



PRESS RELEASE, 25 August 2022

Atsoko Tanzania Limited transferred to local management

DAR ES SALAAM, TANZANIA – MTI Investment SE (MTI) announces that its subsidiary Atsoko International AB has divested its ownership in Atsoko Tanzania Limited (Atsoko) in a management buy-out.

Following a strategic review, due to not only operational and regulatory challenges, MTI Investment SE and co-owner Bratt International AB decided earlier this year to divest its joint ownership in Atsoko Tanzania Limited. The alternatives looked upon included management buy-out, sale to a new party, and liquidation, as the last alternative. A successful share transfer required approval by Tanzania Revenue Authorities (TRA), following an assessment of the proposed transaction. After a few months of work, we can now announce that we have agreed and successfully carried out a transfer of ownership in Atsoko Tanzania Limited to the local general manager Rehema Julius who has been working with Atsoko since 2015.

The cosmetic sector in Tanzania has been struggling during the past years due to regulatory challenges and long and cumbersome importation processes. At the end of 2019, the Swedish-owned cosmetic company *Oriflame Cosmetics SA* decided to pull out of Tanzania. Atsoko has also encountered these challenges and on top of that faced wrongly assessed tax liability.

The management buy-out transaction, which is done as a no cash, ownership transfer, will result in a write-down of approximately EUR 240,000, but the decision improves MTI's group cash flow and also allows MTI to focus attention on other subsidiaries and new opportunities. Atsoko's net value as per the latest core holding update corresponded to 2.7 percent of the total estimated net asset value of MTI.

MTI Investment CEO Pontus Engström says: "Over the past years Atsoko has serviced over one million women in Tanzania with genuine makeup and educated thousands of makeup artists. It has even a street named after itself, and it is appreciated by many women in Tanzania. However, counterfeit cosmetics are still flourishing in the streets which brings unfair competition to genuine importers like Atsoko, a lot of bureaucracy in importation authorities causes a delay in clearing of imported goods. It is unfortunate, as it eventually affects women's health. While we would have loved to keep Atsoko, it was costing us significant time and capital. Sometimes holding on does more damage than letting go."

Rehema Julius says: "When I joined Atsoko, I felt connected to the vision. What gave me satisfaction was the impact Atsoko has on women by offering safe cosmetics products suitable for their skin and climate. Another important aspect was providing beauty knowledge through the Atsoko Academy which transformed the lives of many young Tanzanian women. Despite the challenges, I will stand with the vision to serve millions of customers whose beauty needs depend on our existence as well as Atsoko's staff that have over the years been catering to their personal and family basic needs through the opportunity that Atsoko is offering. With the past support from MTI Investment, Marie Englesson (the founder), and other stakeholders, we were able to explore and test different business routes and ready to challenge ourselves, even more, to be able to be relevant to the community. I would like to thank MTI Investment for this opportunity, and I will continue to focus on profitability and strive for the goal to make Atsoko the leading makeup brand in East Africa."



Certified Adviser

The Company's Certified Adviser is Mangold Fondkommission AB which can be reached at 08-5030 1550 and by e-mail ca@mangold.se.

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 with the aim of investing 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.