

Euroafrica Digital Ventures AB (publ) (the "Company" or "Euroafrica Digital Ventures") to enter into a letter of intent with LTH Online Holdings Ltd ("LTH Online") through which Euroafrica Digital Ventures shall acquire all the shares in LTH Ventures Ltd ("LTH Ventures") by making payment in the form of newly issued shares in the Company (the "Transaction").

2023-05-31 08:45

The planned Transaction constitutes a so-called reverse takeover. When completed, Euroafrica Digital Ventures' current operations will remain within the new group.

The Transaction in brief

- Euroafrica Digital Ventures has entered into a letter of intent with the shareholders in LTH Online to enter into a share sale and purchase agreement regarding the acquisition of all shares in LTH Ventures.
- The purchase price for all shares in LTH Ventures is intended to be paid with newly issued shares in the Company through a non-cash issue and the Transaction constitutes a so-called reverse takeover. The Company makes payment by issuing consideration shares to LTH Online. The subscription price for the consideration shares will be determined after negotiations with the shareholders in LTH Online on an arm's length basis.
- After the issue of the consideration shares, Euroafrica Digital Ventures' existing shareholders will hold 10 per cent of the shares in the Company and LTH Online will hold 90 per cent in the Company. However, the relative valuations will be agreed following a legal and commercial due diligence review of LTH Ventures and its operation (the "Due Diligence Review") and an independent fairness opinion. The Due Diligence Review is expected to be completed by the end of July 2023.
- To meet the Company's working capital requirements, LTH Online has agreed to grant the Company a short term, interest-free, loan of up to SEK 1,745,000. Subject to completion of the Transaction, the loan will be repaid by way of a set-off issue of new shares in the Company.
- The Transaction will be conditional on Nasdaq Stockholm approving the continued listing of the Company's shares on Nasdaq First North Growth Market and on the Transaction's approval by the shareholders of Euroafrica Digital Ventures at an Extraordinary General Meeting.
- As a result of the Transaction, Euroafrica Digital Ventures will undergo a name change (following a rebranding exercise) and will continue to operate LTH Ventures' businesses. Euroafrica Digital Ventures' current operations will remain within the new group.

- Subject to the entering into a share sale and purchase agreement, a satisfactory Due Diligence Review and customary conditions being fulfilled, the Transaction intends to be completed during the third quarter of 2023.
- The Company intends to convene an Extraordinary General Meeting for decisions in matters relating to the Transaction. Before the Extraordinary General Meeting is held, the preliminary approval from Nasdaq Stockholm is expected to be granted and an updated Company Description published.
- Existing shareholders of the Company with ownership exceeding five per cent (5%) have agreed to enter into customary voting undertakings regarding the proposals to be put forward by the board of directors in connection with the Transaction.
- LTH Online has agreed to enter into lock-up undertakings for a period of six months following completion of the Transaction.

Information about LTH Online and LTH Ventures

LTH Online is an Irish-based investment company dedicated to acquiring and developing a portfolio of technology companies and marketplaces with proven technology, committed teams, and strong financial performance.

LTH Ventures is a wholly owned subsidiary of LTH Online that operates a SaaS tech business (www.idappcom.co.uk) and three online marketplaces in the United Kingdom and Ireland including www.joinfoodchain.com, www.artgallery.co.uk and www.qiq.ie.

When selecting technology companies for acquisition, LTH Ventures follows specific criteria, which include targeting mature software companies that possess their own intellectual property (IP) and teams with a strong commitment to their industry and possess deep knowledge within their respective fields. In addition, it prioritises companies that effectively manage large data sets for valued clients, particularly those belonging to blue-chip organizations with technology that is stable and centred around Microsoft platforms. Finally, it seeks companies with solid financial performance and sustainable revenue streams.

Similarly, LTH Ventures adheres to specific criteria when acquiring marketplace companies, which include identifying marketplaces that have a technology legacy deficit, which can be addressed by leveraging cutting-edge no-code technology solutions. Also, they must have marketplaces with a stable customer base, with a particular emphasis on B2B or B2B2C models and specialising in highly targeted vertical markets. LTH Ventures leverages the expertise and industry knowledge of the teams behind the marketplace companies and opportunities to leverage AI marketing tools for scaling the company's operations.

LTH Ventures intends to acquire more SaaS tech companies and online marketplaces and sees a listing on the Nasdaq First North Growth Market as a key support for this strategy going forward by providing an acquisition currency and access to the capital markets.

Background to the Transaction

The Company's Board of Directors assesses that the planned Transaction would be to the benefit of the shareholders in Euroafrica Digital Ventures.

"Given the challenging market conditions for growth companies and our constrained cash flow the Board and management team have worked tirelessly to find a good long term solution for the company and its shareholders. Our businesses Social Content and Kumatana has fantastic future potential, but they require a strong team, funding and time to realise this. The LTH team has a proven track record in delivering impressive results and I am confident that the LTH team will deliver similar results in our shared future. I am also very pleased that key staff of Euroafrica will remain in the new structure. In summary I believe that the new structure have excellent potential at generating future shareholder value.", says Johan Nordin, Chairman of Euroafrica Digital Ventures

"In LTH Online, we are delighted to be joining forces with the Euroafrica Digital Ventures team and bringing both the Social Content platform and online marketplace in Tanzania into our stable of successful SaaS businesses and online marketplaces. We see huge potential by combining our businesses and, in addition, great value in being listed on the Nasdaq First North Growth Market as we continue our strategy of acquiring companies that meet our criteria", says Maoliosa O'Culachain, Chairman of LTH Online

Ownership following the Transaction

The proposed Transaction constitutes a reverse takeover whereby payment for all shares in LTH Ventures will be made through a non-cash issue of new shares in Euroafrica Digital Ventures to the seller. The number of consideration shares to be issued, and consequently the dilutive effect for existing shareholders in Euroafrica Digital Ventures, will be determined following completion of the Due Diligence Review. The subscription price for the consideration shares will be determined after negotiations with LTH Online on an arm's length basis.

Application for continued listing on Nasdaq First North Growth Market

The Transaction would entail a significant change in the Company's operations and, due to this, a new listing process is required for Euroafrica Digital Ventures on Nasdaq First North Growth Market. Nasdaq Stockholm must first approve Euroafrica Digital Ventures for continued listing on Nasdaq First North Growth Market before the Transaction can be completed. Due to this and, provided that Nasdaq approves the listing, an updated Company Description will be published.

Extraordinary General Meeting

The Company's acquisition of LTH Ventures will be subject to the approval of the Extraordinary General Meeting of Euroafrica Digital Ventures. Euroafrica Digital Ventures intends to convene such Extraordinary General Meeting prior to when the preliminary approval for continued listing is expected to be received from Nasdaq Stockholm for decisions on matters relating to the Transaction. This includes a change of company name, change of the articles of association and election of a new board, etc. The intention is that the updated Company Description and Nasdaq Stockholm's preliminary approval will be available before the Extraordinary General Meeting.

For further information, please contact:

Lotta Tjulin, CEO, Euroafrica Digital Ventures Digital Ventures AB (publ)

E-mail: lotta.tjulin@euroafricadv.com

The Company's Certified Adviser is Mangold Fondkommission AB.

This information is information that Euroafrica Digital Ventures is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-05-31 08:45 CEST.

About Euroafrica Digital Ventures

Euroafrica Digital Ventures Digital Ventures AB (publ) is a digital media tech company. For more than a decade, the company has worked with marketing in digital channels and developed customised SaaS solutions for more efficient and better results for marketing campaigns. With an established operation in the Nordic region, the company has taken proven business concepts to the emerging region of East Africa. The Company operates Tanzania's largest digital buying and selling platform and will strengthen this existing platform by utilising the synergies between the Company's technical platforms and expanding to other emerging markets in East Africa.

For further information, please visit www.euroafricadigitalventures.com

Follow us on LinkedIn <https://www.linkedin.com/company/euroafrica-digital-ventures>