

MTI INVESTMENT SE

Core holdings update: Q1 2023



19 MAY 2023

Quote from the CEO:

"I want to emphasize the significance of nurturing and cultivating a tree (mti in Swahili). Just as a tree takes time to grow and bear fruit, venture building also requires patience and dedication. I am confident that our investments and new strategic approach on more immediate cash generating investments will lead to fruitful outcomes."



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CORE HOLDINGS UPDATE Q1 2023

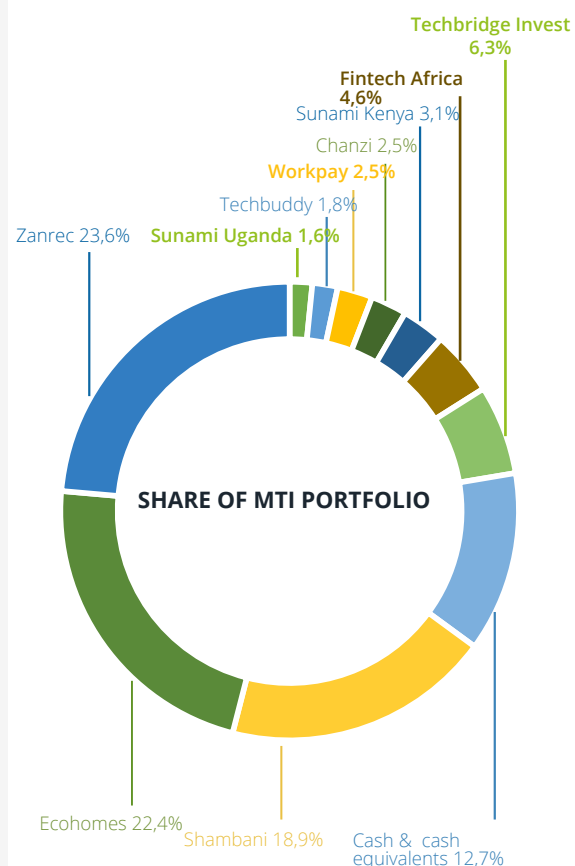
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ESTIMATED NET ASSETS **VALUE**

	NET ASSET VALUE ESTIMATE	SHARE OF MTI PORTFOLIO
WASTE MANAGEMENT		
Zanrec	903,493	23.6%
Chanzi	97,455	2.5%
CONSTRUCTION		
Ecohomes	857,244	22.4%
AGRICULTURE		
Shambani Milk	725,192	18.9%
TECH		
Fintech / Mtaji	174,661	4.6%
Techbuddy	68,415	1.8%
Workpay	94,953	2.5%
RENEWABLE ENERGY		
SUNami Uganda	60,940	1.6%
SUNami Kenya	117,389	3.1%
VENTURE BUILDER		
Techbridge Invest	241,539	6.3%
Cash and cash equivalents and other net assets	486,852	12.7%
Total est. Net Asset Value	3,828,132	100%
Shares outstanding	6,570,978	
Estimated Net asset value per share (EUR)	0.58	



	30.06.2022	30.09.2022	31.12.2022	31.03.2023
Net Asset Value Per share (SEK)	15.9	13.8	7.8	6.6
Share price (SEK)	5.02	4.14	4.1	3.45
Percentage difference	68%	70%	48%	48%

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.

IMPORTANT EVENTS

IMPORTANT EVENTS DURING 1ST QUARTER 2023

- MTI raised its holding in Fintech Africa AB from 5,23% to 13,14%, thereby strengthening its presence in the fast growing B2B financing market in Tanzania. Considering the industry potential and existing clients' response with repeat business, the additional investment in 7,92% of shares valued at approx. SEK 1.2 million holds promising returns.
- MTI Investment expanded further into the thriving tourism industry of Zanzibar. The company has signed a memorandum of understanding (MOU) with Mayai Ocean Resort AS to invest up to USD 600,000 in a beach front hotel property and another USD 125,000 in a hotel management company.
- MTI signed a term sheet to invest in the rice bran grading business. The aim is to establish a modern rice bran processing plant, where raw rice bran will be processed to graded quality, with broken rice separated, and rice husk ground using state-of-the-art agriculture machinery in the region of Kahama, Tanzania.
- In February, 2023, Pontus Engström, CEO of MTI Investment had the opportunity to meet with the President of Zanzibar, H.E. Dr. Hussein Ali Mwinyi to discuss investments and improved collaboration with the local government in Zanzibar. The meeting took place in the presence of Swedish Ambassador H.E. Charlotta Osaki Macias.
- MTI Investment in partnership with Hotel Online Kenya Ltd. launched the booking portal www.sustainablezanzibar.com which is linked to those hotels that are using a sustainable waste management practice in Zanzibar. Along with the booking portal, a 10-minute mini-documentary called "Towards a sustainable Zanzibar" was published on MTI Investment's YouTube channel.
- The company exercised its TO1 series of warrants during the quarter with a goal to further diversify the portfolio by focusing on investments in hotel management, real estate and other cash-flow generating assets. Warrants of series TO1 were subscribed to approximately 48 percent and MTI Investment SE received approximately SEK 1.62 million.
- MTI Investment SE signed a memorandum of understanding (MOU) for an up to USD 500,000 property investment with high development potential in central Dar es Salaam. It has an excellent potential for further development and promising return on investment.



WORDS FROM THE CEO

INCREASED INVESTMENTS FOCUSING ON QUICK CASH GENERATING BUSINESSES

Dear shareholders,

In the first quarter of 2023, our adjusted net asset value experienced a decline of 16.1 percent, primarily due to Ecohomes sales slowing as a result of pivoting the business model. Our total shareholder return was -15.8 percent in the quarter, which is lower than the 1.8 percent return of the Nasdaq First North All-Share index. During the quarter, MTI's warrants of series TO1 expired which raised SEK 1.6 million, being approximately 48 percent subscribed.

East Africa

According to the African Development Bank, the East African region experienced a slight slowdown in its average real GDP growth, dropping to 4.2% in 2022 from 5.0% in 2021. This deceleration can be attributed to various challenges, including the impact of the Covid-19 pandemic and Russia's invasion of Ukraine. However, it is worth noting that East Africa is poised to outperform the global economy in terms of economic growth over the next two years. The report predicts a recovery in real gross domestic product (GDP), with the region expected to surpass pre-pandemic levels and achieve an average growth rate exceeding 5.0% in both 2023 and 2024.

MTI SUBSIDIARIES

Ecohomes - Small and steady steps to healthier and larger business operations

Ecohomes has made significant strides in enhancing its control systems and accountability, adopting a more solution-focused approach. One notable area of development is in the roofing space, where Ecohomes now fabricates and assembles light gauge steel for trusses used in various residential and commercial infrastructures. This shift offers numerous benefits. The steel trusses are quicker to install, have a longer lifespan, are lighter, and are more environmentally friendly compared to traditional wooden structures, which are susceptible to insect infestation and pose risks of roof collapse or fire. Additionally, this transition has improved the company's margin control by providing better oversight of its output.

During the first quarter, Ecohomes successfully completed a project for CRDB Bank's Azikiwe Branch, focusing on the maintenance room's uninterrupted power supply. The company also undertook light gauge steel projects for prominent clients such as Total Energies, Wellworth Collection Hospitality, Bravo Logistics, and Armada Technologies. These endeavors resulted in a reported revenue of €38,000 for the quarter.

In addition to these achievements, MTI Investments signed memorandums of understanding (MOUs) during the quarter. One MOU was with Mayai Ocean Resort AS in Zanzibar, reflecting MTI's plans to enter the hotel industry. The other MOU was for a property investment with high development potential in central Dar es Salaam, signaling MTI's expansion into the real estate sector in both Zanzibar and mainland Tanzania. MTI

anticipates an increase in projects and overall business activity for Ecohomes, particularly in the hotel and real estate sectors.

MTI ASSOCIATED COMPANIES

Zanrec collects 70 tonnes of plastic which is 192% YoY growth

Zanrec significantly increased its visibility in the Zanzibar region and successfully closed deals with major hotels in the southern district. As a result, the company's revenue for the quarter experienced a year-on-year increase of 11%. The company's strategic shift towards exploring additional revenue streams yielded positive results, particularly in the area of plastic collection, which saw a remarkable growth of 192% year on year, reaching 70 tonnes for the quarter.

In February, I had the privilege of meeting with the President of Zanzibar, H.E. Dr. Hussein Ali Mwinyi. During our discussions, we explored investment opportunities, enhanced collaboration with the local government in Zanzibar regarding Waste Management, and strategies for generating more employment opportunities. Additionally, I conveyed our concerns about the unfortunate turn of events faced by Zanrec in the North A district, where the tender agreements were unexpectedly modified six months after being awarded to Zanrec. Furthermore, we expressed our frustration with the frequent changes in municipality fees. The President was helpful and the meeting has led to improved visibility and traction for MTI and Zanrec in Zanzibar.

We also successfully launched the booking portal www.sustainablezanzibar.com in partnership with Hotel Online Kenya Ltd. This platform connects hotels in Zanzibar that have adopted sustainable waste management practices, thereby enabling Zanrec to expand its client base within the hospitality industry.

Shambani Milk grows at 39 percent

Shambani Milk demonstrated exceptional performance in the first quarter, achieving a remarkable year-on-year growth rate of 39%. The company's strategic focus during this period was on bolstering its in-house sales and minimizing reliance on external sales agents. By doing so, Shambani Milk aims to reduce agent costs and enhance overall profitability.

To capitalize on market opportunities, Shambani Milk made a strategic decision to invest in expanding its sales reach in Dar es Salaam by purchasing an additional truck. This initiative enables

WORDS FROM **THE CEO** (CONTINUED)

the company to tap into the demand in this region more effectively, ensuring broader market coverage and potential sales growth.

Recognizing the demand pattern in the market, the management at Shambani Milk identified a significant opportunity in the yogurt segment, particularly for small volume packs. In response to this, the company has taken the decision to acquire a packaging machine. This investment will enable Shambani Milk to cater to the demand for small packs of yogurt in various flavors, boosting revenue and market share in this segment.

Mtaji - the next generation of financing

In Quarter 1 of 2023, MTI made a strategic decision to significantly increase its stake in Fintech Africa AB and its wholly owned subsidiary, Mtaji, raising it from 5.23% to 13.14%. Mtaji specializes in providing factoring and invoice reminder services, which have garnered significant interest in the Tanzanian B2B market. We have been highly impressed by the exceptional performance delivered by Mtaji, as demonstrated by their low default rates and impressive sales growth. This track record serves as further validation of the immense potential for growth and profitability within the sector.

ACCELERATION AND CONSULTANCY

Techbridge - incubator and accelerator in Kenya

Techbridge is a comprehensive provider of end-to-end programs, encompassing incubation, acceleration, venture building, and also bridge funding for early-stage entrepreneurs in Kenya. Through this strategic investment, we have not only gained access to promising business models and potential future investment opportunities but also entered the renewable energy, fintech, and venture building sectors.

Techbridge has demonstrated notable success in securing grants from esteemed financial institutions such as NORAD and NOREC, further establishing its presence in the region. Their achievements were recognized when they were nominated as a Top Challenger in Africa by UBI Global in the World Benchmark study for 2021-2022.

MTI - Ester Foundation Accelerator

MTI Investment, in collaboration with the Ester Foundation, has been actively engaged in an accelerator program specifically designed for foreign-born women entrepreneurs in Stockholm. This impactful initiative has received sponsorship from the Wallenberg Foundation and aims to guide and develop the skill sets of these women entrepreneurs, empowering them to scale up their business operations successfully. To further broaden the reach and impact of our operations, we have expanded our collaboration with Techbridge, allowing us to leverage the expertise and resources of Techbridge, facilitating knowledge exchange and creating synergies.

Our investment portfolio encompasses a diverse range of companies that are achieving remarkable progress within

their industries. Notably, [Sunami Solar](#) undertaken a strategic shift to maximize their influence in the renewable energy sector, specifically by prioritizing the installation of solar plants for commercial purposes. In collaboration with esteemed shareholders such as the German pension fund KGAL and Norwegian solar entrepreneur Alf Bjørseth, we are actively involved in charting a new course for Sunami.

[Chanzi](#), our sustainable protein producer in East Africa, continues to address Africa's waste challenges while offering an affordable and innovative animal protein and fertilizer alternative to local farmers. By utilizing the larvae of black soldier flies (BSF) to upcycle organic waste, Chanzi has expanded its operations to both Tanzania and Kenya, amplifying its positive environmental impact.

[Workpay](#), our Kenyan HR payroll startup, has shown remarkable progress by attracting a multitude of new clients and demonstrating promising prospects for 2023. It raised USD 2.7 million in quarter one of 2023, including investors like Norrsken, Axian, P1 Ventures, Kara Ventures and in quarter one of 2023. It had previously raised USD 2 million in 2020.

Just after the end of quarter one, we ventured into the agri-tech sector and invested in a joint venture company with [AFIC Group](#), a Tanzania-based organization. This new venture will focus on providing rice bran grading and processing services using state-of-the-art machinery.

In January 2023, we organized an investor trip to Zanzibar, which brought together approximately 10 investors. The trip featured an investor conference where our portfolio companies had the opportunity to showcase their businesses. We also engaged in discussions surrounding sustainable growth in the region and explored strategies to address potential challenges.

In conclusion, I want to emphasize the significance of nurturing and cultivating a tree (MTI in Swahili). Just as a tree takes time to grow and bear fruit, venture building also requires patience and dedication. I am confident that our investments and new strategic approach on more immediate cash generating investments, including developing a better pipeline with Techbridge in Kenya, will lead to fruitful outcomes.

With the right combination of investments and support, we are well positioned for success.



Pontus Engström
CEO of MTI Investment SE

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

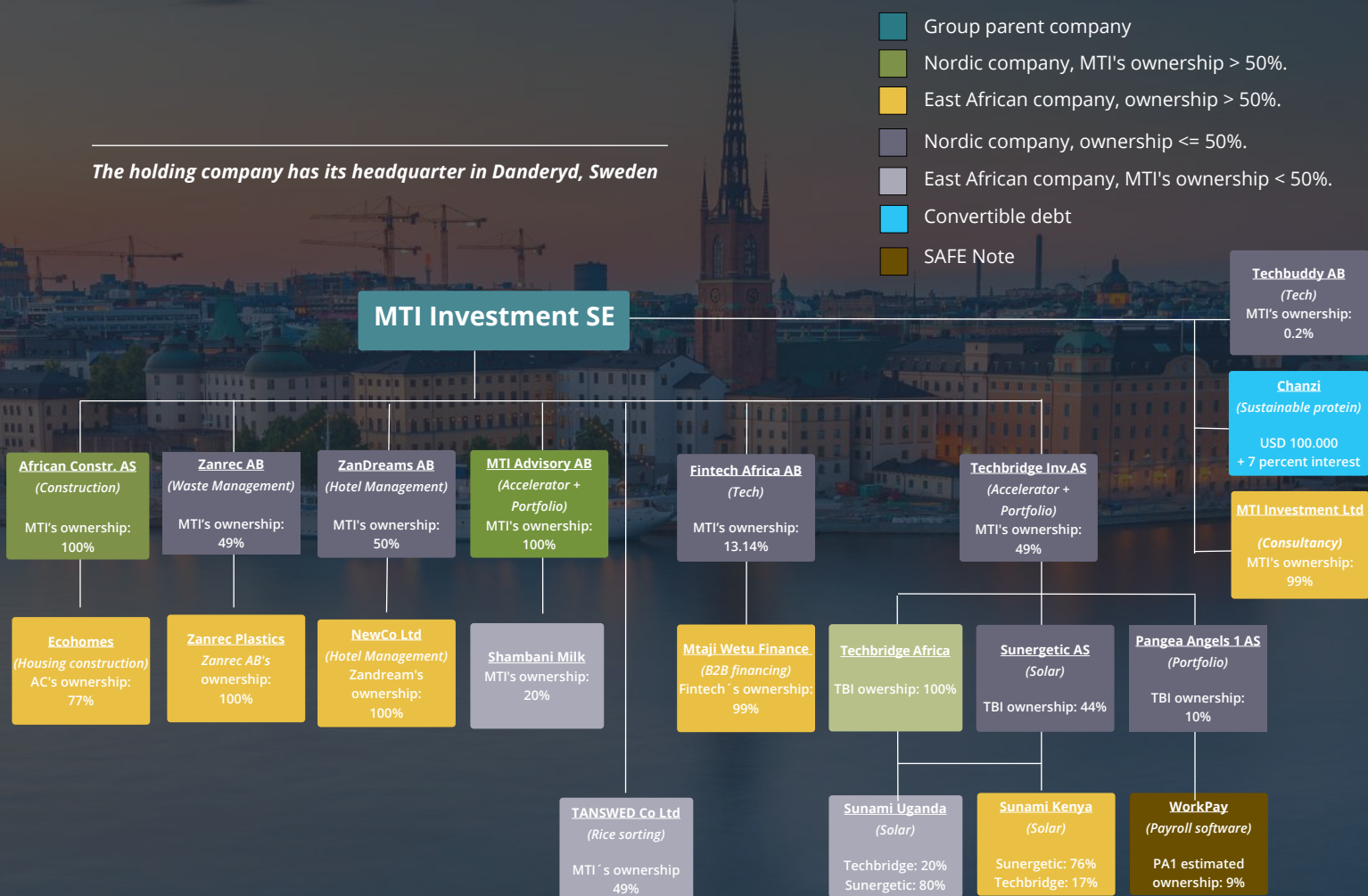


Ph.D. Pontus Engström
CEO & Co-founder



Ph.D. Neema Mori
Co-founder

The holding company has its headquarter in Danderyd, Sweden



Please note: TANSWED and Zandreams AB are in the process of formation and are to be added into the MTI portfolio during first half of 2023. In March of 2023, MTI increased its ownership in Fintech Africa AB to 13.14 percent through a share swap.

CORE HOLDINGS UPDATE **Q1 2023**



Core holding company	Ecohomes Co.Ltd
Sector:	Housing & Construction
Founded:	2015
MTI invested:	2016
MTI' ownership:	77%
CEO:	Harry Tuluhungwa
Chairman	Pontus Engström
Revenue Q1 2023:	TEUR 38
Job creation:	+100 at various construction projects
SDGs:	1, 8, 9, 10, 11, 17
Region:	Dar es Salaam, Tanzania
Website:	www.ecohomes.co.tz



KEY FIGURES



12 (-25% YoY)

Number of total projects in Q1 2023



12 (+10% YoY)

Number of clients in Q1 2023



20.88 (832% YoY)

Metric tonnes of steel sold Q1 2023



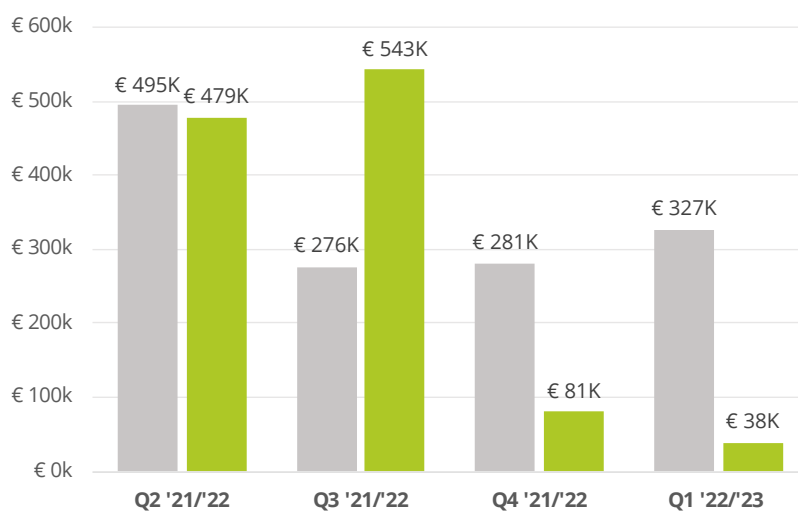
Harry Tuluhungwa
CEO

EVENTS DURING Q1

- Completed a maintenance room for CRDB Bank, Azikiwe Branch.
- Undertook LGS projects for clients such as Total Energies.
- Ecohomes sold 12.2 metric tons of steel from the factory.

REVENUE

Revenue in Q1 amounted to TEUR 38 (TEUR 327), a decrease by 88% compared to the same period the previous year. The reason being decrease in project contracts won.



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




Core holding company **Zanrec Plastics Co.Ltd**

Sector:	Waste Management
Founded:	2009
MTI invested:	2015
MTI' ownership:	49%
General Manager:	Justin Madho
Revenue Q1 2023:	TEUR 94
Job creation:	+50 who work as waste management collectors and two with waste management education
SDGs:	1, 3, 6, 8, 9, 10, 12, 13, 14, 15, 17
Region:	Zanzibar, Tanzania
Website:	www.zanrec.com



KEY FIGURES

 **173 (-17% YoY)**
Number of hotel clients in Q1 2023

 **70 tonnes (+192% YoY)**
Number of plastic waste collected in Q1 2023

 **1250 tonnes (+6% YoY)**
Number of total waste collected in Q1 2023



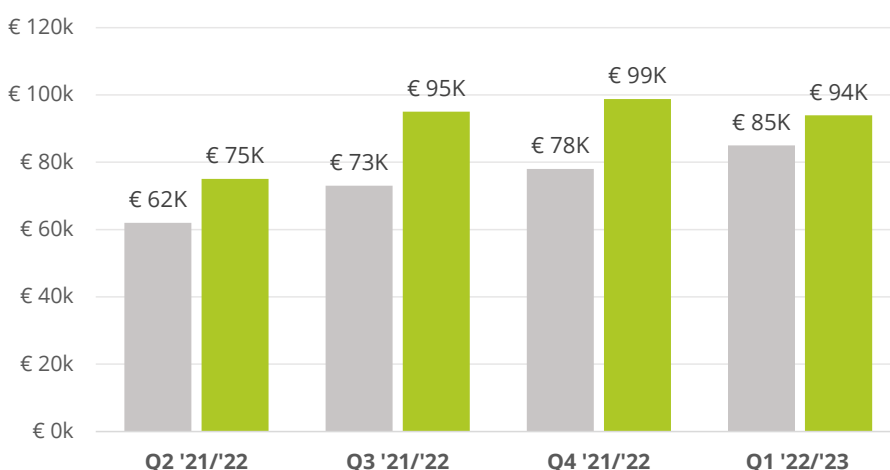
Justin Madho
General Manager

EVENTS DURING Q1

- Zanrec is now concentrating on the South district working with around 106 hotels from the area. The board decided to stop working in the Nungwi area, an area which was loss making.
- Launch of hotel booking portal (sustainable Zanzibar) has increased visibility of sustainable hotels in South District which has contributed to Zanrec closing deals with big hotels in the South District.

REVENUE

Revenue in Q1 2023 amounted to TEUR 94 (TEUR 85), an increase of 11% compared to Q1 2022. Revenue increased due to new hotels clients won in South District and baled plastic waste sales.



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

Core holding company Techbridge Invest AS

Sector:	Accelerator & Incubator
Founded:	2016
MTI invested:	2022
MTI' ownership:	49%
General Manager:	Frøydís D. Archer
Revenue Q1 2023:	TEUR 26
Job creation:	8 (in group)
SDGs:	4, 5, 8, 9, 10, 17
Region:	Mombasa, Kenya
Website:	www.techbridgeinvest.com



KEY FIGURES



15 (-42% YoY)

Number of entrepreneurs trained in Q1 2023



15 (-42% YoY)

Number of startups accelerated in Q1 2023



EUR 27 131 (15% YoY)

Revenue reported by Program enterprises- Startups in Q1 2023



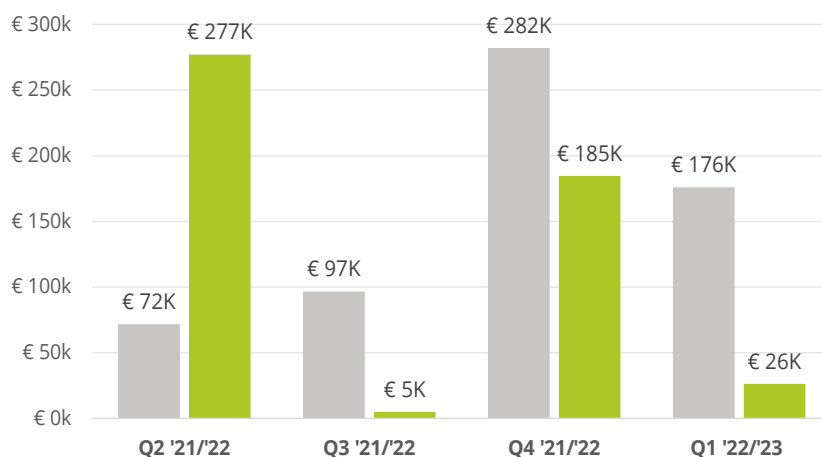
Frøydís D. Archer
CEO

EVENTS DURING Q1

- The annual Techbridge Demo Day event was held both online and in-person in Nairobi to allow the best start-ups from the last accelerator cohort to pitch their businesses. The judges evaluated the participants based on several criteria, such as the strength of the entrepreneur and their team, the value proposition, growth potential, social impact, among others. Based on these assessments, My WagePay, a startup that focuses on financial education, savings, and earned wage access, won the award for the best startup.

REVENUE

Revenue in Q1 2023 amounted to TEUR 26 (TEUR 176), a decrease of 85% compared to Q1 2022. TechBridge relies mostly on grant funding which is volatile and varies between quarters.



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



Core holding company Shambani Milk Ltd

Sector:	Dairy
Founded:	2003
MTI invested:	2015
MTI' ownership:	20%
General Manager:	Victor Mfinanga
Revenue Q1 2023:	TEUR 197
Job creation:	+300 via livestock breeders, raw material supplier, sales agents
SDGs:	1, 2, 3, 8, 10, 17
Region:	Morogoro, Tanzania



Mtindi is one of Shambani Milk's best selling products.

KEY FIGURES



184,623 (+22% YoY)

Number of liters milk sold in Q1 2023



5 (-96% YoY)

Number of milk suppliers in Q1 2023



3 (-25% YoY)

Number of sales agents in Q1 2023



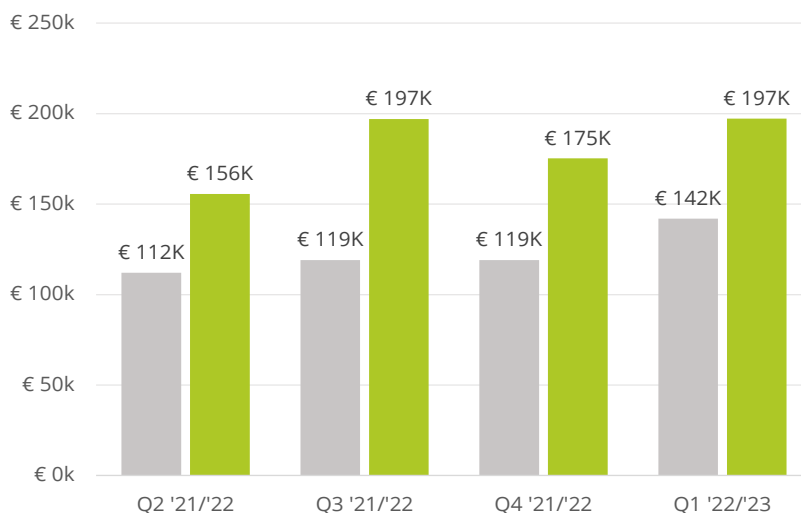
Victor Mfinanga
Managing Director

EVENTS DURING Q1

- Investment in an additional sales truck for Dar es Salaam in an effort to increase sales in the region in Q1 2023.
- A new packaging machine is in the process of being acquired.
- Working on launching small volume package of yogurt which will further boost revenue.
- Shambani Milk continues to focus on increasing in-house sales in Dar es Salaam, leading to reduced contribution of sales from agents in order to reduce agent cost.

REVENUE

Revenue in Q1 amounted to TEUR 197 (TEUR 142), an increase of 39% compared to the same period the previous year. This topline growth was enabled by increased raw milk supply.



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

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.

Annual report 2022
AGM
Silent period begins
H1 report 2023
Silent period begins
Year-end report 2023 (H2)
Annual report 2023
AGM

Week 20, 2023
9 June 2023
31 July, 2023
30 August 2023
23 February 2024
28 March 2024
week 20, 2024
7 June, 2024

OTHER REPORTS

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

Core holdings update Q3 2023
Core holdings update Q1 2024

20 November 2023
17 May 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