



PRESS RELEASE, 23 March 2023

MTI signs a letter of intent to acquire an additional 7.9 percent, worth SEK 1.2 million in fast growing Fintech Africa

STOCKHOLM, SWEDEN – MTI Investment SE ("MTI" or the "Company") with ticker MTI announces today that it has signed a term sheet about an intended acquisition of 7.92 percent of the shares, valued at SEK 1.2 million, in Fintech Africa AB. The transaction is to be carried out through a share swap, with MTI's shares priced at SEK 4.09, which is a 15.1 percent premium to yesterday's share price of SEK 3.55. The intended acquisition strengthens MTI's exposure to the profitable and fast growing B2B financing market in Tanzania.

In this intended transaction, expected to be finalized before 1 April 2023, MTI Investment increases its holding from 5.23 percent to 13.63 percent through a share swap, where Fintech Africa is priced at the same level as in November 2022, and MTI's shares are priced at SEK 4.09, a premium of 15.1 percent compared to the share price as of closing 22 March 2023 (SEK 3.552). MTI Investment announced in [November 2022](#) that it made a cash injection of SEK 500,000 in Fintech Africa AB to increase MTI's ownership increases from 2.07 percent to 5.23 percent at a valuation of MSEK 15 pre-money in Fintech Africa. MSEK 15 is equal to 1.3x the expected sales for 2023 and 2024 or 0.1x the expected sales for 2023-2027.

The parties involved in the transaction have agreed to carry out a share swap, where the valuation of Fintech Africa remains the same as in the previous equity issue in Fintech Africa AB, and where the valuation of MTI Investment is in line with the recent [warrant expiry announced](#). During the measurement period, the volume-weighted average price in the Company's share was approximately SEK 4.09.

The 7.92 percent stake in Fintech Africa is valued at SEK 1.2 million (EUR 107.000), which in the share swap corresponds to 300,632 shares in MTI Investment SE, or a shareholding of 4.6 percent in MTI Investment. MTI's total outstanding number of shares would thus increase by 4.8 percent (the dilution effect). The share subscription and other relevant agreements are expected to be finalized by 1 April 2023. If a maximum of 300,632 new shares are emitted, MTI's share capital increases by EUR 60.126,4. A decision to issue the needed shares falls within the board's authorization from the annual general meeting on June 9, 2022.

Five strong reasons to increase MTI's ownership in Fintech Africa AB and its fully owned subsidiary Mtaji Wetu Finance Tanzania Limited ("Mtaji"):

1. Mtaji offers the next-generation SME financing in the form of B2B customer invoice financing and payment reminders.
2. The SME financing service is a challenging but profitable segment in the underdeveloped Tanzanian B2B market where Mtaji make an important contribution to developing the small companies of Tanzania.
3. With Mtaji's service Uza Utulipe – From Cash Upfront to Pay as You Sell – small shops and businesses can always make sure to have goods to sell instead of empty shelves when i.e. an unexpected medical bill takes the available cash. There is a win-win-win solution where both the shop and the distributor increase their sales and Mtaji services them both with limited credit risk.



4. The company is operating a lean business model and is expected to be profitable in 2023.
5. Strong entrepreneurial team with some of Sweden's best experts in the field.

FinTech Africa AB was founded in 2019 and operates in the expanding FinTech space to provide a platform and solutions for SME financing in East Africa. With some inspiration from Swedish Klarna, Mtaji focuses on business-to-business (B2B) customer invoice financing and reminding services. Mtaji received its Microfinance Tier II non-deposit-taking license in 2022, a process that took 1.5 years, and is now able to accelerate its growth journey. Up until receiving the license, it has primarily developed in relation to MTI's holdings, such as Atsoko and Zanrec, but since the license was received it has been able to attract customers outside of the MTI network. In a pilot with Atsoko, customers have repeatedly used the service since February 2022, and Zanrec is seeing an improved customer payment culture, strengthening its liquidity and also reducing the number of overdue invoices.

Pontus Engström - CEO of MTI Investment SE says: "The financial landscape in East Africa is full of promising opportunities that are often hindered by a lack of financial resources. Mtaji has been able to bridge this gap and provide a solution for local companies to scale through a proven risk-managed business model. With the success that Mtaji has demonstrated so far under the leadership of experienced finance and risk entrepreneur Torbjörn Jacobsson, it is clear that this investment is one of the best performing in our portfolio. Therefore, we believe it is necessary to scale our funding of Mtaji and increase our stake in this successful venture. By doing so, we can continue to support and foster growth in the East African market while also adding value to our shareholders."

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