

MTI INVESTMENT SE

Core holdings update: Q3 2023



20 NOV 2023



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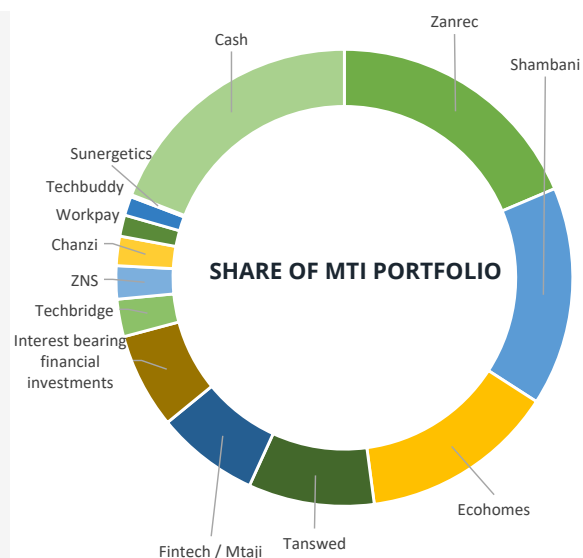
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In East Africa, the Baobab tree embodies a cultural icon of endurance, wisdom, and spiritual significance, serving as a symbol of life, heritage, and natural abundance for local communities.

ESTIMATED NET ASSETS VALUE

(EUR)	NET ASSET VALUE ESTIMATE	SHARE OF MTI PORTFOLIO
WASTE MANAGEMENT / ANIMAL FEED PROTEIN		
Zanrec	928 523	18.6%
Chanzi	103 561	2.1%
CONSTRUCTION		
Ecohomes	688 127	13.8%
AGRICULTURE		
Tanswed	444 544	8.9%
Shambani Milk	772 386	15.5%
TECH		
Fintech / Mtaji	362 470	7.3%
Techbuddy	67 035	1.3%
Workpay	74 830	1.5%
RENEWABLE ENERGY		
Sunergetics	7 482	0.2%
HOTEL MANAGEMENT		
ZNS Company / Zandreams AB*	117 072	2.3%
VENTURE BUILDER ADVISORY		
TechBridge Invest	132 353	2.7%
Interest Bearing Financial Assets	337 069	6.8%
Cash and cash equivalents	951 348	19.1%
Gross Asset Value	4 986 799	100%
Interest-bearing debt	-1 417 230	
Total est. Net Asset Value	3 569 569	
Shares outstanding	6 570 978	
Estimated Net asset value per share (EUR)	0.54	
Estimated Net asset value per share (SEK)	6.26	



31.12.2022

31.03.2023

30.06.2023

30.09.2023

Net Asset Value Per share (SEK)

7.8

6.6

7.0

6.3

Share price (SEK)

4.1

3.45

3.8

3.3

Percentage difference

48%

48%

46%

47%


MTI Investment SE's financial statements are prepared in accordance with K3. In this report, all unlisted holdings are valued on the basis of relevant multiples of the companies' historical or expected sales or earnings, book value of equity or valuation of future cash flows.

*Note: on 14th of October 2023, MTI divested its shareholding in Zandreams for SEK 1350 000 (EUR 117 000), which was the holding company of ZNS.

IMPORTANT EVENTS

IMPORTANT EVENTS DURING 3RD QUARTER 2023

- Noah Amri Mwakanyamale stepped up as the key personnel responsible for business operations of MTI group in Tanzania. He will be responsible for business development and sourcing of potential investment opportunities.
- Group Audit & Finance Manager Parmena Mkuu left the company at the end of July, 2023.
- Our portfolio company Shambani Milk participated in the 2023 Africa Food Systems Forum (AGRF) in Dar es Salaam facilitated by the Ministry of Livestock and Fisheries. It gave the company a big platform to showcase its products and grow its network of existing and potential clients. It also participated in Nane Nane agricultural exhibitions and the Selous Marathon 2023.
- Our recent investment, Tanswed Agro, experienced a huge demand for its rice bran grading service and opened one more operating center to tap the huge business potential.
- Techbridge, the accelerator and incubator facilitator in Kenya, onboarded a new cohort of start-ups during the quarter.
- Zanrec Plastics Company Limited commemorated the World clean-up day on 16 Sep with a clean-up in Kendwa village and beach in partnership with hotels in Kendwa. The event saw a good participation level both from hotels as well the communities and school children. A total of 1,3 tons of waste was collected in 2 hrs.
- MTI initiated work around a solar energy feasibility study in Zanzibar, based on being awarded a NOPEF grant funding of up to EUR 45.000 (approximately SEK 531.000). See [press release](#).
- An investor trip 2024 is planned for the month of January to Mombasa, Kenya, highlighting Kenya's flourishing tech startup scene, showcasing various projects and offering engagement with local entrepreneurs and stakeholders. See [press release](#).



In 2023, Dar es Salaam's population stands at 7.8 million, with a robust growth rate of 5% annually, poised to welcome an additional 5 million residents over the next decade.

WORDS FROM **THE CEO****CONTINUED FOCUS ON CASH GENERATING INVESTMENTS
AND CREATING A SUSTAINABLE INVESTMENT COMPANY****Dear shareholders,**

Throughout the third quarter, our total shareholder return registered a decrease of 13.2 percent, contrasting with the Nasdaq First North All Share index, which experienced an 8.3 percent decline. Over the initial nine months of 2023, our total shareholder return depicted a 19.3 percent decrease, while the First North All-Share index declined by 10 percent. Notably, our adjusted net asset value declined by 10 percent in the second quarter and has seen a cumulative decrease of 19.2 percent during the first nine months. Taking lesson from ten years of experience, we are currently focusing on four strategic areas: financial services, dairy, agricultural processing and solar energy. The aim is to become a sustainable investment company.

Economic Landscape in East Africa

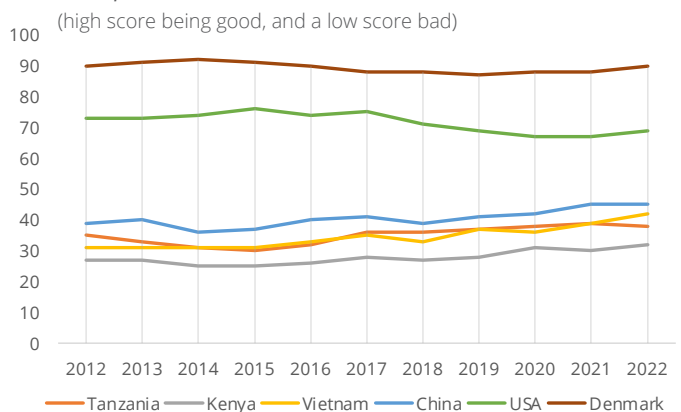
In the realm of economic performance across the African continent, East Africa stands out as a beacon of growth for 2023 and 2024, as outlined in the recently released African Development Bank 2023 East Africa Economic Outlook. Released on July 27th, this comprehensive report forecasts a robust regional economic surge, projecting growth rates surpassing 5 percent in the upcoming years—5.1% in 2023 and a further acceleration to 5.8% in 2024. Notably, this growth momentum is set to outpace that of all other African regions.

Outcomes of the first Africa climate summit

In September, the inaugural Africa Climate Summit, co-hosted by the African Union and the Government of Kenya, convened to deliberate on sustainable strategies addressing global climate challenges. The Summit brought together a vast assembly of over 30,000 delegates, including 18 Heads of African States and influential global leaders. The event focused on imperative discussions regarding climate action finance, the trajectory of green growth, and economic development strategies. Crucial outcomes emerged, highlighting the urgent need for significant reforms in the global financial system to facilitate amplified climate investments in Africa. The continent's requirement of USD 2.8 trillion by 2030 to meet Paris Agreement targets spurred substantial pledges of USD 26 billion from donor nations and organizations for climate financing.

Corruption is the elephant in the room

In Transparency International's rankings, Tanzania and Kenya fall behind significantly, a stark contrast to Sweden and Denmark leading the transparency index. This difference highlights the prevalence of corruption, which corrodes trust, distorts market dynamics, and creates an uneven playing field for enterprises. As depicted in the graph below, it's evident that eradicating corruption is a time-intensive process. Practices like bribery, nepotism, and embezzlement breed inefficiencies, dissuade investments, and hinder fair competition, innovation, and growth. These obstacles disrupt licensing, inflate costs, delay projects, and impede overall economic progress in East Africa. Corruption stains contracts, sparking disputes, and diminishes the region's attractiveness for investments.

Corruption scores

Emerging market economies tend to have much higher corruption levels compared to developed countries, and while it is a problem we can also conclude that it is not disappearing any time soon. It therefore takes continuous efforts and continuous adaptation to cope. In the 10 years we have spent in Tanzania, corruption has been the key challenge. All companies have been exposed to corruption in one way or another, and it has hurt businesses. This experience has therefore shaped our investment approach, emphasizing meticulous due diligence and a cautious selection of partners, recognizing the ongoing challenges posed by corruption. We are also to a higher degree than previously focusing on investments where we see an immediate cash return, and also where we can have a high degree of control of the business.

MTI's Strategic Direction

At MTI Investment SE, our new strategic direction is focused on stricter control mechanisms in the businesses we operate, and increased focus on businesses where we see an immediate cash return. The top four areas of focus are:

Financial services - *Mtaji Wetu Finance Ltd* in Tanzania specializes in factoring services and payment reminder solutions, facilitating financial support and streamlining payment processes for businesses. The demand for factoring services and payment reminders in Tanzania is burgeoning as businesses seek efficient financial support and streamlined payment processes to optimize cash flow management.

WORDS FROM **THE CEO** (CONTINUED)

Dairy processing - *Shambani Milk Ltd* in Tanzania specializes in dairy production and distribution, offering a range of milk products to consumers. The demand for dairy products in Tanzania has been steadily rising due to increasing consumer awareness of their nutritional benefits and versatile usage in various food products.

Agricultural processing - *Tanswed Company Limited* in Tanzania specializes in agricultural processing, particularly in rice bran grading and related services. The demand for rice bran in Tanzania has significantly surged in recent years due to its versatile applications and nutritional benefits. Its rich content in nutrients, antioxidants, and fiber has positioned it as a sought-after commodity in various industries across Tanzania, spurring investments and innovations in rice milling and processing to meet the escalating needs.

Solar energy - *MTI Investment SE* is currently exploring opportunities in the renewable energy sector in Kenya with solar entrepreneur [Alf Bjorseth](#) and also in Zanzibar but managed by us. The pressing need for solar and renewable energy solutions in Tanzania and Kenya, underscored by the outcomes of the inaugural Africa Climate Summit, highlights the imperative to accelerate clean energy adoption for combating climate change and achieving sustainable economic development.

Sustainability Initiatives

Sustainability remains a cornerstone of our operations. During the 3rd quarter and heading into the 4th, we embarked on multiple grant applications geared towards bolstering our sustainability initiatives. We have press released the outcome of two of these applications, one being a grant from [Nopef](#) and the other a new [Norec](#). The Nopef grant allows to conduct a solar feasibility study in Zanzibar, and the Norec grant allows us to expand our operations in Tanzania, and achieve an important exchange with both Kenya and Norway, in partnership with Techbridge and the University of Agder. It was at the University of Agder I first met Professor Trond Randoy, so happy to be able to leverage that experience and great connection. We are also grateful to a good collaboration with Techbridge in Kenya, who has more experience in grant applications, and this seems to have influenced us positively. Apart from Nopef and Norec, MTI is expecting to hear soon the results from three more applications made.

In addition, we have worked on preparing a [rights issue](#) which would further boost our ability to create a sustainable long term investment company, with future prospects for a dividend. I hope all of you are able to take part in the rights issue. The funds raised will primarily go towards more cash generating investments.

Future Prospects

While corruption lures around the corner, diversification, perseverance and by step by step taking steps forward, we are

optimistic about the opportunities that lie before us. The focus areas, the ongoing equity issue along, renewed support from our large shareholders and new ones, along with the grants awarded us keep us on a steady momentum forward. The ongoing positive economic trajectory in East Africa positions MTI Investment SE favorably for continued growth and impact.

Acknowledgments

I extend my gratitude to our shareholders, partners, advisors and employees in Sweden and East Africa for their unwavering support and dedication. It is through our collective efforts that we continue to chart a new course in East Africa's dynamic market landscape.

Warm regards,



Pontus Engström
CEO of MTI Investment SE

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English

<https://news.bequoted.com/newsroom/mti-investment/>



" We must see in green growth not just a climate imperative, but also a fountain of multi-billion-dollar economic opportunities that Africa and the World is primed to capitalise on."

WILLIAM RUTO
PRESIDENT OF KENYA

BRIEF ABOUT MTI INVESTMENT

We offer investors an opportunity to take part in the value creation among small and medium-sized enterprises (SMEs) with high growth in Eastern Africa.



"Mti" means tree in Swahili, symbolically representing MTI's focus on growing companies. Our portfolio companies have the potential to bear fruit from long-term efforts of investing, coaching, and monitoring.

THE GO-TO INVESTOR FOR EAST AFRICAN GROWTH

MTI Investment is an investment and venture building company founded in 2014, by Prof. Trond Randøy from Norway, Ph.D. Pontus Engström from Sweden and Ph.D. Neema Mori from Tanzania.

Our mission is to help SMEs in East Africa to grow faster and become more profitable. With over eight years of experience in East Africa, we have built a relational infrastructure with key stakeholders, such as universities, local businesses, legal advisors, embassies, local and international investors. MTI's goal and vision is to be long-term owners who, through active participation become a leading investment company in East Africa, which in turn creates growth for small and medium-sized companies.

THE FOUNDERS OF MTI INVESTMENT SE



Prof. Trond Randøy
Chairman & Co-founder

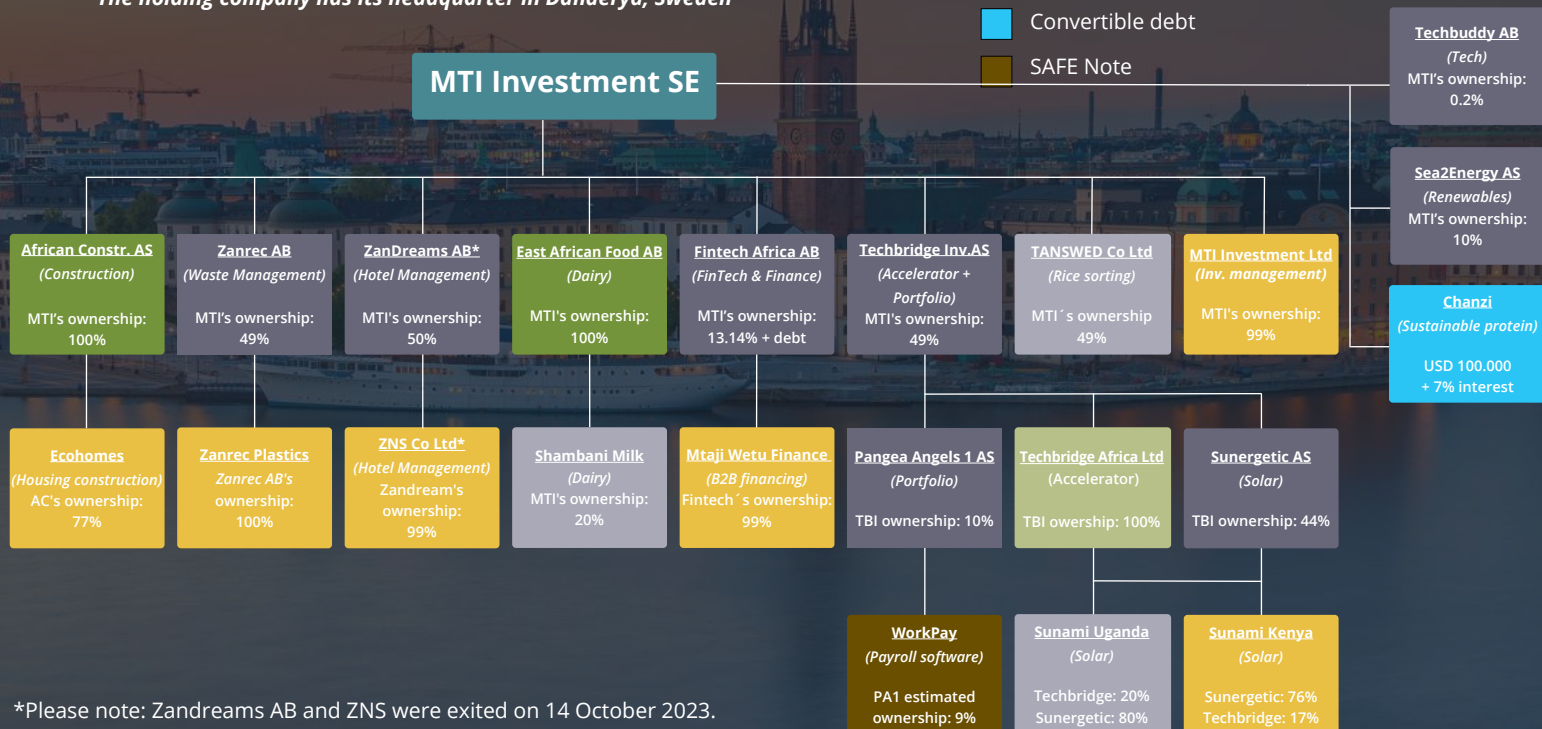


Ph.D. Pontus Engström
CEO & Co-founder

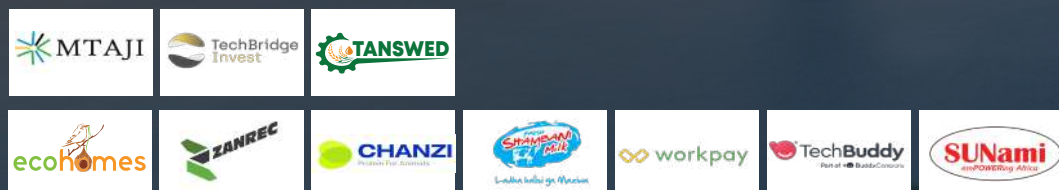


Ph.D. Neema Mori
Co-founder

The holding company has its headquarter in Danderyd, Sweden



*Please note: Zandreams AB and ZNS were exited on 14 October 2023.



CORE HOLDINGS UPDATE **Q3 2023**





Core holding company Shambani Milk Ltd


Sector:	Dairy
Founded:	2003
MTI invested:	2015
MTI' ownership:	20%
CEO:	Victor Mfinanga
Revenue Q3 2023:	TEUR 196
Job creation:	18 employees
SDGs:	1, 2, 3, 8, 10, 17
MTI board representative:	Petra Larsson
Region:	Morogoro, Tanzania
Website:	www.shambani.co.tz/




Shambani Milk delivers milk to Dodoma, Morogoro and Dar es Salaam

KEY FIGURES

 **193 120 (+1.8% YoY)**
Number of liters milk sold in Q3 2023

 **4 (-94.3% YoY)**
Number of milk suppliers in Q3 2023

 **3 (0% YoY)**
Number of sales agents in Q3 2023



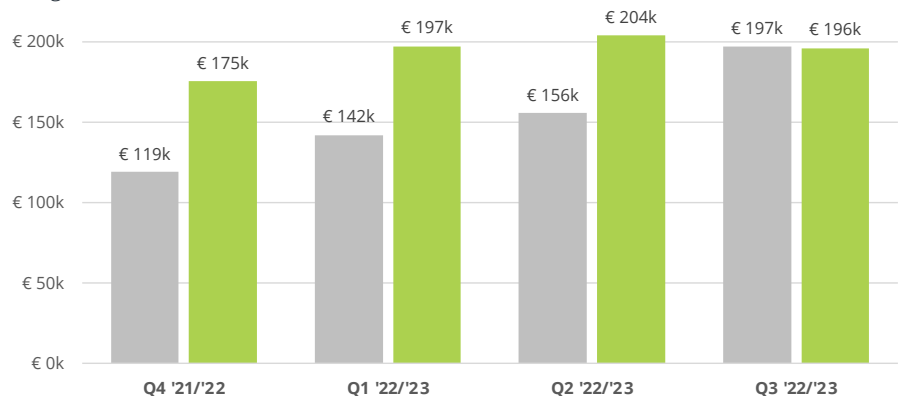
Victor Mfinanga
Managing Director

EVENTS DURING Q3

- **AGRF Forum:** Shambani actively engaged in the 2023 Africa Food Systems Forum (AGRF) in Dar es Salaam, participating in discussions and providing feedback to the Ministry in September.
- **Nane Nane Exhibitions:** From July 31st to August 9th, Shambani showcased its offerings at the Nane Nane agricultural exhibitions in Morogoro, emphasizing its agricultural expertise and products.
- **Selous Marathon:** On August 19th, Shambani exhibited at the 2023 Selous Marathon in Morogoro, seizing the opportunity to present its products and interact with existing and potential customers. Additionally, Shambani participated in the 10, 21, and trail runs, promoting healthy living and community engagement.

REVENUE

Revenue in Q3 increased by 15% YoY basis in local currency that demonstrates further strengthening of the company's operating model. There was a slight increase in the raw milk supply that added to the sales but the main reason for the increase in revenue is the management's decision to focus on selling more processed products as it is priced higher than the raw milk.



The graph shows the quarterly revenue over the past 12 months compared to the same period the previous year.



Core holding company	Mtaji Wetu Finance Tanzania Ltd
Sector:	Financial Services
Founded:	2019
MTI invested:	2020
MTI' ownership:	13.14%
Director and CEO Fintech Africa AB:	Torbjörn Jacobsson
Revenue Q3 2023:	TEUR 24
Job creation:	1 empl. + legal & IT team on retainer contract
SDGs:	8, 17
MTI board representative:	Pontus Engström
Region:	Dar Es Salaam, Tanzania
Website:	https://www.mtaji.co.tz/

Mtaji Wetu Finance Ltd in Tanzania specializes in factoring services and payment reminder solutions, facilitating financial support and streamlining payment processes for businesses.

KEY FIGURES



6 (+100% YoY)
Number of Customers in Q3 2023



5 (+150% YoY)
Number of borrowers in Q3 2023



TEUR 352 (+4887.5% YoY)
Lending Book in Q3 2023



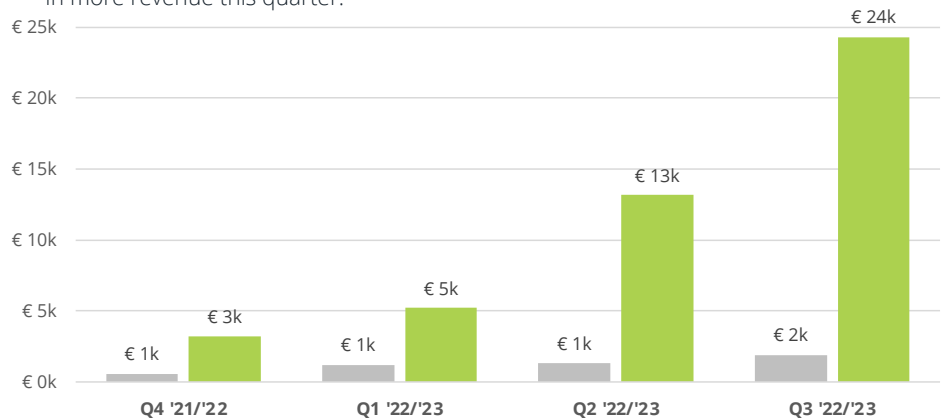
Torbjörn Jacobsson
Director Mtaji and CEO Fintech Africa AB

EVENTS DURING Q3

- **Expanded Lending Focus:** Throughout the quarter, Mtaji Wetu Finance sustained its commitment to grow and expand its lending services.
- **New Administrative Hire:** Welcomed the first official employee into the administration department, who had previously served as a dedicated subcontractor for a year, enhancing the company's internal operational capacities and expertise.

REVENUE

Net revenue increased 1375% vs Q3 2022 in local currency (1178% in EUR). Mtaji lending volumes was very limited in Q3 2022. More lending and transactions resulted in more revenue this quarter.



The graph shows the quarterly revenue over the past 12 months compared to the same period the previous year.



Techbridge Invest in Mombasa, Kenya, serves as a pivotal hub supporting innovative startups and fostering technological advancements in the region.

Core holding company Techbridge Invest AS

Sector:	Accelerator & Incubator
Founded:	2016
MTI invested:	2022
MTI' ownership:	49%
General Manager:	Frøydis D. Archer
Revenue Q3 2023:	TEUR 30
Job creation:	7 employees
SDGs:	4, 5, 8, 9, 10, 17
Region:	Mombasa, Kenya
MTI board representatives:	Pontus Engström, chair Nedim Efendic
Website:	www.techbridgeinvest.com

KEY FIGURES



41 (+41.4% YoY)

Number of entrepreneurs trained in Q3 2023



15 (+7.1% YoY)

Number of startups accelerated in Q3 2023



EUR 83 988 (NA% YoY)

Revenue reported by Program enterprises-Startups in Q3 2023



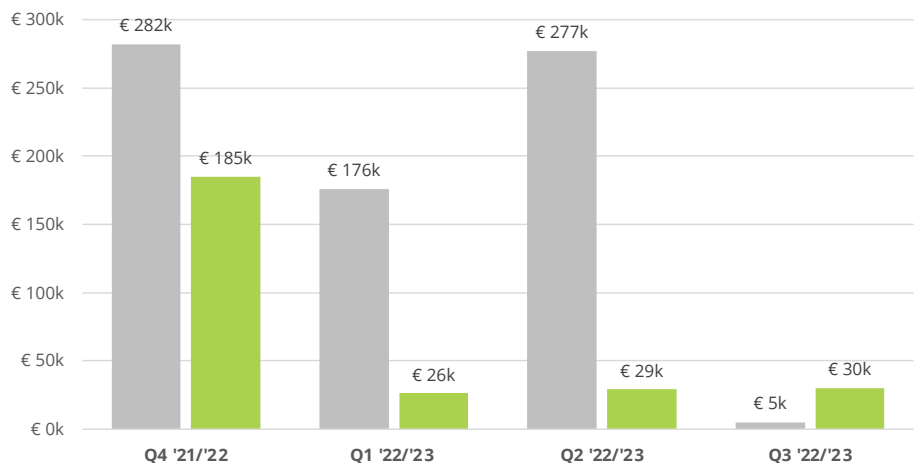
Frøydis D. Archer
CEO

EVENTS DURING Q3

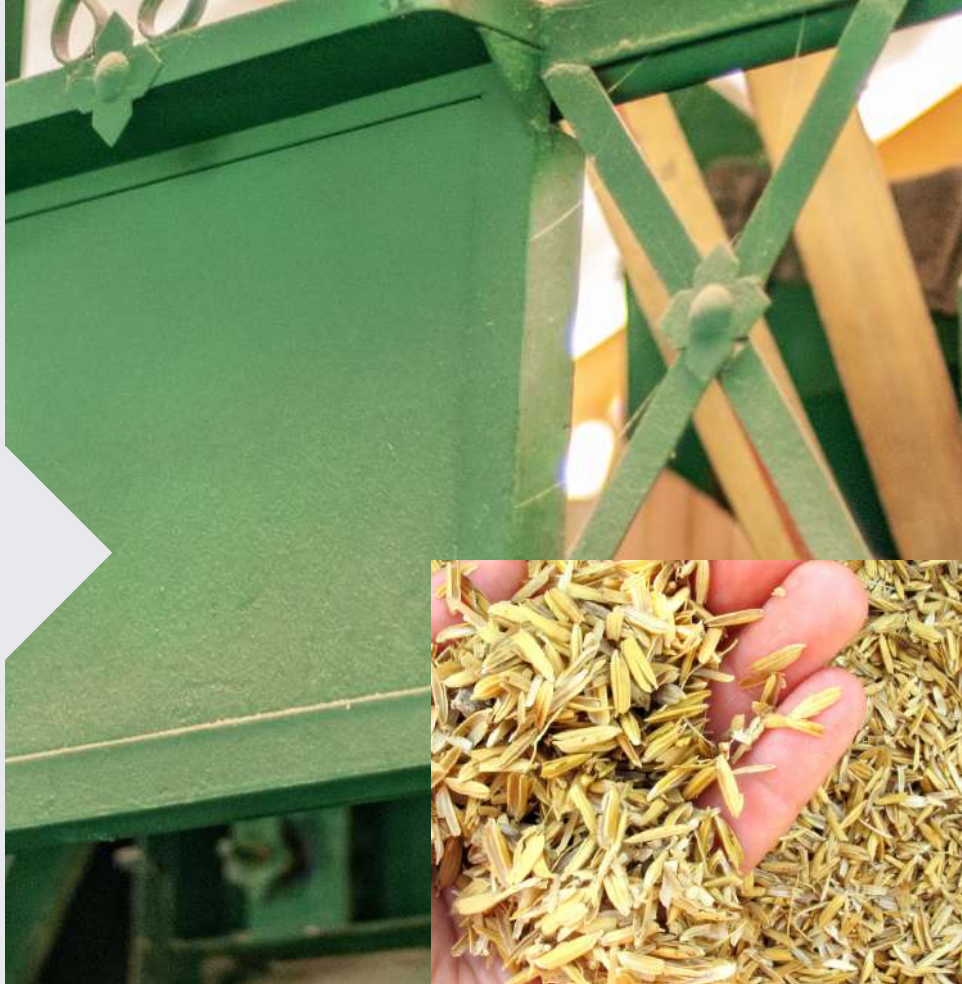
- In late September, TechBridge welcomed a fresh cohort of startups into its acceleration program, marking the official launch at a vibrant community event in Nairobi. During this event, the new founders seized the opportunity to pitch their businesses, engaging with and showcasing their innovations to the dynamic TechBridge ecosystem.

REVENUE

The substantial variance in the company's revenue between 2022 and 2023 can be traced to a pivotal change: the lead applicant for a grant from NOREC shifted from TBI AS to TBI Africa (a 100% subsidiary of TBI AS). Concurrently, the management team is actively focused on cost reduction initiatives and strategies aimed at bolstering profitability, in addition to completing several major grant applications.



The graph shows the quarterly revenue over the past 12 months compared to the same period the previous year.



Core holding company Tanswed Agro Limited

Sector:	Agri-Processing
Founded:	2023
MTI invested:	2023
MTI' ownership:	49%
Managing Director:	Michael Mrosso
Revenue Q3 2023:	TEUR 12
Job creation:	22 (2 permanent employees + 20 Daily workers)
SDGs:	9
Region:	Kahama, Tanzania
MTI board representatives:	Torbjörn Jacobsson Noah Amri
Website:	under construction

KEY FIGURES



749,9 MT (+381% QoQ)

Metric Tonnes of Rice Bran graded in Q3 2023



2 (+100% QoQ)

Number of processing centers in Q3 2023



22 (83% QoQ)

Number of Employees in Q3 2023

EVENTS DURING Q3

- Considering the huge demand and business potential, the company management acquired an additional rice bran grading machine locally in order to cater to the high demand of services. The company also repaired the current machines available to maintain and improve efficiency in the production process that resulted in higher volumes of processing which eventually contributed to higher sales volume.
- The company also expanded operations to a new processing center in Kagongwa, Kahama.
- Michael Mrosso, the present MD of the company traveled to India to explore better and affordable Agro processing machines that can bring more synergy, efficiency and potential partnership opportunities for Tanswed.

REVENUE

Tanswed commenced its operations in June, 2023 and the company managed to grade 156 metric tonnes of rice bran and clocked total sales of TEUR 2.44 in Q2 2023 which was a great kick off with just one month of operations. Continuing with accelerated growth momentum, the total revenue for the Q3 2023 closed at TEUR 12.

The operations started in June, 2023. Hence no graph representation available

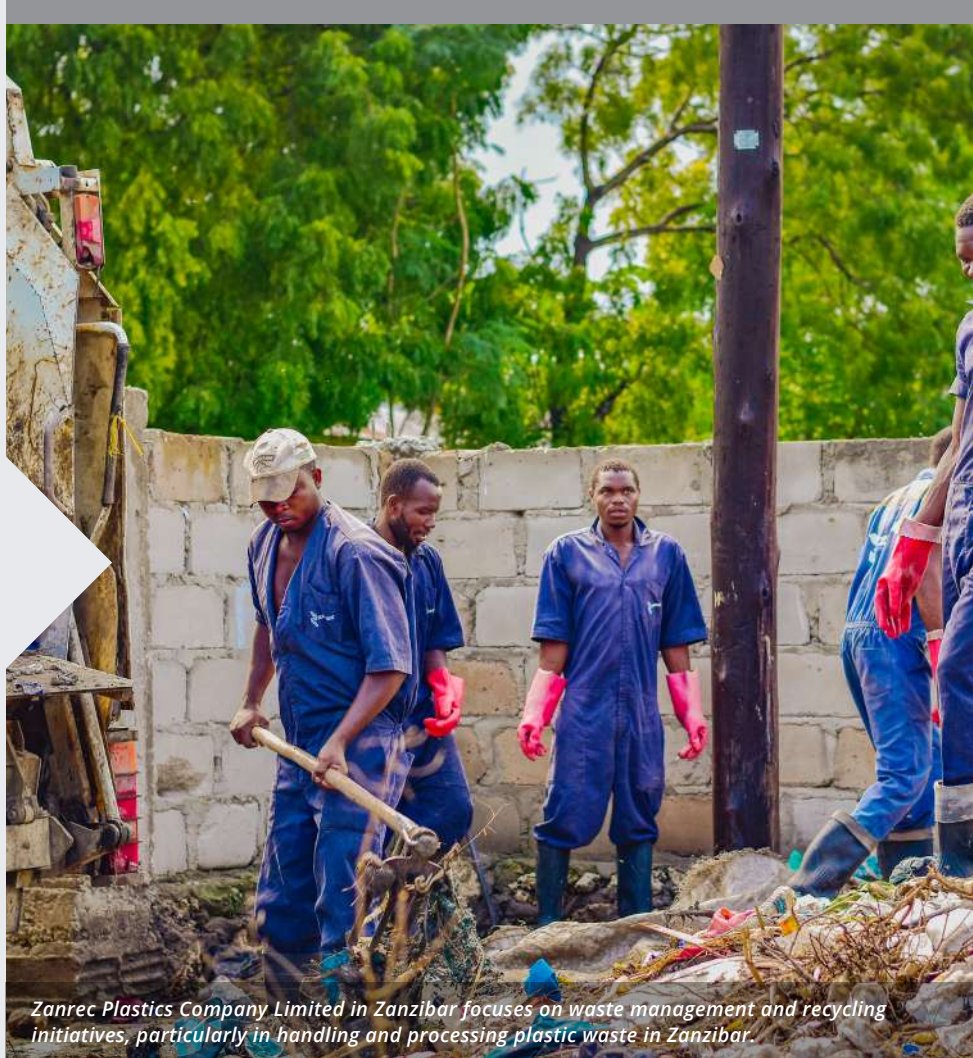


Michael Mrosso
CEO



Core holding company Zanrec Plastics Co.Ltd

Sector:	Waste Management
Founded:	2009
MTI invested:	2015
MTI' ownership:	49%
General Manager:	Justin Madho
Revenue Q3 2023:	TEUR 91
Job creation:	29 employees
SDGs:	1, 3, 6, 8, 9, 10, 12, 13, 14, 15, 17
Region:	Zanzibar, Tanzania
MTI board representative	Pontus Engström, chair
Website:	www.zanrec.com



Zanrec Plastics Company Limited in Zanzibar focuses on waste management and recycling initiatives, particularly in handling and processing plastic waste in Zanzibar.

KEY FIGURES

 **192 (-20% YoY)**
Number of hotel clients in Q3 2023

 **35 tonnes (+119% YoY)**
Number of plastic waste collected in Q3 2023

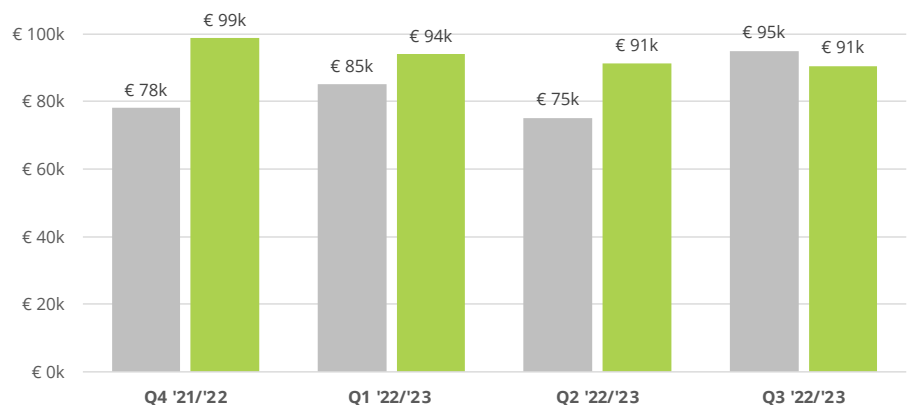
 **1 772 tonnes (-19% YoY)**
Number of total waste collected in Q3 2023

EVENTS DURING Q3

- Zanrec celebrated World Clean-up Day on September 16th by organizing a clean-up event at Kendwa village and beach in collaboration with local hotels including Kendwa Rocks, Zuri, and Gold Zanzibar. The initiative brought together communities, school children, and hotel staff, with 120 participants who collectively collected 1.3 tons of waste within a span of 2 hours.
- Continued negotiations with South District to seek a common ground for a continued business in the region, due to demands for increased license fees.

REVENUE

In Q3 2023, our local currency revenue notably surpassed Q3 2022, primarily attributed to a rise in new clients paying higher fees. However, a stronger euro led to a decline when denominated in EUR. The acquisition of a major hotel client, Kwanza, significantly bolstered our sales volume, while our plastic bailing business also made a substantial contribution to overall revenues.



The graph shows the quarterly revenue over the past 12 months compared to the same period the previous year.



Justin Madho
General Manager



Core holding company	Ecohomes Co.Ltd
Sector:	Housing & Construction
Founded:	2015
MTI invested:	2016
MTI' ownership:	77%
CEO:	Harry Tuluhungwa
Revenue Q3 2023:	TEUR 75
Job creation:	7 Employees
SDGs:	1, 8, 9, 10, 11, 17
Region:	Dar es Salaam, Tanzania
MTI board representatives:	Pontus Engström, chair Trond Randoy Torbjörn Jacobsson
Website:	www.ecohomes.co.tz

KEY FIGURES



9 (+350% YoY)

Number of total projects in Q3 2023



8 (+167% YoY)

Number of clients in Q3 2023



4.55 (-64.74% YoY)

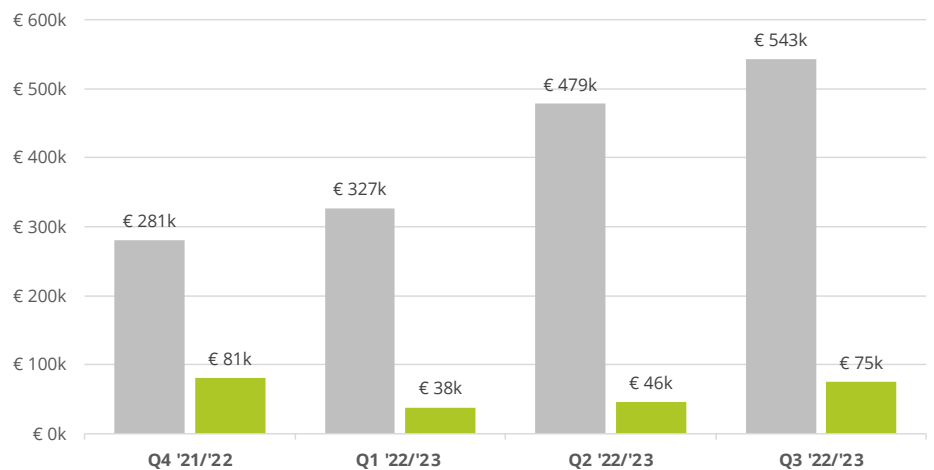
Metric tonnes of steel sold Q3 2023

EVENTS DURING Q3

- During Q3, Ecohomes successfully secured three substantial projects with esteemed institutions—the St. Joseph Cathedral, Egyptian Embassy, and Wellworth Mikumi National Park hotel—each of which utilized Ecohomes' steel, thereby bolstering the company's efforts to drive increased steel sales.
- In Q3 Ecohomes established ongoing partnerships with loyal clients by supplying steel-based products such as Chicken coops to East Cost Agritech and Solar mounts to Davis & Shirliff companies, solidifying its position as a trusted supplier.

REVENUE

In Q3 2023, there was an 84% decline in net revenue, primarily driven by a deliberate shift from project-based revenue with substantial but marginally profitable or even negative margins towards the sale of higher-margin products. To bolster profitability, the company remains committed to rigorous cost-cutting measures and ongoing operational optimization initiatives.



The graph shows the quarterly revenue over the past 12 months compared to the same period the previous year.



Harry Tuluhungwa
CEO

ADDITIONAL INFORMATION

AUDITOR

Ernst & Young AB

The company's auditor is Ernst & Young AB. This core holding update has not been subject to a review by the company's auditor.

CERTIFIED ADVISER

Mangold Fondkommission AB

Mangold Fondkommission AB is acting as the company's Certified Adviser

REPORTING CALENDAR

FORMAL REPORTS

MTI Investment issues formal half-year interim reports.
All reports can be downloaded at www.mti-investment.com.

Silent period begins	23 February 2024
Year-end report 2023 (H2)	28 March 2024
Annual report 2023	Week 20, 2024
AGM	7 June, 2024
Silent period begins	31 July 2024
H1 report 2024	30 August 2024
Silent period begins	26 February 2025
Year-end report 2024 (H2)	28 March 2025

OTHER REPORTS

MTI Investment also issues core holdings updates*.
All updates can be downloaded at www.mti-investment.com.

Core holdings update Q1 2024	17 May 2024
Core holdings update Q3 2024	20 November 2024

* MTI's core holdings update should not be considered as formal interim reports. These updates do not include the consolidated results of the Group and the Parent company.



THE GO-TO INVESTOR FOR EAST AFRICAN GROWTH

MTI INVESTMENT SE

Org. 517100-0135

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WEBSITE

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www.mti-investment.com