

AML Finance Limited – Company Snapshot June, 2021

1. AML Finance Limited - The Company

AML Finance Limited (AML) is a non-deposit taking financial Institution based in Dar es Salaam. It was first registered as African Microfinance Limited in 2010 and started operations in the same year. It holds a Certificate of Incorporation No. 75969 and Bank of Tanzania (BOT) licence number MSP2 -0316. In 2015 the company changed its name to AML Finance Limited (AML) and transformed its business mode by embracing more Small and Medium sized Enterprises (SME's) segment.

A Strategic Business Plan 2019-2023 (SBP) is now in place and drives the implementation of company's Brand, Vision and Mission. The SBP is directed towards achieving an enhanced level of performance that will make AML a leader in the development and delivery of quality products and services to the upper end of the SMEs and to deliver results that will attract long-term partners for further growth.

AML now seeks to raise some two million dollars (USD 2m) in the form of debt and or equity with buy-back option, from credible investors so as to finance its growth. This funding will be in an exchange of 25% stake of the company. Through this capital raising, the company is eyeing to strengthen its capital base to support lending to SMEs and improving technology infrastructure as well as hiring more staff including an independent Managing Director

2. Current AML Shareholding Structure

AML is owned by Mr. Reginald Massawe and Mrs. Agnes Massawe, who collectively own 100% of the company's shares. Mr. Massawe is the current Managing Director of the company. Owners' equity as at 31st December, 2020 was as follows:

Owners' Equity	TZS '000
Paid Up Capital	300,000
General Reserve	357,123
Retained Earnings	5,875,350
Total Owners Equity	6,532,473

The shareholders and the Board are in discussions on the strategic, long term approach to succession planning. The possible options includes merging AML with another microfinance institution, younger generation take over, and invitation of new shareholders or a combination of these. Coupled with that, the Board is also looking into the putting the management of the company under responsibility of professionals who are not shareholders.

3. AML Governance and Board of Directors

AML is a well-run organization. The management team comprises of six young and well experienced individuals in the financial sector. The team has deep commitment toward business and employee success and has the capacity to take the company to the next level. Similarly, AML has a very efficient Board of Directors, comprising of seven Directors as the oversight organ with a Committee that assist it in the discharge of its governance mandate. The Board has a good mix of qualifications and

experiences, in the areas of entrepreneurship, economics, banking, human resources management, audit and controls. The current Board members are:

Director	Qualification	Position	Nationality	Tenure end
Dr. Donath Olomi (Chair)	PhD	Non-executive Chairman	Tanzania	2021
Dr. Charles Kimei	PhD	Non-executive Director	Tanzania	2023
Mr. Reginald Massawe	MBA	Executive Director	Tanzania	Open
Ms. Agnes Massawe	MBA	Non-executive Director	Tanzania	Open
Dr. Josaphat Kweka	PhD	Non-executive Director	Tanzania	2024
Mr. Severin Ndaskoi	MSC,CPA,CIA	Non-executive Director	Tanzania	2024
Dr. Josephine Kimaro	PhD	Non-executive Director	Tanzania	2024
Ms. Neema Kayuni	LLB/Advocate	Secretary to the Board	Tanzania	Open

4. AML Company Valuation

Over the past 10 years the company has grown from a capital base of TZS. 0.4B to TZS. 8.0B in 2021, and it is now well positioned for the second phase growth toward TZS.20B portfolio in 2025. TIB Rasilimali Limited, which is licensed by capital market and securities authority (CMSA) to provide advisory services, carried out a company valuation for AML in 2020 and the results show that the AML market values varies from TZS 10B to TZS 18B as shown below:

Figure in Tzs	Revenue Multiple Tzs.	EBITDA Tzs	Book Value Tzs.	Discounted Cash Flow Tzs.
Value of Reginald Massawe	6,091,604,250	7,531,407,500	8,854,706,948	11,408,236,678
Value of Agnes Massawe	1,218,320,850	1,506,281,500	1,770,941,390	2,281,647,336
Value of Un-allotted shares	2,436,641,700	3,012,563,000	3,541,882,779	4,563,294,671
Total Enterprise Value (Ordinary share)	9,746,566,800	12,050,252,000	14,167,531,117	18,253,178,685

5. AML Financial Projections (Summary)

A snapshot of the historical performance (2016-2020) and the key financial projections for the years 2021 – 25 (assuming we get the US 2m funding by December, 2021) are as follows:

Item	TZS. Million									
	Actual					Projections				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Portfolio Size	4,689	6,358	7,648	8,762	7,844	9,000	13,000	15,600	17,720	20,464
Interest Income	2,284	2,737	3,035	3,907	3,242	3,600	4,320	5,184	6,221	7,465
Non-Interest Income	729	559	1,122	1,249	793	900	1,080	1,296	1,555	1,866
Net Income After Tax	82	29	601	415	656	720	864	1,037	1,244	1,493
Net Profit Margin %	3	9	15	8	16	16	16	16	16	16
Return on Equity %	2	6	12	8	10	10	12	13	15	16
Portfolio growth rate %	-	36	20	15	(10)	15	44	20	20	20
Debt/equity ratio										

6. Conducting remarks

Both the world Bank and African Development Bank view the Tanzanian economic outlook and the business environment very positively and sustainable. Also the demand for credit by the private sector is growing at a growing rate, especially at the SMES and individual levels, given the growing middle income class. AML is determined to tap into this opportunity with the ultimate objective of growing the company to generate sustainable, attractive returns in order to maintain financial viability, achieve high creditworthiness, and remain a good corporate citizen.

Welcome to AML