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MTI Investment provides an interest-bearing cash generating credit facility to Fintech Africa and Mtaji of USD 0.5 million

STOCKHOLM, SWEDEN – MTI Investment SE ("MTI" or the "Company") is pleased to announce that it has entered into an agreement for an interest-bearing credit facility with Fintech Africa AB and its subsidiary, Mtaji Wetu Finance Tanzania Limited, totaling USD 0.5 million.

The credit facility comprises two parts, one with Fintech Africa AB and another Mtaji Wetu Finance Tanzania Ltd, a wholly owned subsidiary of Fintech Africa. MTI currently holds a 13.14 percent ownership stake in Fintech Africa. Under the agreement, MTI will earn a 12.5 percent interest rate on the loan to Fintech Africa and a fixed return of 13.5 percent on the loan with Mtaji Wetu Finance. The borrower Mtaji shall repay the loan no later than April 30th 2028, whereas the part that is with Fintech Africa expires on April 30th 2026. The higher return is designed to account for the withholding tax deducted in Tanzania, which can subsequently be claimed in Sweden.

Founded in 2019 by Petter Sandgren, Pontus Engström, and Torbjörn Jacobsson, Fintech Africa AB obtained its Microfinance Tier II non-deposit-taking license in 2022. Since then, it has rapidly expanded its presence in the FinTech sector to provide a platform and solutions for SME financing in East Africa. Mtaji Wetu Finance offers innovative SME financing through B2B customer invoice financing, purchase order financing and payment reminders. This service addresses a challenging yet profitable segment in the underdeveloped Tanzanian B2B market, where Mtaji plays a vital role in developing small companies by ensuring they have goods to sell, even when faced with unexpected expenses like medical bills. This win-win-win solution boosts sales for both the shops and distributors while limiting credit risk for Mtaji. With its lean business model, Mtaji is projected to be profitable in 2023.

Pontus Engström, CEO of MTI Investment SE, expressed his enthusiasm for the investment, stating, "This investment aligns perfectly with our strategic focus on prioritizing investments that generate immediate cash flow. Moreover, the credit facility agreement represents a significant milestone for MTI Investment as we expand our presence in the FinTech space. By providing this facility to a company in which we have complete insight, we can also better oversee the associated risks. We are particularly reassured by the deep involvement of the experienced finance professionals and co-founders, Petter Sandgren and Torbjörn Jacobsson, in Fintech Africa and Mtaji. Their personal extension of loans to Fintech Africa on similar terms as MTI further reinforces our confidence in this venture."

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