

# MTI INVESTMENT SE

Core holdings update: Q1 2022



18 May 2022

*Anna Jonas*  
*Quantity Surveyor, Ecohomes*



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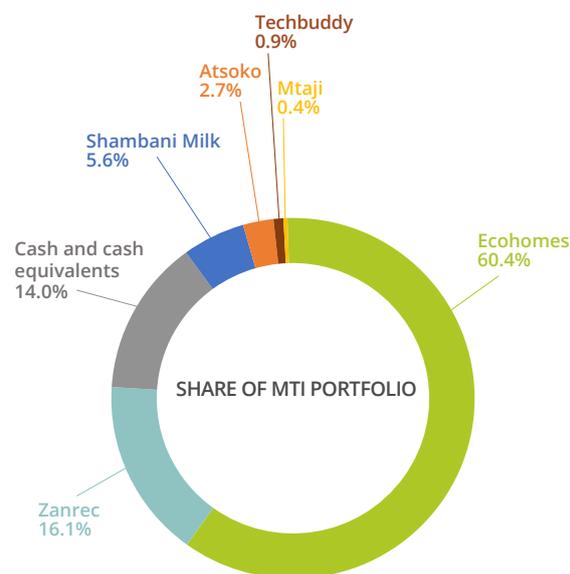
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ESTIMATED NET ASSETS **VALUE**

	NET ASSET VALUE ESTIMATE	SHARE OF MTI PORTFOLIO
<b>WASTE MANAGEMENT</b>		
Zanrec	1,355,485	16.1%
<b>CONSTRUCTION</b>		
Ecohomes	5,098,479	60.4%
<b>AGRICULTURE</b>		
Shambani Milk	471,337	5.6%
<b>TECH</b>		
Fintech / Mtaji	29,808	0.4%
Techbuddy	74,172	0.9%
<b>RETAIL</b>		
Atsoko	228,927	2.7%
<b>Cash and cash equivalents and other net assets</b>		
	1,180,644	14.0%
<b>Total est. Net Asset Value</b>	<b>8,438,852</b>	<b>100%</b>
<b>Shares outstanding</b>	<b>5,383,600</b>	
<b>Estimated Net asset value per share (EUR)</b>	<b>1.6</b>	
<b>Estimated Net asset value per share (SEK)</b>	<b>16.3</b>	



	31.12.2021	31.03.2022
Net Asset Value Per share (SEK)	15.7	16.3
Share price (SEK)	9.88	6.24
Percentage difference	37%	62%

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.

## IMPORTANT EVENTS

### IMPORTANT EVENTS DURING 1<sup>ST</sup> QUARTER 2022

- Martin Rex Empacher, CEO and co-founder of YardHouse Capital Group, joined the board of Zanrec AB, a subsidiary (61%) of MTI Investment. Empacher represents Holdingselskabet Claus Jørgensen II ApS that invested USD 300,000 into Zanrec AB for a 12.9% shareholding in Zanrec AB.
- Ecohomes was awarded several contracts to remodel bank branches for in particular CRDB Bank but is also receiving interest from several other banks such as Stanbic bank in Tanzania.
- Ecohomes was also awarded a major contract for CRDB Bank in Lubumbashi in Democratic Republic of the Congo (DCR). This project opens new business opportunities with other members of the East African Community.
- MTI Investment made a USD 389,000 investment into our subsidiary Ecohomes Company Ltd as working capital for investments in steel, but also in new roofing sheet machinery and equipment. The investment is made via MTI's fully owned Norwegian holding company, African Construction AS.
- Following a strategic review, due to not only operational and regulatory challenges, MTI Investment SE and co-owner Bratt International AB have decided to explore how to best divest its joint ownership in Atsoko Tanzania Limited.
- The war in Ukraine has had a limited impact on the company's operations in the first quarter. However, we continue to monitor the situation.

Clean-up days arranged by Zanrec



WORDS FROM **THE CEO****MIXED PORTFOLIO PERFORMANCE, WITH STRONG RECOVERY  
IN SHAMBANI MILK****Zanrec**

In this first quarter, Zanrec continues to show positive numbers, but behind the numbers are also some challenges. The hotel chain Pili Pili stopped all business due to financial problems. As a result, Zanrec lost 13 hotel clients and USD 3500 in monthly turnover. However, Justin and his team were able to offset this loss by taking in new clients. Another challenge Zanrec faced, which will affect performance in Q2, was that the North A district abruptly decided to change the awarded areas in which Zanrec could operate in the North A, and switched Zanrec into working in the Nungwi area. It remains to be seen how this will affect the Q2 numbers. On the positive side, Zanrec has a strong track record with the German NGO Ozeankind in setting up so called "swap shops" on the island. These are small shops where kids can bring in plastics which is subsequently weighted, and given points. These points can thereafter be traded into products. During Q1, Zanrec had four swap shops and serviced 122 hotels, and 87 private households.

**Ecohomes**

Ecohomes saw on the one hand a strong order intake, winning several big contracts to build bank branches, ending the quarter being awarded a major contract for CRDB in Lubumbashi in Democratic Republic of the Congo (DRC), worth EUR 541,000. In total, Ecohomes has during the first three months of the year landed projects worth EUR 963,000. However, the projects have not yet been fully executed, and more of the income relating to these projects will fall in Q2 and Q3. During Q1, MTI invested another USD 389,000 in Ecohomes to help facilitate needed raw material orders to help speed up the implementation of the awarded projects. This resulted in an increase in our ownership from 64% to 77%.

**Shambani Milk**

Shambani Milk recovered well in the first quarter. Previously the availability of raw milk was a major hurdle, but also high operational expenses. It is therefore encouraging to see that Victor Mfinanga and his team have been more fortunate on securing raw milk, but also being able to decrease operational costs significantly, on the back of cost measures introduced in Q3 of last year. The focus now is to invest in distribution.

**Atsoko**

The company, under the leadership of Rehema Julius, continues to focus its efforts on reducing costs and optimizing the product and service offering. Despite the improvement, we continue to seek to divest the ownership in Atsoko. The alternatives looked upon include management buy-out, sale to a new party, and liquidation, as the last alternative.

**The situation in Ukraine and how it affects Tanzania**

One question many ask is how the war in Ukraine affects Tanzania. It is yet to be seen what the effects will be, but we are seeing that raw material prices are going up, the price of petroleum is going up, and the country is also dependent on wheat imports from Ukraine. At the same time, Equinor and Shell lead an energy project together with Exxon Mobile, Pavilion and Orphir, a project which may result in up to USD 30 billion in infrastructure investments. In addition, the construction of the world's longest heated pipeline will be positive for job creation with an estimated 10,000 jobs being created, which may create opportunities in particular for Ecohomes. Also, with joining the East African Community, the whole region becomes more competitive and easy to access, from the Indian Ocean to the Atlantic Ocean, with improved access to the larger African Continental Free Trade Area (AfCFTA). In other words, we see effects that negatively impact Tanzania, but we also see new developments which also in themselves provide a positive cushion. As Tanzania businessman, entrepreneur and billionaire Reginald Mengi once said *"One of the secrets of success in business is to see problems as challenges and see opportunities in those challenges."* Nothing can be more true about the current state of the Tanzanian economy.



A handwritten signature in black ink, appearing to read 'Pontus Engström'.

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 becoming 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

## MTI INVESTMENT SE COMPANY STRUCTURE

*The holding company has its headquarter in Danderyd, Sweden*

- Holding company
- Nordic company, MTI's ownership > 50%.
- East African company, MTI's ownership > 50%.
- Nordic company, MTI's ownership < 50%.
- East African company, MTI's ownership < 50%.



CORE HOLDINGS UPDATE **Q1 2022**

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Core holding company	Ecohomes Co.Ltd
Sector:	Housing & Construction
Founded:	2015
MTI invested:	2016
MTI' ownership:	77%
CEO:	Eric Chonjo
Revenue Q1 2022:	TEUR 321
Job creation:	+100 at various construction projects
SDGs:	Goal 11: Sustainable cities and communities
Region:	Dar es Salaam, Tanzania
Website:	<a href="http://www.ecohomes.co.tz">www.ecohomes.co.tz</a>



Fit-out work for CRDB

### KEY FIGURES



**16 (-33% YoY)**

Number of total projects in Q1 2022



**3 (0% YoY)**

Number of bank branches built in Q1 2022



**9 (+100% YoY)**

Number of residential houses built in Q1 2022



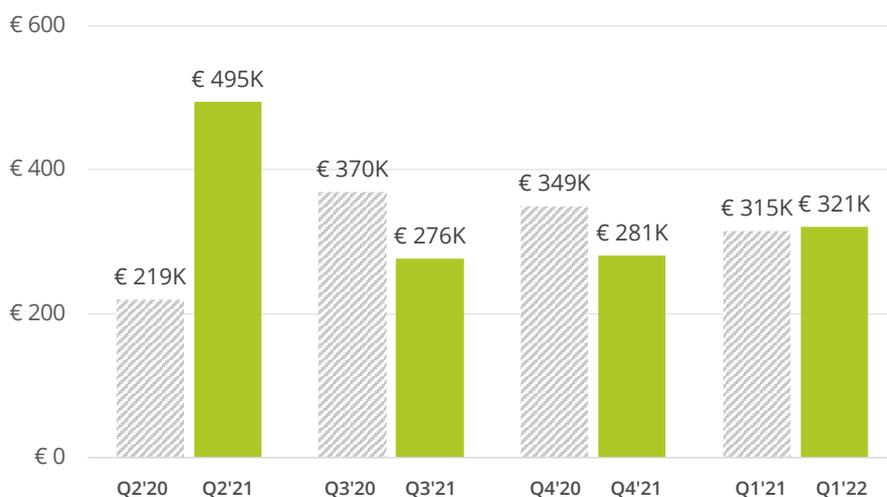
Eric Chonjo  
CEO

### EVENTS DURING Q1

- Ecohomes won a TZS 1.4 billion VAT inclusive tender fit-out work for CDRB Bank branch in Lubumbashi in Democratic Republic of the Congo. This project opens new business opportunities with other members of the East African Community.
- Ecohomes secured an agreement to build and lease five banks for CRDB Bank in Tanzania.

### REVENUE

Ecohomes' revenue in Q1 amounted to TEUR 321 (TEUR 315), an increase of 2% compared to the same period the previous year.



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

Core holding company **Atsoko Tanzania Ltd**

Sector: Beauty & Cosmetics

Founded: 2012

MTI invested: 2015

MTI' ownership: 67%

General Manager: Rehema Julius

Revenue Q1 2022: TEUR 31

Job creation: +50 who work as sales agents or makeup artists

SDGs: Goal 3: Good health and well-being

Goal 8: Decent work and economic growth

Region: Dar es Salaam, Tanzania

Website: [www.atsoko.com](http://www.atsoko.com)



## KEY FIGURES

 **1083 (+23% YoY)**  
Number of transactions in Q1 2022

 **761 (+39% YoY)**  
Number of customers in Q1 2022

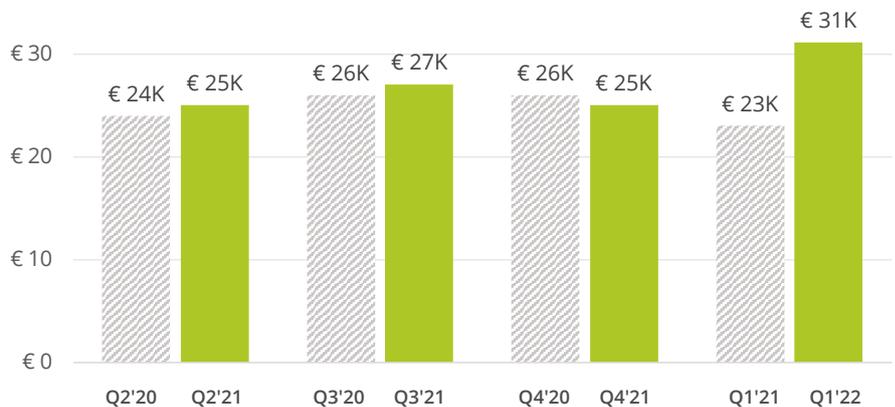
 **426 pcs (+12% YoY)**  
Number of Atsoko private label lipstick sold in Q1 2022

## EVENTS DURING Q1

- Tanzania Bureau of Standards (TBS) changed the requirements of allowed ingredients in cosmetics. The decision led to a re-registration and new importation of items without the banned ingredients. All of Atsoko's suppliers have been informed and they have started working on improving the product ingredients.
- Atsoko secured a supplier from Kenya who can easily supply Atsoko with the perfume brand "Adopt" from France, which is one of the top-selling brands at Atsoko.

## REVENUE

Atsoko's revenue in Q1 amounted to TEUR 31 (TEUR 23), an increase of 35% compared to the same period the previous year. Revenue improved as the impact of Covid -19 was less in Q1 2022 than in Q1 2021.



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



**Rehema Julius**  
General Manager



Community cleaning day together with Zanrec

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

**Sector:** Waste Management

**Founded:** 2009

**MTI invested:** 2015

**MTI' ownership:** 61%

**General Manager:** Justin Madho

**Revenue Q1 2022:** TEUR 85

**Job creation:** +50 who work as waste management and with waste management education

**SDGs:** Goal 11: Sustainable cities and communities  
Goal 12: Responsible consumption and production

**Region:** Zanzibar, Tanzania

**Website:** [www.zanrec.com](http://www.zanrec.com)

## KEY FIGURES

 **209 (+94% YoY)**  
Number of hotel clients in Q1 2022

 **24 tonnes (+41% YoY)**  
Number of plastic waste collected in Q1 2022

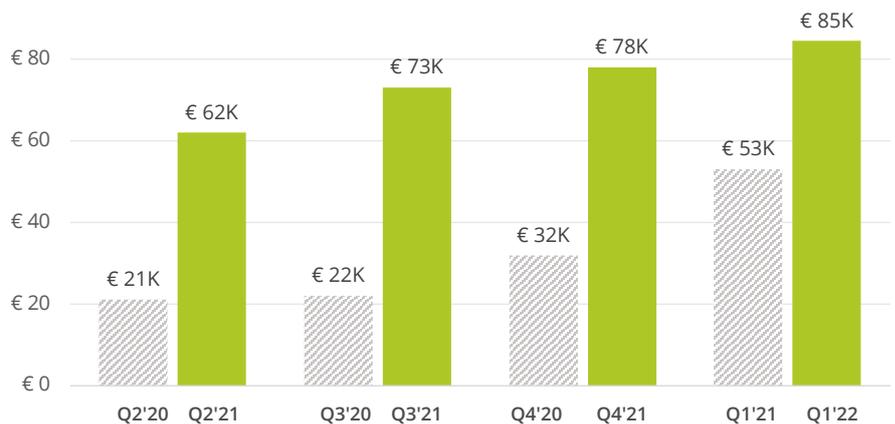
 **1180 tonnes (+25% YoY)**  
Number of total waste collected in Q1 2022

## EVENTS DURING Q1

- Zanrec had a community and beach clean-up in Matemwe together with the German NGO Ozeankind, the local hotels, Matemwe community and the local schools. The clean-up took 1.5 hours and 144 people participated. 1.5 tonnes of waste was collected from the small dumpsites in the village. The main waste that was collected was plastic bottles and clothes.

## REVENUE

Zanrec's revenue in Q1 amounted to TEUR 85 (TEUR 53), an increase of 60% compared to the previous year. Revenue increased due to new hotel clients from both North A District where Zanrec won the tender for waste management towards the end of last year. Zanrec also received new hotel clients from the South District.



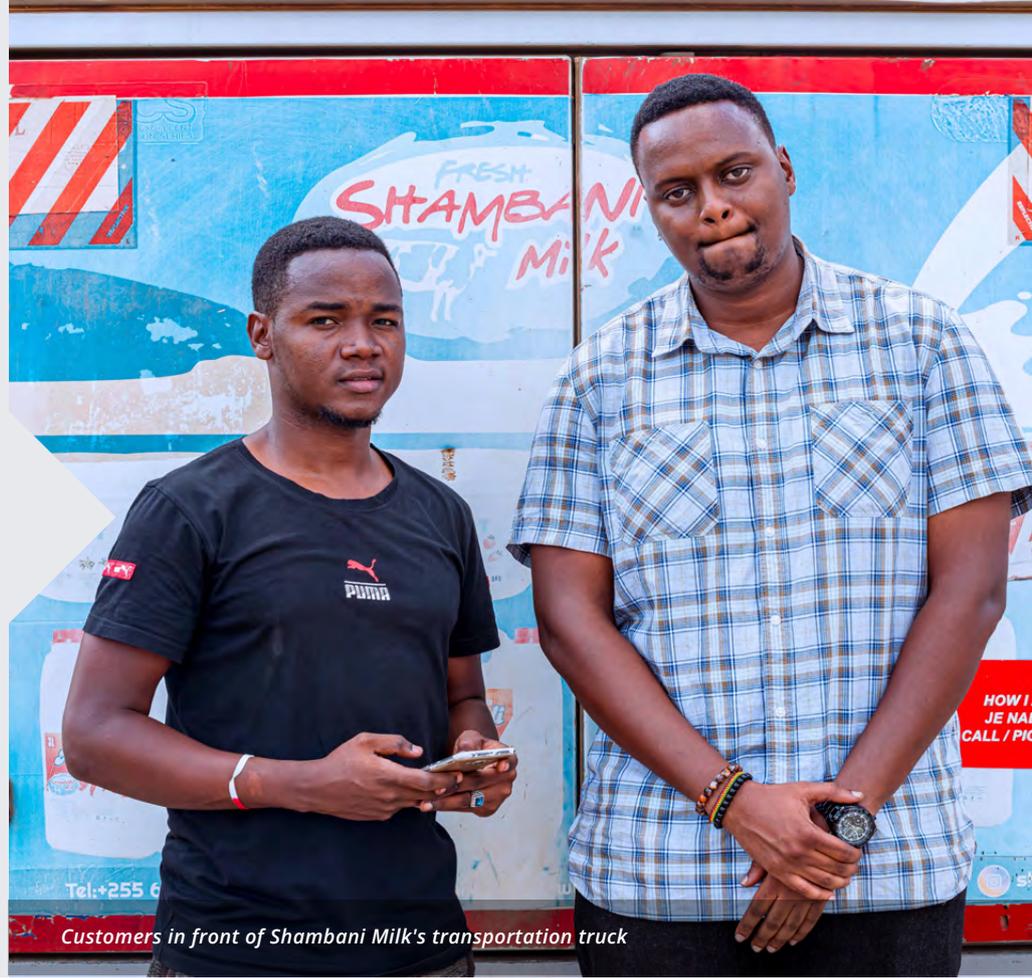
The graph shows the quarterly revenue over the past 12 months compared to the same period the previous year.



**Justin Madho**  
General Manager



<b>Core holding company</b>	<b>Shambani Milk Ltd</b>
Sector:	Dairy
Founded:	2003
MTI invested:	2015
MTI' ownership:	20%
General Manager:	Victor Mfinanga
Revenue Q1 2022:	TEUR 142
Job creation:	+300 via livestock breeders, raw material supplier, sales agents
SDGs:	Goal 2: Zero hunger
Region:	Morogoro, Tanzania



Customers in front of Shambani Milk's transportation truck

## KEY FIGURES

 **151,382 (+17% YoY)**  
Number of liters milk sold in Q1 2022

 **120 (-45% YoY)**  
Number of milk suppliers in Q1 2022

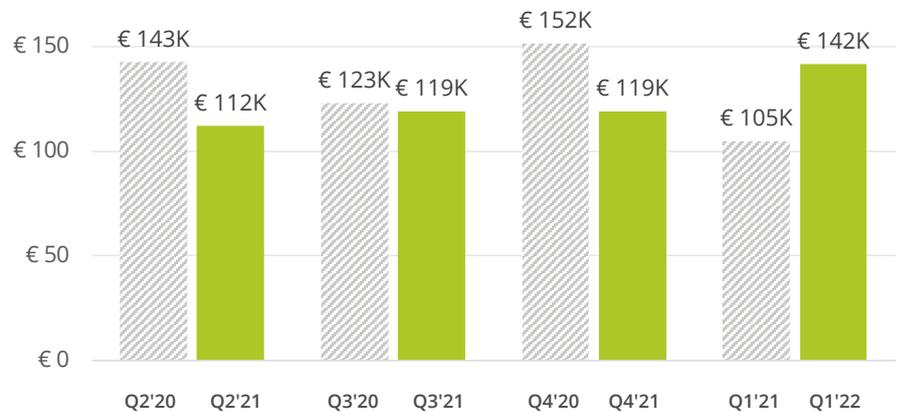
 **4 (0% YoY)**  
Number of sales agents in Q1 2022

## EVENTS DURING Q1

- Shambani Milk increased sales by focusing on making its products more available for its customers. This include putting their products in more points of sales (POS) e.g in shops, mini-supermarkets and supermarkets.
- Shambani Milk restructured the company by combining the Finance role and the HR role into Finance and Administration Department. This was done to improve efficiency following separation of these functions from parent company (SGE), which used to share these costs.

## REVENUE

Revenue in Q1 2022 amounted to TEUR 142 (TEUR 105), an increase of 35% compared to the same period the previous year.



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



**Victor Mfinanga**  
Managing Director

## 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 since this core holding update is not a formal interim report.

### CERTIFIED ADVISER

#### **Mangold Fondkommission AB**

Mangold Fondkommission AB is acting as the company's Certified Adviser and can be reached on:

Phone: +46 (0)8-5030 1550

Email: [ca@mangold.se](mailto:ca@mangold.se)

## REPORTING CALENDAR

### FORMAL REPORTS

MTI Investment issues formal half-year interim reports.  
All reports can be downloaded at [www.mti-investment.com](http://www.mti-investment.com).

AGM	9 June 2022
Interim report (H1) incl. core holdings update Q2	30 August 2022
Year-end Report (H2) incl. core holdings update Q4	24 March 2023
Annual report 2022	Week 20, 2023

### INFORMAL REPORTS

MTI Investment also issues informal core holdings updates\*.  
All updates can be downloaded at [www.mti-investment.com](http://www.mti-investment.com).

Core holdings update Q3	18 November 2022
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\* 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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## MTI INVESTMENT SE

Org. 517100-0135

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### CONTACT PERSON

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### WEBSITE

*For more information visit us at*

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