



PRESS RELEASE, 20 November 2023

## MTI Investment SE publishes its Core Holdings Update Q3 2023

The company's core holdings update for Q3 2023, including a Net Asset Value (NAV) update, is now available on the company's website and attached to this press release. Link to the company's report page: <https://www.mti-investment.com/financial-reports/>

**NB:** *MTI's core holdings updates should not be considered as formal interim reports. These updates do not include the consolidated result of the Group or the Parent company.*

*For more information visit: <https://www.mti-investment.com/financial-calendar/>*

## The Net Asset Value is estimated at SEK 6.26 per share

The estimated Net Asset Value has decreased by 10.7% percent from 30th of June 2023 until 30th of September 2023 to SEK 6.26 per share. During the same period Nasdaq First North All-Share index, experienced an 8.3% decline. MTI has primarily unlisted holdings.

For more information on the distribution of NAV and which companies are included in the investment company's portfolio can be found in the attached core holdings update.

The MTI share is listed on Nasdaq First North. The most recent share price for the MTI Investment share was SEK 2.94 as of the 17th of Nov 2023.

## 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 new cohort of start ups during the quarter.



- Zanrec Plastics 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).
- 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.

## Financial summary Core Holdings

MTI's Core holdings	MTI's ownership	Revenue Q3 2023 (TEUR)	Revenue Q3 2022 (TEUR)	Diff %
Mtaji Wetu Finance	13.14%	24	2	1178%
Tanswed Agro	49%	12	-	-
Zanrec Plastics Co. Ltd	49%	91	95	-4%
Techbridge Invest	49%	30	5	511%
Shambani Milk Ltd	20%	196	197	-1%
Ecohomes Co. Ltd	77%	75	543	-86%
ZNS Company Ltd	50%	58	-	-

- Ecohomes' revenue in Q3 amounted to TEUR 75 (TEUR 543), a decrease by 86% compared to the same period the previous year.
- Zanrec revenue in Q3 2023 amounted to TEUR 91 (TEUR 95), a decrease of 5% compared to Q3 2022. In actual, revenue in local currency increased by 10% YoY during the period but it is reflecting a decline due to currency exchange rate difference. The increase has been due to more fee-paying hotel clients and baled plastic waste sales.
- Techbridge revenue in Q3 2023 amounted to TEUR 30 (TEUR 5), an increase of 510% compared to Q3 2022. TechBridge relies mostly on grant funding which is volatile and varies between quarters.
- Shambani Milk's revenue in Q3 amounted to TEUR 196 (TEUR 197), a decrease of 1% compared to the same period the previous year. In actual, revenue in local currency increased by 15% YoY



during the period but it is reflecting a decline due to currency exchange rate difference. This topline growth was enabled by focused sales of processed milk products.

- ZNS Company's posted a revenue of TEUR 58 in its first quarter (Q3) operations. MTI divested its share in the company recently following management's decision to exit the investment in Zandream AB.
- Tanswed Agro started its operations in June, 2023 and the revenue in Q3 amounted to TEUR 12 which is indicating strong demand huge business potential.
- Mtaji Wetu's revenue in Q3 amounted to TEUR 24 (TEUR 2), a whopping increase of 1178% (1375% in local currency) compared to the same period the previous year.

### Words from the CEO

"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.

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.

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. 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.

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.

**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 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 one from [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.

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.

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.”

**Pontus Engström**  
CEO MTI Investment

#### **Download the report**

[MTI Core holdings update Q3 2023](https://www.mti-investment.com/wp-content/uploads/2023/11/Core-Holdings-Update-Q3-2023-MTI-Investment-SE.pdf)

<https://www.mti-investment.com/wp-content/uploads/2023/11/Core-Holdings-Update-Q3-2023-MTI-Investment-SE.pdf>

#### **Financial calendar**

<b>Report calendar</b>	<b>Release date</b>
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	20 August 2024
Silent period begins	26 February 2025
Year-end report 2024 (H2)	28 March 2025



<b>Other information updates</b>	<b>Release date</b>
Core holdings update Q1 2024	17 May 2024
Core holdings update Q3 2024	20 November 2024

See the financial calendar on MTI Investment's website: [www.mti-investment.com/financial-calendar/](http://www.mti-investment.com/financial-calendar/)

### **For additional information**

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### **About MTI Investment SE**

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.

The MTI Investment share (MTI) is traded on the Nasdaq First North Growth Market.

Certified Adviser to MTI Investment is Mangold Fondkommission AB.

Read more on: [www.mti-investment.com](http://www.mti-investment.com)