



PRESS RELEASE, 22 November 2022

## MTI increases in Fintech Africa to 5.3 percent.

**STOCKHOLM, SWEDEN – MTI Investment SE ("MTI" or the "Company") with ticker MTI announces today that it is increasing its ownership in the fast-growing FinTech Africa to 5.23% in a cash equity issue, investing SEK 500,000 to fund the company's continued expansion in Tanzania and East Africa.**

With a cash injection of SEK 500,000, MTI's ownership increases from 2.07% to 5.23% at a valuation of MSEK 15 pre-money. MSEK 15 is equal to 1.3x the expected sales for 2023 and 2024 or 0.1x the expected sales for 2023-2027.

FinTech Africa AB, through its wholly-owned subsidiary [Mtaji Wetu Finance Tanzania Limited](#), was founded in 2019 and operates in the expanding FinTech space to provide a platform and solutions for SME financing in East Africa. With some inspiration from Swedish Klarna, Mtaji focuses on business-to-business (B2B) customer invoice financing and reminding services. The B2B market is underdeveloped in Tanzania and in general more complicated than a consumer business which leads to less competition and good opportunities for FinTech Africa and Mtaji to utilize their know-how. With this capital injection, they will continue the development of an improved technology platform needed to onboard more customers.

Mtaji received its Microfinance Tier II non-deposit-taking license recently, a process that took 1.5 years, and is now able to accelerate its growth journey. Up until receiving the license, it has primarily developed in relation to MTI's holdings, such as Atsoko and Zanrec, but since the license was received it has been able to attract customers outside of the MTI network. In a pilot with Atsoko, customers have repeatedly used the service since February of this year, and Zanrec is seeing an improved customer payment culture, strengthening its liquidity and also reducing the number of overdue invoices.

In a recent report by McKinsey (August 30th, 2022) it was shown that much of the foundation for a financial-services industry is already in place, and Fintech Africa is through Mtaji offering the next-generation SME financing in the form of B2B customer invoice financing and payment reminders. Over the past year, African fintech has emerged as a hotbed for investment, with average deal sizes increasing and the proportion of fintech funding increasing. Some call it a "fintech eruption" rather than a "fintech disruption". As the fintech industry matures, Africa is entering a period of inflection. There is a significant opportunity for several African countries to capitalize on the momentum of recent years to unlock further potential in this area. McKinsey points out that 90 percent of all transactions taking place are still cash-based, implying a massive opportunity for fintech. By 2025, McKinsey anticipates that revenue generated by fintech startups will increase eightfold to \$30 billion. Africans are finding digital finance solutions to be more convenient — and less expensive — than traditional financial services when seeking credit, making purchases, paying bills, and managing expenses.

In another recent white paper by Mastercard called "*The Future of Fintech: Rapid Growth Attracts Smart Capital*" it was shown that 61 percent of the USD 2.7 billion raised in Africa in 2021 targeted fintech, driven by a need to resolve multiple pain points. While Kenya, Nigeria, and South Africa are leading the continent's transition



in fintech, other countries are following. The study also showed that Africa's fintech startups recorded 894 percent year-on-year growth in funding in 2021.

Pontus Engström - CEO of MTI Investment SE says: "With the Swedish roots of Fintech Africa, MTI's long track record in East Africa, and the talented development and implementation team under the leadership of Torbjörn Jacobsson, we have already seen a good start to Mtaji in Tanzania. Klarna grew their business around businesses they were familiar with. We are growing Mtaji in the same spirit. We are fortunate to have Torbjörn as the driving force of the growth and implementation in Tanzania. His energy, competence, passion, and unique know-how in risk management control, pave the way for continued success. With this investment in Fintech Africa, MTI's overall portfolio becomes better diversified and more exposed to this expanding industry, in line with what we promised in the equity issue in December of last year."

Torbjörn Jacobsson – CEO of Fintech Africa says: "With this incremental Investment into the technology platform and development of Mtaji we can deliver on the projections and accelerate the growth. The SME financing service is a challenging but profitable market segment where we also make an important contribution to developing the small companies of Tanzania. With our service Uza Utulipe – From Cash Upfront to Pay as You Sell – small shops and businesses can always make sure to have goods to sell instead of empty shelves when i.e. an unexpected medical bill takes the available cash. There is a win-win-win solution where both the shop and the distributor increase their sales and Mtaji services them both with limited credit risk."

### **Certified Adviser**

The Company's Certified Adviser is Mangold Fondkommission AB

### **For additional information**

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### **About MTI Investment**

MTI Investment SE is a Nordic investment and venture-building company, founded in 2014 by a team with extensive experience in emerging markets to invest in East African small and medium-sized enterprises ("SMEs") with high value-adding potential. The Company is active in the expansive East African market, and by being a long-term and active owner, MTI Investment helps its portfolio companies grow faster and become more profitable. The Company invests primarily in innovative and scalable companies that have the potential for a significant positive impact on society.