

MTI INVESTMENT SE

Core holdings update: Q3 2022



18 NOV 2022

Quote from the CEO:

"According to the African Development Bank's East Africa Economic outlook 2022, the region is seeing a robust recovery in growth post covid."

With the recent additions to MTI, we are positively contributing towards 16 out of the 17 UN SDGs, making MTI one of the best exposed ESG investments on Nasdaq First North."



Ecohomes



Zanrec



Shambani Milk



Chanzi



Techbridge / MTI



SUNami



WorkPay



Mtaji





Upcycled glass bottles from the local company Chako on Zanzibar, that is collaborating with Zanrec

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CORE HOLDINGS UPDATE Q3 2022

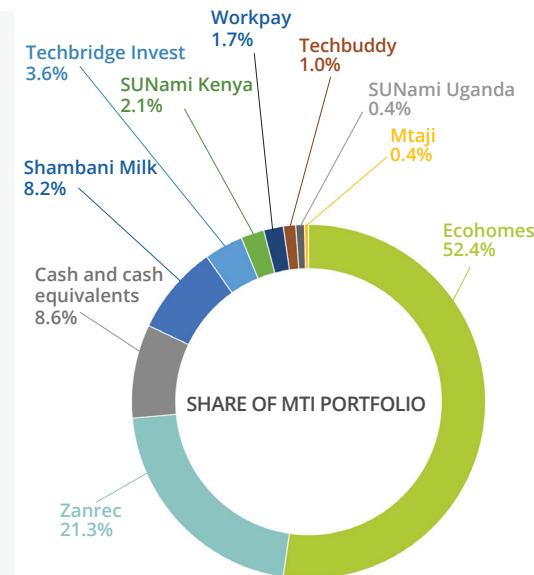
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ESTIMATED NET ASSETS **VALUE**

	NET ASSET VALUE ESTIMATE	SHARE OF MTI PORTFOLIO
WASTE MANAGEMENT		
Zanrec	1,525,834	21.3%
CONSTRUCTION		
Ecohomes	3,764,208	52.4%
AGRICULTURE		
Shambani Milk	589,020	8.2%
TECH		
Fintech / Mtaji	28,803	0.4%
Techbuddy	70,648	1.0%
Workpay*	119,854	1.7%
RENEWABLE ENERGY		
SUNami Uganda*	54,671	0.8%
SUNami Kenya*	152,267	2.1%
VENTURE BUILDER		
Techbridge Invest*	256,248	3.6%
Cash and cash equivalents and other net assets		
	616,158	8.6%
Total est. Net Asset Value	7,177,713	100%
Shares outstanding	5,703,029	
Estimated Net asset value per share (EUR)	1.26	
Estimated Net asset value per share (SEK)**	13.76	



	31.12.2021	31.03.2022	30.06.2022	30.09.2022
Net Asset Value Per share (SEK)	15.7	16.3	15.9	13.8
Share price (SEK)	9.88	6.24	5.02	4.14
Percentage difference	37%	62%	68%	70%

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 or valuation of future cash flows.

*The investments related to Techbridge Invest AS are included in the NAV as pro-forma since the final investment was concluded during Q4.

** Including the Techbridge Invest AS share acquisition, and associated companies

IMPORTANT EVENTS

IMPORTANT EVENTS DURING 3RD QUARTER 2022

- Zanrec's plastic baling business became operational during the quarter. Baling plastic is usually necessary for recycling facilities to accept it. Around 13 tons of plastic from the Swap shops and hotels have been baled for sale, with a near-term aim to increase to 20 tons per month. Zanrec is looking to expand its use of collection agents across the island to increase the amount of plastic that can be baled.
- Shambani Milk secured a three years term loan of approximately USD 86,000 from CRDB Bank PLC. The funds are being invested in the acquisition of trucks and distribution.
- Shambani also managed to increase the shelf life of its Mtindi products by eight days. Thus, the new shelf life is 36 days, which gives sales agents more confidence to stock and sell Shambani Mtindi.
- MTI's subsidiary Atsoko International AB completed the divestment of its ownership in Atsoko Tanzania Limited (Atsoko) through a management buy-out.
- MTI announces that Mr. Harry Tuluhungwa is the new CEO of Ecohomes Company Limited, replacing former CEO and co-founder Eric Chonjo.

Clean-up days arranged by Zanrec



WORDS FROM THE CEO

STRONG GROWTH IN ALL COMPANIES, WITH ECOHOMES GOING THROUGH A MAKEOVER WITH A NEW CEO IN PLACE

Dear shareholders,

While the Stockholm stock exchange index (SIXRX) is down 30.4 percent over the first 9 months this year, the valuations in East Africa have been stable. Nonetheless, MTI's share price is down 58 percent. During the third quarter (Q3), our total shareholder return was -17.5 percent, compared to the SIXRX return of -4 percent. Our adjusted net asset value also decreased by 15.3 percent during the third quarter, driven by multiple contraction in Ecohomes due to restructuring and reduced order intake, while other subsidiaries and associated companies showed resilient operating performance. MTI's performance benefited from a strengthened currency.

East Africa

According to the African Development Bank's East Africa Economic outlook 2022, the region is seeing a robust recovery in growth post covid. The Russia-Ukraine War which puts pressure on global food and energy prices, can slow economic growth, but stock markets in East Africa show resilience. The Dar es Salaam all share index was stable at 0 percent during the first three quarters of 2022, and the Nairobi all share index was up 5 percent. While most currencies have weakened against the USD, the Tanzania shilling has remained on par with the USD, likely due to the major gas discoveries made there. Major international firms like Equinor, Shell, ExxonMobil, Ophir Energy and Pavilion Energy are involved in developing a major LNG project, with expected exports to start in 2029-2030

Zanrec grew 30%

In the third quarter General Manager Justin Madho along with his team continued the relentless work of convincing more hotels to go with Zanrec, and at the end of the third quarter we had 240 paying clients, collecting 2181 tonnes of waste in total over the third quarter. Volumes of waste collected grew by 93 percent compared to the same period last year as a result of recovering tourism, with revenues growing by 30 percent. Part of the problem with the reshuffle in North A on Zanzibar, is that we had to handle more volumes of waste, but in doing so we received less revenue (see [press release](#)). We have filed a complaint with the authorities. To mitigate our risks in this regard, we are pivoting the business model into other revenue streams. One such new stream is the increased focus on collection of plastic, where our goal is to collect 20 tonnes of plastic per month. This builds on the much appreciated program around swap shops, where during the month of September opened our 6th swap shop in Zanzibar in partnership with the German NGO [Ozenkind](#). We also continue to explore and investigate waste-to-energy as a solution in addition to waste-to-protein, such as our new investment in Chanzi.

Ecohomes grew 97%

While Ecohomes was off to a strong start in terms of sales, it became apparent that performance in terms of execution and management control was poor, and below our expectations. As we reported, we therefore hired a new CEO who started in the third quarter, Mr Harry Tuluhungwa (see [press release](#)). Harry has in his first months in office done a complete overhaul of the internal processes of Ecohomes. He has had to improve

management and financial controls and execution at every level, and we have also initiated a cost cutting exercise to let go of some employees due to the strained cash flow. We have also developed a KPI scorecard and begun to use more systematized sales processes and tools, to both provide more transparency but also to be more focused on what really matters. During the third quarter, no new deals were signed, and it is now up to Ecohomes team to deliver during the final quarter of the year.

MTI Advisory

[Ester Foundation](#) in partnership with MTI is during the period 2022 - 2023 running an accelerator program for female immigrant entrepreneurs looking to scale up their ventures in Stockholm. Ester Foundation is an award-winning non-profit foundation established in 2012. The foundation provides support to foreign-born women who want to develop as entrepreneurs and is sponsored by the Wallenberg Foundation among others. MTI is providing advice regarding the design and implementation of the accelerator program through its advisory unit MTI Advisory AB. The program is a unique opportunity for ten to twelve female entrepreneurs to participate in a tailor-made venture-building program. Each participant will receive access to a team of mentors that have been chosen based on the specific needs of that particular company.

Through our vast experience in venture building we know that many entrepreneurs possess an impressive domain expertise, but often lack knowledge in regards to e.g. marketing, law, and finance which are key to successfully scale their businesses. The accelerator program that we have co-developed with Ester Foundation will alleviate the aforementioned challenges by providing personalized actionable advice and support. It is our hope and intention to discover talented East African diaspora entrepreneurs, who are building ventures in East Africa. This initiative also pairs well with the recently announced collaboration and subsequent share investment in Techbridge in Kenya.

WORDS FROM THE CEO (CONTINUED)

MTI ASSOCIATED COMPANIES

Shambani Milk grew 65%

Shambani Milk took off with 65 percent growth year on year in the third quarter, on the back of securing deliveries of milk, optimizing production and also by taking over a supplier of milk in Dar es Salaam. In addition, it has increased the shelf life of their Mtindi products by 8 days, which gives sales agents more confidence to stock and sell Shambani Mtindi. Mtindi can be compared to Greek yogurt.

Mtaji

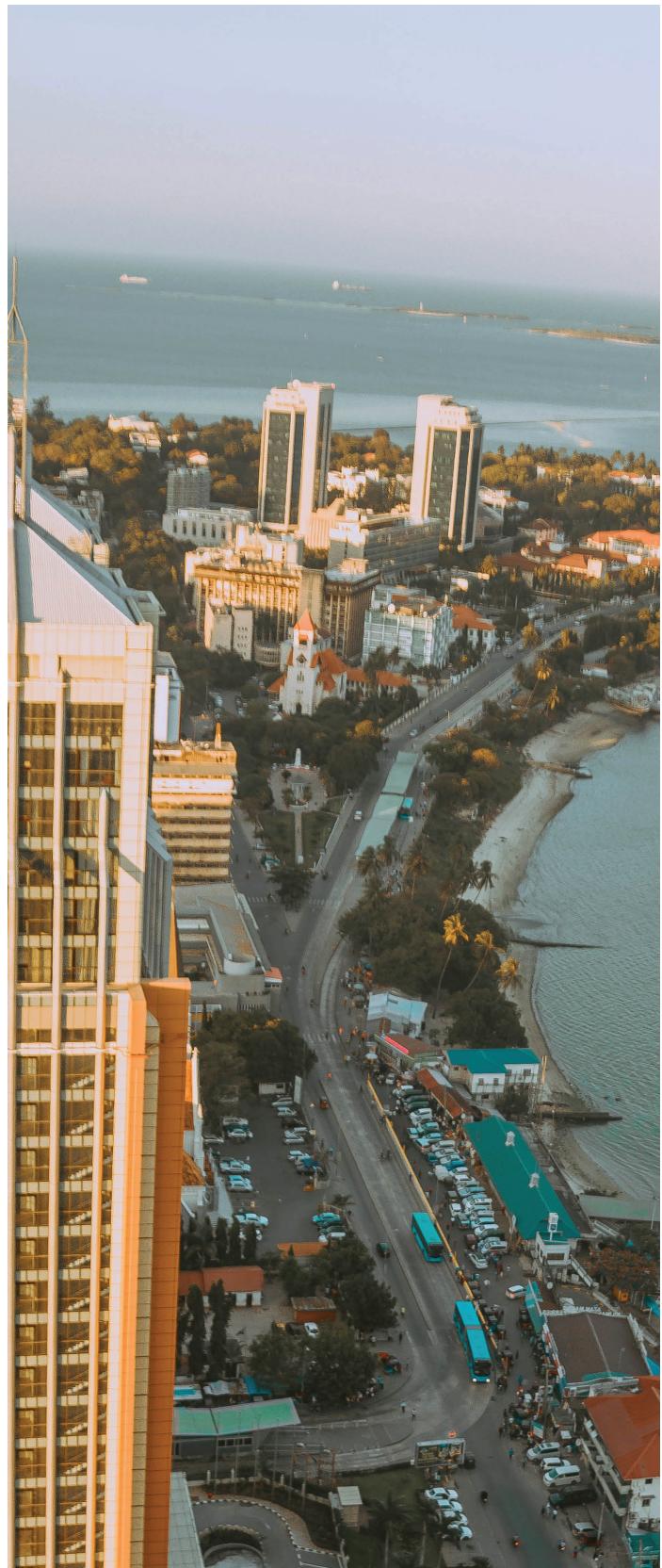
Since receiving its Microfinance Tier II non-deposit taking license, Mtaji is now able to start its growth journey. Mtaji is focused on solving liquidity issues for B2B trade and for SME businesses in Tanzania, with payment reminder services and customer invoice financing. In Mtaji's initial work with Atsoko and Zanrec the results are great. Justin with Zanrec is seeing an improved customer payment culture, strengthened liquidity and a reduced number of overdue invoices. In a pilot with Atsoko, customers have repeatedly used the service since February 2022 increasing the sales for both Atsoko's and its customers.

During the third quarter we also worked on closing the Techbridge investment which was completed after the third quarter. It opens up to new challenges and opportunities, by expanding MTI into renewable energy, fintech and an outstanding accelerator program in Mombasa. In the weeks following the third quarter we announced an investment in the sustainable protein company Chanzi ([press release](#)) and we also concluded the investment in Techbridge ([press release](#)). Lastly, do not forget to join us on a brief investor trip to Zanzibar, Tanzania in mid January, but one must hurry as the cost of travel is increasing by the day ([information on event](#)).

Finally, with the most recent additions to MTI, we are positively contributing towards 16 out of the 17 UN SDGs, making MTI one of the best exposed ESG investments on Nasdaq First North.



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.



"Mt" 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



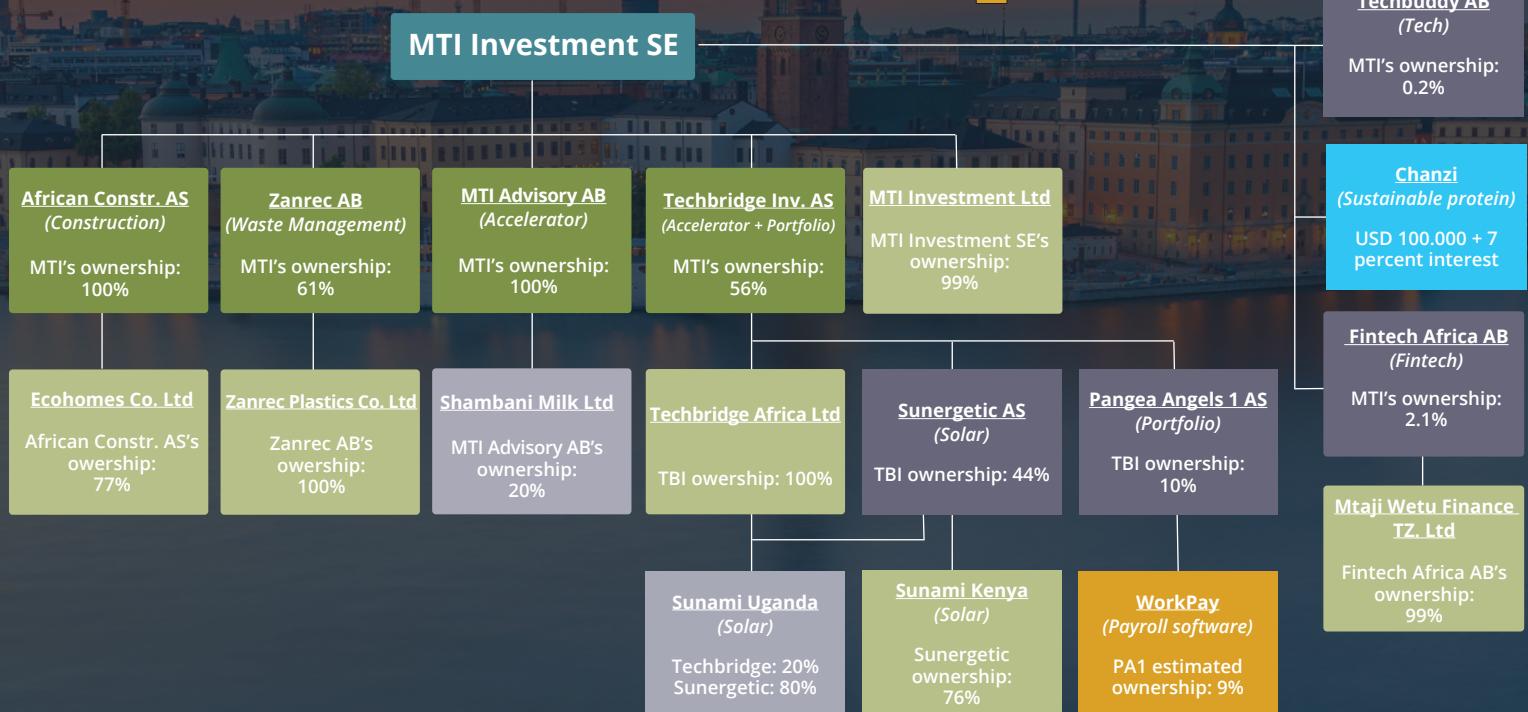
Ph.D. Pontus Engström
CEO & Co-founder



Ph.D. Neema Mori
Co-founder

- Group parent company
- Nordic company, MTI's ownership > 50%.
- East African company, ownership > 50%.
- Nordic company, ownership < 50%.
- East African company, MTI's ownership < 50%.
- Convertible debt
- SAFE Note

The holding company has its headquarter in Danderyd, Sweden



Please note: Chanzi and Techbridge, with related holdings, are added into the MTI portfolio during Q4 of 2022.

CORE HOLDINGS UPDATE Q3 2022



Core holding company	Ecohomes Co.Ltd
Sector:	Housing & Construction
Founded:	2015
MTI invested:	2016
MTI's ownership:	77%
CEO:	Harry Tuluhungwa
Revenue Q3 2022:	TEUR 543
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

 **2 (-66% YoY)**

Number of total projects in Q3 2022

 **2 (0% YoY)**

Number of bank branches built in Q3 2022

 **1 (+100% YoY)**

Number of residential houses built in Q3 2022



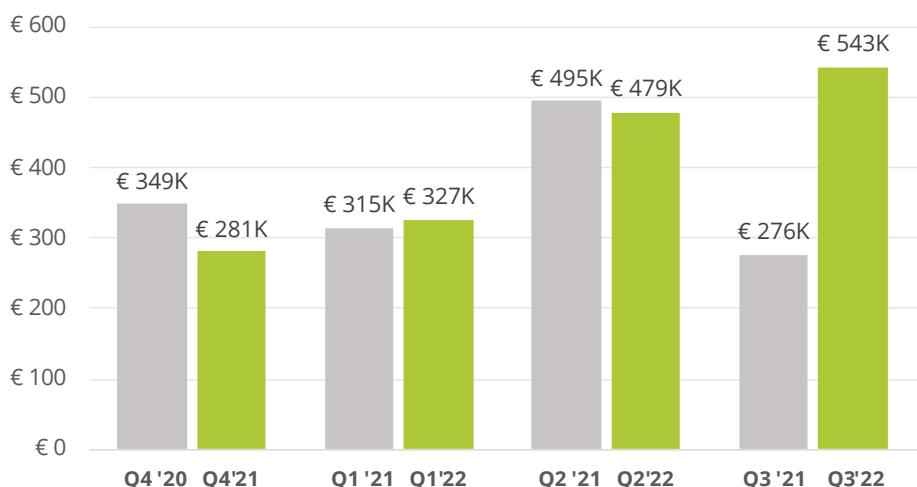
*Harry Tuluhungwa
CEO*

EVENTS DURING Q3

- Harry Tuluhungwa is the new CEO of Ecohomes Company Limited, replacing former CEO and co-founder Eric Chonjo.
- Ecohomes managed to sell 12.9 Metric tons of steel from the factory.

REVENUE

Revenue in Q3 amounted to TEUR 543 (TEUR 276), an increase of 96.6% compared to the same period the previous year. The reason for increase is billings raised for completion of two bank branches.



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:	61%
General Manager:	Justin Madho
Revenue Q3 2022:	TEUR 95
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

 **240 (+53% YoY)**

Number of hotel clients in Q3 2022

 **16 tonnes (+60% YoY)**

Number of plastic waste collected in Q3 2022

 **2181 tonnes (+93% YoY)**

Number of total waste collected in Q3 2022



*Justin Madho
General Manager*

EVENTS DURING Q3

- Zanrec has started baling plastic. Around 13 tons of plastic have been baled with the source of collection being the Swop shops and hotels.

REVENUE

Revenue in Q3 2022 amounted to TEUR 95 (TEUR 73), an increase of 30% compared to Q3 2021. Revenue increased due to 40 new clients of which 35 are hotels in the South district.



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



Ladha halisi ya Mazina

Core holding company Shambani Milk Ltd

Sector:	Dairy
Founded:	2003
MTI invested:	2015
MTI' ownership:	20%
General Manager:	Victor Mfinanga
Revenue Q3 2022:	TEUR 197
Job creation:	+300 via livestock breeders, raw material supplier, sales agents
SDGs:	1, 2, 3, 8, 10, 17
Region:	Morogoro, Tanzania



KEY FIGURES



189,733 (+37% YoY)

Number of liters milk sold in Q3 2022



70 (-68% YoY)

Number of milk suppliers in Q3 2022



3 (-25% YoY)

Number of sales agents in Q3 2022



Victor Mfinanga
Managing Director

EVENTS DURING Q3

- Shambani Milk secured a three years term loan of USD 85,837 from CRDB Bank PLC at an interest rate of 9%. The funds are being invested in:
 - Sales trucks and depot for Dar es Salaam and Dodoma distribution.
 - Transport truck for raw milk.
 - Small pack of yogurt.
- Shambani Milk managed to increase the shelf life of their Mtindi products by 8 days, which gives sales agents more confidence to stock and sell the product.

REVENUE

Revenue in Q3 amounted to TEUR 197 (TEUR 119), an increase of 65% 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.

Year-end report 2022 (H2)	29 March 2023
Annual report 2022	Week 20, 2023
AGM	9 June 2023
H1 report 2023	30 August 2023
Year-end report 2023 (H2)	28 March 2024

OTHER REPORTS

MTI Investment also issues core holdings updates*.

All updates can be downloaded at www.mti-investment.com.

Core holdings update Q1 2023	19 May 2023
Core holdings update Q3 2023	20 November 2023

* 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

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