



Introduction: Welcome to Uhuru

Dear Valued Partners and Investors,

Welcome to this edition of the Uhuru Investment Partners newsletter, where we bring you the latest insights, market developments, and strategic perspectives from our investment team. As we navigate our increasingly complex markets, we remain committed to identifying exceptional opportunities that align with our core mission of generating sustainable, long-term value for our partners.

At Uhuru Investment Partners, we believe that successful investing requires more than just capital allocation—it demands deep market understanding, rigorous due diligence, and the courage to pursue transformative opportunities when others hesitate. This newsletter serves as our platform to share the analytical frameworks, market observations, and strategic thinking that guide our investment decisions and shape our outlook for the months ahead.

In this edition, we'll explore emerging trends across our key sectors, provide updates on our portfolio companies' performance, and offer our perspective on the macroeconomic forces that continue to reshape our markets. Whether you're a current investor, prospective partner, or simply interested in our investment philosophy, we hope you'll find valuable insights that inform your own strategic thinking.

Please reach out to us at: info@uhurucap.com

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Section 1

POLICY PULSE: A Discussion with Kenneth Erikume

Nigeria's 2025 Tax Reform Acts, signed into law in June 2025, mark one of the most ambitious overhauls of the country's fiscal framework in decades. For international investors and multinational businesses, these reforms bring both opportunity and complexity, with significant implications for structuring, compliance, and long-term strategy.

Kenneth Erikume, Partner/Director, Tax Reporting & Strategy, at PwC Nigeria, shares insights on the five issues global stakeholders should pay close attention to.

1. What are the most significant changes in Nigeria's Tax Reform Acts that international investors and multinational companies should pay attention to?

The reforms consolidate over 20 tax-related laws, aiming to improve efficiency and widen the tax base. Key highlights include:

- Capital gains tax increased from 10% to 30%, reducing arbitrage opportunities.
- A broader definition of "Nigerian company" to include entities managed or controlled from Nigeria.
- Non-resident companies face expanded tax exposure under "force of attraction" rules.
- Input VAT is now recoverable on a wider range of costs, including services and fixed assets.

2. How does the new 15 percent minimum effective tax rate align with global initiatives such as the OECD Pillar Two framework, and what practical implications will it have for multinational groups?



Kenneth Erikume

Partner/Director, Tax Reporting & Strategy, PwC Nigeria

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Nigeria's new 15% minimum effective tax rate mirrors the OECD's global tax initiative. It applies to companies with ₦50bn+ turnover or part of multinational groups with €750m+ global turnover. Implications include:

- Nigerian parents may owe "top-up" tax on low-taxed foreign subsidiaries.
- Multinationals must revisit global tax planning and reporting frameworks.
- Although Nigeria hasn't formally adopted OECD rules, it has embedded similar concepts domestically.

3. The reforms introduce new rules on indirect share transfers and controlled foreign companies. What impact could these have on cross border M&A and corporate structuring involving Nigerian entities?

- Indirect share disposals of Nigerian companies are now subject to 30% capital gains tax.
- Controlled Foreign Companies (CFCs) may be taxed on retained earnings if not distributed.
- Investors must reassess structuring to avoid double taxation and ensure future exits remain efficient.
- Dividend policies may need adjustment to take advantage of exemptions for foreign dividends remitted to Nigerian banks.

4. By consolidating multiple levies into a single Development Levy, has Nigeria meaningfully simplified tax compliance for businesses, particularly foreign investors?

The new 4% Development Levy replaces several federal taxes, simplifying compliance at the national level. However, full benefits will depend on how quickly state-level taxes are harmonised. Until then, businesses may continue to face overlapping obligations.

5. With the adoption of e-invoicing and updated VAT rules, what steps should global companies take to ensure smooth compliance while continuing efficient operations in Nigeria?



From November 2025, all VAT-registered entities must use e-invoicing for B2B, B2G, and certain B2C transactions. Companies must:

- Validate invoices through the FIRS platform using cryptographic stamps and QR codes.
- Align ERP systems with Nigeria's invoicing standards and authorised submission channels.
- Maintain secure digital audit trails to withstand future tax reviews. Non-compliance risks include penalties of up to N200,000 plus 100% of the tax due.

Conclusion

Nigeria's Tax Reform Acts signal a bold move toward a more transparent and globally-aligned tax regime. For investors and multinationals, the path ahead requires agility, strong advisory support, and proactive structuring. As implementation unfolds, those who act early will be best positioned to navigate risks and unlock value.



**Kimberly Laguda**

Head of ESG and Impact, Uhuru Investment Partners

Section 2

ESG Fatigue or ESG 2.0? Moving from Compliance to Commercial Impact

► *Uhuru's Take*

(A candid reflection on the evolution of ESG in African private equity by the Uhuru ESG Leads Kimberly Laguda and Benjamin Komolafe).

In the last few decades, ESG has metamorphosed from a nascent, DFI-driven 'nice-to-have' to a ubiquitous concept in global finance, with African private equity being no exception. Yet, as we navigate 2025, we do so with an increasing sense of ESG fatigue, fueled by perceptions of it as a compliance burden rather than a value driver.

This is exacerbated by the recent global ESG backlash, particularly in advanced markets like the US, where large asset managers are quietly rebranding sustainable funds and questioning the premise of sustainable investing. For African PE, this presents a critical question: Will ESG remain a checkbox exercise? Or can it evolve into ESG 2.0, a commercially valuable iteration that promotes alignment with core business fundamentals and value creation.

What is working vs what is performative

Although the growing ESG fatigue highlights legitimate concerns, it is imperative in the African context to acknowledge the foundational progress already made, that are particularly impressive in

light of its humble, compliance-driven beginnings led by DFIs who introduced ESG standards to African funds. Many African PE firms have successfully embedded ESG due diligence and risk management practices into their investment process while influencing broader regulatory and market norms.

In emerging markets like ours, with weak national regulations and enforcements, this early groundwork improved governance and environmental practices, with even greater gains in social safeguards like wages, working conditions and community engagement. These efforts have mitigated risks, identified opportunities, enhanced reputations, unlocked capital access and designed road maps to sustainable profitability.

Yet, for too many firms, ESG remains largely performative, reduced to box-ticking exercises with cut-and-paste metrics, misaligned with African operating realities bordering on greenwashing. These misalignments fuel fatigue and, more importantly, miss key opportunities for growth and long-term business value.

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The shift to ESG 2.0: Aligning sustainability with fundamentals

The path forward for African private equity lies in a shift to ESG 2.0, not as a fatigue-driven step back from responsible investing, but a necessary evolution from compliance to integration. This next phase demands that ESG be embedded into the investment thesis, with materiality at the core; prioritizing ESG issues rightly as those that truly affect a business's performance, resilience, and returns.

To unlock the full value of ESG 2.0, African PE stakeholders (LPs, GPs, and Portfolio Companies) must take practical, high-impact approaches. Capacity must be built within deal teams, investment committees and Boards at the fund and portfolio levels. ESG teams of funds and portfolio companies must be adequately resourced and empowered, to support the integration of ESG into investment and operational processes and decisions, to create value and drive financial upsides.

As fund managers lead the adoption of global E&S standards across portfolio companies, the focus must be on co-designing purpose-built systems that are relevant and have been localized for Africa's context. This approach ensures ESG efforts are focused on what matters most, delivering measurable outcomes and real business impact without spreading resources too thin. At Uhuru, we see this as a space where LP support through expert guidance and technical assistance is critical, helping companies build tailored, robust systems



Benjamin Komolafe

ESG and Impact, Uhuru Investment Partners

that are pivotal to their theory of change and long-term value creation.

The industry must adopt clear, quantifiable ESG KPIs tied to financial outcomes, backed by transparent, impact-driven reporting that moves beyond generic disclosures. Thus, by holding management accountable and effectively communicating how ESG initiatives drive operational improvements and enhance returns, fund managers can continue to position ESG as a core lever for value creation and long-term resilience and attract more discerning investors and capital flow to the continent.

A harmonization of ESG reporting by the LPs, will mitigate ESG fatigue and mark a major milestone in responsible investing.

In conclusion, ESG fatigue signals the end of 'compliance-first ESG' and a call for an upgrade to unlocking 'ESG 2.0' in African PE. In doing so, ESG will be seen as a lever for resilience, differentiation and outsized returns, thereby unleashing its full potential in Africa's evolving markets.

Section 3

Strengthening the Foundations at ST Digital

► Value Creation Spotlight

A Q&A with Uhuru's Francophone Lead

At Uhuru Investment Partners, we believe that meaningful value creation is driven by local insight, hands-on partnership, and operational discipline. In this maiden edition of Inside Value Creation, we hear directly from our partners on how we are building stronger, more resilient businesses across Africa.

We begin with Jean-Michel Kamanan “JMK”, Partner responsible for Francophone West and Central Africa, reflecting on our work with ST Digital—a fast-scaling data center and cloud infrastructure provider—and how Uhuru is helping to lay the financial and operational foundations for sustainable growth in the region.

Q: What excites you most about ST Digital's future?

JMK: The scale of impact. ST Digital is not just a tech company—it's laying the digital backbone of Francophone Africa. With strong governance and systems now in place, the business is positioned to achieve sustainable growth. It's incredibly rewarding to see a local champion rise to regional prominence—serving real infrastructure needs while operating with world-class discipline. That's the kind of transformation we're proud to be part of.

Q: What was Uhuru's first priority after investing in ST Digital?

JMK: Our immediate priority was to strengthen financial governance. The company had strong commercial momentum, but it needed systems



Jean-Michel Kamanan

Partner, Uhuru Investment Partners

“ST Digital is not just a tech company—it's laying the digital backbone of Francophone Africa”

that could support scale. We quickly aligned on the need to institutionalise the finance function—starting with a dedicated roadmap and leadership capacity to execute it from within.

Q: Why was that focus on finance so central to the value creation plan?

JMK: Because finance is more than a support function—it's the nervous system of a growing business. Without structured reporting, cost visibility, or planning discipline, growth can quickly become chaotic. By professionalising finance—through ERP upgrades, cost accounting, and real-time reporting—we're enabling smarter decisions and better capital allocation.

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Q: What does hands-on support from Uhuru actually look like?

JMK: It means we roll up our sleeves. We helped ST Digital establish in-house accounting, onboard a Big Four auditor, and define a fit-for-purpose finance roadmap. Our role is to challenge and support the business—not from a distance, but as a partner embedded in the process of scaling responsibly.

Q: What has been the biggest challenge on this journey?

JMK: Rebalancing ambition with control. Like many fast-growing businesses, ST Digital was rightly focused on market expansion—but internal systems had not kept pace. Helping the team pivot toward structure and accountability, without compromising agility, was both necessary and delicate. It's a cultural shift as much as a technical one—and one we've worked hard to embed.

Conclusion

ST Digital's transformation reflects Uhuru's value creation ethos: backing ambitious businesses with clear strategy, governance discipline, and local execution. As the company expands its digital infrastructure across Francophone Africa, the foundations now in place ensure it does so with clarity, resilience, and purpose.



ST Digital: Scaling cloud infrastructure while embedding green energy for a resilient future.

Section 4

TICAD 9: Pioneering Africa-Japan Partnerships

TICAD 9 last month highlighted the immense possibilities that exist when Africa and Japan choose to truly collaborate.

The conference's call to "co-create innovative solutions with Africa" aligned closely with Uhuru's mission. Insights shared across multiple panels—from AfDB, BII, JICA, and Japanese corporations already pioneering Africa-Japan partnerships—reinforced how this vision matches what Uhuru Investment Partners is building.

Uhuru's journey so far demonstrates what's possible:

- 104,000 jobs created
- 61,044 women supported in the workforce
- Significant value generated across West Africa by strengthening human capital, driving innovation, and building resilient local enterprises

These outcomes remind the firm that impact is not just about capital—it's about collaboration, shared purpose, and execution.

The opportunity ahead is clear:

- Japanese companies bring world-class manufacturing, technology, and operational excellence.
- Africa offers dynamic growth markets, demographic tailwinds, and sectors primed for innovation.

At Uhuru, the team has already seen how this synergy can build tomorrow's regional champions—leveraging AfCFTA opportunities and meeting 2x gender equity criteria across the portfolio.



Showcasing Africa's next chapter: Uhuru's Dr. Yemi Osindero (Managing Partner) and Mary Allen (Associate) at TICAD 9, championing innovation and collaboration.

Uhuru's leadership team remains grateful to the Japanese government, the African Union, and all TICAD organizers for creating such a vital platform for dialogue. Africa's structural transformation is accelerating, and for Japanese partners ready to co-create the future, the moment is now.