracking began in 2019. The country also maintained strong startup activity, ranking among the top ecosystems by the number of ventures raising at least US$100,000 and US$1 million, supported by continued momentum in fintech and consumer finance.

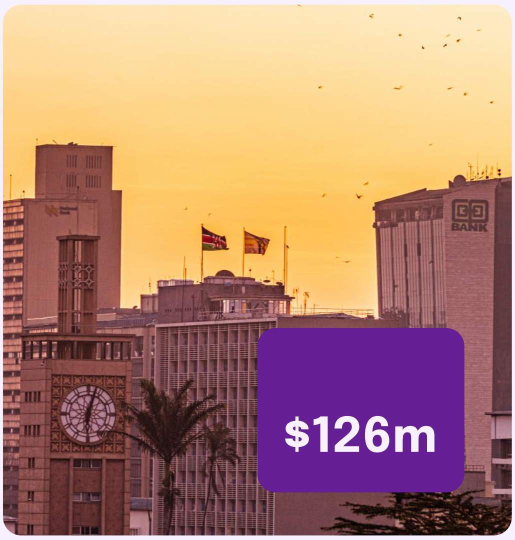


Nigeria

Nigeria ranked second with US$254 million, a significant improvement from US$176 million recorded in H1 2025 and the country's strongest half-year funding performance since 2022. The ecosystem also reclaimed the top position by deal count, recording the highest number of startups raising at least US$100,000, reaffirming Nigeria's depth as Africa's most active venture market despite funding remaining concentrated in a relatively small number of larger transactions.

Kenya

Kenya recorded US$126 million in H1 2026, down sharply from US$227 million in the corresponding period of 2025 and its lowest half-year performance since early 2021. However, the headline figure should be interpreted cautiously. Africa: The Big Deal now classifies Spiro as a Pan-African company rather than attributing its US$327 million funding package to Kenya, despite the company's significant operational presence in the country. Excluding this methodological change would understate Kenya's continued importance in attracting large mobility and climate-tech investments.



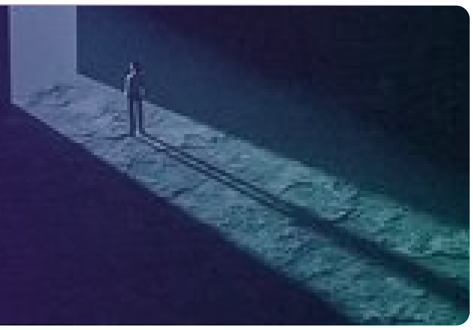
South Africa

South Africa experienced the sharpest reversal among the Big Four. After leading the continent with US$344 million in H1 2025, funding fell to US$83 million in H1 2026, marking its first sub-US$100 million half-year in several years. The country also slipped to fourth place both by funding value and by the number of funded startups, reflecting a notable slowdown after its exceptionally strong performance in 2025.

Beyond the Big Four, Tanzania, Côte d'Ivoire, and Morocco were the only ecosystems to attract more than US$25 million in H1 2026. Morocco, Tanzania, and Ghana also recorded at least 10 startups raising US$100,000 or more, demonstrating continued entrepreneurial activity outside Africa's largest venture hubs, although funding volumes remained considerably smaller than in the leading markets.

Despite encouraging activity across several emerging ecosystems, funding remained unevenly distributed across the continent. Only 190 startups raised at least US$100,000 during H1 2026, with 110 of those located in the Big Four, underscoring the continued concentration of venture activity despite the decline in their overall share of funding.

Exits
Liquidity Returns as Strategic Acquisitions Accelerate



If fundraising tells one story about the maturity of Africa's startup ecosystem, exits tell another. H1 2026 demonstrated that consolidation is becoming an increasingly important feature of African technology markets, providing founders and investors with more pathways to liquidity even as traditional public listings remain relatively uncommon.

Beyond fundraising, the continent recorded 63 mergers and acquisitions (M&A) during H1 2026, almost double the 33 transactions recorded during the corresponding period in 2025—the busiest half-year for technology acquisitions on record. The breadth of activity suggests consolidation is becoming an increasingly important mechanism through which African technology companies expand market share, acquire capabilities and strengthen competitive positions.

Several transactions underscored the scale and diversity of this trend. Flutterwave acquired Nigerian open-banking startup Mono in an all-stock transaction reportedly valued at US$25–40 million, deepening its financial infrastructure capabilities. nCino acquired South African compliance platform DocFox for US$75 million, while healthcare platform MNDR acquired insurtech company Bima in a US$119 million transaction—one of the largest African technology exits of H1 2026. Other strategic acquisitions included Paystack's acquisition of Brass and the integration of Ladder Microfinance Bank, Spiro's acquisition of UK engineering company Coexlion, Nomba's acquisition of a Canadian payments company, and Yassir's acquisition of French advertising technology company Kawarizmi, although financial terms for these transactions were not disclosed.

Taken together, these transactions illustrate an ecosystem evolving beyond dependence on venture funding alone. Mature technology companies are increasingly using acquisitions to accelerate expansion, deepen product offerings, and enter new markets. Rather than waiting for public listings or foreign acquisitions, African startups are increasingly becoming strategic buyers themselves.

This shift reflects a broader stage of ecosystem development. As leading startups mature into regional platforms, consolidation is emerging as a natural mechanism for scaling operations, integrating complementary technologies, and improving operational efficiency. The record pace of M&A activity suggests the ecosystem is developing more credible liquidity pathways, strengthening investor confidence while providing founders with viable alternatives to traditional venture-backed exits.

$25m - $40m

$75m

$119m

Investor Takeaways

01 Capital Has Returned, but Selectivity Has Intensified

Overall funding remained broadly comparable to H1 2025, while the number of startups raising at least US$100,000 declined by 20% YoY, from 238 in H1 2025 to 190 in H1 2026. Rather than signalling a broad-based recovery, the market continued to favour businesses with proven operating models, stronger governance, and clearer paths to profitability, reinforcing a 'proof over promise' investment environment.

02 Debt Has Become a Mainstream Growth Instrument

One of H1 2026's defining developments was the continued rise of debt financing. Businesses such as Spiro, ValU and Blnk demonstrated that companies with tangible assets, predictable revenues or established lending portfolios can increasingly access institutional debt alongside venture equity. Financing structures are becoming more sophisticated, providing founders with greater flexibility to scale while managing shareholder dilution.

03 Infrastructure-Led Technology Is Attracting Larger Pools of Capital

While fintech remained the largest sector by funding, some of the half's biggest transactions flowed into electric mobility, renewable energy, and other infrastructure-enabled businesses. Investors are increasingly backing companies that combine technology with productive physical assets, reflecting confidence in business models capable of delivering both long-term growth and predictable cash generation.

04 Liquidity Pathways Are Expanding

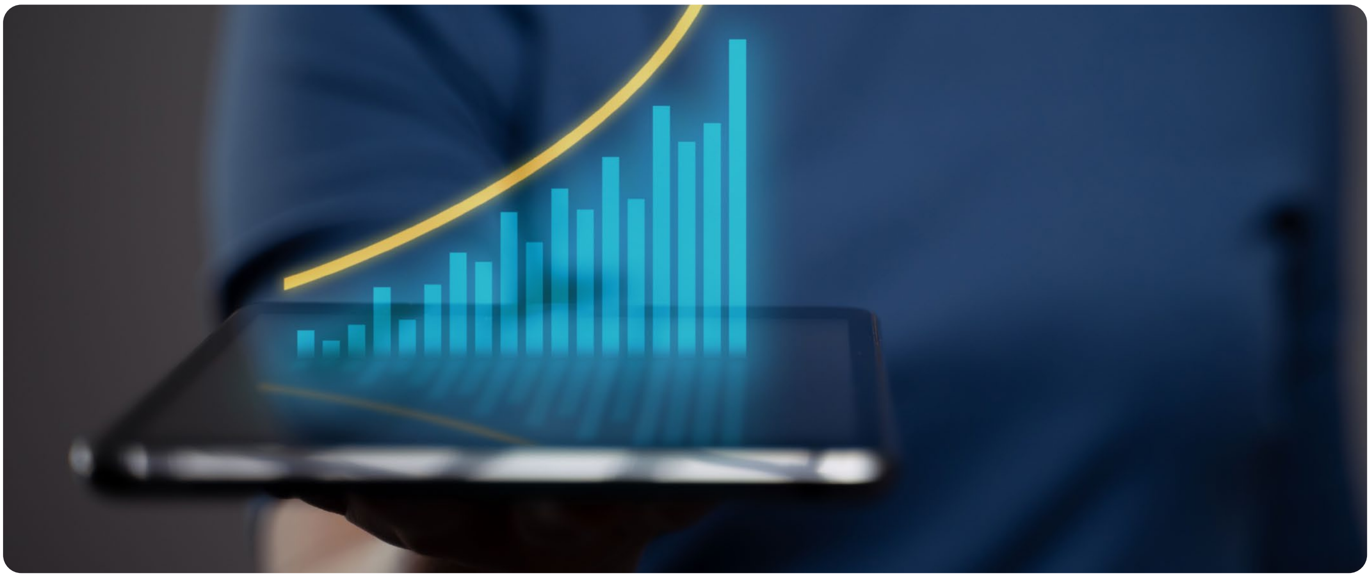
The record 63 mergers and acquisitions recorded during H1 2026—almost double the 33 recorded a year earlier—demonstrate that strategic acquisitions are becoming an increasingly credible exit pathway. African technology companies are no longer only acquisition targets; many are now acting as strategic acquirers to expand capabilities, enter new markets, and strengthen competitive positions.

05 Funding Gaps Persist Despite Market Maturity

The market's growing sophistication has not translated into broader access to capital. Women-led ventures continued to attract a disproportionately small share of investment, highlighting that while financing structures are evolving, inclusivity remains one of the ecosystem's most persistent challenges.

06 H2 2026 Outlook: Momentum with Measured Optimism

The first half of 2026 suggests that Africa's venture ecosystem has entered a more disciplined phase rather than returning to the exuberance of 2021. Capital remains available for businesses that demonstrate operational maturity, capital efficiency, and sustainable unit economics. If macroeconomic conditions remain supportive, H2 is likely to see continued momentum in infrastructure-led sectors, blended financing structures and strategic acquisitions, while early-stage fundraising is expected to remain competitive.



Looking Ahead

A More Disciplined Market Takes Shape

H1 2026 did not signal a return to the venture market of 2021. Instead, it confirmed that African venture capital is operating under a new set of rules. Capital remains available, but it is being deployed more selectively, structured more thoughtfully and increasingly directed towards businesses that can demonstrate resilient fundamentals rather than ambitious growth narratives.

This evolution carries important implications across the ecosystem. For investors, success will depend less on identifying the fastest-growing companies and more on backing businesses with resilient fundamentals, disciplined execution and financing strategies aligned with their stage of growth. For founders, the ability to demonstrate sustainable unit economics, strong governance and thoughtful capital deployment will increasingly determine access to funding. And for ecosystem builders, policymakers and development finance institutions, the priority must shift from simply increasing the supply of capital to strengthening the conditions that enable high-quality businesses to emerge and scale.

The second half of 2026 will test whether the trends observed in H1 become enduring characteristics of the market. Will debt continue to establish itself as a mainstream growth instrument? Will infrastructure-led technology continue to attract disproportionate investment? Will strategic acquisitions provide a more reliable pathway to liquidity? And perhaps most importantly, will capital begin to flow more broadly across sectors, stages and founder profiles, or remain concentrated among a relatively small group of proven companies?

The answers to these questions will shape the next chapter of African venture capital. But one conclusion already stands out. The ecosystem is no longer being defined by the volume of capital raised, but by the quality of capital allocation. That is a healthier foundation for long-term value creation.

For everyone building, backing or enabling innovation on the continent, the message is clear: the next investment cycle will reward discipline over exuberance, execution over narrative, and sustainable value creation over growth at any cost. Those who adapt to this new reality will shape Africa's next generation of market-leading companies.

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