# MEBA MICROFINANCE INSTITUTION SHARE COMPANY

## Registration of Existing Ordinary Shares; the Rights Offer and Registration of New Ordinary Shares

**August 7, 2026**

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION**

This Prospectus is issued under the provisions of the Capital Market Proclamation No. 1248/2021 and in compliance with the Public Offering and Trading of Securities Directive No. 1030/2024 of the Ethiopian Capital Market Authority (ECMA) for the purpose of giving information to the public regarding the Securities. The Prospectus has been approved, and the securities it offers have been registered by the ECMA.

Please read this Prospectus in full and, where in doubt as to the action you should take, consult an appropriate licensed independent securities advisor for guidance before investing in securities.

The Company, the directors of the Company (the "Directors"), and the Chief Executive Officer and Chief Financial Officer (the "Executive Management") of the Company, accept full responsibility for the information contained in this Prospectus. To the best of their knowledge and belief, they have taken all reasonable care to ensure that the information in the Prospectus is in accordance with facts and does not omit anything likely to affect the importance of such information or make the expression of such information or opinion misleading or untrue.

An investment in the Offer carries inherent risks. Prospective investors are advised to carefully review the risk factors detailed in Section 9 of this prospectus before making any investment decision. These considerations apply to investments made by existing holders of the Company's ordinary shares (the "Existing Shareholders"), as well as by institutional investors and high-net-worth individuals classified as "Qualified Investors" and any other individuals investing on their own behalf who do not meet the criteria of a Qualified Investor (the "Retail Investors"). Collectively, these parties are referred to as "Prospective Investors."

**THE APPROVAL OF THE PROSPECTUS AND THE REGISTRATION OF THE SECURITIES SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE ETHIOPIAN CAPITAL MARKET AUTHORITY OF THE ISSUER OR OF THE SECURITIES THAT ARE THE SUBJECT OF THIS PROSPECTUS. THE ETHIOPIAN CAPITAL MARKET AUTHORITY DOES NOT ASSUME RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS, OPINIONS, OR REPORTS INCLUDED HEREIN.**

**Meba Microfinance Institution S.C.**

Commercial Registration Certificate No. MT/AA/3/0057318/2016

This Prospectus relates to the registration of **34,388** existing Ordinary Shares. The Rights Offer of **200,000** Ordinary Shares at ETB **550** per share and registration of those new Ordinary Shares.

| **Transaction Advisor** | **Independent Legal Advisor** |
|---|---|
| First Addis Investment Bank | Firaol Tesfaye Gudeta (LLB, LLM) Attorney and Legal Consultant |

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## GENERAL REQUIREMENTS

# SECTION 1: GENERAL REQUIREMENTS

## 1.1 Definitions and Abbreviations

Unless the context otherwise requires, the following definitions and abbreviations apply throughout this Prospectus. Defined terms shall have the same meaning wherever they appear in this Prospectus, including in the Financial Statements, notes thereto, and all cross-references, unless expressly stated otherwise.

Table 1: Abbreviations and Descriptions

| Abbreviations /Technical terms | Descriptions |
|---|---|
| **AABE** | Accounting and Auditing Board of Ethiopia |
| **ALCO** | Asset and Liability Committee |
| **AML** | Anti-Money Laundering |
| **BoD** | Board of Directors |
| **BRMC** | Branch Risk Management Committees |
| **Capital Market Proclamation** | Capital Market Proclamation No. 1248/2021 |
| **CAR** | Capital Adequacy Ratio |
| **CBE** | Commercial Bank of Ethiopia |
| **CEO** | Chief Executive Officer |
| **CFT** | Combating the Financing of Terrorism |
| **Commercial Code** | The Commercial Code of Ethiopia, Proclamation No. 1243/2021 |
| **Company** | Meba Microfinance Institution Share Company |
| **CSD** | Central Securities Depository |
| **ECL** | Expected Credit Loss |
| **ECMA** | Ethiopian Capital Market Authority |
| **EGM** | Extraordinary General Meeting |
| **ESS** | Ethiopian Statistical Service |
| **ESX** | Ethiopian Securities Exchange |
| **ETB or Birr** | The Currency of the Federal Democratic Republic of Ethiopia |
| **FAB** | First Addis Investment Bank |
| **FCY** | Foreign Currency |
| **FY** | Fiscal Year |
| **Government** | The Government of Ethiopia |
| **GSMA** | Global System for Mobile Communications Association |
| **HFI** | Historical Financial Information |
| **IFRS** | International Financial Reporting Standards |
| **ISIN** | International Securities Identification Number |
| **KPI** | Key Performance Indicator |
| **Material Contract** | Any agreement that materially affects the Company's financial position or operations |

| Abbreviations /Technical terms | Descriptions |
|---|---|
| **MD&A** | Management's Discussion and Analysis |
| **MoA** | Memorandum of Association |
| **MFI** | Microfinance Institution |
| **MOTRI** | Ministry of Trade and Regional Integration |
| **MSE** | Micro and Small Enterprises |
| **NBE** | National Bank of Ethiopia |
| **NPF** | Non-Performing Facility |
| **NPL** | Non-Performing Loan |
| **Ordinary Shares** | The Ordinary Shares of the Company, with equal rights and privileges |
| **OTC** | Over the Counter |
| **PEFA** | Public Expenditure and Financial Accountability |
| **PFM** | Public Finance Management |
| **Prospectus** | This document |
| **RMC** | Risk Management Committee |
| **ROA** | Return on Asset |
| **ROE** | Return on Equity |
| **S.C.** | Share Company |
| **Share** | A portion of ownership interest in a Share Company |
| **SME** | Small and Medium Enterprise |
| **Transaction Advisor** | First Addis Investment Bank PLC |

## 1.2 Corporate Directory

The Company's legal name is Meba Microfinance Institution Share Company, and it is domiciled in Ethiopia. Meba Microfinance Institution (hereinafter referred to as "Meba MFI" or "the Company") is registered in accordance with the Commercial Registration and Business Licensing Proclamation No. 980/2016, under Principal Registration Number MT/AA/3/0057318/2016. The Company is authorized to engage in microfinance business service activities.

The registered address of the Company is:

Arada Sub-City, Woreda 9
Queen Elizabeth II Street, Arat Kilo
Holy Trinity University, 2nd Floor, No. 213
Addis Ababa, Ethiopia
Tel: +251111261657 / +251929010203
Email: mebamfi12@gmail.com
Website: www.mebamfi.com.et

As of the date of the Prospectus, the Company operates Five (5) branches throughout the country. Detailed contact information for these locations is provided below.

Table 2: Branch Detail

| Branch Category | Branch Name | Authorization No. | Date Issued | Location | Company Phone Number | Email |
|---|---|---|---|---|---|---|
| **Addis Ababa** | **Kidist Mariam Branch** | Meba/001/24 | August 8, 2024 | Addis Ababa, Arada Sub-City, Woreda 04 | +251-111-260-087 | kidst.maryam@mebamfi.com.et |
| **Addis Ababa** | **Sealite Miheret Branch** | Meba/002/24 | October 14, 2024 | Addis Ababa, Lemi Kura Sub-City, Woreda 08 | +251-116-469-776 | sealite.mhret@mebamfi.com.et |
| **Addis Ababa** | **Jemo Michael Branch** | Meba/003/25 | April 15, 2025 | Addis Ababa, Nifas Silk Sub-City, Woreda 02 | +251-113-852-438 | jemo.mikale@mebamfi.com.et |
| **Regional** | **Adama Branch** | Meba/004/25 | September 30, 2025 | Adama, Aba Geda Sub-City, Woreda Odda | +251-111-261-657 | adama.branch@mebamfi.com.et |
| **Regional** | **Wolaita Sodo Branch** | Meba/005/25 | December 23, 2025 | South Ethiopia Sodo, Merkato Sub-City, Gido-Kebele | +251-929-010-203 | wolaita.branch@mebamfi.com.et |

The Company's registrar is the Ministry of Trade and Regional Integration (MoTRI), and their address is:

Arada Sub City
Addis Ababa, Ethiopia
Fax: +251-111151536
Website: https://motri.gov.et

## 1.3 Person Responsible for the Information Disclosed

The Company, its Board of Directors (BoD), the Chief Executive Officer (CEO) and the Finance & Administration Manager (collectively, the "Responsible Parties," whose names appear below), accept full responsibility for the information contained in the Prospectus. To the best of their knowledge and belief, and having taken all reasonable care, they confirm that the information contained in this Prospectus is accurate and in accordance with the facts and does not omit anything likely to affect the significance of such information or render any statement or opinion misleading or untrue.

Table 3: Responsible Parties

| Name | Title |
| --- | --- |
| Ato Getnet Haile Debebe | Chairperson of the Board |
| Ato Dadi Weyifen Getaneh | Deputy Chairperson of the Board, Asset and Liability Committee |
| Ato Nebiyeleul Debebe Mogessie | Board Member, Capital and Resource Mobilization Committee |
| Ato Teklemariam Awoke Alemu | Board Member, Risk and Compliance Committee |
| Ato Daniel Tesfaye Asfaw | Board Member, Internal Control Committee |
| Ato Gosa Ashine Getachew | Board Member, Internal Control Committee |
| Ato Tamirat Abebe Mamo | Board Member, Risk and Compliance Committee |
| Ato Anduamlak Yebeltal Mengist | Board Member, Asset and Liability Committee |
| Ato Abera Misganaw Wolde | Board Member, Capital and Resource Mobilization Committee |
| W/ro Azeb Mamo Deneke | Chief Executive Officer (CEO) |
| Ato Assaye Cherie Yehuala | Finance & Administration Manager |

None of the above-mentioned persons have any material interest in the Company. The Responsible persons can be reached at the Company's registered address, as indicated under Section 1.2.

### 1.3.1 Transaction Advisor Responsibility Statement

First Addis Investment Bank PLC ("FAB") is a duly licensed Securities Investment Advisor by the Ethiopian Capital Market Authority ("ECMA") in accordance with the Capital Market Service Providers Licensing and Supervision Directive No. 980/2024 and is authorized to provide transaction advisory services pursuant to the Public Offer Directive issued by ECMA.

FAB, appointed as the Transaction Advisor for this Offer, hereby accepts responsibility for the accuracy and completeness of the information it has prepared, verified, or certified for inclusion in this Prospectus, the description of the offer structure, and the compliance of the disclosures with the requirements of the Public Offering and Trading of Securities Directive No. 1030/2024 and the Capital Market Proclamation No. 1248/2021. To the best of its knowledge and belief, FAB has taken all reasonable care to ensure that such information is in accordance with the facts and does not omit anything likely to affect its importance or render any statement misleading or untrue.

In its capacity as the Transaction Advisor, FAB is responsible solely for the following:

1. Advising and guiding the Issuer in complying with applicable capital market laws, regulations, and directives in connection with the Offer, in accordance with Article 33(3) of the Public Offer Directive;
2. Taking all reasonable steps to brief the Board of Directors and management of the Issuer on their respective responsibilities and obligations toward the Company, its shareholders, and other stakeholders;
3. Coordinating the preparation of the registration statement, Prospectus, and other transaction-related documents;
4. Coordinating the activities of other professional advisors and parties involved in the Offer;
5. Filing the registration statement and supporting documents, including this Prospectus, with ECMA and responding, on behalf of the Issuer, to any requests for clarification or additional information raised by ECMA.

FAB's responsibility is limited strictly to those portions of the Prospectus falling within the scope of its engagement as Transaction Advisor. FAB assumes no responsibility or liability for any other information contained in this Prospectus beyond such scope.

**Name:** First Addis Investment Bank PLC
**Registered Office:** Meskel Flower, Kirkos Sub City, Addis Ababa, Ethiopia
**Qualification:** Licensed Investment Bank by ECMA

The Transaction Advisor does not hold a material interest in the Company.

### 1.3.2 The Legal Advisor's Responsibility Statement

Firaol Tesfaye Gudeta (LLB, LLM), Attorney and Legal Consultant, has acted as an independent legal advisor to the Company in connection with the registration of existing securities and the rights offer described in this Prospectus, together with any related Rights Offer documents.

The Legal Advisor has provided its legal opinion dated June 4, 2026 (the "Legal Opinion") and has authorized its inclusion as an accompanying document to the registration statement. The Legal Advisor has also authorized the inclusion of its name in this Prospectus.

For the purposes of Article 38(1) and 38(2)(f) of the Public Offer Directive, the Legal Advisor:

- Accepts responsibility for the Legal Opinion and for the accuracy of those statements in this Prospectus that are expressly stated to be made on the basis of, or in reliance on, the Legal Opinion; and

- Confirms that, to the best of its knowledge and belief, having taken all reasonable care to ensure this is the case, the Legal Opinion and such statements are, as at the date of the Legal Opinion, true and accurate in all material respects and do not omit anything likely to affect their import.

The Legal Advisor's responsibility is limited to matters expressly addressed in the Legal Opinion and to the specific statements in this Prospectus that are expressly attributed to it or stated to be based on the Legal Opinion. The Legal Advisor does not assume responsibility for, and has not independently verified, any other information contained in this Prospectus, for which responsibility rests with the Company, its Board, and the other persons identified in Article 38(2)(a)-(e) of the Public Offer Directive.

**Name:** Firaol Tesfaye Gudeta (LLB, LLM)
**Registered Office:** Zema Bldg., 2nd floor, no. 201, Nifas silk Lafto subcity, Woreda 12, Addis Ababa, Ethiopia
**Qualification:** Attorney and Legal Consultant

The Legal Advisor does not hold a material interest in the Company.

### 1.3.3 External Auditor's Responsibility Statement

Getachew Wakjira Certified Audit Firm and SAY Audit Service LLP (previously known as, Yonas Fekede Certified Audit Firm), in their capacity as External Auditor of Meba Micro Finance Institution Share Company ("Meba MFI S.C." or the "Issuer"), hereby accept full responsibility for the audit opinions they have issued and consent to their inclusion in this Prospectus.

The firms declare that, to the best of their knowledge and belief, and having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus that relates to the audit opinions issued by them is in accordance with the facts and does not omit anything likely to affect the importance of such information or to render such information or opinions misleading or untrue.

Getachew Wakjira Certified Audit Firm has audited the financial statements of the Issuer for the periods ended June 30, 2025, and January 31, 2026, and SAY Audit Service LLP, which audited the financial statements for the fiscal years ended March 31, 2023, June 30, 2023, and June 30, 2024. All audits were conducted in accordance with International Standards on Auditing (ISA) and the applicable requirements of the Accounting and Audit Board of Ethiopia.

This responsibility statement has been prepared for inclusion in the Prospectus, and the auditors, Getachew Wakjira Certified Audit Firm and SAY Audit Service LLP, have formally provided their written consent to such inclusion.

The responsibility of the audit firms is strictly limited to the audit opinions and related statements expressly attributed to it in this Prospectus. Save for any responsibility expressly arising under the applicable provisions of the Public Offering and Trading of Securities Directive, and only to the extent provided therein, the audit firms do not assume responsibility for any other information contained in this Prospectus.

**Name:** Getachew Wakjira Chartered Certified Accountant (UK) Certified Audit Firm (ETH)
**Qualification:** Licensed by AABE
**Address:** Addis Ababa, Kirkos, Woreda 09, House No 301
**Tel. No**: 251-115157801

**Name:** SAY Audit Service LLP Chartered Certified Accountant (UK) Certified Auditor (ETH)
**Qualification:** Licensed by AABE
**Address:** Lancha, Addis Ababa, Kirkos, Woreda 03, House No: 303
**Tel. No.:** 251- 930-589645

The External Auditors do not hold a material interest in the Company.

## 1.4 Third Party Information

Certain information contained in this Prospectus, including information relating to macroeconomic conditions, industry data, market trends, challenges, and prospects, have been derived from publicly available sources published by governmental and private organizations, including publications and data compiled by the World Bank, the NBE, the Ethiopian Statistical Service (ESS), the Ministry of Finance, the IMF Country Report No. 26/20 (2026), the IMF World Economic Outlook (October 2025), the NBE Financial Stability Report (March 2026), and projections based on IMF programme assumptions, as well as NBE Directive MFI/36/2023.

The Company confirms that such third-party information has been accurately reproduced and that, to the best of its knowledge and belief, no material facts have been omitted which would render such information inaccurate or misleading.

In addition, certain market and industry data included in this Prospectus have been obtained from internal surveys, reports, and studies conducted by the Company, together with publicly available information and industry publications. While the Directors believe such information to be reliable, Meba MFI has not independently verified all third-party data. Where third-party information is included in this Prospectus, the relevant source has been clearly identified, and such information is clearly distinguished from information generated by the Issuer.

## 1.5 External Auditor

Meba MFI appoints external auditors in compliance with the Commercial Code of Ethiopia and directives issued by the NBE. The selection process is conducted through competitive bidding in accordance with the Company's internal procurement policies and procedures.

The appointment is then confirmed by a resolution of the shareholders at the Ordinary General Meeting. Each year, the NBE reviews and approves the appointment or reappointment of the external auditor.

All external auditors engaged by Meba MFI are legally registered in Ethiopia and licensed by the Accounting and Auditing Board of Ethiopia (AABE), as stipulated under the Council of Ministers Regulation No. 332/2014.

Accordingly, the external auditors are responsible for auditing the HFI presented and who served the Company during the referenced fiscal years, are outlined on the table below.

Table 4: External Auditors

| Fiscal Year | Auditor Name | Address | AABE Licensing Details |
|---|---|---|---|
| June 30, 2025 and January 31, 2026 | Getachew Wakjira Chartered Certified Accountant (UK) Certified Audit Firm (ETH) | Email: getawak611@gmail.com<br>Tel: 251-11-515-7806 / 251-911-212087<br>Addis Ababa, Kirkos Sub city, Woreda 09, House No 301 | AABE Number: ADF 00019<br>Issue Date: April 04, 2026<br>Expiry Date: February 07, 2027 |
| June 30, 2023 and June 30, 2024 | SAY Audit Service LLP Chartered Certified Accountant (UK) Certified Auditor (ETH) (formerly known as Yonas Fekede Certified Auditor) | Email: sayauditllp@gmail.com<br>Tel: 251- 930-589645 / 251-114705679 / 251-927346257<br>Addis Ababa, Kirkos Sub city, Lancha, Woreda 03, House No: 303 | **Yonas Fekede**<br>AABE Number: ADF00176<br>Issue Date: March 06, 2024<br>Last Expiry Date: February 07, 2025<br>**Say Audit Service LLP**<br>AABE Number: ADF16242<br>Issue Date: March 18, 2026<br>Expiry Date: February 07, 2027 |

## 1.6 Summary of the Prospectus

This summary constitutes an introduction to the Prospectus. It should be read together with, and in the context of, the other sections and parts of the Prospectus. Any decision to invest in the Securities must be based on a careful consideration of the Prospectus in its entirety.

### 1.6.1 Summary on Key Information on the Issuer

The legal name of the Company is Meba Microfinance Institution Share Company. The Company is legally incorporated pursuant to the Micro Financing Business Proclamation No. 626/2009 (as amended by Proclamation No. 1164/2019). The Company is duly authorized by the NBE to conduct microfinance business as per the Microfinance Directive MFI/23/2013 under license number MFI/067/2024, and the Company is domiciled in Ethiopia and registered under commercial registration number MT/AA/3/0057318/2016.

The promoters commenced capital mobilization on November 12, 2020, and continued until the subscribers' meeting held on April 7, 2023. A formal application for a license was submitted to the NBE on May 8, 2024.

Subsequently, on May 20, 2024, Meba MFI was incorporated with an initial subscribed share capital of ETB 17.19 million (divided into 34,388 ordinary shares at a par value of ETB 500 per share) and obtained its Commercial Registration License from MOTRI on the same date. Upon incorporation, ETB 11.46 million (representing 22,929 shares) was paid up, while the remaining ETB 5.73 million (11,459 shares) was outstanding.

This was followed by official license approval to conduct micro-financing business from the NBE on August 1, 2024. During the financial year ended June 30, 2025, the Company received full payment of all outstanding subscribed shares. As a result, the total paid-up capital increased to ETB 17.19 million, with no unpaid shares remaining.

As of the date of this Prospectus, the Company's authorized share capital stands at ETB 300 million, divided into 600,000 ordinary shares. The total number of issued and fully paid shares are 34,388, all of which were issued for cash and rank equally. The Company's shareholder base has also expanded from 848 shareholders as of June 30, 2024, to 1,002 shareholders as of June 30, 2025, reflecting a broadening ownership structure.

### 1.6.2 Principal Activities

Meba MFI provides inclusive financial services to underserved and unbanked segments of the Ethiopian population, with a particular focus on women, youth, and Micro and Small Enterprises (MSEs). The Company is committed to bridging structural barriers to credit and promoting financial inclusion through tailored products and services.

The Company's primary activities include:

- Deposit mobilization across compulsory, voluntary, and special savings products;
- Provision of diverse loan facilities, including Small and Medium Enterprise (SME) loans, business loans, consumer loans, agricultural loans, housing and construction loans, agribusiness loans, and emergency loans.

As of January 31, 2026, Meba MFI mobilized ETB 47.14 million in deposits from 5,592 customers and extended gross loan of ETB 56.66 million, reflecting a 72% increase in deposit mobilization and an 84% increase in loan portfolio compared to the prior year respectively. The sectoral distribution of loans as of January 2026 was led by transport and logistics (38%), followed by trade and services (36%), manufacturing (13%), agriculture (12%), and construction/real estate (1%).

Meba MFI's non-performing loan (NPL) ratio stood at 0.18% as of June 2025, significantly below the industry average of 3.3%,[1] Despite early operational losses in its first few years, the Company achieved profitability, recording a net profit of ETB 0.38 million as of January 31, 2026. In addition to its core services, Meba MFI intends to expand its branch network beyond the current five locations, introduce core banking channels, and diversify its product offerings to strengthen competitiveness.

[1] https://nbe.gov.et/fsr/

The Company's strategic priorities are to meet the regulatory minimum capital requirement of ETB 75 million, mobilize ETB 288 million in deposits, disburse ETB 484.43 million in loans over five years, and achieve cumulative profits of ETB 116.5 million by 2027.

### 1.6.3 Summary of Historical Financial Statements and Key Performance Indicators

**Historical Financial Statements (HFS)**

The following section presents the summary financial statements of the Company extracted from the audited financial statements for the years ended June 30, 2024, and June 30, 2025, and from the interim audited financial statements for the period ended January 31, 2026. This section is intended to provide investors with an overview of the Company's financial position, performance, cash flows, and changes in equity.

**Cautionary Note on Comparability:** *The January 31, 2026, figures are based on a seven-month interim period and, as such, are not directly comparable to the full-year audited financial statements of prior periods. A detailed analysis of the Company's financial statements, including key financial indicators, ratio analysis, and management's discussion of results, is presented in Section 7 of this Prospectus.*

Total assets grew from ETB 13.02 million in 2024 to ETB 50.75 million in 2025, and further to ETB 74.53 million by January 2026, reflecting the Company's transition from a pre-operational entity to an active microfinance institution (MFI). This growth was driven primarily by the expansion of the loan portfolio. Total liabilities increased correspondingly, rising from ETB 1.99 million in 2024 to ETB 63.30 million by January 2026, predominantly due to customer deposit mobilization and the introduction of long-term borrowings. Total equity remained relatively stable, increasing modestly from ETB 11.03 million in 2024 to ETB 11.23 million by January 2026, supported by a capital injection of ETB 5.73 million in FY2025, partially offset by accumulated retained losses. The table below presents the Company's financial position as of June 30, 2024, June 30, 2025, and the interim period ended January 31, 2026.

Table 5: Summary of Statement of Financial Position
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **ASSETS** | | | |
| Total Non-Current Assets | 3,185 | 2,262 | 1,785 |
| Total Current Assets | 71,344 | 48,486 | 11,237 |
| **Total Assets** | **74,529** | **50,748** | **13,022** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share Capital (Paid-up Capital) | 17,194 | 17,194 | 11,464 |
| Retained Earnings | (5,967) | (6,348) | (435) |
| Legal Reserves | 0.665 | 0.665 | 0.665 |
| **Total Equity** | **11,228** | **10,847** | **11,030** |

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **Liabilities** | | | |
| Total Non-Current Liabilities | 11,645 | 10,000 | - |
| Total Current Liabilities | 51,656 | 29,901 | 1,992 |
| **Total Liabilities** | **63,301** | **39,901** | **1,992** |
| **Total Equity and Liabilities** | **74,529** | **50,748** | **13,022** |

*Note: Seven-month interim results (Jan 2026) are not directly comparable to prior full-year audited figures.*

The table below summarizes the Company's financial performance across the reporting periods. For the seven-month period ended on January 31, 2026, the Company recovered and reported net income of ETB 0.38 million compared to a net loss of ETB 5.04 million in the full fiscal year 2025. This turnaround was driven by three primary factors. First, total operating income increased to ETB 8.57 million in just seven months, compared to ETB 3.90 million in the full year 2025, reflecting the continued expansion of the loan portfolio (net loans grew from ETB 30.66 million to ETB 55.71 million) and a full period of fee and commission income.

Second, while operating expenses remained elevated at ETB 7.32 million for the seven-month period, income growth outpaced cost increases, improving operating leverage. Third, the impairment charge of ETB 0.88 million, while higher than the ETB 0.02 million recorded in FY2025, remained modest relative to the expanded loan portfolio. The Company also benefited from the tax exemption under Microfinance Business Proclamation No. 626/2009, Article 23, and has put this benefit towards its business activities. As a result, the Company transitioned from start-up losses to positive earnings, demonstrating improved operational efficiency and portfolio performance.

Table 6: Summary of Statement of Profit or Loss
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Interest Income | 10,753 | 3,713 | - |
| Interest Expense | (3,731) | (1,074) | - |
| Net Interest Income | 7,021 | 2,639 | - |
| Net Fees and Commission Income | 1,328 | 1,203 | 1 |
| Other Operating Income | 225 | 60 | 80 |
| **Total Operating Income** | **8,574** | **3,902** | **81** |
| Salary and Employee Benefits | (4,307) | (5,500) | (196) |
| General and Administrative Expenses | (2,807) | (3,042) | (158) |
| Annual Leave Expense | (30) | (157) | - |
| Depreciation | (173) | (220) | (11) |
| **Total Operating Expenses** | **(7,317)** | **(8,919)** | **(365)** |
| Impairment Losses on Loans (net) | (876) | (19) | - |

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **Net Income/(Loss) for the Period** | **381** | **(5,036)** | **(285)** |
| **Total Comprehensive Income/(Loss)** | **381** | **(5,036)** | **(285)** |

*Note: Seven-month interim results (Jan 2026) are not directly comparable to prior full-year audited figures.*

Table 7 illustrates the Company's cash flow dynamics over the reporting periods. The seven-month interim period ended January 31, 2026, reflects the continued deployment of cash into lending activities. Net cash flows from operating activities were positive at ETB 4.78 million in FY2024 during the formation phase but turned negative in FY2025 (ETB 7.82 million outflow) and the interim period (ETB 6.80 million outflow), reflecting the substantial deployment of cash into the expanding loan portfolio. Investing activities consistently consumed cash, with outflows of ETB 1.77 million in FY2024, ETB 0.70 million in FY2025, and ETB 1.10 million in the interim period, primarily for branch infrastructure and equipment. Financing activities provided significant inflows of ETB 15.73 million in FY2025, driven by a capital contribution of ETB 5.73 million and ETB 10.00 million term loan drawdown. Consequently, cash and cash equivalents peaked at ETB 16.90 million at the end of FY2025 before declining to ETB 10.65 million by January 2026, as liquidity was deployed into income-generating loan assets.

Table 7: Summary of Statement of Cash Flows
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Cash Flows from Operating Activities | (6,800) | (7,823) | 4,778 |
| Cash Flows from Investing Activities | (1,096) | (697) | (1,773) |
| Cash Flows from Financing Activities | 1,645 | 15,730 | - |
| Net Cash Flow | (6,251) | 7,210 | 3,005 |
| Cash at Beginning of Period | 16,902 | 9,693 | 6,688 |
| **Cash at End of Period** | **10,651** | **16,902** | **9,693** |

*Note: Seven-month interim results (Jan 2026) are not directly comparable to prior full-year audited figures.*

Table 8 summarizes movements in the Company's equity components. For the seven-month interim period ending January 31, 2026, the Company recorded a profit of ETB 0.38 million, partially reducing the accumulated loss from ETB 6.35 million to ETB 5.97 million.

Paid-up capital increased from ETB 11.47 million in 2024 to ETB 17.19 million in 2025, following the full settlement of outstanding subscribed shares amounting to ETB 5.73 million. Legal reserves remained unchanged at ETB 665 across all periods, as the Company has not yet generated distributable profits requiring a statutory transfer.

Deficits in retained earnings increased from ETB 0.44 million in 2024 to a deficit of ETB 6.35 million in 2025, primarily due to a prior-year adjustment and the net loss incurred during the first full year of operations.

The interim profit for the period ending January 31, 2026, helped reduce the accumulated deficit to ETB 5.97 million. As a result, total equity improved from ETB 10.85 million in 2025 to ETB 11.23 million by January 2026.

Table 8: Summary of Statement of Changes in Equity
(ETB '000)

| Descriptions | Paid-up Capital | Legal Reserve | Retained Earnings | Total |
|---|---|---|---|---|
| Balance as of June 30, 2023 | 12,055 | 0.665 | (151) | 11,905 |
| Prior year adjustment | – | – | – | – |
| Adjustments/Restatement | (591) | – | – | (591) |
| Net Loss for the year | – | – | (285) | (285) |
| **Balance as of June 30, 2024** | **11,464** | **0.665** | **(435)** | **11,030** |
| Capital Contribution | 5,730 | – | – | 5,730 |
| Prior Year Adjustment (restatement) | – | – | (1,162) | (1,162) |
| Net Loss for the year | – | – | (5,036) | (5,036) |
| **Balance as of June 30, 2025** | **17,194** | **0.665** | **(6,348)** | **10,847** |
| Profit for the period | – | – | 381 | 381 |
| **Balance as of January 31, 2026** | **17,194** | **0.665** | **(5,967)** | **11,228** |

*Note: Seven-month interim results (Jan 2026) are not directly comparable to prior full-year audited figures.*

**Key Performance Indicators (KPIs)**

Return on Assets (ROA) improved from negative 12.0% in FY2025 to positive 0.51% by January 2026, while Return on Equity (ROE) increased from negative 47.9% to positive 3.39% over the same period, reflecting the Company's return to profitability.

The Efficiency Ratio, a key measure of how efficiently a company manages costs relative to our loan portfolio (operating expenses divided by average gross loans outstanding), declined sharply from 228.6% in FY2025 to 68.1% in the interim period, indicating that operating expenses are being increasingly absorbed by a growing income base.

Similarly, the Operating Expense Ratio decreased from 222.9% to 83.3%, demonstrating improved cost management as the Company scales its lending and deposit-taking activities.

Table 9 presents key performance indicators (KPIs) for the periods indicated. The table shows an upward movement in the Company's profitability and operational efficiency during the interim period.

Table 9: KPIs

| Ratio | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Return on Assets (ROA) | 0.51% | (12.0%) | (2.3%) |
| Return on Equity (ROE) | 3.39% | (47.9%) | (2.8%) |
| Efficiency Ratio | 68.1% | 228.6% | 453.7% |
| Operating Expense Ratio | 83.3% | 222.9% | 438.6% |

The table below presents key regulatory metrics reported to the NBE for the financial year ended June 30, 2025, the first full year of lending operations. The Capital Adequacy Ratio (CAR) of 29.11% substantially exceeded the regulatory minimum of 12%, reflecting the Company's early-stage position with a relatively small risk-weighted asset base.

The NPL ratio—non-performing loans as a percentage of total loans—stood at a low 0.18%, well below the 5% regulatory limit, showing excellent loan quality in our early operations. The Liquidity Ratio of 61.61% also surpassed the minimum requirement of 20%, demonstrating a comfortable liquidity buffer. No KPIs were reported for FY2024 as lending operations had not yet commenced, and full-year data for FY2026 will be finalized after the close of the fiscal year.

Table 10: KPIs Reported to the NBE

| KPI Reported to NBE | As of June 30, 2025 |
|---|---|
| Capital Adequacy Ratio (CAR) | 29.11% |
| Non-Performing Loan (NPL) Ratio | 0.18% |
| Liquidity Ratio | 61.61% |

*Note: No regulatory KPIs were submitted to the NBE for the financial year ended June 30, 2024, as the Company had not yet commenced lending operations. KPI calculations for NPL utilize allowances under NBE Circular No. BSD/22/2023, as disclosed in Section 7 of this Prospectus.*

**Non-Financial KPIs**

The non-financial KPIs table provides operational and governance context to complement the financial data. The loan portfolio composition on table 11 illustrates the evolution of the Company's lending activities between June 30, 2025, and January 31, 2026. Gross loans to customers increased by 84.5%, from ETB 30.68 million to ETB 56.60 million.

Consumer loans to employees (both individual and group-based) collectively accounted for approximately 62% of the gross portfolio as of January 2026, reflecting the Company's strategic focus on salaried borrowers with predictable repayment capacity. Business loans more than doubled from ETB 9.36 million to ETB 19.19 million, indicating increased lending to commercial enterprises and self-employed borrowers.

In contrast, the SME loan segment decreased by 62% to ETB 0.80 million, while non-employee consumer loans were reduced to nil. The housing and construction loan segment remained nascent at ETB 1.60 million, representing approximately 3% of the gross loan portfolio. The allowance for impairment losses increased from ETB 0.02 million to ETB 0.90 million, consistent with the expanded portfolio and the emergence of overdue loans.

Table 11: Summary of Gross Loan Portfolio by Product Category
(ETB '000)

| Loan Type | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Enterprise Loans (SME) | 801 | 2,105 |
| Business Loans | 19,187 | 9,360 |
| Consumer Loan (Employee Loan) - Individual | 18,111 | 3,440 |

| Loan Type | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Consumer Loan (Employee Loan) - Group | 16,909 | 14,866 |
| Consumer Loan (non-employee) | – | 290 |
| Housing/Construction & Renovation Loan | 1,595 | 619 |
| **Gross Loans to Customers** | **56,604** | **30,680** |
| Less: Allowance for Impairment Losses | (895) | (19) |
| **Net Loans to Customers** | **55,709** | **30,661** |

The Company's operational scale expanded, with branches increasing from 1 in 2024 to 5 by January 2026, and employees growing from 2 to 27 over the same period. Customer acquisition accelerated, with depositors rising from 2,674 to 5,592 (a 109% increase) and active borrowers growing from 375 to 768 (a 104% increase) between June 2025 and January 2026. Portfolio quality remained robust, with a collateral coverage ratio of 231% as of January 2026, though down from 395% in 2025 due to portfolio growth. Overdue loans represented only 1.6% of the gross portfolio. The governance structure remained stable with a nine-member Board, no independent directors, and the shareholder base expanded from 848 to 1,002.

Table 12: Non-Financial KPI

| Non-Financial KPI | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **Operational Scale** | | | |
| Number of Branches | 5 | 3 | 1 |
| Number of Employees | 27 | 19 | 2 |
| **Customer Base** | | | |
| Number of Depositors | 5,592 | 2,674 | – |
| Number of Active Borrowers | 768 | 375 | – |
| **Portfolio Quality** | | | |
| Collateral Coverage Ratio | 231% | 395% | – |
| Overdue Loans (% of Gross Portfolio) | 1.6% | 0.06% | – |
| **Governance** | | | |
| Board of Directors Size | 9 | 9 | 7 |
| Number of Shareholders | 1,002 | 1,002 | 848 |

### 1.6.4 Information on the Rights Offer

The Company is undertaking a Rights Offer comprising the issuance of 200,000 new Ordinary Shares at a subscription price of ETB 550 per share, raising estimated gross proceeds of ETB 110 million. The Rights Offer Shares will be fully paid-up Ordinary Shares and will rank equally in all respects with the Company’s existing Ordinary Shares.

The offer constitutes the first tranche of an approved capital increase of up to 200,000 shares, pursuant to a resolution of shareholders passed at the 1st Extraordinary General Meeting (EGM) held on January 4, 2025, in accordance with the Capital Markets Proclamation, the Public Offer and Trading of Securities Directive, and the Company's Memorandum of Association (MoA).

The Rights Offer is made exclusively to existing shareholders on a pre-emptive basis, in proportion to their current shareholdings. The associated subscription rights are transferable, allowing shareholders to exercise, sell, transfer, renounce, or allow such rights to lapse during the offer period. Any shares not taken up by existing shareholders, including surplus allocations, may be offered to new investors in accordance with applicable laws and regulatory approvals.

The Rights Offer Period is expected to commence on August 17, 2026, and close on November 14, 2026, with ECMA approval of allotment of the new shares anticipated on December 15, 2026 followed by the issuance of shares on December 25, 2026. Following completion of the Rights Offer, the Ordinary Shares will be dematerialized and freely transferable. The Company will continue to have one class of Ordinary Shares, each carrying equal voting, dividend, liquidation, and pre-emptive rights. No underwriting arrangements have been made in respect of the Rights Offer.

### 1.6.5 Corporate Governance of the Company

Meba MFI operates under a corporate governance framework aligned with the Commercial Code of Ethiopia, the Microfinance Business Proclamation, and directives of the NBE. The Company is regulated and supervised by the NBE and governed internally by its Amended MoA, approved by shareholders and pending NBE approval.

The governance structure follows a four-tier model comprising the General Meeting of Shareholders, a nine-member BoD, an independent External Auditor, and an Executive Management team led by the CEO.

Board members are elected for renewable three-year terms, meet NBE fit-and-proper requirements, and are collectively responsible for strategy, oversight, risk management, and regulatory compliance. No director or senior manager has service contracts with special termination benefits, family relationships, conflicts of interest, or adverse legal or regulatory history.

While the Company does not maintain a stand-alone Code of Conduct, ethical standards are embedded within its Internal Audit Manual, Human Resource Policy, and applicable laws and directives. Annual ethics declarations are required and maintained for key personnel, reinforcing integrity, accountability, and transparency.

The Company adopts the Three Lines of Defence Model, clearly delineating responsibilities among operational management, risk and compliance oversight bodies, and independent internal and external audit functions. A comprehensive Risk Management Framework is in place, covering credit, liquidity, interest rate, operational, strategic, and compliance risks, supported by defined risk appetite, tolerance limits, monitoring mechanisms, and Board oversight.

The Board is supported by specialized committees, including Asset and Liability Committee (ALCO), Risk and Compliance, Internal Control (Audit), and Capital and Resource Mobilization, all operating under approved terms of reference. Minutes of meetings are formally recorded, and the Company currently has no independent directors, as all Board members are shareholder representatives.

Executive management consists of experienced professionals responsible for day-to-day operations and implementation of Board-approved strategies. Remuneration for Board members and executives is approved by the General Meeting or the Board, complies with NBE directives, and is fully disclosed.

The Company's promoters are entitled to 10% of net profits for the first three years as consideration for their role in establishing the institution. No other benefits or material interests are held by promoters in entities relevant to the Company.

Overall, the Company confirms full compliance with applicable laws, regulations, and NBE directives, with strong governance, risk management, and transparency practices in place.

### 1.6.6 Summary of Key Risks

Investment in the Shares of Meba MFI involves a wide range of material risks that may adversely affect the Company's business operations, financial condition, results of operations, liquidity position, growth prospects, and the value of the Shares. These risks arise from both internal and external factors and may materialize individually or in combination. The risks outlined below are not exhaustive, and additional risks that are currently unknown or not considered material may also affect the Company. Investors are therefore advised to carefully consider all risks in conjunction with Section Nine: Risk Factors, which provides a more detailed and expanded discussion of these risks and their potential implications.

**Capital Adequacy Risk**

As of January 31, 2026, the Company's paid-up capital stood at ETB 17.19 million, which is significantly below the minimum capital requirement of ETB 75 million set by the National Bank of Ethiopia (NBE). This substantial capital gap represents a structural financial constraint that directly affects the Company's regulatory standing, lending capacity, and ability to support business expansion in line with strategic objectives. The insufficiency of capital limits the Company's capacity to absorb unexpected losses, finance asset growth, and maintain regulatory compliance under evolving supervisory requirements. There can be no assurance that the Company will successfully bridge this capital deficit through the Rights Offer or alternative funding sources. Failure to achieve adequate capitalization may result in regulatory sanctions, restrictions on business activities, delays in expansion plans, and material adverse effects on financial performance and shareholder value.

**Limited Operational Scale Risk**

As of January 31, 2026, the Company operated with total assets of ETB 50.75 million, gross loans of ETB 56.60 million, and total deposits of ETB 47.14 million, serving 768 borrowers and 5,592 depositors through a limited network of five branches.

This relatively small operational scale constrains the Company's ability to achieve economies of scale, diversify revenue streams, and spread fixed operating costs over a broader asset base. The limited scale also restricts the Company's bargaining power, operational efficiency, and geographic reach, which may result in higher cost structures and lower profitability margins compared to more established competitors. There is no assurance that the Company will be able to expand its operations at a sufficient pace to achieve sustainable profitability or competitive parity within the financial services sector.

**Geographic Concentration Risk**

Approximately 85% of total deposits and 79% of borrowers are concentrated in Addis Ababa, reflecting a significant geographic concentration of the Company's business activities. This concentration exposes the Company to heightened vulnerability to localized economic, social, political, and operational disruptions within a single geographic market. Any adverse developments affecting Addis Ababa—such as economic slowdown, inflationary shocks, regulatory changes, infrastructure disruptions, or political instability—may simultaneously impact borrower repayment capacity, deposit mobilization, and branch operations. Such concentration increases the likelihood that localized events could have a disproportionate and material adverse effect on the Company's overall financial condition and operational stability.

**Loan Portfolio Concentration Risk**

As of January 31, 2026, approximately 61.9% of the Company's gross loan portfolio was concentrated in consumer and salary-based lending. This concentration exposes the Company to sector-specific risks arising from employment conditions, wage stability, household income fluctuations, inflationary pressures, and broader consumer credit cycles. In periods of economic stress, borrowers within this segment may experience reduced repayment capacity, leading to higher delinquency rates, increased non-performing loans, and elevated credit losses. Such outcomes may require higher provisioning, reduce profitability, and place downward pressure on the Company's capital adequacy position.

**Deposit Concentration Risk**

Approximately 85% of total deposits are sourced from Addis Ababa, indicating a high level of depositor concentration in a single geographic market. This structure exposes the Company to liquidity risk arising from localized depositor behavior, including sudden withdrawals, reduced deposit inflows, or changes in confidence levels. Since deposits constitute the primary funding source for the Company's lending activities, any disruption in deposit stability may significantly constrain liquidity availability, limit lending growth, and increase reliance on alternative funding sources that may be more costly or less stable.

**Elevated Financial Leverage Risk**

As of January 31, 2026, the Company's debt-to-equity ratio stood at approximately 563.8%, while the debt-to-assets ratio was 84.9%, reflecting a highly leveraged capital structure. This elevated leverage significantly increases the Company's sensitivity to adverse movements in interest rates, funding costs, credit performance, and liquidity conditions. High leverage reduces financial flexibility and increases vulnerability to financial stress, particularly in scenarios involving deteriorating asset quality or tightening liquidity conditions.

There can be no assurance that the Company will maintain adequate financial stability under adverse market or economic conditions.

**Key Personnel Dependency Risk**

Meba MFI's operations are materially dependent on a limited number of senior executives who are responsible for strategic leadership, operational oversight, regulatory compliance, and business development. This concentration of expertise creates significant dependency risk, as the loss, incapacity, or departure of key personnel may result in operational disruption, delays in decision-making, and reduced execution efficiency. The Company's ability to replace such personnel in a timely manner with equally qualified individuals cannot be guaranteed, which may adversely affect business continuity and organizational performance.

**Minimum Subscription Risk**

The success of the Rights Offer is contingent upon achieving a minimum level of subscription from existing and/or new investors. There is no assurance that this minimum threshold will be achieved within the offering period. Failure to reach the required subscription level may result in insufficient capital formation, thereby limiting the Company's ability to meet regulatory capital requirements, execute its strategic growth plans, and maintain planned operational expansion. Such an outcome may materially affect the Company's long-term business prospects.

**Competitive Pressure Risk**

Meba MFI operates in a highly competitive financial services environment comprising 45 micro-finance institutions, commercial banks, digital lenders, and emerging fintech companies. This competitive landscape may intensify pricing pressure, reduce interest margins, increase customer acquisition costs, and result in loss of market share. Competitive dynamics may also require the Company to increase investment in technology, human resources, and product development in order to maintain market relevance, which may further impact profitability.

**Regulatory and Compliance Risk**

Meba MFI operates within a highly regulated environment under the oversight of the NBE, the ECMA, and applicable AML/CFT and data protection frameworks. Regulatory requirements are subject to change and may become more stringent over time. Non-compliance, whether due to operational limitations, system deficiencies, or regulatory changes, may result in financial penalties, operational restrictions, increased compliance costs, and reputational damage, all of which may adversely affect the Company's business performance.

**Credit Risk**

Credit risk is inherent in the Company's core lending operations and represents a major determinant of financial performance. As of January 31, 2026, gross loans accounted for approximately 76% of total assets, indicating high exposure to borrower repayment behavior.

Any deterioration in borrower creditworthiness due to macroeconomic conditions, sectoral stress, or individual borrower circumstances may result in increased non-performing loans, higher provisioning requirements, reduced profitability, liquidity strain, and potential erosion of capital.

**Interest Rate and Margin Compression Risk**

During the reporting period, the Company generated ETB 10.75 million in interest income and incurred ETB 3.73 million in interest expense. The Company is exposed to fluctuations in interest rates, funding costs, and competitive pricing pressures. An increase in deposit rates or funding costs, combined with limited ability to adjust lending rates, may result in compression of net interest margins. Sustained margin compression may materially reduce profitability and weaken the Company's ability to generate internal capital.

**Financial Inclusion and Client Protection Risk**

As a microfinance institution serving low- and middle-income clients, the Company operates in a market segment subject to increasing regulatory and stakeholder expectations regarding responsible lending practices. Failure to maintain transparency, fairness, and appropriate client protection standards may result in reputational damage, regulatory intervention, customer dissatisfaction, and loss of business relationships, which may materially affect long-term sustainability.

**Technology and Digital Disruption Risk**

The financial services industry is undergoing rapid digital transformation driven by fintech innovation, mobile banking, and digital lending platforms. Failure by the Company to invest adequately in digital infrastructure, core systems, cybersecurity, and customer-facing technologies may result in operational inefficiencies, reduced competitiveness, and loss of market share to more technologically advanced competitors.

**Funding and Liquidity Risk**

As of January 31, 2026, the Company's deposit base amounted to ETB 47.14 million, representing its primary source of funding. Any adverse changes in deposit inflows, increased withdrawal pressures, or tightening liquidity conditions in the broader financial system may materially affect the Company's liquidity position. Such conditions may constrain lending activities, increase funding costs, and reduce financial flexibility.

**Offer Under-Subscription Risk**

The Company seeks to raise approximately ETB 110 million through the Rights Offer. There is no assurance that the Offer will be fully subscribed. Failure to achieve the targeted capital raise may materially limit the Company's ability to execute its strategic expansion plans, meet regulatory capital requirements, and achieve projected growth objectives.

**Share Price Fluctuation Risk**

Following issuance, the market price of the Shares may be subject to significant volatility influenced by internal performance factors and external market conditions, including macroeconomic trends, interest rate movements, investor sentiment, and liquidity conditions. Investors may therefore experience fluctuations in the value of their investment and may not be able to realize the Offer Price or expected returns.

**Capital Market Risk**

The Shares are expected to be traded in an emerging Over the Counter (OTC) market characterized by limited infrastructure, evolving regulatory frameworks, and a relatively narrow investor base. These structural limitations may negatively affect price discovery, valuation efficiency, market transparency, and overall trading stability.

**Share Liquidity Risk**

There can be no assurance that an active secondary market for the Shares will develop or be sustained. Limited trading activity may significantly restrict investors' ability to buy or sell Shares at desired prices or within required timeframes, thereby increasing volatility and reducing investment liquidity.

**Inflation Risk**

Persistent inflationary pressures may adversely affect the Company's operating environment by reducing borrowers' real income and repayment capacity, increasing operational costs, eroding the real value of deposits, and weakening overall financial performance and portfolio quality.

**Financial System Liquidity Risk**

The Company is exposed to broader financial system liquidity conditions influenced by monetary policy, depositor behavior, and macroeconomic developments. Any tightening of liquidity in the financial system may reduce funding availability, increase borrowing costs, and constrain growth in lending and operational flexibility.

**Emerging and External Risks**

The Company remains exposed to a broad range of external and systemic risks, including political instability, regulatory changes, cybersecurity threats, technological disruption, and macroeconomic shocks. These risks are inherently uncertain, may arise suddenly, and may have material adverse effects on the Company's operations, financial condition, and long-term sustainability.

# SECTION 2:
## INFORMATION ON THE ISSUER AND THE BUSINESS

# SECTION 2: INFORMATION ON THE ISSUER & BUSINESS

## 2.1 Information on the Issuer

### 2.1.1 The Name and Domicile of the Company

The legal name of the Company is Meba Microfinance Institution Share Company. The Company is legally incorporated pursuant to the Micro Financing Business Proclamation No. 626/2009 (as amended by Proclamation No. 1164/2019). The Company is duly authorized by the NBE to conduct microfinance business as per the Microfinance Directive MFI/23/2013 under license number MFI/067/2024. The Company is domiciled in Ethiopia and registered under commercial registration number MT/AA/3/0057318/2016.

The registered address of the Company is:

Holy Trinity University, 2nd Floor, No. 213
Queen Elizabeth II Street, Arat Kilo
Arada Sub-City, Woreda 9
Addis Ababa, Ethiopia
Tel: +251111261657 / +251929010203
Email: mebamfi12@gmail.com
Website: www.mebamfi.com.et

### 2.1.2 History and Development of the Company

Meba Microfinance Institution S.C. ("Meba MFI" or "the Company") was initiated on October 28, 2020, by a group of professionals with diverse expertise, united by a common objective of expanding access to financial services for underserved populations (Missing Middle) in Ethiopia. Shortly thereafter, capital mobilization commenced on November 12, 2020, marking the beginning of equity subscription from prospective shareholders.

The Company's establishment process coincided with a period of significant external disruptions, including the COVID-19 pandemic, macroeconomic instability, and the conflict in Northern Ethiopia, which collectively contributed to delays in formalization. Despite these challenges, the Company achieved a major institutional milestone with the convening of its First General Assembly on April 7, 2023, during which the MoA was approved, and the BoD was duly elected.

Subsequently, the Company formally entered the regulatory phase, initiating the licensing process with the NBE on May 8, 2024. The Company obtained its official operating license on May 20, 2024, and commenced operations following final regulatory clearance, with business activities officially launching on August 5, 2024.

**Capital Formation and Shareholder Evolution**

During the initial capital mobilization phase, Meba MFI collected ETB 12.06 million from 870 prospective shareholders. However, this amount reflected pre-registration subscriptions and was subject to regulatory verification during the formal establishment process. Upon review, certain adjustments were required to ensure full legal and regulatory compliance. The amount of ETB 492,500 was excluded due to incomplete or unverified subscriber documentation at the NBE level.

In addition, 22 prospective shareholders failed to fulfil the mandatory requirement of signing the MoA, resulting in the exclusion of their contributions totaling ETB 98,000. Following these adjustments, the Company's final legally recognized paid-up capital as of June 30, 2024, was ETB 11.46 million, representing only those shareholders who completed all required legal formalities. These adjustments do not constitute a capital reduction, as the affected subscriptions were not legally perfected and therefore were never recognized as part of the Company's equity. The related funds have been reclassified as liabilities (refunds due to subscribers) pending settlement.

**Legal Basis of Capital**

The Company's capital formation process has been conducted in strict accordance with the Commercial Code of Ethiopia (2021). In particular:

- Article 281 mandates full subscription of shares, with a minimum of 25% paid upon subscription.
- Article 289 provides the legal framework for forfeiture and resale of shares in cases of non-payment.

In line with these provisions, unpaid or defaulted shares were not traded but rather reallocated through a re-subscription process to new investors, ensuring the Company maintained its regulatory requirement of fully subscribed capital. These processes were undertaken prior to the enforcement of ECMA directives and were governed by the Commercial Code and applicable NBE microfinance regulations.

**Growth in Shareholder Base and Capital**

Following formal establishment, the Company demonstrated strong growth in both its capital base and investor participation. The number of shareholders increased from 848 in 2024 to 1,002 in 2025. This growth was primarily driven by the reallocation of shares from defaulting or non-compliant subscribers to new investors, as well as continued capital mobilization efforts. As of the date of this Prospectus, the Company's paid-up capital has increased to ETB 17.19 million, reflecting sustained investor confidence and the Company's commitment to strengthening its financial base.

**Operations and Expansion**

The Company commenced operations with the opening of its first branch, St. Mary Branch in Addis Ababa, on August 5, 2024. Since then, it has expanded its operational footprint. As of December 31, 2025, the Company operates five branches, including three in Addis Ababa and regional branches in Adama and Wolaita Sodo.

**Strategic Focus**

Meba MFI was established with the core mission of delivering inclusive financial services to low-income individuals and the "missing middle" segment, which remains underserved by traditional banking institutions. The Company places particular emphasis on women and youth entrepreneurs, who often face structural barriers such as limited collateral, lack of formal credit histories, and irregular income streams. Through its targeted approach, the Company aims to bridge the financial inclusion gap while contributing to broader economic empowerment and sustainable development.

### 2.1.3 Recent Events Materially Relevant to the Company's Solvency

In assessing Meba MFI's solvency position, investors should consider the following material matters:

- **Regulatory Capital Shortfall:** As of January 31, 2026, the Company's paid-up capital stood at ETB 17.19 million, which is below the NBE's minimum paid-up capital requirement of ETB 75 million. The Company is therefore dependent on the successful completion of the proposed Rights Offer and related capital mobilization initiatives to strengthen its capital base and support the execution of its strategic plan. Failure to achieve the required capital threshold within the applicable regulatory timelines may constrain the Company's growth strategy, limit its operational expansion, and could expose the Company to regulatory actions, including restrictions on operations or other supervisory measures.
- **Historical Losses and Early-Stage Profitability:** Although the Company reported a return to profitability during the seven-month interim period ending January 31, 2026, its earnings profile remains at an early stage of development. Return on Assets (ROA) improved from negative 12.0% as of June 30, 2025, to positive 0.51% as of January 31, 2026, while Return on Equity (ROE) improved from negative 47.9% to positive 3.39% over the same period. While these trends indicate improving operational performance, the Company remains exposed to execution, scaling, and funding risks associated with its growth phase. Continued reliance on future growth assumptions and successful implementation of the Company's business strategy may affect the Company's ability to achieve its projected financial performance and could influence investor confidence and the level of participation in the proposed Rights Offer.

The Directors believe that the matters described above, together with the disclosures contained in Sections 2.2.1, 7, and 9 of this Prospectus provide adequate disclosure of the principal factors relevant to an assessment of the Company's solvency and financial condition. Save as disclosed in this Prospectus, the Company is not aware of any additional events or circumstances that are materially relevant to the evaluation of its solvency.

### 2.1.4 Organizational Structure Overview

Meba MFI is incorporated and operates as a sole legal entity. The Company is not part of any corporate group and does not have any subsidiaries, affiliates, or related entities. As of the date of this Prospectus, Meba MFI has neither established nor held ownership in any subsidiary or affiliated undertaking.

The Company is governed by the General Assembly and the BoD, which is responsible for overall governance, policy direction, and strategic oversight. The execution of day-to-day operations and management functions is delegated to the CEO, who is accountable to the Board. To ensure robust internal control and independent oversight, the internal audit function reports functionally to the BoD while maintaining an administrative reporting line to the CEO. This structure is designed to preserve audit independence while ensuring operational coordination.

The Company's head office is in Addis Ababa, which serves as the central hub for all management, administrative, and operational activities. The detailed organizational structure of the Company is presented in Section 4.1.5 of this Prospectus.

### 2.1.5 Issuers Significant Subsidiaries

Meba MFI does not maintain any subsidiaries or affiliated entities and operates independently without ownership interests in other companies. The Company's governance and operations are conducted solely under its own license and regulatory framework, without reliance on subsidiary structures.

## 2.2 Business Overview

Meba MFI is a share company established under the laws of the Federal Democratic Republic of Ethiopia and licensed by the NBE to conduct microfinance business. The Company commenced operations in August 2024 with the primary objective of providing inclusive financial services to underserved and unbanked segments of the population.

Microfinance is the provision of financial services, including loans, savings accounts, insurance, and money transfers, to low-income individuals and communities who are excluded from traditional banking systems.[2] More than 1.7 billion adults worldwide are considered "unbanked," often due to factors like lack of collateral, geographic isolation, minimum balance requirements, or systemic inequality.[3] Microfinance aims to bridge that gap by offering smaller loan amounts with little or no collateral required and more flexible terms than conventional banks provide. In Ethiopia, a Microfinance Institution (MFI) is defined as a company licensed by the National Bank to undertake microfinance business.[4] Within this framework, Meba MFI conducts its principal activities, which include the provision of credit facilities, the mobilization of savings, and the delivery of other financial and non-financial services permitted under applicable microfinance laws and regulations.

Meba MFI positions itself as a vehicle for financial inclusion, dedicated to expanding access to essential financial services and empowering communities that have historically been excluded from the formal financial sector. Its services are primarily directed toward women, MSEs, low- and middle-income individuals, and entrepreneurs who lack access to conventional banking services due to limited collateral, irregular income streams, or the absence of formal credit history.

As of the date of its latest audited financial statements, January 31, 2026, Meba MFI operates a total of five (5) branches, comprising three (3) branches located in Addis Ababa and two (2) regional branches located in Adama and Wolaita Sodo. The Company intends to further expand its physical and digital footprint in line with its strategic growth objectives. Set out below is a summary of the Company's select HFI, and the Company's Key Performance Indicators ("KPIs") drawn from the historical audited financial statements for the years ended 30 June 2025, 30 June 2024, and 30 June 2023.

[2] finca.org
[3] kiva.org
[4] https://nbe.gov.et/wp-content/uploads/2023/04/MFI.pdf

Table 13: Summary of Key HFIs
(ETB '000)

| Historical Financial Information | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **Statement of Profit or Loss** | | | |
| Interest Income | 10,753 | 3,713 | - |
| Interest Expense | (3,731) | (1,074) | - |
| *Net Interest Income* | *7,021* | *2,639* | - |
| Net Fees & Commission Income | 1,328 | 1,203 | 1 |
| Other Operating Income | 225 | 60 | 80 |
| Total Operating Income | 8,574 | 3,902 | 81 |
| Total Operating Expenses | (7,317) | (8,919) | (365) |
| Impairment Losses on Loans (net) | (876) | (19) | - |
| **Net Income/(Loss) for the Period** | **381** | **(5,036)** | **(285)** |
| **Statement of Financial Position** | | | |
| **Assets** | | | |
| Cash and Cash Equivalents | 10,651 | 16,902 | 9,693 |
| Deposit on Block Account | 187 | 1,158 | 6,919 |
| Loans to Customers (net) | 55,709 | 30,661 | - |
| Other Assets & Prepayments | 4,984 | 923 | 1,544 |
| Property, Plant & Equipment (net) | 3,185 | 2,262 | 1,785 |
| **Total Assets** | **74,529** | **50,748** | **13,022** |
| **Liabilities** | | | |
| Customer Deposits (Total) | 47,260 | 27,434 | - |
| Bank Borrowings | 11,645 | 10,000 | - |
| Other Payables | 4,396 | 2,467 | 1,840 |
| Tax Payables | - | - | 152 |
| **Total Liabilities** | **63,301** | **39,901** | **1,992** |
| **Equity** | | | |
| Paid-up Share Capital | 17,194 | 17,194 | 11,464 |
| Legal Reserve | 0.665 | 0.665 | 0.665 |
| Retained Earnings | (5,967) | (6,348) | (435) |
| **Total Equity** | **11,228** | **10,847** | **11,030** |
| **Total Liabilities & Equity** | **74,529** | **50,748** | **13,023** |
| **Statement of Cash Flow (ETB '000)** | | | |
| Net Cash from Operations | (6,800) | (7,823) | 4,778 |
| Net Cash from Investing | (1,096) | (697) | (1,773) |
| Net Cash from Financing | 1,645 | 15,730 | (591) |
| Net Change in Cash | (6,251) | 7,210 | 2,415 |
| Cash at Beginning of Period | 16,902 | 9,693 | 359 |
| **Cash at End of Period** | **10,651** | **16,902** | **2,774** |
| **KPIs** | **January 31, 2026 (7 months)** | **June 30, 2025** | **June 30, 2024** |
| Debt-to-Equity Ratio | 563.79% | 367.86% | 19.62% |
| Debt-to-Assets Ratio | 84.94% | 78.63% | 16.40% |
| Return on Assets (ROA) | 0.51% | (12.0%) | (2.3%) |
| Return on Equity (ROE) | 3.39% | (47.9%) | (2.8%) |

| KPIs | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Efficiency Ratio | 68.1% | 228.6% | 453.7% |
| Cost-to-income ratio | 85.3% | 228.58% | - |
| Deposit-to-loan ratio | 84.6% | 89.48% | - |
| NPL | - | 0.18% | - |
| CAR | - | 29.11% | - |
| Liquidity Ratio | - | 61.61% | - |

### 2.2.1 Business Strategy and Objectives

Meba MFI has adopted a long-term growth strategy for 2023–2028 that sets out a nationwide expansion plan and the delivery of inclusive financial services through its branch network; this is governed by a Business Plan covering the five-year period, with Annual Plans prepared to translate the broader framework into specific yearly targets, and the strategy is structured to maintain regulatory compliance, support financial sustainability, and enable scalable growth while meeting the financing needs of underserved market segments, operationalized through defined strategic pillars and measurable objectives.

Meba MFI is a relatively new entrant to Ethiopia's financial sector, having commenced its day-to-day MFI activities in August 2024. As of January 31, 2026, the Company's paid-up capital stood at ETB 17.19 million, which is 77% below the NBE's minimum capital requirement of ETB 75 million. This capital shortfall has constrained the Company's ability to fully implement its strategic plan, resulting in significant gaps against savings, lending, and profitability targets.

To address this, the Company intends to undertake a rights offer. The success of this capital mobilization is critical: all major initiatives, including branch expansion, product rollout, and digital transformation, are contingent on achieving the targeted subscription. Failure to raise sufficient capital would materially affect the business plan and delay execution of the strategic priorities.

**Disclaimer on Business Plan Projections and Strategic Targets**

The strategic targets, financial projections, expansion plans, and operational objectives set out in Section 2.2.1 are forward-looking in nature and are subject to various assumptions, risks, and uncertainties. In particular, the achievement of these projections is materially dependent on the successful completion of the proposed Rights Offer, the Company's ability to raise sufficient capital, obtain required regulatory approvals, execute planned initiatives, maintain portfolio quality, and operate within a stable macroeconomic and regulatory environment.

Meba MFI's strategy is structured around core business pillars, supported by institutional enablers that strengthen execution capacity and ensure alignment with regulatory and financial sustainability requirements.

**Strategic Pillars**

Table 14: The Strategic Pillars

| | |
|---|---|
| **Regulatory Compliance and Capital Strengthening** | • Achieve the NBE minimum capital requirement of ETB 75 million. The current paid-up capital ETB 17.19 million as of January 31, 2026, 77% below the requirement.<br>• Implement phased capital mobilization through rights offerings.<br>• Strengthen internal controls, risk management, and financial reporting. |
| **Technology Infrastructure and Digital Transformation** | • Deploy a core banking system and digital delivery channels. The average cost to finance this activity is 5.50 million.<br>• Introduce mobile and fintech-enabled services to expand outreach.<br>• Increase the share of transactions conducted digitally. |
| **Savings and Loan Portfolio Performance Targets** | • Mobilize a saving target of ETB 288 million. As of January 31, 2026, savings stood at ETB 47.14 million, reflecting 16% progress toward the target.<br>• Expand the depositor base to 13,308 customers. As of January 31, 2026, the depositor base was 5,592, representing 42% achievement.<br>• Disburse loan target of ETB 484.43 million. As of January 31, 2026, loan disbursement reached ETB 56.6 million, reflecting 12% progress toward the target.<br>• Expand the borrower base to 3,806 clients. As of January 31, 2026, the borrower base was 768, representing 20% achievement.<br>• The Company's plan is to maintain a loan recovery rate of ≥90% and ensure portfolio-at-risk (PAR) over 30 days remains below 2%. As of June 30, 2025, the PAR >30 days stood at 0.18%, well within the target threshold.<br>• Expand outreach and financial literacy programs. |
| **Branch and Market Expansion** | • The Company's plan for FY2025/26 is to operate six branches and one head office, totaling seven locations. As of January 31, 2026, Meba MFI operated at one head office and five branches, totaling six locations. To close this gap, the Company intends to add one new branch, subject to regulatory approval, thereby aligning operations with the planned network expansion.<br>• Strengthen accessibility in underserved areas. |
| **Product Diversification and Service Enhancement** | • Provide non-financial services such as financial literacy and business advisory support to loan customers.<br>• As of the date of the prospectus, Meba MFI has identified several new products that are under development but remain in the research stage. These include the Meba Saving Product (Tithe saving), the Meba Edu Saving Product focused on education, the Meba Guzo Saving Product intended for national and |

| | |
|---|---|
| | international travel, the Meba Edu Loan Product supporting higher education financing, and the Meba Guzo Loan Product for travel financing. While these products are not yet launched, they are being assessed for feasibility, regulatory compliance, and operational readiness before rollout.<br>• The product framework of the company revolves around Regular Savings (Voluntary Saving), Mandatory Saving, Time Deposit and Special Purpose Savings all are developed the products. But the Company has several approved products that have not yet commenced operations, including the Agricultural loan, Fixed asset loan, Special emergency loan, Agribusiness loan, Saving collateralized loan, and Staff loan on the lending side, and the Box saving scheme on the deposit side. The rollout of these facilities will be phased, aligned with capital mobilization. |
| **Operational Efficiency and Institutional Capacity** | • Optimize processes and cost structures.<br>• Enhance capabilities in credit risk management, digital services, and compliance.<br>• The Company plans to expand its workforce to 67 employees in alignment with branch growth, supported by structured training programs. As of January 31, 2026, the actual staff count stood at 27 employees, reflecting the need to recruit and train 40 additional staff members to meet the target. |
| **Financial Performance and Profitability** | • Meba MFI's target is to achieve annual revenue of ETB 57 million and net profit of ETB 13 million for FY2025/26, with cumulative profitability of ETB 116.50 million projected over five years. As of January 31, 2026, revenue stood at ETB 10.75 million, reflecting 19% achievement of the annual target, while net profit was ETB 0.38 million, representing 3% progress toward the target. |

**Business Objectives**

To support these pillars, Meba MFI has defined measurable objectives:

- **Regulatory Compliance and Capital Strengthening**: Achieve full compliance with NBE directive by achieving the minimum paid-up capital of ETB 75 million through the rights offer. Strengthen governance, internal controls, risk management, and financial reporting to safeguard institutional soundness.
- **Technology Infrastructure and Digital Transformation**: Enhance operational efficiency and expand outreach through digital financial services and modern banking infrastructure. The focus is on deploying a core banking system and digital delivery channels to increase the share of transactions conducted digitally, thereby laying the foundation for stronger integration and improved service accessibility.
- **Savings and Loan Portfolio Performance**: drive balance sheet growth through deposit mobilization and expansion of the loan portfolio while maintaining asset quality.

The target is to mobilize ETB 288 million in savings and expand the depositor base to 13,308 customers, alongside scaling loan disbursement to ETB 484.43 million and broadening the borrower base to 3,806 clients. Performance will be supported by maintaining a recovery rate of at least 90% and portfolio-at-risk below 2%, with outreach and financial literacy programs strengthened to promote inclusive growth.

- **Branch and Market Expansion**: Expand geographic presence to enhance accessibility and deepen market penetration. The target is to operate in seven locations (six branches and one head office), with one additional branch subject to regulatory approval. Expansion will prioritize underserved areas to improve accessibility and strengthen geographic penetration.
- **Product Diversification and Service Enhancement**: Strengthen its value proposition through diversified financial products and integrated service offerings tailored to client needs. The plan is to roll out approved loan and savings products, including agricultural, fixed asset, emergency, agribusiness, collateralized, and staff loans, alongside the box saving scheme, in a phased manner aligned with capital mobilization. In addition to financial services, the Company will provide non-financial support such as financial literacy and business advisory programs to strengthen client outcomes, while the design of new products will be guided by client needs and market demand.
- **Operational Efficiency and Institutional Capacity**: Improve operational effectiveness and build institutional capacity to support growth. The plan is to optimize processes and cost structures to enhance efficiency, expand the workforce to 67 employees in line with branch growth, and support staff development through structured training programs. Institutional capabilities will be strengthened in credit risk management, digital services, and compliance to ensure resilience and scalability.
- **Financial Performance and Profitability**: Achieve sustainable profitability and strengthen earnings capacity over the medium term. The target is to generate a cumulative profitability of ETB 116.5 million over the five years. Revenue generation and cost discipline will be reinforced to ensure sustainable profitability and a stronger capital base.

**Strategic Enablers**

1. **Regulatory Compliance and Capital Strengthening**
   - Phased capital mobilization through rights offerings
   - Strengthening governance, internal controls, and financial reporting systems
   - Enhanced risk management and compliance frameworks
2. **Technology Infrastructure and Digital Transformation**
   - Deployment of a core banking system
   - Introduction of mobile and fintech-enabled service channels
   - Investment in IT systems and digital delivery platforms

3. **Savings Mobilization and Loan Portfolio Expansion**
    - Financial literacy and client outreach programs
    - Strengthened credit appraisal and monitoring systems
    - Enhance customer acquisition strategies targeting underserved segments
4. **Branch Network and Market Expansion**
    - Phased branch rollout aligned with capital availability
    - Regulatory engagement for branch licensing
    - Targeting underserved and high-potential markets
5. **Product Diversification and Service Enhancement**
    - Development and phased rollout of loan and savings products
    - Integration of non-financial services (financial literacy and advisory)
    - Product innovation aligned with client needs and regulatory requirements
6. **Operational Efficiency and Institutional Capacity**
    - Process optimization and automation
    - Structured workforce planning and training programs
    - Strengthening capabilities in credit risk, compliance, and digital services
7. **Financial Performance and Profitability**
    - Revenue growth through portfolio expansion
    - Cost discipline and operational efficiency
    - Diversification of income streams

**Strategy Implementation Framework and Business Plan Metrics**

Meba MFI monitors the above strategic objectives and performance indicators on a quarterly basis as part of its corporate performance management framework. Implementation priorities are sequenced in line with capital mobilization capacity, regulatory requirements, and risk appetite thresholds approved by the Board. Expansion in savings and loan portfolios is aligned with phased capital strengthening, while branch rollout and product diversification are conditioned on regulatory clearance and capital adequacy. Growth in risk-weighted assets is assessed against internal capital adequacy reviews and forward-looking stress tests to ensure that operational expansion remains consistent with liquidity resilience and institutional soundness.

Table 15: Strategy Implementation Framework and Business Plan Metrics

| Strategic Pillar | Key Strategic Objective | KPIs | Risk Impact | Capital Planning & Financial Implications |
|---|---|---|---|---|
| Regulatory Compliance | Achieve ETB 75M capital requirement | Paid-up capital; capital adequacy | Regulatory non-compliance risk | Rights issue; phased capital mobilization |
| Technology Infrastructure | Implement core banking system and digital channels | % digital transactions; system uptime | Operational & execution risk | CAPEX financed through rights proceeds |
| Savings Mobilization | Mobilize ETB 288M savings; expand depositor base to 13,308 | Deposit growth; Number of savers | Liquidity risk | Reduces reliance on external funding |
| Loan Portfolio Performance | Disburse ETB 484.43M loans; expand borrower base to 3,806 | Loan disbursement; number of borrowers; recovery rate | Credit risk; portfolio quality risk | Supports asset growth; requires capital adequacy |
| Branch Expansion | Operate 7 locations (6 branches + 1 head office) | Number of branches; client growth | Expansion & cost risk | Branch CAPEX ETB 24.5M; subject to regulatory approval |
| Product Diversification | Roll out approved loan & savings products, new products developed | Product mix; loan uptake, Number of new products | Credit risk diversification | Supports revenue growth; phased rollout aligned with capital |
| Operational Efficiency | Optimize costs and expand workforce to 67 employees | Cost-to-income ratio; turnaround time; staff size | Operational risk | Training & HR investment; improves profitability margins |
| Financial Performance | Achieve FY2026 revenue ETB 57M and net profit ETB 13M; cumulative profit ETB 116.5M (5 years) | Net profit; ROA/ROE | Earnings volatility risk | Strengthens capital base; cumulative profit ETB 116.5M (5 years) |

### 2.2.2 Future Challenges and Prospects

The Company operates within a dynamic and evolving financial services sector characterized by ongoing regulatory reforms, macroeconomic adjustments, digital transformation, and increasing competition. These structural developments present both risks and opportunities that are expected to materially influence Meba MFI's operational performance, financial position, and growth trajectory.

**Prospects**

**(a) Positive Macroeconomic Outlook**

The Ethiopian economy is demonstrating recovery and growth, with real GDP expanding by approximately 8.8% in the fiscal year ended June 30, 2025, supported by increased productivity and export performance. Inflation has also moderated to approximately 9.7% as of December 2025. These improving macroeconomic fundamentals are expected to enhance economic activity, increase demand for credit, and support deposit mobilization, thereby creating a favourable operating environment for the Company.

**(b) Growing Demand for Financial Inclusion**

Ethiopia's population exceeds 130 million and is characterized by a very young demographic profile, with a median age of around 19 years and a large share of the population under 25. Despite progress in financial inclusion, only about 46–49% of adults have a financial account, leaving a significant portion of the population unbanked.[5] This significant gap presents a substantial market opportunity for the Company to expand its outreach, particularly among MSEs, rural populations, and underserved communities aligned with its core business model.

**(c) National Digital Transformation Initiatives**

The Government of Ethiopia has prioritized digital transformation through initiatives such as Digital Ethiopia 2025 and Digital Ethiopia 2030, alongside the National Digital Payment Strategy (2026–2030). These initiatives have led to the expansion of digital financial infrastructure, including mobile payments, digital identification systems (Fayda), and improved connectivity. These developments align with the Company's strategic objective to implement a core banking system and digital platforms, enabling it to scale operations efficiently, enhance customer experience, and extend services to remote areas.

**(d) Expansion and Market Penetration Opportunities**

The Company's branch expansion strategy, combined with its focus on underserved regions, provides significant opportunities to increase market share. With five (5) operational branches as of January 31, 2026, and plans for further expansion, the Company is well-positioned to enhance customer acquisition, grow its loan portfolio, and strengthen its deposit base.

**(e) Deposit Mobilization and Funding Diversification**

The Company's strategy to mobilize deposits, with a target of ETB 288 million over the medium term, provides a sustainable and cost-effective funding base for lending operations. Achieving these targets will improve liquidity, reduce reliance on external borrowing, and enhance financial stability, thereby supporting long-term growth.

[5] https://datareportal.com/reports/digital-2026-ethiopia?utm

**(f) Financial Sector Liberalization**

Recent regulatory reforms, including the liberalization of the banking sector and the anticipated entry of foreign financial institutions, are expected to transform the competitive landscape. While this may increase competition, it also presents opportunities for partnerships, co-lending arrangements, and knowledge transfer. For the microfinance sector, this may enhance access to capital and enable product innovation, which the Company can leverage to strengthen its market position.

**(g) Path to Profitability and Scale**

The Company has demonstrated early progress toward profitability, achieving positive earnings in in the seven-month interim period ended January 31, 2026. With projected cumulative profits of ETB 116.5 million by 2027, the Company is positioned to achieve sustainable financial performance. This growth is expected to be driven by loan portfolio expansion, improved repayment performance, increased customer outreach, and operational scaling supported by technology adoption.

**Future Challenges**

**(a) Regulatory and Capital Constraints**

The microfinance sector in Ethiopia is subject to stringent regulatory oversight by the NBE, including minimum capital requirements, capital adequacy ratios, and prudential directives. In particular, the requirement to meet the ETB 75 million minimum capital threshold remains a key constraint for the Company, given its current paid-up capital of ETB 17.19 million as of January 31, 2026. In addition, compliance with capital adequacy requirements imposes limitations on lending capacity, including single borrower exposure limits. This constrains the Company's ability to scale its loan portfolio and participate in higher-value financing, thereby skewing its portfolio toward smaller, higher-risk retail and micro-loans. Such structural limitations may impact asset quality, earnings potential, and long-term profitability.

**(b) Offer Dependency**

The Company intends to launch a rights offer of 200,000 shares to mobilize sufficient capital and meet the NBE's minimum paid-up capital requirement of ETB 75 million. This offering is the cornerstone of the strategic plan: expansion of branch networks, rollout of new loan and savings products, and digitalization initiatives are all contingent on successful subscription. Failure to achieve the targeted subscription level would materially affect the business plan, as the Company's ability to strengthen lending capacity, diversify into SME financing, and enhance competitiveness is directly dependent on the proceeds of this capital mobilization.

**(c) Credit Risk and Portfolio Concentration**

Given the Company's strategic focus on micro and small enterprise financing, its loan portfolio is inherently exposed to elevated credit risk. Borrowers within this segment typically have limited collateral, informal income streams, and heightened vulnerability to economic shocks.

Furthermore, regulatory constraints on loan sizes may result in concentration in small-scale loans, increasing exposure to default risk. Maintaining portfolio quality while pursuing aggressive growth targets remains a critical operational challenge.

**(d) Competitive Pressure**

The Ethiopian microfinance sector is highly competitive, with 59 licensed MFIs operating nationwide, Meba MFI's share of contribution to the microfinance sector is less than 1% in all KPIs as set out in section 2.4 of this prospectus. The competitive landscape has further intensified with the expansion of mobile banking and mobile money platforms such as Telebirr and M-PESA, which are rapidly gaining market share in payments and basic financial services. As a relatively new institution, the Company has faced challenges in customer acquisition, deposit mobilization, and market positioning, which may exert pressure on margins and profitability.

**(e) Operational and Institutional Capacity Constraints**

As a relatively new entrant to the microfinance sector, the Company faces challenges related to institutional capacity, including the need to strengthen internal systems, human capital, and governance structures. The planned expansion from five (5) branches to additional locations will require significant investment in infrastructure, staffing, and operational systems. If not effectively managed, rapid expansion may strain existing resources and impact service quality and operational efficiency.

**(f) Technology and Implementation Risk**

The Company's strategy to implement a core banking system and digital financial services introduces execution risks, including delays, cost overruns, and system integration challenges. While procurement processes have been initiated, limited financial resources have delayed full implementation. The successful deployment of these systems is contingent upon the availability of capital, including proceeds from the rights offering. Any delays may affect the Company's ability to compete effectively and achieve operational efficiency targets.

**(g) Macroeconomic Environment**

The Company's operations are closely linked to broader macroeconomic conditions, including inflation, exchange rate volatility, and cost-of-living pressures. Although inflation has shown signs of moderation, macroeconomic uncertainty remains a key risk factor. These conditions may adversely affect borrowers' repayment capacity, reduce effective demand for credit, and increase operating costs, particularly in branch expansion and service delivery. As a result, the Company may face pressure on portfolio quality, liquidity, and overall financial performance.

**(h) Security and Geographic Expansion Risks**

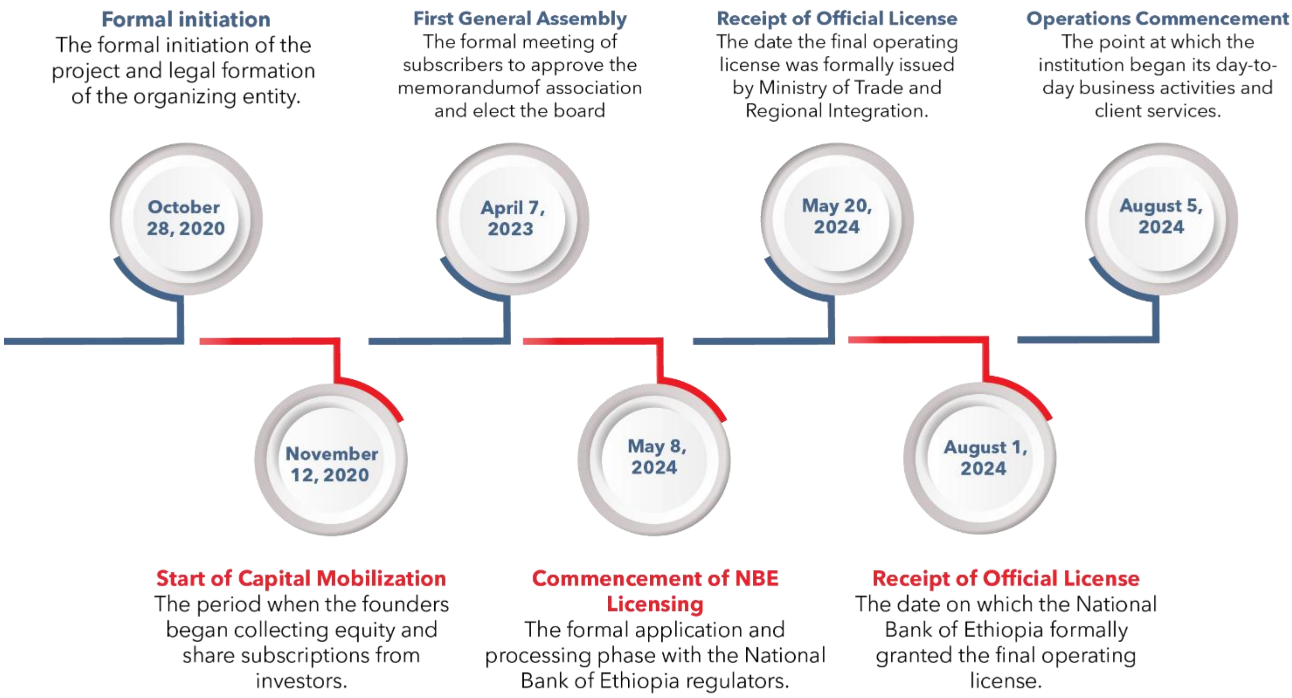
The Company's expansion strategy into regional markets exposes it to potential security and operational risks arising from localized instability in certain parts of the country. Such conditions may disrupt branch operations, delay expansion plans, and increase operational costs related to security and logistics. This may, in turn, affect the Company's ability to achieve its geographic diversification objectives.

### 2.2.3 Important Events and Developments

Meba MFI was founded on October 28, 2020, by a group of professionals committed to expanding access to financial services for Ethiopia's underserved "missing middle." Despite external challenges such as the COVID-19 pandemic, macroeconomic instability, and regional conflict, the Company formalized its establishment with the First General Assembly in April 2023, followed by regulatory licensing from the NBE in August 2024. Initial capital mobilization raised ETB 12.06 million, later adjusted to a legally recognized ETB 11.46 million, in compliance with the Commercial Code of Ethiopia.

Since then, shareholder participation has grown from 848 in 2024 to 1,002 in 2025, with paid-up capital reaching ETB 17.19 million, reflecting strong investor confidence. Operationally, Meba MFI launched its first branch in Addis Ababa in August 2024 and expanded to five branches by the end of 2025, including regional offices in Adama and Wolaita Sodo. Strategically, the Company focuses on inclusive financial services for low-income individuals, women, and youth entrepreneurs, aiming to bridge structural barriers to credit and promote economic empowerment and sustainable development. The following figure highlights the Company's material developments to date.

Figure 1: Major Events and Milestones




**Non-Financial Indicators**

In June 2024, Meba MFI was still in its early operational stage, with only 2 employees and 1 branch. At this point, the Company had not yet mobilized depositors or borrowers, reflecting its focus on establishing foundational structures.

By June 30, 2025, the Company had made significant progress, expanding to 3 branches and increasing its workforce to 19 employees. This growth enabled the company to attract 2,674 depositors and serve 375 borrowers, marking the beginning of meaningful outreach and service delivery.

As of January 31, 2026, Meba MFI demonstrated further expansion and consolidation. The branch network grew to 5 locations (a 67% increase from 2025), supported by 27 employees (a 42% increase). Depositor numbers more than doubled to 5,592 (a 109% increase), while the borrower base also expanded to 768 (a 105% increase), showing rising demand for financial services and the institution's growing capacity to meet client needs.

Table 16: Non-Financial Indicator

| KPIs | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Number of depositors | 5,592 | 2,674 | - |
| Number of borrowers | 768 | 375 | - |
| Number of Employees | 27 | 19 | 2 |
| Number of branches | 5 | 3 | 1 |

## 2.3 Operations and Principal Activities

### 2.3.1 Principal Activities, Products and Services

Meba MFI provides a diversified suite of financial services delivered through its branch network. The Company's core portfolio includes various deposit and loan products tailored to meet the needs of its expanding customer base. An overview of these product offerings is presented below.

1. **Loan Products**

The Company offers a diverse range of loan products to address the financing requirements of its household, retail, and SME segments. Loan applications are processed at the branch level and approved by the loan committee at the head office. Repayment terms and interest rates vary according to the specific loan product.

Table 17: Loan Products

| Product | Descriptions | Interest Rate |
|---|---|---|
| SME loan | Designed for SMEs at the start-up stage or those seeking to expand existing operations in both urban and rural areas | 28% |
| Business loan | Extended to individual borrowers as well as group-based borrowers engaged in commercial activities. It supports the establishment of new enterprises and the expansion of existing businesses. | 28% |
| Consumer loan (employed individuals) | Available to employed individuals to finance personal expenditures, including medical expenses, education fees, household equipment, and other eligible personal needs. The loan may be extended on an individual or group basis. | 28% |

| Product | Descriptions | Interest Rate |
|---|---|---|
| Consumer loan (non-employed individuals) | Offered to individual borrowers, including farmers, entrepreneurs, and retirees, to finance personal expenditures such as medical costs, education fees, household equipment, and other qualifying needs. The loan is available on either an individual or group basis | 28% |
| Agricultural loan | Designed for farmers requiring working capital for the purchase of agricultural inputs, land leasing, acquisition of oxen, and rental of farm machinery. It also supports broader agricultural activities, including animal husbandry, and is available to both individual and group borrowers. | 26% |
| Fixed asset loan | Medium- to long-term financing facility is structured to support the acquisition of fixed assets. It is available to middle-income borrowers for the purchase of residential property, motor vehicles, and household durable goods such as televisions and refrigerators. The facility also finances productive assets, including generators, agricultural machinery, biogas systems, and water pumps, and is accessible to both individual and business borrowers. | 28% |
| Housing and construction loan | Available to eligible borrowers for the acquisition of residential, commercial, and other real estate properties. It also provides financing for construction completion, renovation, and the procurement of finishing materials. | 28% |
| Special emergency loan | Short-term product, intended to address temporary liquidity needs arising from urgent financial obligations. It is available to importers, contractors, and other commercial entities engaged in activities with rapid cash-flow cycles. The maximum loan tenor under this facility is six months | 29% |
| Agribusiness loan | Designed for agribusiness operators engaged in dairy farming, livestock fattening, poultry production, horticulture, apiculture, and related activities in urban and peri-urban areas. | 26% |
| Saving collateralized loan | Available to individuals seeking financing for personal consumption, business activities, or other eligible purposes. Following a mandatory savings period of three to six months, borrowers may access credit of up to 200% of their accumulated savings balance. | 28% |
| Staff loan | Available exclusively to Meba MFI's employees. Eligible borrowers may access a loan of up to six times their monthly basic salary, repayable through monthly amortization. | 10% |

As of January 31, 2026, gross loans to customers reached ETB 56.60 million compared to ETB 30.68 million as of June 30, 2025, reflecting strong portfolio growth. Business loans accounted for the largest share at 33.90%, followed closely by consumer loans to employed individuals at 31.99% and group employee loans at 29.87%, while SME loans contracted to 1.42% and the Company has discontinued the non-employee consumer loan category following a reclassification of loans with salary-based collateral as business loans, since customers were predominantly using these funds for business expansion. Housing and construction loans grew modestly to 2.82% of the portfolio. After provisions for impairment losses of ETB 0.89 million, net loans stood at ETB 55.71 million, highlighting both expansion and a shift toward individual and business borrowers.

Table 18: Loan Disbursed by Products
(ETB '000)

| Loan product | January 31, 2026 (7 months) | % Share | June 30, 2025 | % Share |
|---|---|---|---|---|
| SME Loans | 801.22 | 1.42% | 2,105.24 | 6.86% |
| Business Loans | 19,187.30 | 33.90% | 9,359.56 | 30.52% |
| Consumer Loan (Employee Loan) Individual | 18,111.22 | 31.99% | 3,439.61 | 11.21% |
| Consumer Loan (Employee Loan) Group | 16,908.91 | 29.87% | 14,865.93 | 48.47% |
| Consumer Loan (non-employee) | - | 0% | 290.38 | 0.95% |
| Housing/Construction & Renovation Loan | 1,595.23 | 2.82% | 619.47 | 2.02% |
| **Gross loans to customers** | **56,603.88** | **100%** | **30,680.19** | **100%** |
| Less: allowance for impairment losses | (894.89) | | (19.12) | |
| **Net loans to customers** | **55,708.99** | | **30,661.06** | |

The Company has commenced lending across its core product suite, including SME loans, Business loans, Consumer loans for employees (individual and group), Consumer loans for non-employees, and Housing, Construction, and Renovation loans. In addition to these operational products, several facilities remain approved but not yet launched, namely the Agricultural loan, Fixed asset loan, Special emergency loan, Agribusiness loan, Saving collateralized loan, and Staff loan.

As of January 31, 2026, total loans disbursed amounted to ETB 56.60 million, with Addis Ababa contributing the largest share at ETB 49.14 million, representing about 82% of the loan portfolio. Adama accounted for ETB 6.07 million, or roughly 12%, while Wolaita Sodo contributed ETB 1.39 million, equivalent to 3% of total loans. This distribution underscores Addis Ababa's continued dominance as the Company's primary lending hub, while the emerging contributions from Adama and Wolaita Sodo highlight early regional diversification and the potential to broaden the loan base.

Table 19: Loan Disbursed by Geography
(ETB 000')

| Product | Addis Ababa | | Adama | | Wolaita Sodo | |
|---|---|---|---|---|---|---|
| | June 30, 2025 | January 31, 2026 (7 months) | June 30, 2025 | January 31, 2026 (7 months) | June 30, 2025 | January 31, 2026 (7 months) |
| SME loan | 2,105.24 | 801.22 | - | - | - | - |
| Business loan | 9,827.63 | 17,433.16 | - | 1,454.14 | - | 300.00 |
| Consumer loan (employee) individual | 3,410.49 | 13,077.45 | - | 4,616.59 | - | 419.95 |
| Consumer loan (employee) – group | 14,570.69 | 16,230.17 | - | - | - | 675.96 |
| Consumer loan (non-employee) | 614.74 | - | - | - | - | - |
| Housing and construction loan | 151.40 | 1,595.23 | - | - | - | - |
| **Total** | **30,680.19** | **49,137.23** | **-** | **6,070.73** | **-** | **1,395.92** |

For the seven-month period ending January 31, 2026, total interest income amounted to ETB 10.75 million, compared to ETB 3.71 million for the year ended June 30, 2025. Business loans contributed ETB 3.38 million in January 2026, up from ETB 0.96 million in June 2025. Group employee loans generated ETB 3.74 million, compared to ETB 1.21 million in the prior year. Individual employee loans produced ETB 2.33 million, compared to ETB 0.81 million. SME loans accounted for ETB 0.55 million, compared to ETB 0.52 million. Consumer loans to non-employees contributed ETB 0.36 million, compared to ETB 0.13 million, while housing and construction loans yielded ETB 0.20 million, compared to ETB 0.06 million. Interest income from bank deposits was ETB 0.19 million, compared to ETB 0.03 million. No interest income was reported for June 2024, as lending operations had not yet commenced.

Table 20: Interest Income by Product
(ETB '000)

| Products | January 31, 2026 (7 months) | % Growth | June 30, 2025 |
|---|---|---|---|
| SME loan | 554.37 | 6.9% | 518.69 |
| Business loan | 3,375.16 | 250.9% | 961.84 |
| Consumer loan (employee) – individual | 2,328.30 | 186.8% | 811.90 |
| Consumer loan (employee) – group | 3,737.97 | 209.3% | 1,208.70 |
| Consumer loan (non-employee) | 363.65 | 186.8% | 126.81 |
| Housing and construction loan | 202.91 | 267.3% | 55.25 |
| Interest income from bank deposit | 190.19 | 548.0% | 29.35 |
| **Total** | **10,752.54** | **189.6%** | **3,712.53** |

The table below presents Meba MFI's primary revenue streams by operating segment and geographic location for the periods ended June 30, 2025, and January 31, 2026. Between June 30, 2025, and January 31, 2026, Addis Ababa demonstrated strong revenue growth, with total income rising from 3.71 million to 10.14 million, a 173% increase over seven months. Loan interest was the primary driver, expanding from 3.68 million to 10.03 million (172% growth), while bank deposit interest also grew from 0.03 million to 0.11 million (272% growth). The Adama and Wolaita Sodo branches opened only after June 30, 2025, reporting period, so no balances were recorded at that time; by January 31, 2026, Adama reported 0.57 million and Wolaita Sodo 0.05 million in revenue, reflecting their initial months of operation. Overall, Addis Ababa remains the dominant hub of revenue expansion, while Adama and Wolaita Sodo are in their early stages of contribution.

Table 21:Total Revenue by Geography

| Products | Addis Ababa | | Adama | | Wolaita Sodo | |
|---|---|---|---|---|---|---|
| | June 30, 2025 | January 31, 2026 (7 months) | June 30, 2025 | January 31, 2026 (7 months) | June 30, 2025 | January 31, 2026 (7 months) |
| Interest income from Loans | 3,683.18 | 9,946.3 | – | 568.30 | – | 47.75 |
| Interest income from bank deposit | 29.35 | 190.19 | – | – | – | – |
| **Total** | **3,712.53** | **10,136.49** | **-** | **568.30** | **-** | **47.75** |

As of January 31, 2026, the Company's loan customer base totaled 768, compared to 375 as of June 30, 2025, more than doubling within seven months. The portfolio was composed predominantly of individual borrowers, rising to 751 from 358, while corporate borrowers remained unchanged at 17. No retail borrowers were recorded. This composition underscores the Company's continued emphasis on household-level lending, complemented by a small but stable corporate exposure.

Table 22: Loan Portfolio by Customer Segment

| Customer Segment | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Individual Borrowers | 751 | 358 |
| Retail Borrowers | - | - |
| Corporate Borrowers | 17 | 17 |
| **Total Customers** | **768** | **375** |

As of January 31, 2026, gross loans stood at ETB 56.60 million compared to ETB 30.68 million as of June 30, 2025, reflecting strong growth across sectors. Transport and logistics accounted for 38% of the portfolio, followed by trade and services at 36%, together representing nearly three-quarters of total lending. Manufacturing contributed 13%, while agriculture emerged as a new segment with 12%, underscoring diversification into productive areas. Construction and real estate remained modest at 1%.

Table 23: Loan by Sector
(ETB '000)

| Sector | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Trade & Services | 20,394.19 | 15,998.36 |
| Manufacturing | 7,505.83 | 7,052.95 |
| Agriculture | 6,603.33 | - |
| Construction & Real Estate | 523.03 | 151.40 |
| Transport & Logistics | 21,577.50 | 7,477.49 |
| **Total** | **56,603.88** | **30,680.19** |

## 2. Deposit Products

Meba MFI offers a range of deposit products tailored to its core market segments. Interest rates on these instruments typically range from 7% to 9.5% per annum; however, certain products are subject to customized pricing negotiated on a case-by-case basis. The Company's deposit offerings and applicable interest rates are detailed in table below.

Table 24: Saving Products

| Category | Product | Descriptions | Interest rate |
|---|---|---|---|
| Compulsory saving | Mandatory saving | Requires borrowers to make mandatory deposits collected both upfront and on a recurring basis for the duration of the loan term. It applies to both individual and group-based lending arrangements. | 7% |
| Voluntary saving | Individual saving | Designed for discretionary deposit mobilization from all clients, irrespective of their borrowing status. Participation is optional and not linked to any existing or prospective credit facility | 8.5% |
| | Women saving | Gender-specific savings product offered exclusively to female clients. | 9% |
| | Children and youth (minor) saving | Designed for minors, youth, and young adults. Accounts may be opened and operated by parents or legal guardians on behalf of minors. Individuals aged 18–24 may also maintain accounts independently. | 9% |
| | Box saving | Targets micro-depositors in both urban and rural areas with limited access to formal financial services. The Company provides secure home-based savings boxes to facilitate the accumulation of small-denomination coins and banknotes. Once a sufficient balance is accumulated, the funds are collected and credited to the customer's formal savings account with the Company. | 8.5% |

| Category | Product | Descriptions | Interest rate |
|---|---|---|---|
| | Organizational saving | Institutional savings products are available to legal entities, including civic and professional associations, corporate enterprises, cooperatives, religious institutions, non-governmental organizations (NGOs), and community-based informal financial groups such as Idir and Equb. | 8.5% |
| | Interest free saving | Non-interest-bearing deposit product provides on-demand liquidity, allowing depositors to withdraw funds at any time, subject to the applicable contractual terms | None |
| | Elders saving | Eligibility for this savings product is restricted to individuals aged 55 years and above. | 9.5% |
| | Special purpose saving | Designed for individuals seeking to accumulate funds for predefined objectives, including education, healthcare, weddings, or the acquisition of fixed assets and property. Withdrawals are restricted to the specific purpose declared at the time of account opening | 9.5% |
| | Time deposit | Fixed-term deposit product under which funds are placed for a predetermined period at an agreed interest rate. Withdrawals are permitted only upon maturity of the specified term, subject to applicable terms and conditions | Negotiated rate |

As of January 31, 2026, the Company mobilized total deposits of ETB 47.13 million from 5,592 depositors, compared to ETB 27.43 million from 2,674 depositors as of June 30, 2025, representing a 72% increase in volume and more than doubling of depositor accounts within seven months. Growth was driven by strong uptake in individual savings, special purpose savings, and children and youth savings, while compulsory savings continued to provide a stable base linked to loan disbursements. Conversely, women's savings and time deposits contracted sharply, indicating shifts in customer preference toward more flexible or goal-oriented products.

Table 25: Savings Breakdown by Product and Segment

| Product | January 31, 2026 (7 months) | | June 30, 2025 | |
|---|---|---|---|---|
| | Number of Depositors | Amount (ETB 000') | Number of Depositors | Amount (ETB 000') |
| Compulsory saving | 801 | 8,600.06 | 378 | 4,117.49 |
| Individual saving | 2,273 | 4,914.86 | 963 | 1,697.37 |
| Women saving | 1,762 | 3,590.10 | 980 | 5,522.21 |
| Children and youth (minor) saving | 96 | 197.45 | 59 | 139.65 |
| Organizational saving | 10 | 530.93 | 5 | 393.93 |

| Product | January 31, 2026 (7 months) | | June 30, 2025 | |
|---|---|---|---|---|
| | Number of Depositors | Amount (ETB 000') | Number of Depositors | Amount (ETB 000') |
| Interest free saving | 52 | 28.70 | 25 | 12.25 |
| Elders saving | 6 | 187.92 | 5 | 212.66 |
| Special purpose saving | 563 | 5,989.26 | 244 | 2,206.89 |
| Time deposit | 27 | 23,100.20 | 15 | 13,131.10 |
| **Total** | **5,592** | **47,139.48** | **2,674** | **27,433.54** |

As of January 31, 2026, the Company has successfully mobilized deposits across compulsory, individual, women, children and youth, organizational, interest-free, elders, special purpose, and time deposit products, all of which show active depositor participation. The only savings product not yet launched is the Box saving scheme, which remains pending on rollout.

As of January 31, 2026, Addis Ababa contributed ETB 40.15 million, representing 85% of total deposits, underscoring its role as the Company's dominant funding hub. Adama accounted for ETB 4.63 million, or roughly 10% of the portfolio, while Wolaita Sodo contributed ETB 2.35 million, equivalent to about 5% of total deposits. This geographic distribution highlights the Company's heavy reliance on its core urban market, while early traction in Adama and Wolaita Sodo signals gradual regional diversification and the potential to broaden the depositor.

Table 26: Savings Breakdown by Products and Geography
(ETB '000)

| Product | Addis Ababa | | Adama | | Wolaita Sodo | |
|---|---|---|---|---|---|---|
| | June 30, 2025 | January 31, 2026 | June 30, 2025 | January 31, 2026 | June 30, 2025 | January 31, 2026 |
| Compulsory Saving | 4,117.49 | 4,192.61 | - | 689.82 | - | 192.5- |
| Individual Saving | 1,697.37 | 3,741.71 | - | 90.84 | - | 874.61 |
| Women Saving | 5,522.21 | 2,777.70 | - | 1.97 | - | - |
| Children & Youth (Minor) Saving | 139.65 | 193.38 | - | - | - | 2.00 |
| Organizational Saving | 393.93 | 514.31 | - | .51 | - | 16.10 |
| Interest-Free Saving | 12.25 | 28.10 | - | .60 | - | - |
| Elders Saving | 212.66 | 187.92 | - | - | - | - |
| Special Purpose Saving | 2,206.89 | 3,512.88 | - | 2,153.98 | - | 316.11 |
| Time Deposit | 13,131.10 | 21,150.20 | - | 1,000.00 | - | 950.00 |
| **Total** | **27,433.5** | **40,150.7** | **-** | **4,637.45** | **-** | **2,351.3** |

For the seven-month period ended January 31, 2026, total interest expense amounted to ETB 3.73 million, compared to ETB 1.07 million for the year ended June 30, 2025, reflecting overall growth of 248%. The largest contributors were time deposits, which increased to ETB 1.78 million from ETB 0.72 million (147% growth), and bank loan interest expense, which rose sharply to ETB 1.18 million from ETB 0.02 million (6,757% growth). Among savings products, compulsory savings generated ETB 0.26 million, up from ETB 0.10 million (155% growth), while elders' savings rose to ETB 0.19 million from ETB 0.06 million (228% growth).

Women's savings contributed ETB 0.14 million, compared to ETB 0.07 million (105% growth), and individual savings produced ETB 0.13 million, compared to ETB 0.07 million (98% growth). Organizational savings accounted for ETB 0.02 million, up from ETB 0.02 million (49% growth), while children and youth savings declined to ETB 0.01 million from ETB 0.01 million (−27%). No expense was reported for interest-free savings, as these deposits do not accrue interest. No interest expense was reported for June 2024, as deposit mobilization had not yet commenced.

Table 27: Interest Expense by Product
(ETB '000)

| Savings Product | January 31, 2026 (7 months) | % Growth | June 30, 2025 |
|---|---|---|---|
| Compulsory saving | 262.62 | 155% | 102.96 |
| Individual saving | 134.15 | 98% | 67.65 |
| Women saving | 143.88 | 105% | 70.08 |
| Children and youth (minor) saving | 8.15 | -27% | 11.14 |
| Organizational saving | 23.02 | 49% | 15.41 |
| Interest free saving | - | - | - |
| Elders saving | 10.86 | 19% | 9.12 |
| Special purpose saving | 188.01 | 228% | 57.26 |
| Time deposit | 1,783.87 | 147% | 722.87 |
| Bank Loan Interest Expense | 1,176.65 | 6757% | 17.16 |
| **Total** | **3,731.20** | **248%** | **1,073.65** |

As of January 31, 2026, the Company's depositor base totaled 5,592, compared to 2,674 as of June 30, 2025, representing a 109% growth within seven months. The portfolio was composed predominantly of individual depositors, rising to 5,583 from 2,669, a 109% increase, while corporate depositors increased modestly to 9 from 5, reflecting an 80% growth. No retail depositors were recorded. This composition underscores the institution's reliance on household-level mobilization, complemented by a small but stable corporate presence.

Table 28: Depositors Base by Segment

| Customer Segment | January 31, 2026 | June 30, 2025 |
|---|---|---|
| Individual Depositors | 5,583 | 2,669 |
| Retail Depositors | - | - |
| Corporate Depositors | 9 | 5 |
| **Total Customers** | **5,592** | **2,674** |

As of January 31, 2026, depositor and borrower activity is concentrated in Addis Ababa, which accounts for 79.20% of depositors and 87.70% of borrowers. Within Addis Ababa, the Sealite Miheret Branch contributes the largest share, with 31.90% of depositors and 40% of borrowers, underscoring its role as the institution's primary hub. The Kidist Mariam Branch also plays a significant role, contributing 29.60% of depositors and 28.40% of borrowers, while Jemo Michael Branch adds 17.70% of depositors and 19.3% of borrowers. In contrast, Adama and Wolaita Sodo branches represent smaller shares, 13.3% and 7.5% of depositors, and 10 % and 2.3% of borrowers, respectively.

This lower participation is largely due to the fact that these branches were opened recently and are still in the early stages of client acquisition and operational growth. Overall, the city-level distribution highlights Addis Ababa's dominance, particularly through Sealite Miheret and Kidist Mariam branches, which together account for more than 60% of deposits and nearly 70% of loans. Meanwhile, newer regional branches are gradually expanding their footprint, signaling future diversification of the depositor and borrower base.

Table 29: Customer Distribution by City

| Branch | Depositors | % Share | Borrowers | % Share |
|---|---|---|---|---|
| Addis Ababa | 4429 | 79.20% | 673 | 87.70% |
| Adama | 743 | 13.30% | 77 | 10.00% |
| Wolaita Sodo | 420 | 7.50% | 18 | 2.30% |
| **Total** | **5,592** | **100%** | **768** | **100%** |

### 3. Planned New Products

Meba MFI is currently in the process of introducing a new product designed to enhance customer experience, optimize operational efficiency, and strengthen asset quality.

**Training and Consultancy services**

Meba MFI is developing a business consulting and training service product as part of its loan services. This advisory service utilizes a network of accredited, retention-based advisors to provide personalized coaching, technical support, and due diligence for business borrowers. This support is intended to increase the viability and competitiveness of the businesses within the Company's portfolio, thereby fostering a more resilient borrower base.

As of now, Meba Microfinance Institution has identified several new products that are under development but remain in the research stage. These include the Meba Saving Product (Tithe saving), the Meba Edu Saving Product focused on education, the Meba Guzo Saving Product intended for national and international travel, the Meba Edu Loan Product supporting higher education financing, and the Meba Guzo Loan Product for travel financing. While these products are not yet launched, they are being assessed for feasibility, regulatory compliance, and operational readiness before rollout.

Beyond these initiatives, the Company has several approved products that have not yet commenced operations, including the Agricultural loan, Fixed Asset loan, Special Emergency loan, Agribusiness loan, Saving Collateralized loan, and Staff loan on the lending side, and the Box Saving scheme on the deposit side.

The rollout of these facilities will be phased, aligned with capital mobilization, operational readiness, and regulatory requirements, to expand the Company's service offering and diversify its loan and savings portfolio.

### 2.3.2 Operational Interruptions in the Issuer's Business

Over the preceding twelve months, Meba MFI has not experienced any service interruptions that have materially affected its operations or financial position.

### 2.3.3 Key Dependencies

Meba MFI's principal dependencies are centered on its three-member Executive Management team, namely the CEO, the Finance and Administration Manager, and the Marketing and Business Development Manager, who collectively provide the leadership required for the Company's operations, regulatory compliance, and strategic growth. The departure of any one of these executives would materially affect the Company's operations, given the concentration of oversight and decision-making at this level. At present, no formal succession plan or contingency measures have been established to address potential changes in this leadership structure, underscoring the importance of continuity within the executive team.

Beyond this, the Company is not dependent on external commercial partnerships or third-party technology vendors, as it currently relies on an internal semi-automated framework to manage its data and core functions.

However, the planned procurement of a core banking system, upon which the entire digital strategy depends on represents a material forward-looking operational dependency. But as the date of the Prospectus no vendor contract has yet been signed, and this should be expressly noted.

## 2.4 Principal Markets and Competition

### 2.4.1 Ethiopian Macroeconomic Overview

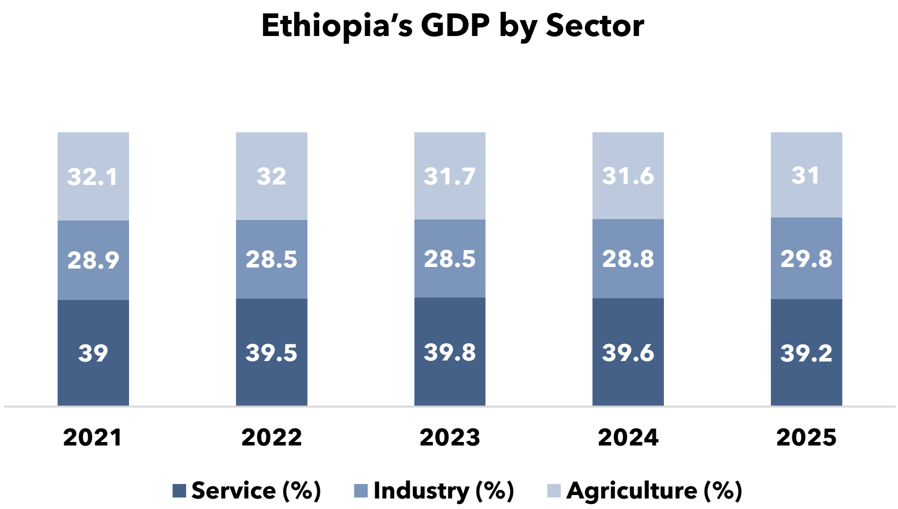
Meba MFI operates in Ethiopia, a country which is undergoing a fundamental economic transformation under the second phase of the Homegrown Economic Reform Agenda (HGER 2.0). Compared to the previous fiscal year, reform implementation has deepened, particularly in monetary policy and foreign exchange liberalization, reinforcing the transition from a state-led growth model toward a more market-oriented and private sector-driven economy. The shift to an interest rate-based monetary framework and the operationalization of a more market-determined exchange rate regime represent significant departures from prior policy regimes, improving macroeconomic policy credibility and market efficiency relative to FY2023/24.

The Ethiopian economy remains one of the fastest growing in Sub-Saharan Africa, with real GDP growth increasing from 8.1% in FY2023/24 to 9.2% in FY2024/25 and projected to further rise to 10.2% in FY2025/26.[6]

[6] https://nbe.gov.et/fsr/

This acceleration reflects stronger post-reform momentum compared to the previous year, where growth was already robust but comparatively lower. Growth continues to be broad-based, supported by services, agriculture, and industry, with increasing contributions from industrial activity, indicating a gradual structural shift compared to the prior year's composition.[7]

Figure 2: Ethiopia's GDP by Sector




*Source: NBE, Financial Stability Report, 2026*

Macroeconomic stability has improved markedly relative to June 2024, when headline inflation stood at 19.9%. Inflation dynamics eased significantly thereafter, declining to 15.5% in January 2025, 13.9% in June 2025, and further to 9.7% by December 2025. This represents a notable improvement compared to FY2023/24, when inflation remained elevated and more volatile[8]. This sharper disinflation trend reflects more effective monetary tightening, improved food supply conditions, and better policy coordination than in the previous year. As a result, Ethiopia has transitioned into a positive real interest rate environment, compared to negative real returns in prior periods. Long-term lending rates (17.9%) and Treasury bill yields (up to 15.5% as of September 2025) now exceed inflation, enhancing financial intermediation and savings mobilization relative to FY2023/24.[9]

The external sector (Ethiopia's economic relationship with the rest of the world) shows one of the most pronounced year-on-year improvements. Following the 2024 foreign exchange reforms, the Ethiopian Birr depreciated by over 150% between June 2024 and September 2025, compared to a relatively managed and overvalued exchange rate regime in the previous year. While this adjustment introduced short-term inflationary and balance sheet pressures, it significantly improved external competitiveness. As a result, the current account deficit narrowed sharply from 3.0% of GDP in June 2024 to 0.2% in June 2025, a substantial improvement compared to the wider imbalances observed in FY2023/24.

[7] https://nbe.gov.et/fsr/
[8] https://tradingeconomics.com/ethiopia/inflation-cpi
[9] https://nbe.gov.et/fsr/

Additionally, foreign exchange reserves and inflows increased significantly, supported by higher exports and remittances, marking a clear turnaround from the foreign currency shortages experienced in the prior year.[10]

Fiscal performance has also improved compared to the previous year. The budget deficit declined from 2.1% of GDP in 2024 to 0.4% in 2025, reflecting stronger fiscal discipline and enhanced domestic revenue mobilization relative to FY2023/24.

On the debt side, there has been a divergence in trends: external debt increased from 14.1% to 26.9% of GDP, largely due to exchange rate depreciation effects, compared to a lower and more stable ratio in the previous year. However, domestic debt declined from 19.2% to 14.8% of GDP, indicating reduced reliance on domestic financing relative to FY2023/24 and an improvement in domestic debt sustainability.[11]

Compared to the previous year, Ethiopia's macroeconomic environment has strengthened, with higher GDP growth, lower inflation, improved external balances, and stronger fiscal discipline. While risks from exchange rate shifts and rising external debt remain, these stem from structural reforms aimed at correcting long-standing imbalances. Overall, the fundamentals are more stable and supportive of financial sector deepening, capital market development, and investment activity.

### 2.4.2 Industry Overview

Meba MFI operates in the financial sector industry. The Ethiopian financial landscape is undergoing a structural modernization under the regulatory oversight of the NBE.

The sector comprises a mix of traditional banking institutions, MFIs, insurance companies, social security, capital goods finance companies and a rapidly emerging cohort of capital market intermediaries.

As of June 2025, total financial sector assets, including the social security sector, reached ETB 5.6 trillion, representing a 40% annual increase from ETB 4 trillion in June 2024. This expansion reflects strong financial deepening, with total assets rising to 37.2% of GDP, up from 34.6% a year earlier. The growth trajectory highlights increasing intermediation capacity and the strengthening role of financial institutions in supporting economic activity.[12]

The Ethiopian financial system remains heavily bank dominated. The banking sector accounts for 87.5% of total financial sector assets, reaffirming its central role in financial intermediation. The social security sector follows with a 9.4% share, playing a stabilizing role through its significant investments in government securities, particularly Treasury Bills.

Other financial institutions, including MFIs like Meba MFI, insurance companies, and capital goods finance companies, collectively represent a relatively small but growing portion of the system.[13]

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[10] https://nbe.gov.et/fsr/
[11] https://nbe.gov.et/fsr/
[12] https://nbe.gov.et/fsr/
[13] https://nbe.gov.et/fsr/

**Structure and Growth of the Financial Sector**

The structure of Ethiopia's financial system reflects both concentration and diversification trends. Between June 2024 and June 2025, all major segments of the financial sector recorded strong growth.

Table 30: Total Assets of the Financial System and GDP
(ETB In Billions)

| No | Items | June 2024 | Market Share (%) | June 2025 | Market Share (%) | Growth (%): 2024-25 |
|---|---|---|---|---|---|---|
| 1 | Banks | 3,459.5 | 86.2 | 4,920.8 | 87.5 | 42.2 |
| | *Commercial Banks* | *3,277.3* | *81.7* | *4,737* | *84.2* | *44.5* |
| | *Development Bank* | *182.2* | *4.5* | *183.8* | *3.3* | *0.9* |
| 2 | Social Security Sector | 420.0 | 10.5 | 530 | 9.4 | 26.2 |
| 3 | Microfinance Institutions (MFIs) | 60.1 | 1.5 | 81.7 | 1.5 | 35.9 |
| 4 | Insurance Companies | 65.6 | 1.6 | 84.9 | 1.5 | 29.4 |
| 5 | Capital Goods Companies | 6.4 | 0.2 | 8.2 | 0.1 | 28.1 |

*Source: NBE, Financial Stability Report, 2026*

Ethiopia's financial sector is undergoing a structural transformation with the establishment of a formal capital market ecosystem regulated by the ECMA and anchored by the Ethiopian Securities Exchange (ESX). Established under Proclamation No. 1248/2021, the Authority serves as the primary regulator responsible for licensing, supervision, and enforcement, ensuring transparency, investor protection, and orderly market development. Its mandate includes oversight of key market participants such as brokers, investment banks, and advisory firms, while also promoting financial innovation and inclusion. The ESX, structured as a public-private partnership, operates as the central trading platform for equities, fixed income, and money market instruments, with the objective of mobilizing long-term capital and improving resource allocation across the economy.[14]

Although still at a nascent stage, Ethiopia's capital market is expected to play a pivotal role in addressing structural gaps within the financial system. It enables the mobilization of long-term financing that traditional banks, largely reliant on short-term deposits, are constrained in providing. By allowing firms to raise capital directly through equity and bond issuances, the market reduces dependence on bank lending and broadens access to finance. Additionally, it enhances risk diversification by distributing financial exposure across a wider investor base, thereby strengthening overall financial stability, especially in the context of ongoing macroeconomic reforms and potential shocks such as exchange rate adjustments.

[14] https://ecma.gov.et/about/

### 2.4.3 Competitive Landscape

MFIs remain central to advancing financial inclusion, particularly in rural and semi-urban areas, while also addressing the "missing middle", small and medium enterprises that are often too large for microcredit yet underserved by commercial banks. By serving both low-income households and SMEs, MFIs help bridge a critical financing gap in Ethiopia's evolving financial system.

The Ethiopian microfinance sector is undergoing structural change, driven by regulatory reforms, digital innovation, and the entry of non-traditional financial service providers.

Between 2019 and 2023, several large regional institutions, including Amhara, Oromia, Omo, Somali, Addis, and Sidama Credit and Saving Institutions, transitioned into fully licensed commercial banks[15]. Despite these exits, competition remains strong, with leading MFIs such as VisionFund, Metemamen and Nisir, continuing to dominate industry assets, capital, deposits, and loan portfolios. The competitive environment is further reshaped by the rapid growth of mobile money and fintech platforms. Telebirr and M-PESA have expanded rapidly, reshaping traditional deposit mobilization and micro-lending models. Commercial banks have also introduced mobile wallets and integrated savings-credit products, increasing competition for micro-enterprise customers. [16]This combined pressure from fintech providers and established banks highlights the need for MFIs to adopt digital integration to maintain market share and relevance.

As of June 2025, the MFI sector comprised of 59 MFIs operating at 1,238 branches, up from 56 MFIs and 1,138 branches a year earlier, reflecting continued expansion. While the sector accounts for approximately 1.5% of total financial-sector assets, its operational reach remains significant. This broad geographic presence enabled the sector to serve over 829,000 active loan customers and a depositor base exceeding 5.5 million.[17]

Meba MFI operates at a limited scale within this structure, with its branch network expanding from 1 branch in June 2024 to 3 branches in June 2025. The Company served 2,674 depositors and 375 loan customers as of June 2025, reflecting early-stage outreach relative to the sector.

The MFI sector recorded consistent balance sheet expansion over the period, with total assets increasing from ETB 49.4 billion in June 2023 to ETB 81.7 billion in June 2025. This growth was driven by both loan portfolio expansion and a significant increase in liquid assets, which more than doubled over the period, indicating improved liquidity buffers at the sector level. Gross and net loans showed steady growth, reflecting continued credit expansion, while deposits grew at a comparable pace, supporting funding stability. Borrowings increased moderately, suggesting a balanced funding mix, while total capital rose in line with asset growth, maintaining adequate capitalization across the sector.[18]

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[15] https://addisfortune.news/it-companies-vying-to-bag-sidama-bank-core-banking-contract?utm_

[16] https://birrmetrics.com/m-pesa-launches-digital-lending-in-ethiopia-in-challenge-to-telebirr/?utm_

[17] https://nbe.gov.et/fsr/

[18] https://nbe.gov.et/fsr/

As a recent entrant, Meba MFI has a limited market share relative to the sector and is positioned at the bottom tier when compared with the industry and leading institutions. As of June 2025, the Company reported total assets of ETB 50.7 million, capital of ETB 10.8 million, deposits of ETB 27.4 million, and a loan portfolio of ETB 30.7 million. These figures represent less than 1% of industry totals across assets, capital, deposits, and loans. However, between June 2024 and June 2025, the Company recorded a notable increase in total assets, liquid assets, and deposits, indicating early-stage expansion.

The loan portfolio was initiated during this period, marking a transition toward core lending activities. Capital levels remained relatively stable, while borrowings contributed to funding diversification. Overall, Meba's balance sheet reflects a growth phase, with increasing asset accumulation and initial portfolio development, but still limited scale compared to the broader sector.

Meba MFI acknowledges its bottom-tier position within the sector and is pursuing a clear strategy to strengthen competitiveness. Central to this effort is its capital mobilization drive through its rights offer to meet the NBE's ETB 75 million paid-up capital requirement, up from the current ETB 17.19 million. Conditionally on achieving this target, the Company plans to implement digitalization through core banking systems while expanding depositor and lending activities. These measures form part of its broader strategy to grow market share and remain competitive within Ethiopia's evolving financial landscape.

Table 31: Major Balance Sheet Items of MFIs
(ETB in Millions)

| No | Major items | Sector Performance | | | Meba MFI's Performance | | | Market Share of Meba MFI Against Industry | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | June 2023 | June 2024 | June 2025 | June 2023 | June 2024 | June 2025 | June 2023 | June 2024 | June 2025 |
| **Assets** | | | | | | | | | | |
| 1 | Total liquid assets | 9,500 | 12,100 | 22,500 | 11.24 | 10.36 | 48.49 | 0.12% | 0.09% | 0.22% |
| 2 | Gross loans | 31,500 | 39,700 | 48,900 | - | - | 30.66 | - | - | 0.06% |
| 3 | Net loans | 30,400 | 38,600 | 47,700 | - | - | 30.64 | - | - | 0.06% |
| 4 | Gross NPLs (PAR>90 days) | 1.3 | 1.4 | 1.6 | - | - | 0.014 | - | - | 0.88% |
| 5 | Total assets | 49,400 | 60,100 | 81,700 | 13.02 | 12.15 | 50.75 | 0.03% | 0.02% | 0.06% |
| **Liability and Capital** | | | | | | | | | | |
| 6 | Total deposits | 24,300 | 31,400 | 41,800 | - | - | 27.43 | - | - | 0.07% |
| 7 | Borrowings | 10,300 | 11,000 | 12,200 | - | - | 10 | - | - | 0.08% |
| 8 | Total capital | 9,000 | 11,400 | 15,900 | 11.91 | 11.03 | 10.85 | 0.13% | 0.09% | 0.07% |

*Source: NBE, Financial Stability Report, 2026*

The sector's performance indicators show moderate improvement in stability and funding structure. The loan-to-deposit ratio declined from 126.4% to 117.2%, indicating reduced reliance on external funding and improved deposit mobilization. Asset quality improved slightly, with NPL ratios declining from 3.6% to 3.3%, remaining comfortably within the 5% regulatory ceiling established by the NBE. Liquidity strengthened significantly, with the liquidity ratio rising from 38.7% to 53.9%, well above the 20% minimum requirement, providing a substantial buffer against market volatility. Capital adequacy also improved, rising from 22.9% to 30.3%, signaling stronger risk-absorbing capacity. Profitability remained stable, with return on equity and return on assets showing only marginal declines. However, operational efficiency weakened slightly, suggesting rising operating costs relative to income.[19]

Meba MFI's performance indicators reflect early-stage operations. The Company maintains lower credit risk, with an NPL ratio of 0.18%, significantly below the sector average. Liquidity and capital adequacy ratios are above sector levels, indicating strong buffers.

The loan-to-deposit ratio of 89.48% is below the sector average, suggesting a more conservative lending position. However, profitability remains negative, with return on equity and return on assets below zero percent, reflecting limited revenue generation relative to costs. Operational efficiency is significantly weaker than the sector, although it improved over periods, indicating initial progress. Outreach indicators, including branches and customer bases, remain limited but show early expansion. Overall, Meba's performance reflects an early entrant phase, with stable risk indicators but constrained profitability and scale.

Table 32: Selected Sector Performance Indicators of MFIs

| Indicators | Sector Performance | | Meba MFI's Performance | |
|---|---|---|---|---|
| | June 2024 | June 2025 | June 2024 | June 2025 |
| Number of Branches | 1,138 | 1,238 | 1 | 3 |
| Number of Depositors | 5,586,302 | 7,109,133 | - | 2,674 |
| Number of Loan Customers | 829,078 | 752,387 | - | 375 |
| Loan to deposit ratio | 126.40% | 117.20% | - | 89.48% |
| NPL | 3.60% | 3.30% | - | 0.18% |
| Return on equity | 27.70% | 27.50% | -2.8% | -47.9% |
| Return of Assets | 5.60% | 5.30% | -2.3% | -12% |
| Operational Efficiency Ratio | 21.50% | 22.50% | 453.7% | 228.6% |
| Liquidity Ratio | 38.70% | 53.90% | - | 61.61% |
| Debt to Equity | 4.27:1 | 4.1:1 | 0.2:1 | 3.68:1 |
| Capital Adequacy Ratio | 22.90% | 30.30% | - | 29.11% |

*Source: NBE, Financial Stability Report, 2026*

[19] https://nbe.gov.et/fsr/

**Total Revenue by Operating Segment and Geographic Market**

**Disclaimer**

The breakdown of total revenue by operating segment and geographic market for all competing MFIs is not readily available in the public domain. Due to the absence of comprehensive and comparable competitor data, a competitive analysis benchmarked against Meba MFI cannot be provided at this stage. The figures presented herein reflect only Meba MFI's reported performance and should be interpreted within that context.

The revenue analysis across operating segments and geographic markets for Meba MFI shows a strong concentration in Addis Ababa, which consistently generated the bulk of income across all loan categories. As of January 31, 2026, total revenue in Addis Ababa rose sharply to 10,136.49, marking nearly a threefold increase from 3,712.53 in June 2025. This growth was driven primarily by the expansion of business loans (from 961.84 to 3,199.74) and consumer loans (employee group) (from 1,208.70 to 3,732.79). Additional contributions came from consumer loans (employee individual), which more than doubled, and housing and construction loans, which grew nearly fourfold.

In Adama, revenue streams were modest but showed diversification. By January 2026, total revenue reached 568.30, largely supported by business loans (175.42) and consumer loans (employee individual) (392.88). This indicates emerging loan activity in the region, though still significantly smaller compared to Addis Ababa. Wolaita Sodo contributed marginally, with revenue of 47.75 in January 2026, primarily from consumer loans (employee individual) (42.57) and a small amount from group loans (5.18). This reflects a nascent market presence with limited penetration. Overall, the data highlights Addis Ababa as the dominant revenue hub, accounting for over 90% of total income, while Adama and Wolaita Sodo remain secondary markets with gradual but modest growth.

Table 33: Total Revenue by Operating Segment and Geographic Market
(ETB '000)

| Total Revenue | Addis Ababa | | Adama | | Wolaita Sodo | |
|---|---|---|---|---|---|---|
| | June 30, 2025 | January 31, 2026 | June 30, 2025 | January 31, 2026 | June 30, 2025 | January 31, 2026 |
| SME loan | 518.69 | 554.37 | – | – | – | – |
| Business loan | 961.84 | 3,199.74 | – | 175.42 | – | – |
| Consumer loan (employee) – individual | 811.90 | 1,892.85 | – | 392.88 | – | 42.57 |
| Consumer loan (employee) – group | 1,208.70 | 3,732.79 | – | – | – | 5.18 |
| Consumer loan (non-employee) | 126.81 | 363.65 | – | – | – | – |
| Housing and construction loan | 55.25 | 202.91 | – | – | – | – |
| Interest income from bank deposit | 29.35 | 190.19 | – | – | – | – |
| **Total** | **3,712.5** | **10,136.5** | **-** | **568.3** | **-** | **47.8** |

## 2.5 Regulatory Environment

Meba MFI operates within a comprehensive and tightly regulated financial services framework in Ethiopia. The Company is primarily regulated by the NBE as a licensed MFI and, in connection with its proposed rights offering, is additionally subject to oversight by the ECMA. This section outlines the principal laws, proclamations, and directives applicable to the Company, together with their direct implications on its operations, financial position, governance, growth strategy, and compliance obligations.

### 2.5.1 Overview of the Regulatory Framework

Meba MFI operates within a multi-layered regulatory environment combining sector-specific financial regulation and broader national legislation.

**National Bank of Ethiopia (NBE)**

The NBE is the primary regulator of deposit-taking financial institutions. It is mandated to issue directives, supervise institutions, and enforce compliance with prudential standards.

For the Company, NBE oversight directly governs licensing, capital adequacy, liquidity management, credit exposure limits, and branch expansion. This ensures operational discipline but also constrains rapid expansion due to strict compliance requirements. As of January 31, 2026, the Company's paid-up capital of ETB 17.19 million is below the NBE minimum of ETB 75 million, which directly limits loan portfolio growth (currently ETB 56.60 million) and restricts single borrower exposure to 1% of capital (currently approximately ETB 172,000 per borrower).

**Microfinance Business Proclamation (No. 626/2009, as amended by No. 1164/2019)**
This proclamation governs the establishment, licensing, ownership, and operations of MFIs.

For the Company, it defines permissible activities such as deposit mobilization and lending, imposes minimum capital requirements, and requires regulatory approval for governance and expansion decisions, thereby shaping its growth trajectory. Specifically, Article 6 of the Proclamation requires NBE approval for any change in shareholding exceeding 5%, which affects the Company's ability to attract new investors without regulatory delay. Article 19 mandates annual external audits, which the Company has complied with for FY 2023, FY2024 and FY2025.

**Ethiopian Capital Market Authority (ECMA)**

The ECMA regulates issuers of securities and public offerings.

For the Company, ECMA oversight requires preparation of a compliant prospectus, ongoing disclosure, and adherence to investor protection rules. This framework enhances transparency and investor confidence but also raises compliance costs. It also governs the Company's ability to raise capital through its rights offer. Under Directive No. 1030/2024, Article 34, no person shall sell securities to the public without an ECMA-approved prospectus.

The Company has complied with this requirement by submitting this Prospectus for approval. Furthermore, under Article 138, the Company will be required to disclose material information within 24 hours of occurrence, which will increase operational monitoring costs but enhance investor confidence.

**Cross-Cutting Legal Framework**

The Company is also subject to national laws including the Commercial Code, Financial Reporting Proclamation, Labour Proclamation, Data Protection Proclamation, and AML/CFT Proclamation.

For the Company, these laws impose governance, reporting, employment, data security, and anti-financial crime obligations, increasing operational complexity while strengthening institutional credibility. Under the Data Protection Proclamation No. 1321/2024, Article 12, the Company must obtain customer consent before processing personal data. As the Company serves 5,592 depositors and 768 borrowers, implementing this requirement will require investment in consent management systems.

Under the AML/CFT Proclamation No. 780/2013, Article 13, the Company must conduct customer due diligence for all deposit and loan accounts, which the Company currently performs manually but may require automation as customer volume scales.

### 2.5.2 Governing Laws, Proclamations, and Directives

The Company is subject to a combination of primary legislation and detailed regulatory directives that define its permissible activities, prudential requirements, governance standards, and reporting obligations.

**Primary Legislation**

**National Bank of Ethiopia Establishment Proclamations (No. 591/2008; No. 1359/2025)**

This proclamation establishes the NBE as the central bank and primary regulator of financial institutions. It grants the NBE authority to license institutions, issue binding directives, conduct inspections, and enforce corrective actions. The 2025 amendment further strengthened supervisory powers and consumer protection mandates.

*Implication for the Company*: The Company is subject to continuous prudential supervision, including on-site and off-site inspections by the NBE. This ensures regulatory discipline, financial stability, and compliance with sector-wide standards. Specifically, Article 56 of Proclamation No. 1359/2025 grants the NBE power to impose corrective measures, including restrictions on dividend payments or branch expansion, for non-compliance. The Company monitors its compliance position through quarterly internal audits to mitigate this risk.

**Microfinance Business Proclamation (No. 626/2009, as amended by No. 1164/2019)**

This proclamation governs the establishment, licensing, ownership, governance, and operations of MFIs. It defines permissible activities (deposit-taking, micro-lending), sets minimum capital requirements, and mandates NBE approval for board members and senior management.

*Implication for the Company*: Meba MFI's core business model is legally defined by this proclamation. It restricts activities to microfinance operations, imposes capital thresholds, and requires regulatory approval for governance decisions, thereby directly shaping growth, expansion, and strategic flexibility.

Under Article 23, an MFI that fully plows back its profit into business activity is exempt from profit tax. The Company intends to retain all profits from the fiscal year ending June 30, 2026, to qualify for this exemption.

**Capital Market Proclamation (No. 1248/2021)**

This law establishes the ECMA and regulates public offerings, trading of securities, and disclosure requirements. It mandates Prospectus approval, ongoing disclosures, and investor protection measures.

*Implication for the Company*: The Company must comply with strict disclosure and transparency requirements to access capital markets. While this increases compliance costs, it enables capital raising through the rights offering and enhances investor confidence. Under Article 75 of the Capital Market Proclamation No. 1248/2021, securities cannot be offered to the public without prior registration with ECMA.

Under Article 138 of Directive No. 1030/2024, the Company will be required to disclose any material information that may affect the price of its securities or influence investment decisions within 24 hours of its occurrence.

To fulfil this obligation, the BoD has designated the Company Secretary as the officer responsible for identifying, reviewing, and filing all material information disclosures with ECMA and, where applicable, with ESX. The Company has also adopted an internal disclosure policy to ensure timely identification and reporting of material events as they arise.

**Dematerialization Directive 1047/2025**

Pursuant to the Directive on Dematerialization of Publicly Offered Securities No. 1047/2025 issued under the Capital Market Proclamation, all publicly offered securities in Ethiopia are required to be issued, held, transferred, and registered in electronic form through book-entry records maintained by the Central Securities Depository ("CSD"), replacing traditional paper-based share certificates.

*Implication for the company:* In connection with the Company's proposed Rights Offer and registration of its existing securities, the Company will undertake the dematerialization of its existing shares in accordance with the applicable provisions of the Dematerialization Directive and related transitional arrangements. Since the transaction does not involve a listing on a securities exchange, the dematerialization process will primarily facilitate electronic registration, shareholder record harmonization, and regulatory compliance with the ECMA and the CSD framework. Accordingly, the Company will implement appropriate reconciliation and shareholder administration systems to ensure consistency between its internal records and the electronic records maintained by CSD.

**Commercial Code (No. 1243/2021)**

The Commercial Code governs corporate structure, shareholder rights, fiduciary duties, and governance of share companies.

*Implication for the Company*: The Company must maintain formal governance structures, including a functioning board and clear accountability mechanisms. This strengthens investor protection but increases administrative and governance compliance requirements.

Under Article 448 of the Commercial Code, existing shareholders have pre-emptive rights to maintain their proportional ownership when a company issues new shares. In compliance with this article, the Company is conducting a Rights Offer in which each existing shareholder receives several entitlements proportionate to their existing shareholding. Each entitlement allows the holder to subscribe for one new Ordinary Share at the Rights Offer Price of ETB 550 per share, as described in Section 8.2.5 of this Prospectus.

**Financial Reporting Proclamation (No. 847/2014)**

Requires companies to prepare financial statements in accordance with International Financial Reporting Standards (IFRS), under the supervision of the AABE.

*Implication for the Company*: The Company must produce audited, IFRS-compliant financial statements, enhance transparency and comparability but increase reporting complexity and audit costs.

The Company has prepared audited financial statements for FY2024 and FY2025, and an audited interim report for the seven-month period ended January 31, 2026, all in compliance with IFRS as required by Article 8(1)(c)(ix) of Directive No. 1030/2024.

**Data Protection Proclamation (No. 1321/2024)**

This law regulates the collection, processing, storage, and protection of personal data, requiring consent-based data handling and security safeguards.

*Implication for the Company*: The Company must invest in secure data management systems, particularly as it expands digital services, increasing operational costs but strengthening customer trust and compliance. As of January 31, 2026, the Company maintains records for 5,592 depositors and 768 borrowers. Under Article 12 of the Proclamation, the Company has begun implementing consent management procedures for new customer onboarding and plans to complete retrospective consent collection for existing customers by December 31, 2026

**AML/CFT Proclamation (No. 780/2013, as amended by No. 1387/2025)**

This proclamation establishes Ethiopia's anti-money laundering and counterterrorist financing framework, requiring customer due diligence, transaction monitoring, and reporting of suspicious activities.

*Implication for the Company*: The Company must implement strict compliance systems, increase operational costs but reduce exposure to financial crime and reputational risk. Under Article 13, the Company is required to verify the identity of all customers opening deposit or loan accounts.

The Company currently performs manual customer due diligence for all new customers and has designated the Compliance Officer as the Suspicious Transaction Reporting Officer as required under the Proclamation.

**Sector-Specific Directives (NBE)**

**Capital Adequacy Directive (MFI/36/2023)**

This directive requires MFIs to maintain a minimum paid-up capital of ETB 75 million and a Capital Adequacy Ratio (CAR) of at least 12%. However, Article 5(2) of the same directive provides a transitional period, stipulating that an MFI's that commenced operations when the directive came into effect must comply with the minimum paid-up capital requirement under Article 4(1) within seven years from the commencement of its operations.

*Implication for the Company:* As of January 31, 2026, Meba MFI reported paid-up capital of ETB 17.19 million, representing a 77% shortfall relative to the regulatory minimum. While the Company's CAR of 29.1% exceeds the 12% threshold, the absolute capital level remains insufficient to support portfolio expansion, branch growth, and digital transformation. This capital gap directly constrains lending capacity and limits competitiveness against larger MFIs and newly converted banks. To address this, Meba MFI has launched a Rights Offer designed to raise gross proceeds of ETB 110 million.

Successful completion would increase paid-up capital well above the ETB 75 million minimum requirement, ensuring compliance with the directive and enabling sustainable scaling. Meba MFI commenced operations on August 5, 2024, while the directive was already in effect, and therefore falls under the transitional provision. Accordingly, the Company is required to fully comply with the minimum paid-up capital requirement of ETB 75 million by 2031, in line with Article 5(2) of Directive No. MFI/36/2023.

**Liquidity Requirement Directive (MFI/15/2002)**

This directive requires MFIs to maintain a minimum liquidity ratio of 20% of total deposits.

*Implication for the Company*: The Company's liquidity ratio of approximately 62% as of June 30, 2025. Which is significantly above the threshold. However, as the loan portfolio expands from ETB 56.60 million to a projected ETB 300-400 million following the Rights Offer, the liquidity ratio is expected to decline toward regulatory minimums. The Company's ALCO monitors liquidity on a weekly basis to ensure compliance with the 20% threshold.

**Lending Limits & Provisioning Directive (MFI/28/2016)**

This directive caps exposure to a single borrower at 1% of capital and group exposure at 4% of capital. It also requires provisioning of 25% for substandard loans, 50% for doubtful loans, and 100% for loss loans.

*Implication for the Company*: The low capital base significantly restricts maximum loan size, forcing concentration in small-ticket loans. With current paid-up capital of ETB 17.19 million, the maximum single borrower exposure is ETB 171,940 (1% of capital). Following the Rights Offer, assuming full subscription, the maximum single borrower exposure would increase to approximately ETB 3 million (1% of ETB 300 million), enabling the Company to serve larger MSME clients requiring financing above ETB 500,000. Additionally, rising provisions (ETB 895k vs ETB 19k previously) directly erode profitability and capital.

The Company has recognized provisions in accordance with the directive's aging schedule: 25% for substandard loans, 50% for doubtful loans, and 100% for loss loans, which is consistent with IFRS 9 requirements.

**IT Governance & Cybersecurity Directive (MFI/33/2022)**

Requires institutions to implement IT governance frameworks, cybersecurity controls, and data protection systems.

*Implication for the Company*: The Company is in the process of procuring a core banking system to replace manual processes, with the BoD approving a phased implementation plan targeting full compliance with the directive. Alongside this, investment in cybersecurity infrastructure is planned to strengthen operational resilience. However, given limited capital, execution risk remains, which may delay the pace of digital transformation.

**Risk Management Guidelines for MFIs (2010)**

Require institutions to establish comprehensive risk management frameworks covering credit, liquidity, operational, and market risks.

*Implication for the Company*: The Company must formalize risk management systems, increase operational discipline but require institutional capacity building and skilled personnel. As disclosed in Section 4.1.4 of this Prospectus, the Company has established a Risk Management Committee (RMC) at the head office level and Branch Risk Management Committees (BRMCs) at each of its five branches. The Internal Audit Unit reviews compliance with risk policies on a quarterly basis and reports directly to the BoD.

**Fit-and-Proper Criteria Directive (MFI/21/2012)**

Sets qualification, integrity, and financial soundness requirements for board members and senior management.

*Implication for the Company*: Limits flexibility in appointing leadership but ensures governance quality, which is critical for regulatory approval and investor confidence. All nine members of the BoD and the three members of senior management (CEO, Operations Manager, and Finance & Administration Manager) have been vetted by the NBE for fit-and-proper compliance. Profiles of each director and senior manager are disclosed in Section 4.2.1 and Section 4.2.2 of this Prospectus.

**Branch Opening/Closure Directive (MFI/35/2022)**

Requires prior NBE approval for opening or closing branches.

*Implication for the Company*: Expansion is subject to regulatory approval, potentially slowing growth but ensuring controlled and sustainable scaling. The Company received NBE approval for its three initial branches in Addis Ababa (Kidist Mariam, Sealite Miheret, and Jemo Michael) prior to opening.

Approval for the Adama and Wolaita Sodo regional branches was obtained in September 2025 and November 2025, respectively, bringing the total branch network to five. The Company's branch expansion strategy, as described in Section 2.2.4 of this Prospectus, contemplates opening additional branches are each subject to NBE approval under this directive.

**Interest Rate Directive (NBE/INT/13/2026)**

Introduces a market-based interest rate regime, removing previous floors and ceilings on lending and deposit rates.

*Implication for the Company*: While providing pricing flexibility, the directive exposes the Company to increased competition from commercial banks and fintechs. Rising deposit rates have already led to interest expense growth outpacing income, compressing margins. The removal of the minimum savings rate has a direct and specific impact on the Company's funding costs. Prior to this directive, the NBE set a minimum savings rate (historically 7%). Under the new market-based regime, the Company must now compete with commercial banks and other MFI's that offer savings rates of up to 9.5% to attract deposits. As of January 31, 2026, the Company's deposit products carry interest rates ranging from 7% to 9.5% (as disclosed in Table 24 of this Prospectus). Rising deposit rates have already led to interest expense growth from ETB 1.07 million in FY2025 to ETB 3.73 million for the seven-month interim period, a 249% increase on an annualized basis. This margin compression is a material risk factor discussed in Section 9.5.3 (Interest Rate Risk) of this Prospectus.

**External Auditors Directive (MFI/37/2024)**

Requires MFIs to appoint independent external auditors approved by NBE.

*Implication for the Company*: This directive ensures that financial statements and disclosures are subject to rigorous third-party validation, thereby reinforcing credibility with regulators, investors, and stakeholders. In line with this requirement, the Company appointed Getachew Wakjira Certified Audit Firm as its external auditor for FY2025, and the interim period ended January 31, 2026, and Yonas Fekede Certified Auditor for FY2024. Both firms are licensed by the Accounting and Auditing Board of Ethiopia (AABE) and approved by the NBE in accordance with the External Auditors Directive.

## 2.6 Employees

### 2.6.1 Overview of Workforce

As of January 31, 2026, the Company employed a total of 27 staff members across its headquarters and five operational branches. This marks an increase from 19 employees as of June 30, 2025, and 2 employees as of June 30, 2024. The latter figure reflects the fact that Meba MFI was still in its licensing phase at that time, with official operations commencing on August 5, 2024. Table 34 presents a detailed breakdown of the Company's personnel by contract type, position and distribution.

Table 34: Personnel Information
As of January 31, 2026

| Classification | Number of Employees | Gender | |
|---|---|---|---|
| | | Male | Female |
| **Employment type** | | | |
| Permanent | 26 | 14 | 12 |
| Temporary | 1 | 0 | 1 |
| **Total** | **27** | **14** | **13** |
| **Employment category** | | | |
| Executive Management | 3 | 2 | 1 |
| Clerical Staffs | 23 | 12 | 11 |
| Non-Clerical Staffs | 1 | 0 | 1 |
| **Total** | **27** | **14** | **13** |
| **Employee Distribution** | | | |
| Head Office | 8 | 5 | 3 |
| Branch | 19 | 9 | 10 |
| **Total** | **27** | **14** | **13** |

### 2.6.2 Employee Compensation

Meba MFI provides a range of employee benefits and allowances as part of its compensation structure.

**Cash Allowances**

The Company provides a structured set of fixed monthly cash allowances designed to support employees with different roles and responsibilities. These include a Representation Allowance, ranging from ETB 2,000 to ETB 6,500 depending on position, and a Housing Allowance, ranging from ETB 500 to ETB 6,500. In addition, employees receive a Transportation Fuel Allowance, disbursed into liter equivalents based on branch or role requirements, and a Mobile Telephone Allowance, extended to both Management and Clerical staff.

**Statutory & Leave Entitlements**

Adherence to Labor Proclamation No. 1156/2019 for leaves (annual, sick, maternity, paternity, mourning) and severance pay. All processes for claiming these benefits, from medical reimbursements to loan approvals and separation clearances, are governed by strict internal directives requiring approvals from specified authorities like the CEO.

**Share based Payment Schemes**

As of the date of this Prospectus, the Company does not maintain any share-based payment schemes or formal arrangements for employee participation in its capital.

## 2.7 Issuer's Debt Position

### 2.7.1 Overview of Debt and Funding Structure

Meba MFI operates with a debt-supported but sector-appropriate capital structure, reflecting the nature of MFIs. Meba MFI's liabilities are primarily driven by bank borrowings and client savings and deposits, which are core to its operating model. As of January 2026, the Company's total liabilities amounted to 63.30 million comprising current liabilities of 51.65 million and non-current liabilities of 11.65 million. Meba MFI's funding structure reflects its role as a Microfinance with customer deposits constituting the principal source of funding.

Table 35: Debt Position
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Non-Current Liabilities | | | |
| Long-term borrowing | 11,645 | 10,000 | - |
| **Total Non-Current Liabilities** | **11,645** | **10,000** | - |
| Current Liabilities | | | |
| Security and Compulsory Savings | 8,600 | 4,118 | - |
| Voluntary and Individual Savings | 38,539 | 23,316 | - |
| Accrued Interest on Customer Deposit | 121 | - | - |
| Other payable | 4,396 | 2,467 | 1,992 |
| **Total Current Liabilities** | **51,656** | **29,901** | **1,992** |
| **Total Liabilities** | **63,301** | **39,901** | **1,992** |

The Company's borrowing and funding structure has evolved because of operational expansion during the periods under review.

### 2.7.2 Bank Borrowings

As of January 31, 2026, Meba MFI's outstanding debt comprises secured bank loans, reflecting an update from the previous reporting date of June 30, 2025. The change is primarily attributable to the institution's entry into a new secured loan facility with Ahadu Bank, complementing its existing borrowing from the Commercial Bank of Ethiopia (CBE). Accordingly, the Company's total borrowings as of January 31, 2026, amount to ETB 11.65 million, fully represented by secured bank loans split between these two institutions.

**Commercial Bank of Ethiopia (CBE) Loan**

The original ETB 10 million secured loan from CBE, which carried an annual interest rate of 14.5% and required quarterly instalments of ETB 1.46 million, had a principal balance of ETB 7.75 million as of January 31, 2026. Its final maturity remains June 25, 2027.

**Ahadu Bank Loan**

After June 30, 2025, Meba MFI entered a secured loan facility with Ahadu Bank with a principal amount of ETB 5 million. The facility bears interest at 16.6% per annum, calculated daily, and is repayable in quarterly instalments of ETB 747,455.34. As of January 31, 2026, the outstanding balance on this loan was ETB 3.90 million.

Table 36: Bank Borrowings
(ETB millions)

| Lender Institution | Location | Principal Loan Amount | Interest Rate | Outstanding Loan Amount | Maturity Date | Collateral |
|---|---|---|---|---|---|---|
| Commercial Bank of Ethiopia | Taytu Betul Branch, Addis Ababa, Ethiopia | 10 | 14.5% | 7.75 | June 25, 2027 | Secured by business assets |
| Ahadu Bank | Head office, Sunshine Building, Addis Ababa, Ethiopia | 5 | 16.6% | 3.9 | July 23, 2027 | Secured by Cash of 1 million and pledged Assets |
| **Total** | | | | **11.65** | | |

### 2.7.3 Client Savings and Deposit Liabilities

Meba MFI commenced its operations in August 2024, simultaneously initiating deposit mobilization as part of its foundational activities. Customer deposits at Meba MFI expanded significantly from ETB 27.43 million in June 2025 to ETB 47.14 million in January 2026, representing an overall growth of approximately 71.9% within seven months.

This growth was driven by two categories of savings:

- Security and Compulsory Savings, which increased from ETB 4.12 million to ETB 8.60 million, reflecting a rise of about 108.8% and more than doubling in the period;
- Voluntary and Individual Savings, which grew from ETB 23.32 million to ETB 38.54 million, an increase of approximately 65.3%.

The expansion demonstrates both the Company's ability to mobilize compulsory deposits linked to loan products and, more importantly, its success in attracting voluntary deposits that reflect customer confidence.

Table 37: Breakdown of Current and Non-Current Savings
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Current portion (Less than one year) | 5,931.4 | 4,153.4 |
| Noncurrent portion (1 to 3 years) | 41,208.1 | 23,280.1 |
| **Total Deposit** | **47,139.5** | **27,433.5** |

### 2.7.4 Guarantees

The Company is not a guarantor for any significant debt. There are no bond issuances, no off-balance-sheet borrowings, and no guarantees issued in favour of third parties.

### 2.7.5 Credit Rating

Meba MFI does not currently hold a formal credit rating from a local or international rating agency.

### 2.7.6 Expected Financing of Business Plans

The implementation of the Company's business plan requires an investment of ETB 57.81 million, directed toward meeting the NBE's paid-up capital requirement, branch expansion, and the deployment of a core banking system. Financing will be primarily supported through phased capital mobilization via rights offerings, complemented by internally generated funds and deposit mobilization. This blended financing structure ensures that expansion objectives remain consistent with capital adequacy, liquidity resilience, and regulatory compliance.

**Debt Policy and Forward Outlook**

Meba MFI's BoD along with the executive management follows a prudent leverage policy, balancing growth in the loan portfolio with liquidity and capital adequacy considerations. Future borrowings, if any, will be undertaken strictly to support portfolio expansion and subject to regulatory limits imposed on MFIs. Given the strong growth in client deposits and stable bank funding relationships, Meba MFI is well positioned to sustain operations without undue refinancing risk, while maintaining financial resilience and depositor protection.

**Management Statement**

Management confirms that, except for the Ahadu Bank loan facility disclosed above, no material events have occurred after January 31, 2026, that require adjustment to, or further disclosure in, the audited financial statements.

## 2.8 Issuer's Investment Activity

As of the date of this Prospectus, Meba MFI maintains a conservative investment strategy strictly aligned with supporting its core operational activities. The Company has not undertaken equity investments in third-party businesses and does not hold shares, securities, derivatives, or other financial instruments in external entities. The Company also does not hold or participate in treasury bills, bonds, or similar instruments, and no such investments are currently maintained. Following the most recent audited financial statements, no material investments have been made.

**Capital Expenditures**

The Company's expenditure during the reporting periods was directed exclusively toward the acquisition of operational assets necessary to support and expand service delivery.

For the year ending June 30, 2025, total capital expenditure amounted to ETB 0.70 million. For the seven-month period from July 1, 2025, to January 31, 2026, capital expenditure reached approximately ETB 1.10 million.

These expenditures were allocated to the following asset categories:

- Computer equipment (approximately ETB 0.42 million in the current period)
- Office equipment (approximately ETB 0.26 million)
- Furniture and fittings (approximately ETB 0.42 million)
- Development of internal operating platforms

All capital expenditure during the reporting periods was financed through internally generated funds and bank borrowing. No proceeds were raised through equity issuance or external capital markets.

The Company confirms that no investment activities generated any returns, dividends, interest income, or capital gains during the reporting periods. This is consistent with the disclosure that Meba MFI holds no shares, securities, derivatives, treasury bills, bonds, or other financial instruments in external entities, and therefore had no such instruments capable of generating investment returns.

All expenditures during the reporting periods were capital in nature, directed toward the acquisition of operational assets, and did not constitute investment activities in the financial sense. Accordingly, no income of the type arose.

**Future Capital Expenditure Plans**

Meba MFI's growth strategy is supported by planned capital investment in operational infrastructure critical for scaling service delivery and strengthening institutional capacity. These planned expenditures are strictly operational in nature and are not financial or strategic investments in external entities.

The Company's branch expansion program carries a planned capital expenditure of ETB 4.20 million, allocated across furniture, IT infrastructure, equipment, and motor vehicles to support geographic penetration.

A further ETB 5.50 million is planned for the acquisition and deployment of a core banking system to support digital delivery channels and operational processes. As of the date of this Prospectus, no binding contracts or commitments have been entered into for any of the above capital projects.

## 2.9 Property, Land, and Fixed Assets

Meba MFI does not own land, buildings, or vehicles. The Company's head office and its branch network operate from leased premises. The head office is located on the 2nd floor of Holy Trinity University in Addis Ababa, Ethiopia.

**Branch Network**

As of the date of this Prospectus, the Company operates from five branch locations, all under short-term lease arrangements (each with a term of 12 months or less and considered immaterial).

**Fixed Asset Base**

As at the reporting date of the most recent audit, January 31, 2026, the Company's fixed assets comprised office furniture, computer equipment, and office equipment used exclusively for operational and administrative purposes. No real estate, land, or fixed assets are held for investment, speculative, or collateral purposes. All assets are deployed in support of service delivery and internal operations. The fixed assets are measured at cost and depreciated in accordance with IFRS, with depreciation charged on a systematic basis over their useful lives.

Table 38: Property, Plant and Equipment Summary
(ETB '000)
As of January 31, 2026

| Category | Cost | Accumulated Depreciation | Net Book Value |
|---|---|---|---|
| Computer Equipment | 1,090.80 | 123.94 | 966.86 |
| Office Equipment | 801.94 | 82.86 | 719.08 |
| Furniture and Fittings | 1,704.55 | 205.72 | 1,498.83 |
| **Total** | **3,597.29** | **412.52** | **3,184.77** |

As of June 30, 2025, Meba MFI's fixed asset base was valued at ETB 2.5 million. Between July 1, 2025, and January 31, 2026, the Company invested a further ETB 1.10 million in fixed assets making it a total of 3.60 million. These additions were primarily directed towards computer equipment (ETB 0.42 million), office equipment (ETB 0.26 million), and furniture and fittings (ETB 0.42) to support branch operations, administrative functions, and information systems. No disposals, impairments, or reclassifications occurred during this period. The Company currently relies on leased premises for all operating locations. Any future consideration of longer-term leaseholds or real estate acquisition would be subject to financial feasibility, regulatory approval, and alignment with operational requirements.

## 2.10 Material Contracts

For the purposes of this Prospectus, a “Material Contract” refers to any agreement, arrangement, or commitment entered by Meba MFI that meets the materiality thresholds established under the Company’s internal policy. A matter is deemed material if its omission, misstatement, or non-disclosure could reasonably be expected to influence the economic decisions of shareholders, regulators, or prospective investors. To ensure consistency in assessment, the Company applies both quantitative and qualitative criteria in determining materiality.

Under the quantitative criteria, a matter shall be considered material where it involves:

- any event, obligation, or liability affecting more than 5% of the Company’s total paid-up capital;
- any fluctuation, loss, or operational impact exceeding 10% of the Company’s projected annual gross income; or
- any litigation, claim, or contingent liability involving an amount equal to or greater than 1% of the Company’s paid-up capital.

Qualitative criteria apply irrespective of financial magnitude and include:

- matters affecting the Company's regulatory standing with the NBE or its operating license;
- instances of fraud, misconduct, or ethical breaches involving Executive Management or the BoD;
- conflicts of interest at the Board or senior management level; and
- strategic decisions that materially alter the Company's business model, including expansion beyond core microfinance activities into broader financial services.

Contracts entered into in the ordinary course of business, on arm's-length terms, and which do not meet the above thresholds, shall not be considered Material Contracts for the purposes of this Prospectus. Based on the foregoing definition and criteria, Meba MFI has identified two (2) Material Contracts as of the date of this Prospectus.

**1. Fixed Term Loan Agreement Meba Microfinance Institution S.C. and the Commercial Bank of Ethiopia**

**Parties:** Meba Microfinance Institution S.C. and the Commercial Bank of Ethiopia.

**Date and Duration:** The Term Loan Agreement was executed on June 25, 2025, and remains in force until June 25, 2027, subject to quarterly repayment schedules and termination provisions.

**Nature and Purpose:** The agreement relates to a term loan financing facility of ETB 10,000,000 (ten million), representing approximately 58% of the Company's paid-up capital of ETB 17.19 million. The purpose of the facility is to finance the Company's operations.

**Principal Financial Terms**

- Loan amount: ETB 10,000,000 (ten million)
- Repayment: Quarterly instalments of ETB 1,459,642
- Interest rate: 14.5% per annum
- Penalty interest: 3% per annum on overdue amounts
- Commencement of repayment: September 23, 2025
- Final maturity: June 25, 2027

**Key Conditions and Obligations**

The agreement requires the Company to:

- Restrict use of proceeds to approved purposes
- Provide collateral and maintain insurance coverage
- Submit audited financial statements upon request
- Permit inspections by the Bank

In the event of default, bankruptcy, or failure to comply with contractual obligations, the Bank is entitled to enforce its security interests, including seizure and sale of pledged assets or set off against the Company's accounts.

**Outstanding Balance**: As of January 31, 2026, the outstanding balance under the loan amounts to ETB 7.75 million, with scheduled repayments continuing until full settlement in June 2027.

Table 39: Outstanding Loan Balance: Commercial Bank of Ethiopia
(ETB)

| Payment Date | Total Due | Principal | Interest | Outstanding Balance |
|---|---|---|---|---|
| September 25, 2025 | 1,459,642 | 1,114,025 | 345,616 | 8,885,975 |
| December 25, 2025 | 1,459,642 | 1,138,408 | 321,234 | 7,747,567 |
| March 25, 2026 | 1,459,642 | 1,182,640 | 277,002 | 6,564,928 |
| June 25, 2026 | 1,459,642 | 1,219,707 | 239,935 | 5,345,220 |
| September 25, 2026 | 1,459,642 | 1,264,285 | 195,357 | 4,080,936 |
| December 25, 2026 | 1,459,642 | 1,312,113 | 147,529 | 2,768,823 |
| March 25, 2027 | 1,459,642 | 1,360,647 | 98,995 | 1,408,176 |
| June 25, 2027 | 1,459,642 | 1,408,176 | 51,466 | ~0 |

**2. Fixed Term Loan Agreement Meba Microfinance Institution S.C. and Ahadu Bank**

**Parties:** Meba Microfinance Institution S.C. and Ahadu Bank S.C.

**Date and Duration:** The Term Loan Agreement and accompanying Deed of Mortgage were executed on August 22, 2025, under Contract No. AHB/263/2025. The loan is repayable over a fixed term, with final maturity scheduled for July 23, 2027, unless extended or amended in accordance with the agreement.

**Nature and Purpose:** The agreement relates to a fixed term loan facility of ETB 5,000,000 (Five Million Birr), provided by Ahadu Bank S.C. to finance the operational and project activities of Meba MFI. The Deed of Mortgage secures the loan with pledged assets and forms an integral part of the loan agreement.

**Principal Financial Terms**

- Loan amount: ETB 5,000,000 (five million)
- Repayment: Quarterly instalments of ETB 747,455.34 beginning October 26, 2025, continuing until the maturity date of July 23, 2027.
- Interest rate: 16.6% per annum on outstanding balances
- Penalty interest: Additional 3% per annum on overdue amounts
- Fees: Service charge of ETB 17,250 (including VAT), stamp duty of 1% on the mortgage deed, and other processing fees as specified in the agreement
- Collateral: Assets pledged under the Deed of Mortgage, including ETB 1,000,000 held in account number 0051095610902, with total collateral coverage up to ETB 5,000,000

**Key Conditions and Obligations**

The agreements impose obligations on the Borrower and Collateral Provider, including:

- Restricting use of proceeds to approved operational purposes
- Providing and maintaining collateral free of encumbrances
- Maintaining insurance coverage on pledged assets and renewing policies periodically
- Submitting audited financial statements and permitting inspections by the Bank

- Covenants on reporting, AML/CFT compliance, and environmental/social obligations
- Events of default include non-payment, breach of covenants, insolvency, or misuse of proceeds. Remedies include acceleration of repayment, seizure and auction of collateral, set off against accounts, and legal enforcement.

**Outstanding Balance**: As of January 31, 2026, the outstanding balance under the loan amounts to ETB 3.9 million, with scheduled repayments continuing until full settlement in July 2027.

Table 40: Outstanding Loan Balance: Ahadu Bank
(ETB)

| Payment Date | Total Due | Principal | Interest | Outstanding Balance |
|---|---|---|---|---|
| October 26, 2025 | 747,455.34 | 538,249.86 | 209,205.48 | 4,461,750.14 |
| January 26, 2026 | 747,455.34 | 560,770.82 | 186,684.52 | 3,900,979.32 |
| April 26, 2026 | 747,455.34 | 587,782.38 | 159,672.96 | 3,313,196.94 |
| July 26, 2026 | 747,455.34 | 610,334.37 | 137,120.97 | 2,702,862.57 |
| October 26, 2026 | 747,455.34 | 634,364.61 | 113,090.73 | 2,068,497.96 |
| January 26, 2027 | 747,455.34 | 660,907.12 | 86,548.22 | 1,407,590.84 |
| April 26, 2027 | 747,455.34 | 689,840.53 | 57,614.81 | 717,750.31 |
| July 23, 2027 | 747,455.34 | 717,750.31 | 29,705.03 | ~0 |

## Interested Persons and Shareholder Provisions

In accordance with Article 94(3) of the Public Offering and Trading of Securities Directive No. 1030/2024, the Company is required to disclose any contractual arrangements that govern the relationship between an interested person and the Company or its shareholders. After review of all agreements, the Company confirms that no such contractual arrangements currently exist.

# SECTION 3:
## FINANCIAL STATEMENTS AND INFORMATION

# SECTION 3: FINANCIAL STATEMENTS AND INFORMATION

## 3.1 Financial Information

### 3.1.1 Audited Financial Statements

The Company was established on October 28, 2020, and commenced capital mobilization in November 2020. Following its first General Assembly held in April 2023, the Company obtained its operating license from the Ministry of Trade and Regional Integration on May 20, 2024. Commercial operations formally commenced on August 5, 2024, marking the transition to active service delivery and the start of day-to-day business activities.

To comply with Article 19 of the Microfinance Business Proclamation No. 626/2009 (as amended), which requires independent external audits for all licensed MFIs, the Company conducted its first statutory audit covering its developmental phase from October 28, 2021, to March 9, 2023, and also conducted an interim audit (yet to be approved by AABE) for the time between March 10, 2023, and June 30, 2023. The corresponding audit reports are included in Annex 1.

The Company's audited financial statements cover the financial years ended June 30, 2024, and June 30, 2025, each prepared in accordance with IFRS and the applicable laws and regulations of Ethiopia. These statements comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, and the accompanying notes, together with the independent external auditor's reports. In addition, the Company has prepared audited interim financial statements for the seven-month period ending January 31, 2026. This interim period does not constitute a financial year under the Company's standard reporting calendar and is not directly comparable to the full-year audited statements; it is presented separately in accordance with the requirements of ECMA Directive No. 1030/2024, as further described in Section 3.1.2 below.

The audited financial statements, including the interim audit report, are included in Annex 1 to this Prospectus and have been reproduced verbatim from the Company's statutory annual reports. No adjustments have been made to these statements, and no additional financial information has been subject to audit by the external auditor.

### 3.1.2 Interim Financial Information

To comply with Article 8(c)(ix)(II) of ECMA Directive No. 1030/2024, which requires the inclusion of interim financial information audited by an external auditor where the most recent audited financial statements are more than six months old, the Company has prepared interim financial information for the seven-month period from July 1, 2025, to January 31, 2026. These interim financial statements have been independently audited by Getachew Wakjira Certified Audit Firm, the Company's appointed external auditor for FY2025 and the interim period, and the corresponding audit report is included in Annex 1 to this Prospectus.

This interim financial information is presented alongside the audited financial statements for the years ended June 30, 2024, and June 30, 2025, and is included in the annexed financial statements for comparative purposes.

It provides an update on the Company's financial performance and position from the last audited year-end, with key developments discussed in Section 7.

Investors should note that the financial information for this seven-month period may not be directly comparable to future financial statements prepared on a standard twelve-month reporting basis.

### 3.1.3 Statement of Financial Position

The Statement of Financial Position reflects the Issuer's financial position as of June 30, 2024, June 30, 2025, and January 31, 2026, including total assets, liabilities, and equity. The financial position demonstrates the composition of the Company's asset base, funding structure, and capital resources at the relevant reporting dates. Comparative figures are presented for the prior financial periods in accordance with IFRS requirements.

### 3.1.4 Statement of Profit or Loss and Other Comprehensive Income

The Statement of Profit or Loss and Other Comprehensive Income presents Meba MFI's financial performance for the years ended June 30, 2024, and June 30, 2025, as well as for the seven-month interim period ended January 31, 2026. The statement includes income, operating expenses, profit or loss for the period, and total comprehensive income, reflecting Meba MFI's operating results for the relevant periods on a consistent basis.

### 3.1.5 Statement of Cash Flows

The Statement of Cash Flows summarizes Meba MFI's cash movements for the financial years ended June 30, 2024, and June 30, 2025, and the interim period ended January 31, 2026, classified into operating, investing, and financing activities. The statement illustrates the Company's liquidity position, sources of cash generation, and uses of cash during the reporting periods.

### 3.1.6 Statement of Changes in Equity

The Statement of Changes in Equity details movements in share capital, reserves, retained earnings, and total equity for the financial years ended June 30, 2024, and June 30, 2025, and the interim period ended January 31, 2026. The statement reflects capital contributions, accumulated profits or losses, and other equity movements during the reporting periods.

### 3.1.7 Basis of Preparation and Accounting Policies

The financial statements have been prepared on a going concern basis, using IFRS. Meba MFI's functional and presentation currency is ETB, and all amounts are presented in millions, unless otherwise stated.

Significant accounting policies, including revenue recognition, financial instruments, property and equipment, employee benefits, impairment, and risk management, are consistently applied and disclosed in the notes to the financial statements included in Annex 1.

### 3.1.8 Auditor's Opinion

The external auditors have issued audit reports for each of the financial periods presented in this prospectus. The external auditors have issued audit reports for each of the financial periods presented in this Prospectus. An unqualified (clean) opinion was issued for each period, as summarised below. No audit qualifications, emphasis of matter paragraphs, or other modifications appear in any of the three reports. The full text of each auditor's report is reproduced verbatim in Annex 1 to this Prospectus, and investors are encouraged to read each report in full alongside the financial statements to which it relates.

- For the financial year ended June 30, 2024, audited by Yonas Fekede Certified Auditor, the auditor issued an unqualified opinion, expressly stating that the financial statements present a true and fair view of the Company's financial position and performance in accordance with IFRS. No emphasis of matter paragraph was included in this report.
- For the financial year ended June 30, 2025, audited by Getachew Wakjira Certified Audit Firm, the auditor issued an unqualified opinion, expressing that the financial statements present a true and fair view of the Company's financial position and performance in accordance with IFRS. No emphasis of matter paragraph was included in this report.
- For the seven-month interim period ended January 31, 2026, audited by Getachew Wakjira Certified Audit Firm, the auditor issued an unqualified opinion on the interim financial statements, expressing that they present a true and fair view of the Company's financial position and performance for that period in accordance with IFRS. No emphasis of matter paragraph was included in this report. The auditors' report on other legal and regulatory requirements further confirmed that they have no comments to make and recommended approval of the interim financial statements.

The full text of each auditor's report, including any emphasis of matter paragraphs or other explanatory language, is reproduced verbatim in Annex 1 to this Prospectus. Investors are encouraged to read the auditor's reports in full alongside the financial statements to which they relate.

Any audit qualifications, emphasis of matter, or modifications are fully disclosed in the auditor's reports reproduced in Annex 1. The interim financial information for the period ended January 31, 2026, is derived from the Company's management accounts and has been subject to a separate independent audit.

The Directors believe that Meba MFI will continue as a going concern based on available cash resources, capital structure, expected cash flows, and committed shareholder or financing support. Accordingly, the financial statements have been prepared on a going concern basis.

### 3.1.9 Use of Non-Audited Financial Information

The Directors confirm that the financial information in this Prospectus is accurately presented and reflects the Company's audited financial position, financial performance, and cash flows up to January 31, 2026. All financial data, summaries, ratios, and analyses presented within the main body of this document (including in Section 3, Section 7, and all other sections) are extracted directly from, and are fully reconciled with, the audited financial statements for the years ended June 30, 2024, June 30, 2025, and the audited interim period ended January 31, 2026, which are contained in Annex 1.

## 3.2 Profit Forecasts

There is no profit forecast or estimate included in this Prospectus. No statement in this Prospectus is intended as a profit forecast or estimate and no statement in this Prospectus should be interpreted as a profit forecast or estimate.

## 3.3 Significant Changes in the Issuer’s Financial Position

**Post-Balance Sheet Events**

After the date of the most recent audited interim financial statements, January 31, 2026, no material events have occurred. Management has conducted a review of events occurring after the reporting date and confirms that no transactions or circumstances have arisen that materially affect the financial position, results of operations, or cash flows of the Issuer. In addition, the Company confirms that it does not maintain any material off-balance-sheet arrangements, including special purpose entities or similar structures, and is not subject to any contingent liabilities that would require disclosure under the applicable financial reporting framework.

## 3.4 Pro Forma Financial Information

No pro forma financial information has been prepared or included in this Prospectus, as the proceeds of the offer are not being used to finance any merger, acquisition, disposal, business combination, or restructuring that would require pro forma presentation. Meba MFI has not undertaken any transactions during the periods covered by the audited financial statements that would materially affect the reported assets, liabilities, or earnings as if such transactions had occurred at an earlier date. Meba MFI has applied consistent accounting policies and maintained a stable legal and operational structure throughout the periods presented. Accordingly, the audited HFI included in this Prospectus provides a complete and fair representation of the Issuer’s financial position and performance without the need for pro forma adjustments.

Should the proceeds of any future offer be applied toward the acquisition of a subsidiary or other material transaction, pro forma financial information will be prepared and disclosed in accordance with applicable accounting standards and regulatory requirements.

Such disclosures would explain the impact of the transaction on the Issuer's assets, liabilities, and earnings, and would be prepared on a basis consistent with the Issuer's accounting policies.

## 3.5 Special Valuation Report

There is no special valuation report done and included in this Prospectus. Meba MFI does not qualify for a Special Valuation Report, as such reports are designated for asset-heavy companies with substantial developed property holdings requiring specialized asset appraisal methodologies. For that reason, there is no special valuation report done and included in this Prospectus.

# SECTION 4:
## GOVERNANCE AND MANAGEMENT

# SECTION 4: GOVERNANCE AND MANAGEMENT

## 4.1 Corporate Governance

The Company maintains a corporate governance framework designed to ensure transparency, accountability, and protection of stakeholder interests. The framework complies, in all material respects, with the Commercial Code of Ethiopia (Proclamation No. 1243/2021), the Microfinance Business Proclamation No. 626/2009 as amended by Proclamation No. 1164/2019, the Capital Market Proclamation No. 1248/2021, and directives of the NBE, which serves as the Company's primary regulator and supervisory authority. The governance structure is further defined by the Amended MoA, approved by shareholders on November 20, 2025, and pending formal approval by the NBE.

The Company operates under a four-tier governance system designed to ensure effective checks and balances and a clear allocation of responsibilities. The General Meeting of Shareholders serves as the supreme decision-making body. The BoD, elected for three-year terms, is responsible for strategic oversight and policy direction. The External Auditor, appointed for three years, provides independent assurance on financial reporting and internal controls. The Executive Management team, led by the Chief Executive Officer (CEO), implements Board-approved strategies and manages day-to-day operations. This structure secures a clear separation of ownership, oversight, and management functions, thereby promoting accountability, transparency, and sound corporate governance.

### 4.1.1 Board Composition and Tenure

The BoD consists of 9 (nine) members elected by the General Meeting of Shareholders in accordance with the MoA and applicable laws, including one non-shareholder director. Each director serves a three-year term, renewable once, and exceptionally a third time subject to shareholder approval, ensuring continuity while allowing renewal. All directors meet the NBE's fit-and-proper criteria of integrity, competence, and financial soundness. Shareholder directors must hold a minimum of twenty shares (ETB 10,000), while a non-shareholder director provides an equivalent legally acceptable guarantee. The Board is collectively responsible for strategic direction, risk oversight, and compliance. Alternate directors may be appointed in cases of vacancy or temporary absence, with tenure aligned to that of the original director

### 4.1.2 Code of Conduct and Ethical Standards

The Company maintains ethical and professional conduct standards through its Internal Audit Manual, Human Resource Policy, and applicable legal frameworks, including the Commercial Code of Ethiopia, the Microfinance Business Proclamation, and directives issued by the NBE.

These frameworks require directors, management, and employees to act with integrity and professionalism, avoid conflicts of interest, maintain the confidentiality of sensitive information, and uphold competence and accountability in the performance of their duties. Employees are subject to disciplinary measures for violations of ethical standards, including fraud, misconduct, or misuse of Company assets.

While the Company does not currently maintain a standalone Code of Conduct, it has committed to adopting a comprehensive Code of Ethics and Conduct by December 2026 aligned with regulatory expectations and best international practices.

All directors, management, and relevant employees are required to submit annual ethics declarations confirming their adherence to applicable ethical standards. These declarations are maintained by the Company Secretary as part of the Company's governance records. Any breach of such ethical commitments is subject to disciplinary action and may be escalated to the BoD for further review and appropriate action.

### 4.1.3 The Three Lines of Defense Model

The Company maintains an effective internal control environment designed to ensure sound governance, risk management, operational efficiency, reliability of financial reporting, safeguarding of assets, and compliance with applicable laws, regulations, directives, and internal policies. The internal control environment is supported by clear reporting lines, segregation of duties, delegated authorities, documented policies and procedures, compliance monitoring, and periodic risk assessments.

The Company adopts the Three Lines of Defense Model to strengthen its governance and control framework.

The first line of defense comprises operational management, including business units and branch offices who are responsible for identifying, assessing, and managing risks in their day-to-day operations. Controls at this level include segregation of duties, authorization procedures, reconciliations, fraud prevention measures, and compliance with approved policies. These mechanisms ensure that risks are managed at the source and that operational activities remain aligned with the Company's governance framework.

The second line of defense consists of the RMC, BRMCs, and compliance functions provide oversight by establishing risk policies, monitoring exposures, and enforcing adherence to regulatory compliance directives. This line of defense ensures that credit, liquidity, operational, and compliance risks are systematically monitored. It also coordinates with human resources and legal functions to enforce ethical conduct, regulatory compliance, and grievance resolution.

The third line of defense is the Internal Audit Unit, which provides independent assurance on the effectiveness of governance, risk management, and internal control systems, reporting directly to the BoD and the CEO. This function is complemented by external auditors, appointed in accordance with Directive MFI/37/2024, who independently review financial statements and internal control systems to reinforce transparency and accountability.

The effectiveness of the internal control environment is further reinforced through regular monitoring, staff training, whistleblowing mechanisms, external audits, and periodic reviews of policies and procedures to ensure ongoing compliance with regulatory requirements and industry best practices. The integrated framework is overseen by the BoD, embedding governance, risk management, and internal control into the Company's overall governance structure.

### 4.1.4 Risk Management Framework

The Company maintains a comprehensive Risk Management Framework embedded within its governance structure to safeguard financial stability, protect depositors, and ensure ongoing compliance with applicable laws and directives of the NBE. The framework supports the continuous identification, assessment, monitoring, and mitigation of risks through clearly defined roles across the Board, committees, and management. The Board sets and periodically reviews the Company's risk appetite, focused on prudent credit growth, adequate liquidity, and regulatory compliance, which is translated into measurable risk tolerance limits monitored by the Risk Management Committee and branch-level committees through regular reporting and control systems. Key risks, including credit, liquidity, interest rate, operational, strategic, and compliance risks, are actively managed through appropriate policies, controls, and oversight mechanisms.

The Board retains overall responsibility for risk oversight, supported by internal control functions and independent assurance from internal and external auditors. While the framework is designed to effectively manage risks and support compliance, it continues to evolve and remains subject to inherent limitations typical of such systems.

**Insider Trading**

The Company complies with the Capital Market Proclamation No. 1248/2021 and applicable directives issued by the ECMA.

Directors, management, and employees with access to material non-public information are prohibited from trading in the Company's securities until such information is publicly disclosed.

The Company has established internal controls to prevent misuse of confidential information; however, no system can fully eliminate the risk of non-compliance, which may result in regulatory sanctions or reputational damage.

**Minority Shareholder Protection**

The Company is committed to protecting minority shareholders in accordance with its constitutional documents, the Commercial Code of Ethiopia, and applicable capital market regulations, and minority shareholders benefit from pre-emptive rights to subscribe to new shares subject to applicable law, voting rights proportional to their shareholding, access to certain Company records in accordance with legal requirements, and enhanced approval thresholds for specified significant corporate actions, although they may nonetheless be affected by decisions taken by majority shareholders or the Board in accordance with applicable law.

### 4.1.5 Stakeholder Management and Employee Engagement

The Company engages with shareholders, employees, customers, communities, and regulators through structured mechanisms that promote transparency and accountability. Shareholders exercise oversight via the General Meeting and the BoD, while regulators are engaged through compliance reporting to the NBE and the ECMA.

Customers and communities benefit from financial inclusion initiatives, and environmental and sustainability considerations, such as resource efficiency and community development, are integrated into stakeholder engagement to support long-term resilience.

The Company further recognizes the importance of environmental, social, and governance (ESG) considerations in its operations and decision-making processes. To promote sustainability, the Company encourages responsible resource utilization, operational efficiency, financial inclusion, and community-focused initiatives that contribute to long-term economic and social development.

Employee engagement is guided by human resource policies covering recruitment, performance, training, and welfare. Oversight rests with the Board, while management implements engagement mechanisms including staff meetings, feedback systems, and grievance procedures. Employee-related risks such as turnover or misconduct are monitored and addressed through these processes.

The Company acknowledges that governance arrangements may evolve, with potential changes in Board and committee composition expected following NBE approval of the Amended MoA. Such changes may affect committee membership, oversight responsibilities, and the overall governance structure of the Company. Any material changes to the BoD, Board Committees, or governance framework will be disclosed in line with applicable laws and directives to ensure transparency.

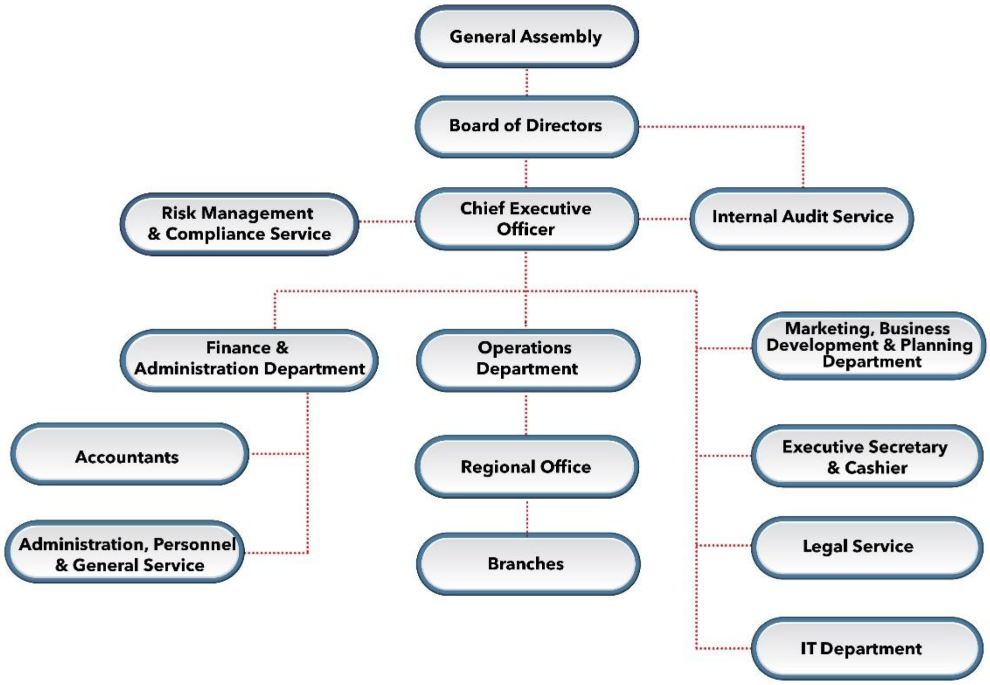
### 4.1.6 Organizational Structure Overview

Meba is a sole legal entity. The Company is therefore neither a member of any corporate group structure nor does it hold any subsidiaries. The Company's current organizational structure is presented in Figure 3.

The Company's governance framework is led by the BoD, which is responsible for overall governance and strategic oversight, while the CEO manages day-to-day operations and executive functions.

To ensure robust independence and effective oversight, Meba MFI's internal audit function reports directly to the BoD, while maintaining an administrative reporting line to the CEO. All central management and operational activities are headquartered in Addis Ababa, which serves as the primary hub for the Company's daily management and performance.

Figure 3: Company Organogram




## 4.2 Management and Board of Directors

The Company maintains a governance structure in which the BoD provides strategic oversight and accountability to shareholders, while executive management is responsible for day-to-day operations and implementation of Board-approved strategies.

The Company complies, in all material respects, with the Commercial Code of Ethiopia (Proclamation No. 1243/2021), the Microfinance Business Proclamation No. 626/2009 as amended by Proclamation No. 1164/2019, the Capital Market Proclamation No. 1248/2021, and directives of the NBE, including the Fit-and-Proper Criteria Directive (MFI/21/2012) and the Directive on Influential Persons (Directive No. 878/2024).

### 4.2.1 Board of Directors

The Board comprises nine members elected by the General Meeting of Shareholders for renewable three-year terms. The current Board members have been formally certified and approved by the NBE in accordance with the fit-and-proper requirements, including standards of integrity, competence, and financial soundness, and comply with the regulatory provisions governing influential persons.

On December 20, 2025, shareholders appointed new directors whose election resolutions are pending formal approval by the NBE. Alternate directors, where appointed, are likewise subject to NBE approval and shareholder ratification, with their tenure aligned to that of the original director. The Board is collectively responsible for setting the Company's strategic direction, overseeing risk management and internal control systems, and monitoring compliance with applicable laws and regulatory requirements.

Table 41: Profiles of the Board of Directors

| Name \| Nationality \| Position | Independence Status | Qualifications | Key Experience | Appointment & Expiration Date |
|---|---|---|---|---|
| **Ato Getnet Haile Debebe** \| Ethiopian \| Chairman | Dependent | BA in Accounting; MBA; ACCA (UK); IPSAS certified | • Team Leader, Public Finance Management (PFM) Reform Strategy Development, Government of Ethiopia (2022–Present)<br>• Implementation Completion Report (ICR) Preparation Team Member, World Bank-funded PFM Project (2022)<br>• Uganda Climate Public Expenditure and Financial Accountability (PEFA) Assessment (2022)<br>• Ethiopia Climate PEFA Assesment (2021) | August 4, 2023 - August 4, 2026 |
| **Ato Dadi Weyifen Getaneh** \| Ethiopian \| Deputy Chairperson | Dependent | BA Business Administration & Information Systems (AAU); MA Project Management | • Internet Protocol Backhaul Planning & Optimization Supervisor, Ethio Telecom (February 2020–Present)<br>• Engineering and telecom design roles (2007–2020) | August 4, 2023 - August 4, 2026 |
| **Ato Nebiyeleul Debebe Mogessie** \| Ethiopian \| Director | Dependent | MBA (St. Mary's); MSc in Leadership (ongoing, ACT) | • Director, South District, Ahadu Bank S.C. (July 2024–Present)<br>• Director, Retail Banking Operations, Ahadu Bank S.C. (January– June 2024)<br>• Division Manager, Credit Follow-up & Portfolio Management, Ahadu Bank S.C. (July 2022–June 2023)<br>• Division Manager, Ahadu Bank S.C. (November 2021–June 2022)<br>• Project Office Manager, Ahadu Bank S.C. (January 2020–October 2021) | August 4, 2023 - August 4, 2026 |
| **Ato Teklemariam Awoke Alemu** \| Ethiopian \| Director | Dependent | MBA (St. Mary's); BA Marketing Management; Diploma Accounting | • Team Leader, PFM Reform Strategy Development, Government of Ethiopia (2022–Present)<br>• ICR Preparation Team Member, World Bank-funded PFM Project (2022) | August 4, 2023 - August 4, 2026 |

| Name \| Nationality \| Position | Independence Status | Qualifications | Key Experience | Appointment & Expiration Date |
|---|---|---|---|---|
| | | | • Uganda Climate PEFA Assessment (2022)<br>• Ethiopia Climate PEFA Assessment (2021) | |
| **Ato Daniel Tesfaye Asfaw** \| Ethiopian \| Director | Dependent | MPH (Gamby Medical & Business College), MSc in Trade Policy Analysis (AAU); BA Economics (AAU) | • Regional Team Director, USAID Urban WASH Activity, Chemonics International Inc. (2023–Present)<br>• Program Director, PSI/E Ethiopia, USAID Transform WASH Project (2021–2023)<br>• Child Survival Program Manager, Population Service International Ethiopia<br>• Deputy Director General, Mothers and Children Multisectoral Development Organization | August 4, 2023 - August 4, 2026 |
| **Ato Gosa Ashine Getachew** \| Ethiopian \| Director | Dependent | BA in Accounting (Jimma Univ.) | • Manager (Principal), Gosa Ashine Authorized Accounting Firm (2021–Present)<br>• Managing Partner, Saret Accountancy Service LLP (2021–Present) | August 4, 2023 - August 4, 2026 |
| **Ato Tamirat Abebe Mamo** \| Ethiopian \| Director | Independent | MSc in Computer Science (AAU); BSc Computer Science; BA in Accounting; Diploma in Banking & Finance | • Director, Cybersecurity Department, Nib International Bank S.C. (June 2025–Present)<br>• Director, IT Risk & Cybersecurity Department, Nib International Bank S.C. (February 2023–June 2025)<br>• Manager, IT Security Division, Nib International Bank S.C. (March 2019–March 2023) | August 4, 2023 - August 4, 2026 |
| **Ato Anduamlak Yebeltal Mengist** \| Ethiopian \| Director | Dependent | PhD candidate (Education, Manipal Global Nxt Univ.); MA in Curriculum & Instruction (AAU), BSc Biology, Diploma Biology | • CEO, Deshet Education & Training Service S.C. (2024–Present)<br>• President, Gage University College (2021–2024)<br>• Deputy General Manager, Esdros Trade, Construction & Industry S.C. (2021–2023) | August 4, 2023 - August 4, 2026 |

| Name \| Nationality \| Position | Independence Status | Qualifications | Key Experience | Appointment & Expiration Date |
|---|---|---|---|---|
| **Ato Abera Misganaw Wolde** \| Ethiopia \| Director | Dependent | Diploma in Biology (AAU); BSc in MIS (Unity Univ. College) | • General Manager, AMZ Business PLC (2021–2025) | August 4, 2023 - August 4, 2026 |

**Compliance Basis of Disclosures**

Unless otherwise indicated, the governance disclosures presented herein are based on management declarations supported by internal records and oversight mechanisms. Certain disclosures, including financial statements and internal control reviews, are subject to independent verification by external auditors appointed in accordance with NBE Directive MFI/37/2024.

**Executive Management**

The senior management team is responsible for the daily operations of the Company and for implementing the strategic objectives approved by the BoD. In addition to operational oversight, management monitors performance across all business units, ensures adherence to internal policies, and enforces compliance with applicable laws and directives, including the Commercial Code of Ethiopia (Proclamation No. 1243/2021), the Microfinance Business Proclamation No. 626/2009 as amended by Proclamation No. 1164/2019, the Capital Market Proclamation No. 1248/2021, and the Fit-and-Proper and Influential Persons Directives of the NBE. The CEO, appointed by the Board, leads the executive team and is accountable to the Board for the effective execution of strategies, financial discipline, and regulatory compliance. Other key officers are appointed in accordance with the Company's approved organizational structure and salary framework, and their performance is subject to annual evaluation and reporting to the Board.

Table 42: Profiles of the Executive Management

| Name \| Nationality \| Position \| | Qualifications | Key Experience | Date Joined |
|---|---|---|---|
| **W/ro Azeb Mamo Deneke** \| Ethiopian \| CEO | Diploma in Accounting; BA in Accounting; MA in Business Administration | • Senior Branch Accountant – Gasha MFI (1999–2002)<br>• Branch Manager – Gasha MFI (2002–2004)<br>• Senior Accountant & Finance Officer – Aggar MFI (2004–2009)<br>• Operations Department Manager – Aggar MFI (2009–2016)<br>• Deposit Mobilization Manager – Aggar MFI (2016–2019)<br>• Credit Division Manager – Aggar MFI (2019–2020)<br>• Finance & Administration Manager – Grand MFI (2020–2024) | February 3, 2024 |

| Name \| Nationality \| Position \| | Qualifications | Key Experience | Date Joined |
|---|---|---|---|
| **Ato Aschalew Tilahun Kebede** \| Ethiopian \| Marketing and Business Development Manager | Diploma in Language Stream; BA in Ethiopian Language and Literature; MA in Ethiopian Literature and Folklore | • Teacher (2006–2007)<br>• Secretary – Mahibere Kidusan, Jimma Center (2008–2011)<br>• Middle Center Head – Mahibere Kidusan (2011–2016)<br>• Deputy Head, Professional Department – Mahibere Kidusan (2016–2018)<br>• Deputy Head, Centers and Members – Mahibere Kidusan Main Office (2018–2024) | July 8, 2024 |
| **Ato Assaye Cherie Yehuala** \| Ethiopian \| Finance & Administration Manager | BA in Accounting and Finance | • Branch Accountant – PEACE Microfinance S.C. (2021-2025) | April 9, 2025 |

### 4.2.3 Related Parties of the Management and the Board

The Company has reviewed the composition of its BoD, senior management, senior management, promoters and key technical personnel to identify any related party relationships that may affect governance or independence.

**Family Relationships**

There are no family relationships among members of the BoD, senior management, or promoters that could give rise to conflicts of interest.

**Cross-Directorships and Affiliations**

None of the directors or senior managers serve concurrently as directors or officers in other financial institutions regulated by the NBE. No member holds positions that create a conflict of interest with the Company.

**Service Contracts and Benefits**

No director or senior manager has entered a service contract with the Company that provides special termination benefits. Remuneration and allowances are determined by the General Meeting or the Board, in accordance with the MoA and approved salary structures.

**Bankruptcy, Criminal, or Regulatory Proceedings**

There is no member of the BoD, senior management, or promoters has ever been subject to bankruptcy or insolvency proceedings, convicted in criminal proceedings, or sanctioned by a regulatory authority for fraud, dishonesty, or financial misconduct, whether under local or international jurisdictions.

**Planned Changes**

Apart from the pending approval of the nine (9) nominated directors and three (3) alternate candidates by the NBE, the Company does not anticipate voluntary changes in the composition of the BoD or senior management within the next twelve (12) months from the date of this prospectus.

**Compliance Statement**

The Company complies, in all material respects, with the Commercial Code of Ethiopia, the Microfinance Business Proclamation No. 626/2009 as amended by Proclamation No. 1164/2019, the Capital Market Proclamation No. 1248/2021, and applicable directives issued by the NBE such as the Fit-and-Proper and Influential Persons Directives of the NBE in relation to the composition, nomination, and responsibilities of its BoD.

### 4.2.4. Interests of the Board of Directors

**Material Interests in Transactions**

Directors, senior management, promoters, and key personnel have no direct or indirect interests in transactions that are unusual in nature or conditions, or significant to the business of the Company, which remain outstanding or unperformed.

**Promoter Entitlements**

At the first Annual General Meeting, shareholders amended the MoA to grant promoters the right to receive 10% of profits once the Company begins generating earnings. As the Company has not yet generated profits, this entitlement has not been triggered, and no payments have been made.

**Conflicts of Interest**

The Company has adopted governance policies intended to identify and manage conflicts of interest. Situations may arise where the interests of directors could conflict with those of the Company. In such cases, applicable legal requirements and internal policies govern disclosure and mitigation. There are no conflicts of interest requiring disclosure as of the date of this Prospectus.

**Compliance Statement**

The Company confirms that all relevant information regarding directors' interests and conflicts has been disclosed, including negative statements where applicable, to ensure transparency and compliance with the Commercial Code of Ethiopia, the Microfinance Business Proclamation, the Capital Market Proclamation, and directives of the NBE.

## 4.3 Board Committees and Practices

The Company has established Board committees to strengthen governance, ensure effective oversight, and support the BoD in the discharge of its fiduciary responsibilities. Each committee operates under Terms of Reference approved by the Board and aligned with the Commercial Code of Ethiopia, the Microfinance Business Proclamation, and the directives of the NBE.

**Asset and Liability Committee (ALCO)**

ALCO is responsible for managing and overseeing the Company's assets and liabilities to ensure financial stability and sustainability. Its mandate includes asset-liability management, liquidity planning, interest rate risk management, diversification of the loan portfolio, and the establishment of pricing guidelines. ALCO also ensures compliance with applicable regulations and alignment of strategies with the Board's objectives and risk appetite. The Committee meets monthly, conducts performance reviews semi-annually, and submits quarterly reports to the BoD.

Members: Dadi Woyifen and Anduamlak Yibeltal

**Internal Control (Audit) Committee**

The Internal Control (Audit) Committee is responsible for the Company's operations by promoting a strong control environment, designing and monitoring internal control activities, and coordinating closely with the Internal Audit Unit. Its responsibilities include risk assessment, segregation of duties, fraud prevention, and compliance oversight. The Committee meets monthly and submits quarterly reports to the BoD.

Members: Gosa Ashene and Daniel Tesfaye

**Risk and Compliance Committee**

The Risk and Compliance Committee is responsible for ensuring the Company's stability and integrity by identifying, assessing, and mitigating risks, and by overseeing compliance with applicable laws, regulations, and internal policies. Its mandate includes credit, operational, market, and liquidity risk management, anti-money laundering (AML) compliance, policy development, and crisis management. In addition to these responsibilities, the Committee also reviews matters relating to governance practices, including oversight of directors and executive compensation policies, to ensure they remain consistent with regulatory directives and the Company's approved frameworks. The Committee meets monthly and submits quarterly reports to the BoD.

Members: Tamerat Abebe and Teklemariam Awoke

**Capital and Resource Mobilization Committee**

The Capital and Resource Mobilization Committee is responsible for ensuring that Meba MFI has the financial resources necessary to support its operations and growth. Its mandate includes identifying funding sources, developing resource mobilization strategies, building strategic partnerships, and overseeing financial planning. The Committee meets monthly and submits quarterly reports to the BOD.

Members: Nebiyeleul Debebe and Abera Misganaw

**Election and Nomination Committee**

Established by resolution of the 2nd Annual General Meeting, the Election and Nomination Committee ensures transparency and compliance in the nomination and election of Board members and senior officers. The Committee vets against NBE fit-and-proper criteria, supervises elections at General Meetings, and advises the Board on succession planning.

Meetings are convened prior to AGMs and as required for nominations, with reports submitted to the Board.

Members: Addis Ayele, Adane Mitku, Eta Mekonnen, Mataw Asnake and Gashaw W/Michael.

**Remuneration Committee**

Currently, the Company does not have a separate Remuneration Committee. However, remuneration matters for directors and senior management are reviewed and approved by the BoD.

**Minutes of Meetings**

The Company confirms that minutes of all Board and committee meetings are formally recorded, maintained, and reviewed by the BoD. Attendance at Board and committee meetings is likewise recorded and monitored, with summaries reported to shareholders as part of governance disclosures. The Board's performance is evaluated annually to ensure effectiveness in strategic oversight, risk management, and compliance

**Independence of Board Members**

The Company confirms that Ato Tamirat Abebe Mamo is currently its sole independent board member. While the Memorandum of Association (MoA) does not explicitly require independent directors, and all board and committee members are shareholder representatives elected by the General Meeting, the Board of Directors of Meba MFI actively maintains governance independence. It achieves this by separating daily management from board oversight, minimizing conflicts of interest, and prioritizing long-term shareholder value. The Board's authority is firmly grounded in the Commercial Code and internal policies, ensuring accountable and impartial decision-making.

**Compliance Confirmation**

The Company confirms that the composition, size, and background of its committees comply with the Commercial Code of Ethiopia (Proclamation No. 1243/2021, Articles 101, 104, 108, 258), the Capital Market Proclamation No. 1248/2021, and applicable NBE Directives (MFI/32/2021, MFI/33/2022, Fit-and-Proper Directive). All committees formally established under the MoA and governance framework are disclosed in this Prospectus.

## 4.4 Remuneration

### 4.4.1 Board of Directors

The members of the BoD are entitled to annual remuneration for their services. Each Board member currently receives annual remuneration of ETB 42,000 (forty-two thousand Birr) to cover transportation costs. The General Assembly of Shareholders has the authority to appoint, dismiss, and determine the remuneration of Board members in accordance with Article 13.2.1. Board members are also required to provide security of ETB 5,000 (five thousand Birr) to mitigate potential liability while in office. Such security may be provided in the form of cash, personal guarantee, bank guarantee, insurance bond, or shares in the Company, in accordance with Article 14.1.6.

The Board only receives transportation allowance. No sitting allowances, bonuses, insurance coverage, or other benefits are provided. Any additional benefits or allowances for Board members are subject to approval by the General Assembly and must comply with the MoA and the Ethiopian Commercial Code.

**Contingent or Deferred Compensation**

The Company confirms that there is no deferred or contingent compensation arrangement in place for members of the BoD or Executive Officers. All remuneration is fixed and paid in accordance with approved allowances and does not include performance-based deferred payments, stock options, or similar incentive schemes. Therefore, the Company expects total remuneration for the BoD and Executive Officers in 2026 to remain consistent with previous year's levels.

**Clarification of Remuneration Adjustment**

At the draft second Annual General Meeting, the shareholders resolved to adjust the transport allowance to ETB 24,000 per director per annum. This resolution is pending approval by the NBE. Until such approval is granted, the current allowance of ETB 42,000 remains in effect based on the current nine directors, the aggregate annual remuneration payable to the Board amounts to ETB 378,000.

Table 43: Disclosure of Board Remuneration
(ETB)

| Year | Annual Transport Allowance | Cash/ In-kind |
|---|---|---|
| 2026 (Estimate) | 378,000 | None |
| 2025 | 378,000 | None |
| 2024 | 378,000 | None |
| **Total** | **1,134,000** | None |

### 4.4.2 Executive Management

The CEO of the Company is appointed by the BOD and is accountable to it (Article 16.1). The CEO's remuneration, including salary, allowances, and benefits in kind, is determined and approved by the Board in accordance with the approved salary structure of the Association (Article 16.1.4). Other key officers receive remuneration, determined by the CEO and approved by the Board, in alignment with the Company's approved salary structure and operational requirements.

Table 44: Disclosure of Executive Remuneration
(ETB)

| Year | Total Executive Remuneration |
|---|---|
| 2026 (Estimate) | 2,767,200 |
| 2025 | 2,767,200 |
| 2024 | 340,080 |

The total executive remuneration disclosed in Table 44 represents the aggregate remuneration of all named executive officers listed under Table 42. This includes the CEO, Deputy General Manager, and other senior executives forming part of the Company's executive management team. The Company confirms that all remuneration figures reconcile with NBE directive limits and are disclosed as of the date of this Prospectus.

## 4.5 Promoters

The promoters of the Company are the individuals or entities who initiated the formation of the Company, facilitated its incorporation in 2024, subscribed to the initial shares, and supported the licensing and regulatory approval processes necessary for establishing the Company as a Payment System Operator. The promoters were formally recognized as such by the NBE at the time of licensing.

### 4.5.1 Identification of Promoters

Table 45: Promoters

| No. | Name of the Promoters | Responsibility |
|---|---|---|
| 1 | Ato Getnet Haile Debebe | Chairperson |
| 2 | Ato Dadi Woyifen Getnet | Deputy Chairperson |
| 3 | Ato Daniel Tesfaye Asfaw | Member |
| 4 | W/ro Eden Habtu Ayinalem | Promoter |
| 5 | Dr. Zerihun Getaneh Workineh | Promoter |
| 6 | Ato Aschalew Tilahun Kebede | Promoter |
| 7 | Ato Demisew Chala Seyifu | Promoter |
| 8 | Ato Wondyifraw Nigussie Haile Meskel | Promoter |
| 9 | W/ro Helen Adane Tekle | Promoter |
| 10 | Ato Anduamlak Yibeltal Mengist | Member |
| 11 | Ato Bisrat Getachew Alayu | Promoter |
| 12 | Ato Abera Misganaw Woldie | Member |

### 4.5.2 Benefits Granted to Promoters

Pursuant to Article 11 of the MoA, as amended at the First EGM, the promoters are collectively entitled to ten percent (10%) of the net profits of the Company for the first three (3) years from the date of establishment. This entitlement constitutes contractual consideration for their organizational contributions, financial commitments, and time invested in the establishment of the Company.

However, the Company has recorded net losses since inception, and accordingly, the entitlement to ten percent (10%) of net profits has not been triggered. Other than this profit participation arrangement, no cash payments, securities, share allotments, options, guarantees, or other benefits in kind have been paid, issued, or granted to the promoters since incorporation in 2024, nor are any such payments, issuances, or benefits proposed as of the date of this Prospectus.

### 4.5.3 Interests of Promoters in Other Entities

In accordance with Article 104 of the ECMA Directive, the Company confirms that, except as disclosed above, none of the promoters has any material interest, in their capacity as promoters, in any partnership, company, or other association of persons that is material to the Issuer as of the date of this Prospectus.

# SECTION 5:

## CAPITAL STRUCTURE AND INFORMATION ON SECURITIES

# SECTION 5: CAPITAL STRUCTURE AND SECURITIES INFORMATION

## 5.1 Share Capital

The Company has a single class of Ordinary Shares, all of which rank equally in all respects. As of the date of this Prospectus, the Company's authorized share capital consists of 600,000 Ordinary Shares with a par value of ETB 500 per share. Of the authorized share capital, 34,388 Ordinary Shares have been issued and are fully paid.

The Company was incorporated on 20 May 2024 with a subscribed share capital of ETB 17,194,000, represented by 34,388 Ordinary Shares with a par value of ETB 500 per share. At incorporation, ETB 11,464,500, corresponding to 22,929 shares, was paid up, while the remaining ETB 5,729,500, represented by 11,459 shares, remained unpaid and was scheduled to be settled in accordance with the Company's founding documents and applicable laws.

No additional shares have been issued since incorporation, and the total number of issued Ordinary Shares has remained unchanged at 34,388. During the period from 2024 to 2025, certain partly paid shares were transferred to new investors, who assumed the outstanding payment obligations attached to those shares in accordance with applicable legal requirements and the Company's governing documents. As a result of these transfers, the number of shareholders increased from 848 to 1,002.

By June 30, 2025, all outstanding subscription amounts had been fully settled, resulting in the Company's entire issued share capital being fully paid up. All Ordinary Shares have been issued for cash consideration. No Ordinary Shares have been issued for consideration other than cash.

As of the date of this Prospectus, there is no public market for the Company's Ordinary Shares, and the shares are not listed or traded on any licensed securities exchange or organized OTC market. Accordingly, the Ordinary Shares do not have an established market price.

Table 46: Details of Share Capital

| Descriptions | June 30, 2026 | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Authorized share capital (ETB '000) | 300,000 | 300,000 | 17,194 |
| Subscribed share capital (ETB '000) | 17,194 | 17,194 | 17,194 |
| Paid-up share capital at beginning of year (ETB '000) | 11,464.50 | 11,464.50 | – |
| Issued and fully paid shares at the beginning of the year | 22,929 | 22,929 | – |
| Prior subscription shares paid during the year | 11,459 | 11,459 | – |
| Proceeds from shares paid during the year (ETB '000) | 5,729.50 | 5,729.50 | 11,464.50 |
| Paid-up share capital at end of year (ETB '000) | 17,194 | 17,194 | 11,464.50 |
| Issued but not paid shares | - | - | 11,459 |
| Total number of issued shares | 34,388 | 34,388 | 34,388 |
| Number of shareholders | 1,002 | 1,002 | 848 |
| Par value per share | 500 | 500 | 500 |

The Rights Offer consists of 200,000 new Ordinary Shares offered at a Rights Offer Price of ETB 550 per share. Assuming full subscription of the Rights Offer, the Company expects to raise gross proceeds of ETB 110,000,000. The estimated share capital structure of the Company immediately following completion of the Rights Offer, assuming full subscription, is set out below.

Table 47: Capital Structure Immediately Following the Rights Offer

| | Before Offer | After Full Subscription |
|---|---|---|
| Issued Shares | 34,388 | 234,388 |
| Subscribed and Paid-up Share Capital (ETB) | 17,194,000 | 117,194,000 |
| Share Premium (ETB) | - | 10,000,000 |
| Number of new Ordinary Shares (Rights Offer Shares) | - | 200,000 |
| Par value per share (ETB) | 500 | 500 |
| Rights Offer Price (ETB) | - | 550 |

### Future Capital Raising Plan

The first Extraordinary General Meeting of Shareholders held on January 4, 2025, approved an overall capital increase of up to 565,612 shares, which upon full subscription and issuance will increase the Company's paid-up capital from ETB 17.20 million to ETB 300 million. The capital increase shall be implemented in tranches in accordance with the Board-approved capital raising plan and applicable regulatory approvals.

The first tranche comprises 200,000 shares, which constitutes the Rights Offer covered under this Prospectus.

Following completion of the first tranche, the Company is committed to completing the remaining authorized shares through three subsequent Rights Offers, comprising 125,612 shares in 2027, 120,000 shares in 2028, and 120,000 shares in 2029. This schedule is designed to ensure completion of the capital increase within the five-year period prescribed under the Commercial Code from the date of approval by the EGM.

The Company intends to proceed with the capital raising plan in accordance with the approved schedule, subject to prevailing market conditions, applicable regulatory approvals, and other relevant factors.

## 5.2 Dividend Policy

The Company does not have a separate dividend policy. During the last two financial years, the Company neither declared nor paid any dividends, as it incurred losses and had no distributable profits.  Any future declaration and payment of dividends shall depend on the availability of distributable profits and approval by the General Meeting of Shareholders in accordance with the Company's MoA.

Under the Ethiopian Commercial Code, the Company is required to transfer at least five percent (5%) of its annual net profits to a legal reserve fund until such reserve reaches five percent (5%) of the Company's capital. In addition, pursuant to directives issued by the NBE, the Company may not distribute dividends if its paid-up capital is below the applicable minimum regulatory requirement for MFIs or if such distribution would result in non-compliance with liquidity reserve requirements prescribed by the NBE.

In determining whether to recommend dividends, the BOD shall consider, among other factors, the Company's profitability, liquidity position, capital requirements, and any prudential requirements imposed by the NBE. Any dividend proposed by the BOD shall be subject to approval by the General Meeting of Shareholders.

In accordance with applicable law and upon approval by shareholders, dividends may be paid in cash or through the capitalization of profits by the issuance of bonus shares. Cash dividends distributed by the Company shall be subject to dividend income tax at the rate prescribed under the applicable tax laws of Ethiopia, currently fifteen percent (15%).

# SECTION 6:
## INTERESTS AND RELATED PARTY TRANSACTIONS

# SECTION 6: INTERESTS AND RELATED PARTY TRANSACTIONS

## 6.1 Board of Directors' Interests

**Equity Interests**

Each ordinary share carries one vote, and shareholders, including directors who are also shareholders, retain pre-emptive rights on new share issuances and transfers in accordance with the Articles of Association.

**Beneficial Interests**

Eight directors hold direct beneficial interests in the Company through personal share ownership. Collectively, they hold 994 shares with a nominal value of ETB 497,000, representing 2.89% of the Company's total issued share capital of 34,388 shares.

**Non-Beneficial Interests**

No director holds any indirect or non-beneficial, nominee, trustee or beneficial ownership on behalf of third parties in the Company. Accordingly, there are no undisclosed or indirect ownership interests held by members of the Board.

**Independent Director**

One director, Ato Tamirat Abebe Mamo, does not own shares in the Company and has no beneficial interest. He is therefore considered independent in terms of shareholding.

**Outstanding Loans and Guarantees**

No loans, advances, or guarantees have been granted to Directors or Key Management Personnel during the past three years.

**Directors' Remuneration**

The Company confirms that all sums paid or agreed to be paid to Directors during the three financial years preceding the date of this Prospectus consist solely of duly approved fees and allowances. No additional benefits or preferential arrangements exist.

**Aggregate Payments to the Board of Directors**

The aggregate remuneration paid to the BOD during the three years preceding the date of this Prospectus is disclosed below:

Table 48: Aggregate Payments to the Board
(ETB)

| Year | Annual Transport Allowance per Member | Aggregate Total | Other Benefits |
|---|---|---|---|
| 2024 | 42,000 | 378,000 | None |
| 2025 | 42,000 | 378,000 | None |
| 2026 | 24,000 (pending for NBE approval) | 216,000 | None |

Table 49: Number of Shares Held by Board of Directors

| Number of Shares Held by Board of Directors | No. of Shares | Amount (ETB) | % of Total Shares |
|---|---|---|---|
| **Total** | **994** | **497,000** | **2.890** |

As recorded in the Register of Directors' Interests at the date of this Prospectus, the members of the BODs, except for Ato Tamirat Abebe Mamo, collectively hold 994 shares in Meba MFI. This represents 2.89% of the company's total share capital of 34,388 shares.

## 6.2 Major Shareholders and Interested Persons

### 6.2.1 Major Shareholders

As at the date of this Prospectus, the following individuals hold direct interests of 5% or more in the Company's paid-up capital of ETB 17.19 million:

Table 50: List of Major Shareholders

| Shareholder Name | Share Amount (ETB) | % of Paid-Up Capital | Classification |
|---|---|---|---|
| Tigist Getachew Aferu | 2,000,000 | 11.63% | Individual |
| Medhanit Getachew Tsegaye | 1,000,000 | 5.82% | Individual |
| Getie Berlie Tesfaye | 1,000,000 | 5.82% | Individual |
| **Total** | **4,000,000** | **23.27%** | |

**Differential Voting Rights**

The Company confirms that no differential voting rights exist among shareholders.

**Agreements Affecting Control**

The Company confirms that there are no shareholders' agreements, voting agreements, option arrangements, convertible instruments, or any other contractual or informal arrangements known to the Company that could, at a future date, result in a change of control of the Company or affect the exercise of voting rights or control over the Company.

**Compliance Confirmation**

The Company confirms compliance with NBE Directive MFI/21/2012 regarding persons with significant influence in an MFI.

### 6.2.2 Interested Person

For this Prospectus, and in line with ECMA Directive No. 1030/2024 and IAS 24, Meba MFI has Interested Persons, specifically its major shareholders, who are already named in the Significant Shareholders list on Table 50.

### 6.2.3 Other Interests of Directors and Key Management

As of the Reporting Date, no Director or member of Executive Management has been granted any special benefit, preferential treatment, or personal advantage outside the Company's approved policies.

**Transactions with the Board of Directors and Their Affiliates**

No transactions or arrangements requiring disclosure were recorded between the Company and its BOD or their affiliates during the reporting period.

The Company may, subject to approval by the General Assembly and in compliance with the Commercial Code of Ethiopia, issue additional shares, create new classes of shares, or adjust its share capital structure.

Any such changes will be disclosed to shareholders and the investing public in accordance with ongoing disclosure requirements under Ethiopian Capital Market laws and regulations.

**Loans and Guarantees to Directors**

The Company confirms that, as of June 30, 2025, there were no outstanding loans, advances, or guarantees granted to members of the BOD or Senior Management. The Company strictly adheres to the Commercial Code of Ethiopia and NBE directives regarding credit exposure to related parties.

### 6.2.4 Statement on Conflicts of Interest

As of the date of this prospectus, based on the disclosures provided in the Director Form and Executive Form, the Company has not been notified of any conflict-of-interest requiring disclosure by Directors, Promoters or Senior Management. Any conflict arising in the future will be disclosed in accordance with ECMA Directive No. 1030/2024, IAS 24 and applicable laws.

## 6.3 Related Party Transactions

For the purposes of this Prospectus, Related parties include Directors, members of Management, their immediate family members, and entities in which any of the foregoing have significant influence or control. All related party transactions must be conducted on an arm's-length basis and comply with the Company's internal policies, ECMA Directive No. 1030/2024 and IAS 24, including shareholders with significant influence, affiliates, entities under common control, and financial institutions with deposits approval and disclosure requirements.

There were no related party transactions during the reporting period, and no such transactions are currently in consideration for the future. Consequently, 0% of the Company's turnover is attributable to related-party transactions. The company confirms that it has complied with all relevant regulatory and disclosure requirements regarding related party transactions.

All transactions with interested persons are conducted on an arm's-length basis and in accordance with the Commercial Code of Ethiopia, relevant NBE directives, and the Company's internal governance policies.

**Nature of Related Parties**

Parties are considered related when one party exercises control or significant influence over the other in financial or operating decision-making, or when both parties are subject to common control.

The Company's related parties include:

- Shareholders with significant influence;
- Directors and key management personnel;
- Staff eligible under the staff enablement loan scheme;
- Entities with common directorships; and
- Financial institutions holding the Company's fixed deposits.

**Compliance Confirmation**

The Company confirms that all related-party transactions disclosed in this section comply with IAS 24 (IFRS), the Commercial Code of Ethiopia, and ECMA Prospectus Directive No. 1030/2024.

# SECTION 7:
## MANAGEMENT'S DISCUSSION AND ANALYSIS

## SECTION 7: MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The following discussion and analysis of the financial condition and results of operations of Meba MFI for the financial years ended June 30, 2024, June 30, 2025, and the seven-month period ended January 31, 2026, should be read together with, and is qualified in its entirety by reference to, the information contained in Section 3.1 "Financial Information," Section 2.2 "Business Overview," and the other information relating to the Company and its business set forth elsewhere in this Prospectus.

Although Meba MFI was established on October 28, 2020, it did not commence operations until August 5, 2024. Consequently, this Management Discussion and Analysis (MD&A) begin with FY2024 figures. While major lending activities commenced in FY2025, other core operations, including customer deposit mobilization, also began during FY2025. As a result, certain analyses in this section compare FY2025 results with the interim period ended January 30, 2026, as these periods better reflect the Company's operating performance following the commencement of its principal business activities... Unless otherwise stated, this section presents all financial information in ETB. Amounts in the tables have been rounded to the nearest thousand, and therefore, totals shown in tables may not correspond exactly to the sum of the individual figures or to the Company's Historical Financial Statements.

This MD&A has been prepared based on Meba MFI's Historical Financial Information (HFI), which has been prepared in accordance with IFRS. However, readers should note that certain KPIs disclosed in this section, specifically those reported to the NBE in Section 7.3.7 (including the Capital Adequacy Ratio, Non-Performing Loan Ratio, and Liquidity Ratio), are calculated in accordance with applicable NBE directives and circulars, such as NBE Directive MFI/28/2016 (Loan Classification and Provisioning) and NBE Circular No. BSD/22/2023 (Temporary Regulatory Forbearance). These regulatory calculations may differ from the equivalent figures derived solely from the IFRS-based financial statements. Investors should refer to the discussion in Section 7.3.7 and the cross-references therein for further clarification of these differences.

The primary objectives of this MD&A are to:

1. Analyse and explain the material changes, trends, and variances in the Company's financial position and results of operations over the reporting periods.
2. Discuss the composition, sources, and sustainability of earnings, cash flows from operating, investing, and financing activities, and the adequacy of capital resources.
3. Provide context for the financial data by examining the key business drivers, principal risk factors, and the strategic initiatives undertaken by management to address operational and market conditions.
4. Disclose known trends, commitments, contingent liabilities, events, and material uncertainties that are reasonably likely to influence the Company's future financial performance or liquidity.

## 7.1 Overview

Meba MFI transitioned from its initial establishment and operational launch in FY2024 to active lending operations and early-stage profitability during the interim period ended January 31, 2026. During the 7-month interim fiscal year, the Company recorded growth in total assets and deposits, and achieved its first profit, alongside the expansion of its branch network by inaugurating two additional branches, one in Adama and another in Wolaita Sodo. Growth in the loan portfolio was primarily funded through customer deposit mobilization and supplemented by external borrowings.

### 7.1.1 Financial Performance and Position Summary

The table below summarizes Meba MFI's financial performance and position across the two completed financial years, and the seven-month interim period ended January 31, 2026. Because the interim period covers seven months while the comparative periods presented are full twelve-month financial years, the figures are not directly comparable on a like-for-like basis; movements between the interim period and FY2025 should be read with this difference in reporting period length in mind, rather than as a straightforward annualized trend.

With that distinction noted, the Company's results over this period reflect its progression from a pre-operational entity to an early stage but profitable microfinance institution. Total operating income rose from ETB 0.08 million in FY2024 to ETB 3.90 million in FY2025 and reached ETB 8.57 million within the first seven months of the following financial year, growth that reflects the continued scaling of interest income as the loan portfolio expanded, though the seven-month figure should not be read as equivalent to a full-year result. On this basis, the Company moved from a net loss of ETB 5.04 million in FY2025 to a net profit of ETB 0.38 million for the seven-month interim period, its first profitable reporting period since commencing operations.

Table 51: Selected HFIs and KPIs
(ETB '000)

| HFIs | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **Statement of Profit or Loss** | | | |
| Interest Income | 10,753 | 3,713 | - |
| Interest Expense | (3,731) | (1,074) | - |
| *Net Interest Income* | *7,021* | *2,639* | - |
| Net Fees & Commission Income | 1,328 | 1,203 | 1 |
| Other Operating Income | 225 | 60 | 80 |
| Total Operating Income | 8,574 | 3,902 | 81 |
| Total Operating Expenses | (7,317) | (8,919) | (365) |
| Impairment Losses on Loans (net) | (876) | (19) | - |
| Net Income/(Loss) for the Period | 381 | (5,036) | (285) |
| **Statement of Financial Position** | | | |
| Assets | | | |
| Cash and Cash Equivalents | 10,651 | 16,902 | 9,693 |

| HFIs | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Deposit on Block Account | 187 | 1,158 | 6,919 |
| Loans to Customers (net) | 55,709 | 30,661 | - |
| Other Assets & Prepayments | 4,984 | 923 | 1,544 |
| Property, Plant & Equipment (net) | 3,185 | 2,262 | 1,785 |
| **Total Assets** | **74,529** | **50,748** | **13,022** |
| Liabilities | | | |
| Customer Deposits (Total) | 47,260 | 27,434 | - |
| Bank Borrowings | 11,645 | 10,000 | - |
| Other Payables | 4,396 | 2,467 | 1,840 |
| Tax Payables | - | - | 152 |
| **Total Liabilities** | **63,301** | **39,901** | **1,992** |
| Equity | | | |
| Paid-up Share Capital | 17,194 | 17,194 | 11,464 |
| Legal Reserve | 0.665 | 0.665 | 0.665 |
| Retained Earnings | (5,967) | (6,348) | (435) |
| **Total Equity** | **11,228** | **10,847** | **11,030** |
| Total Liabilities & Equity | 74,529 | 50,748 | 13,022 |
| **Statement of Cash Flow** | | | |
| Net Cash from Operations | (6,800) | (7,823) | 4,778 |
| Net Cash from Investing | (1,096) | (697) | (1,773) |
| Net Cash from Financing | 1,645 | 15,730 | (591) |
| Net Change in Cash | (6,251) | 7,210 | 2,415 |
| Cash at Beginning of Period | 16,902 | 9,693 | 359 |
| Cash at End of Period | 10,651 | 16,902 | 2,774 |
| **KPIs** | **January 31, 2026 (7 months)** | **June 30, 2025** | **June 30, 2024** |
| Debt-to-Equity Ratio | 563.79% | 367.86% | 19.62% |
| Debt-to-Assets Ratio | 84.94% | 78.63% | 16.40% |
| Return on Assets (ROA) | 0.51% | (12.0%) | (2.3%) |
| Return on Equity (ROE) | 3.39% | (47.9%) | (2.8%) |
| Efficiency Ratio | 68.1% | 228.6% | 453.7% |
| Cost-to-income ratio | 85.3% | 228.58% | - |
| Deposit-to-loan ratio | 84.6% | 89.48% | - |
| NPL | - | 0.18% | - |
| CAR | - | 29.11% | - |
| Liquidity Ratio | - | 61.61% | - |

*Note: For KPIs reported to the NBE (NPL, CAR & Liquidity Ratio) are absent for the financial year ending June 30, 2026, as the reporting period for that fiscal year has not yet concluded.*

On the Statement of Financial Position, which presents a point-in-time position rather than a flow over a period and is therefore comparable across the three reporting dates without the same timing caveat, total assets grew from ETB 13.02 million as of June 30, 2024, to ETB 50.75 million as of June 30, 2025, and further to ETB 74.53 million as of January 31, 2026. This growth was funded predominantly through customer deposits and external borrowings rather than new equity: total liabilities increased from ETB 1.99 million to ETB 63.30 million over the same period, while total equity remained broadly stable at approximately ETB 11.23 million as of January 31, 2026.

The Company's capital position remains a key area of focus. Paid-up capital of ETB 17.19 million as of January 31, 2026, remains below the NBE's minimum paid-up capital requirement for MFIs, and the Rights Offer described in this Prospectus is intended to address this shortfall. Notwithstanding this, the Company's regulatory capital adequacy, liquidity, and asset quality ratios have each remained within or above applicable NBE thresholds throughout the periods presented, as discussed further below.

### 7.1.2 Business Growth and Operating Scale

The Company continued to expand its operational footprint during the review period. As of January 31, 2026, Meba MFI operated five branches, comprising three in Addis Ababa (Kidist Mariam, Sealite Miheret, and Jemo Michael branches) and two regional branches located in Adama and Wolaita Sodo, compared to three branches as of June 30, 2025.

Table 52: Operation Breakdown

| KPIs | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Number of depositors | 5,592 | 2,674 |
| Number of borrowers | 768 | 375 |
| Number of staff | 27 | 19 |
| Number of branches | 5 | 3 |

The expansion of the branch network was accompanied by growth in the Company's customer base. The number of depositors increased from 2,674 as of June 30, 2025, to 5,592 as of January 31, 2026, while the number of active borrowers increased from 375 to 768 over the same period. To support this expansion, employee headcount increased from 19 to 27.

### 7.1.3 Financial Performance

The Company reported its first profitable reporting period during the seven months ended January 31, 2026. Profit before income tax improved from a loss of ETB 5.04 million in FY2025 to a profit of ETB 0.38 million, while profit after tax similarly improved to ETB 0.38 million compared to a net loss of ETB 5.04 million in FY2025.

The improvement in profitability was primarily driven by growth in the loan portfolio, which contributed to higher interest income. Total operating income increased by approximately 120%, from ETB 3.90 million in FY2025 to ETB 8.57 million during the interim period.

ROA improved from negative 12.0% in FY2025 to positive 0.51% (annualized) for the interim period, while ROE improved from negative 47.9% in FY2025 to positive 3.39% (annualized) for the interim period. The improvement in these metrics reflects the Company's transition from the start-up phase toward operational profitability. However, returns remain modest and indicate that the Company is still in the early stages of building a sustainable earnings base.

### 7.1.4 Funding and Balance Sheet Growth

Customer deposits remain the Company's primary funding source and largest liability category. Total deposits increased from nil in FY2024 to ETB 27.43 million as of June 30, 2025, and further to ETB 47.14 million as of January 31, 2026, representing growth of approximately 72% during the interim period.

As of January 31, 2026, the deposit base consisted of compulsory savings of ETB 8.60 million, voluntary and individual savings of ETB 38.54 million, and accrued interest on deposits of ETB 0.12 million. The growth in deposits supported continued expansion of the loan portfolio. As of January 31, 2026, the deposit-to-loan ratio stood at 84.6%, indicating that most mobilized deposits had been deployed into earning assets through customer lending.

Total assets increased from ETB 50.75 million as of June 30, 2025, to ETB 74.53 million as of January 31, 2026, while total liabilities increased from ETB 39.90 million to ETB 63.30 million over the same period. In addition to deposits, the Company utilized long-term borrowings to support growth. Bank borrowings increased from ETB 10.00 million as of June 30, 2025, to ETB 11.65 million as of January 31, 2026, reflecting the drawdown of a secured loan facility obtained from Ahadu Bank.

### 7.1.5 Capital Position

As of January 31, 2026, total equity amounted to ETB 11.23 million, comprising paid-up capital of ETB 17.19 million, legal reserves of ETB 665 thousand, and accumulated retained losses of ETB 5.97 million.

The Company's paid-up capital remains below the ETB 75 million minimum capital requirement prescribed under NBE Directive No. MFI/36/2023. Meba MFI is required to comply with this requirement by January 2028. The Rights Offer described in this Prospectus represents the first phase of the Company's planned capital raising programme and is intended to support compliance with future regulatory capital requirements and business expansion objectives.

The Company's Capital Adequacy Ratio ("CAR"), as reported to the NBE for FY2025, was 29.11%, exceeding the regulatory minimum requirement of 12%. While the ratio currently provides a substantial buffer above regulatory requirements, continued capital growth will be required as the Company's loan portfolio expands and risk-weighted assets increase.

### 7.1.6 Liquidity and Asset Quality

The Company maintained liquidity levels above applicable regulatory requirements throughout the review period. The liquidity ratio reported to the NBE for FY2025 was 61.61%, significantly above the minimum regulatory requirement of 20%.

As of January 31, 2026, cash and cash equivalents totalled ETB 10.65 million, representing approximately 14% of total assets and 21% of customer deposits. The current ratio stood at 1.38x, indicating adequate coverage of short-term obligations.

Asset quality indicators remained strong. The Non-Performing Loan ("NPL") ratio reported to the NBE for FY2025 was 0.18%, well below the regulatory ceiling of 5%. As of January 31, 2026, loans overdue by more than 90 days totalled ETB 0.89 million, representing approximately 1.6% of the gross loan portfolio.

The impairment charge increased to ETB 0.88 million during the interim period, primarily reflecting the significant expansion of the loan portfolio and the corresponding increase in expected credit loss (ECL) provisioning under IFRS 9. The increase in impairment expense was broadly consistent with portfolio growth and did not indicate a material deterioration in asset quality.

### 7.1.7 Loan Portfolio Composition

Meba MFI's loan portfolio as of January 31, 2026, reveals a customer base concentrated in salaried employees as the primary borrowing segment. Loans to salaried employees, comprising individual lending of ETB 18.11 million and group-based lending of ETB 16.91 million, collectively account for approximately 62% of the gross loan portfolio. Non-employee consumer loans have been fully phased out, declining from ETB 0.29 million as of June 30, 2025, to nil as of January 31, 2026. The concentration in payroll-backed lending is consistent with the Company's underwriting approach during its early operational phase, prioritizing borrowers with verifiable and predictable income streams.

Table 53: Customer Base and Portfolio Composition
(ETB '000)

| Loan Type | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| **Gross loans to customers** | | |
| Enterprise Loan (SME) Organization | 801 | 2,105 |
| Business Loans | 19,187 | 9,360 |
| Consumer Loan (Employee Loan) Individual | 18,111 | 3,440 |
| Consumer Loan (Employee Loan) Group | 16,909 | 14,866 |
| Consumer Loan (non-employee) | - | 290 |
| Housing/Construction & Renovation Loan | 1,595 | 619 |
| **Gross loans to customers** | **56,604** | **30,680** |
| Less: allowance for impairment losses | (895) | (19) |
| **Net loans to customers** | **55,709** | **30,661** |

The evolution of the loan portfolio between June 30, 2025, and January 31, 2026, indicates a gradual rebalancing of exposures. Business loans increased from ETB 9.36 million to ETB 19.19 million over the seven-month period, representing approximately 34% of gross loans as of January 31, 2026, compared to 30% as of June 30, 2025. In contrast, the SME loan segment declined from ETB 2.11 million to ETB 0.80 million, representing a reduction of 62%.

The housing and construction loan segment remains at an early stage, with an outstanding balance of ETB 1.60 million, accounting for approximately 3% of the gross loan portfolio.

The Company's gross loan portfolio increased from ETB 30.68 million as of June 30, 2025, to ETB 56.60 million as of January 31, 2026, representing growth of approximately 85%. The portfolio remains concentrated in payroll-backed consumer lending, which accounted for approximately 62% of gross loans as of January 31, 2026. Business loans also increased significantly during the period, rising from ETB 9.36 million to ETB 19.19 million and increasing their share of the portfolio from 30% to 34%.

## 7.2 Key Material Factors Affecting the Company's Results of Operations

The results of Meba MFI's operations have been, and will continue to be, affected by many factors, some of which are beyond the Company's control. This section outlines certain key factors that have impacted on the Company's results of operations in the years under review and could affect its results of operations in the future.

### 7.2.1 Macroeconomic Conditions

Meba MFI operates within macroeconomic environment of Ethiopia, which has undergone notable structural adjustments over the review period. Headline inflation declined significantly from 32.5% in FY2022/23 to 13.9% as of June 2025 and is projected to moderate further to approximately 12% in FY2025/26. This disinflationary trend is supported by tighter monetary policy, improved agricultural output, and the implementation of reforms under International Monetary fund-supported reform program. Real GDP growth remained robust, reaching 9.7% in FY2024/25, driven by strong performance in agriculture, services, and continued public investment in infrastructure.

***Borrower Impact***

Meba MFI's loan portfolio is concentrated in salaried and consumer lending, which collectively accounted for approximately 62% of gross loans (ETB 35.02 million) as of January 31, 2026, as disclosed in Section 2.3. This borrower profile makes the Company's portfolio quality directly sensitive to inflationary pressures on household disposable income. As inflation compressed real wages during the review period, the Company recorded an increase in overdue loans from 0.06% of the gross portfolio on June 30, 2025, to 1.6% as of January 31, 2026.

The 90–180-day overdue bucket reached ETB 791,428, and the 180–365-day bucket stood at ETB 101,024, both attributable in part to affordability pressures experienced by salaried borrowers. In response, the Company increased impairment provisioning from ETB 19,123 in FY2025 to ETB 894,887 for the seven-month interim period, reflecting proactive alignment with portfolio risk conditions.

***Loan Demand Impact***

Inflationary conditions have a dual impact on loan demand. On one hand, cost-of-living pressures drive demand for emergencies and consumption-smoothing credit products, which support portfolio volume growth. On the other hand, sustained inflation erodes borrower creditworthiness and reduces lender's willingness to extend unsecured credit.

The Company's gross loan portfolio grew 84.5% from ETB 30.68 million to ETB 56.60 million between June 2025 and January 2026, reflecting continued demand despite macroeconomic headwinds. However, the Company acknowledges that if inflation remains elevated or accelerates above current projections, further deterioration in overdue ratios and NPL levels is possible, which would require higher provisioning and could constrain net interest margins.

***Company Impact***

For the Company, elevated but moderate inflation has a direct impact on borrower repayment capacity. As of January 31, 2026, the Company recorded overdue loans of ETB 791,428 in the 90–180-day bucket and ETB 101,024 in the 180–365-day bucket. These arrears are partly attributable to inflationary pressures affecting the disposable incomes of salaried and business borrowers.

In response, the Company has adopted a prudent provisioning increasing from ETB 19,123 in FY2025 to ETB 894,887 for the seven-month interim period ended on January 31, 2026. This reflects proactive credit risk management and alignment with evolving portfolio conditions. Looking ahead, sustained inflationary pressures could continue to erode borrower purchasing power, potentially leading to an increase in overdue exposure and upward pressure on the NPL ratio, which stood at 0.18% as of FY2025.

Table 54: Key Ethiopian Macroeconomic Indicators

| Indicator | FY2022/23 | FY2023/24 | FY2024/25 | FY2025/26 (Projected) |
|---|---|---|---|---|
| GDP Growth (%) | 7.2% | 8.1% | 9.7% | 9.3% |
| Inflation (%) | 32.5% | 26.6% | 13.9% | ~12.0% |
| Credit Growth Cap (%) | 14% | 18% | 24% | 24% |
| Broad Money Supply (ETB Bn) | 2,310 | 2,409 | 2,470 | 4,000+ |
| Interest Rate (%) | 17.0% | 16.9% | 16.9% | 15.0% |
| Exchange Rate (ETB/USD) | 54.9 | 82.6 | 138.0 | 150+ |

*Source: IMF Country Report No. 26/20 (2026); NBE Financial Stability Report (March 2026); IMF WEO October 2025. Projections based on IMF program assumptions.*

### 7.2.2 Regulatory and Policy Framework

The NBE has established a minimum paid-up capital requirement of ETB 75 million for MFIs under Directive MFI/36/2023, with a compliance deadline of 2031. As of the date of this prospectus, Meba MFI's paid-up capital of ETB 17.19 million remains significantly below this threshold.

This capital shortfall is the primary rationale for the current Rights Offer, which targets gross proceeds of ETB 110 million, sufficient to achieve regulatory compliance and support planned balance sheet growth.

Failure to meet the ETB 75 million minimum paid-up capital requirement by the 2031 deadline would have material adverse consequences for the Company. The NBE may impose escalating sanctions, including restrictions on branch expansion, suspension of lending activities, or revocation of the Company's microfinance license. For a detailed discussion of these risks, including potential regulatory enforcement and financial covenants, see Section 9 of this Prospectus.

Despite its current capital shortfall, the Company has maintained compliance with other prudential requirements. As of June 30, 2025, the Company reported a liquidity ratio of 61.61%, substantially above the NBE's minimum requirement of 20% under Directive MFI/15/2002. The Company's loan portfolio generates a weighted average yield of approximately 28% on commercial loans, while deposit rates range from 7% to 9.5%, sustaining a positive net interest spread. Furthermore, under NBE regulations, single borrower exposure is limited to 1% of the Company's paid-up capital, currently equating to approximately ETB 172,000 per borrower. As disclosed in Section 2.5.2, this constraint directly caps the size of individual business and SME loans the Company can extend. As of January 31, 2026, business loans totaled ETB 19.19 million across the loan portfolio. The borrower concentration limit is therefore a direct structural constraint on the Company's ability to grow its higher-yield commercial lending segment, and its relaxation is contingent upon achieving the capital increase targeted through the Rights Offer.

Additionally, the Company's capital adequacy is directly regulated under NBE Directive MFI/36/2023 (Capital Adequacy Directive), which prescribes a minimum Capital Adequacy Ratio (CAR) of 12% for MFIs. As reported to the NBE for the fiscal year ended June 30, 2025, Meba MFI maintained a CAR of 29.11%, substantially above this regulatory minimum. While this ratio reflects the Company's early-stage position with a relatively small risk-weighted asset base, continued capital injections will be necessary to maintain adequate capital buffers as the loan portfolio expands. The Company's CAR is calculated using the standardized approach prescribed by the NBE, which differs in certain risk-weighting methodologies from those applicable to commercial banks, thereby limiting direct comparability with the banking sector.

As of June 30, 2025, the Company maintained a Capital Adequacy Ratio of 29.11%, substantially above the NBE minimum of 12% under Directive MFI/36/2023. While the current CAR does not restrict the Company's lending activities, it has implications for income generation as the portfolio grows. The CAR is calculated against risk-weighted assets; as the loan portfolio expands (which represents the primary risk-weighted asset class), the CAR will compress even if capital remains constant.

Based on current capital of ETB 17.19 million (paid-up) and total equity of ETB 11.23 million as of January 2026, sustained loan portfolio growth of the magnitude targeted in the Company's Business Plan (loan disbursement target of ETB 484.43 million – Section 2.2.1) will require substantial capital injection to maintain adequate capital buffers. This is a primary rationale for the Rights Offer.

Failure to raise sufficient capital through the Rights Offer would directly constrain the rate of loan portfolio growth, which in turn limits interest income generation, the Company's dominant revenue source. The table below summarizes the Company's regulatory compliance position relative to applicable NBE requirements.

Table 55: Regulatory Compliance Position

| Regulatory Requirement | NBE Minimum | Meba MFI June 30, 2025 | Meba MFI January 31, 2026 |
|---|---|---|---|
| Minimum Paid-Up Capital (ETB) | 75,000,000 | 17,194,000 | 17,194,000 |
| Capital Adequacy Ratio (CAR) | 12% | 29.11% | N/A |
| Non-Performing Loan (NPL) Ratio | ≤5% | 0.18% | N/A |
| Single Borrower Exposure Limit | 1% of paid-up capital | ~ETB 172K | ~ETB 172K |
| Compliance Deadline (Capital) | 2031 | In Progress | In Progress |
| Liquidity Ratio | 20% | 61.61% | – |

*Source: Meba MFI Audited Financial Statements (June 30, 2025); NBE Directive MFI/36/2023.*

*Note: Ratios are presented for the financial year ending June 30, 2025, as the reporting period for that fiscal year has not yet concluded.*

### 7.2.3 Competitive Landscape

The Ethiopian microfinance sector is characterized by a competitive and fragmented landscape, comprising 59 licensed MFIs as of June 2025. The sector reported total savings of ETB 41.8 billion and an outstanding gross loan portfolio of ETB 48.9 billion, serving approximately 7.86 million customers.

Within this context, Meba MFI currently holds a market share of less than 1% of total assets. This reflects the Company's early-stage development relative to larger, well-established MFIs, where assets and customer bases remain significantly concentrated. As a result, Meba MFI faces structural competitive disadvantages, including relatively high customer acquisition costs and increased pressure on deposit mobilization, as larger competitors benefit from established brand recognition, broader distribution networks, and economies of scale.

In addition to traditional MFI competitors, Meba MFI operates in an evolving financial services landscape shaped by rapid growth of digital financial services. Telecom-led mobile money platforms, particularly Telebirr, have significantly expanded access to finance services. In 2025, Telebirr reported approximately 57.59 million subscribers and disbursed ETB 31.6 billion in digital loans to 15 million users.

More broadly, the digital financial services ecosystem in Ethiopia facilitated transaction volumes of approximately ETB 9.6 trillion during the year. This competitive environment has two primary implications for the Company.

First, it places upward pressure on deposit mobilization costs, as financial institutions compete for a largely overlapping retail depositor base. While the Company's depositor base expanded significantly from 2,674 in June 30, 2025, to 5,592 as of January 31, 2026 (a 109% increase), total deposit balances grew at a comparatively slower rate of 72% from ETB 27.43 million to ETB 47.14 million.

This divergence suggests that growth has been driven primarily by an increase in lower-balance accounts rather than a deepening of existing customer relationships, reflecting the challenges associated with building a stable, low-cost funding base in a fragmented market.

Second, the rapid growth expansion of mobile money platforms and fintech solutions has raised customer expectations for digital service delivery, convenience and transaction speed. This trend is increasing pressure on traditional MFIs, including Meba MFI, to accelerate their own digital transformation. Failure to meet evolving customer expectations may result in customer attrition to more technologically advanced competitors, irrespective of pricing or product offering.

Table 56: Competitive Landscape Overview

| Competitor Category | Scale / Reach | Impact on Meba |
|---|---|---|
| MFI Sector (59 institutions) | ETB 48.9 billion loans; ETB 41.8 billion deposits; 7.86 million customers | Competing for similar customer base |
| Telebirr (M-Pesa / M-Birr) | 57.59 million subscribers; ETB 31.6 billion digital loans | Pressure on deposit mobilization; digital lending overlap |
| Commercial Banks (expanded MFI lending) | ~22% of sector assets (CBE) | Downward pressure on lending rates |
| FinTechs (Michu, Tila, Kacha) | ETB 9.6 trillion annual digital transactions | Technology-led disruption; low-cost micro-lending |
| Meba MFI | ETB 56.6 million loans; 5,592 depositors | <1% of industry assets |

*Source: NBE Financial Stability Report (March 2026); Meba MFI Audited Statements (January 2026). See Section 9.3 for a discussion of competitive risk.*

### 7.2.4 Foreign Exchange and External Debt Conditions

**Foreign Exchange Conditions**

The Ethiopian Birr has experienced significant depreciation, declining from ETB 54.9/USD in 2023 to ETB 138.0/USD in 2025. This rapid devaluation, coupled with the transition to a more flexible exchange rate regime, creates material indirect risks for MFIs. While most institutions, including Meba MFI, have limited direct foreign currency exposure, their clients, particularly small-scale importers, exporters, and businesses reliant on imported inputs—face escalating costs.

These increased operational expenses can directly impair borrowers' cash flow and repayment capacity, thereby elevating credit risk across MFI loan portfolios. Meba MFI does not maintain a distinct internal reporting category for 'foreign exchange-sensitive' borrowers. However, based on available portfolio segmentation data presented in the table below, the Company can identify meaningful concentrations of indirect FX exposure.

Table 57: Gross Loan by Sector
(ETB '000)

| Sector | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Trade & Services | 20,394.19 | 15,998.36 |
| Manufacturing | 7,505.83 | 7,052.95 |
| Agriculture | 6,603.33 | - |
| Construction & Real Estate | 523.03 | 151.40 |
| Transport & Logistics | 21,577.50 | 7,477.49 |
| **Total** | **56,603.88** | **30,680.19** |

As of January 31, 2026, the Transport & Logistics segment represents the single largest sector exposure at ETB 21.58 million (38.1% of gross loans), having grown 189% from ETB 7.48 million in FY2025, a segment whose operating costs are directly sensitive to fuel prices and imported vehicle parts, both of which are materially affected by Birr depreciation. Trade & Services (ETB 20.39 million, 36.0%) and Manufacturing (ETB 7.51 million, 13.3%) contribute a further 49.3% of the portfolio, with significant overlap with import-dependent supply chains. Agriculture (ETB 6.60 million, 11.7%), which appeared for the first time in the interim period, carries indirect FX exposure through imported inputs such as fertilizer and agro chemicals. Taken together, these four sectors account for approximately 99% of the business and SME loan portfolio and represent approximately 99.1% of gross loans excluding consumer lending, meaning that virtually all non-consumer credit is concentrated in sectors with material indirect FX sensitivity.

In contrast, consumer and employee loans (ETB 35.02 million, approximately 62% of gross loans) carry limited direct FX sensitivity, as they are salaried-borrower products with ETB-denominated repayment obligations. However, even this segment is not entirely insulated: salaried employees working in import-dependent industries or private-sector firms exposed to FX cost pressures may face real wage compression or job insecurity as a secondary transmission channel. The Construction & Real Estate segment (ETB 0.52 million), while currently immaterial at 0.9% of gross loans, carries indirect FX exposure through imported construction materials and is expected to grow as the housing loan product scales.

The Company acknowledges the limitations of this analysis, in particular, that sector classification does not perfectly proxy FX sensitivity at the individual borrower level, and is developing enhanced client segmentation to improve monitoring as the portfolio matures.

It should be noted that Birr depreciation does not carry uniformly negative implications across the Company's borrower base. Borrowers in the Transport & Logistics sector, the single largest exposure at ETB 21.58 million (38.1% of gross loans) who operate domestic freight or inter-city logistics routes may benefit from improved pricing power as import substitution dynamics strengthen demand for locally sourced goods and domestic distribution services. Similarly, borrowers in the agriculture sector (ETB 6.60 million, 11.7%) who produce exportable commodities or compete with imported food products may experience higher local currency revenues as the Birr weakens, improving their debt-service capacity. Manufacturing borrowers engaged in import-substitution production may also see demand for their goods increase as imported alternatives become more expensive.

The Company therefore recognizes that exchange rate depreciation, while a source of cost pressure for import-dependent borrowers, simultaneously creates revenue and competitiveness benefits for export-oriented, domestically focused, or import-substituting segments of the portfolio. This asymmetry means that the portfolio-level impact of continued Birr depreciation is not straightforwardly negative, and a full assessment requires borrower-level analysis that the Company is developing as part of its enhanced segmentation framework.

**External Debt Conditions**

Compounding the foreign exchange currency risk is Ethiopia's broader macroeconomic context of rising public indebtedness. Ethiopia’s projected total public debt of USD 71.40 billion for FY2024/25, of which USD 31.70 billion is external, creates transmission risks for MFIs through three channels. First, elevated external debt servicing requirements place sustained demand on foreign exchange reserves, contributing to exchange rate depreciation pressure and reducing the availability of affordable imported inputs for borrowers.

Second, government domestic borrowing through Treasury Bills and bonds competes with deposit-taking institutions for investable funds, placing upward pressure on risk-free rates and, indirectly, on the deposit rates MFIs must offer to attract savings. Third, fiscal consolidation measures implemented under the IMF-supported reform program may constrain public sector salary growth, reducing the real income of salaried borrowers who represent approximately 62% of the Company’s loan portfolio. For Meba MFI specifically, these transmission mechanisms are most relevant to deposit mobilization costs (currently 7%–9.5% per annum on deposits) and the creditworthiness of business borrowers with import-dependent operations.

The assertion that growing public debt creates tighter systemic liquidity is supported by the Company’s own funding experience. Wholesale funding, which the Company has accessed through bilateral bank facilities (CBE at 14.5% per annum in June 2025 and Ahadu Bank at 16.6% per annum in August 2025 – Section 2.7), reflects a rising cost of external funds consistent with tightening credit conditions.

The Company's deposit mobilization cost increased from ETB 1.06 million in FY2025 to ETB 2.55 million in the seven-month interim period, driven by a 72% growth in deposit balances. While deposit volumes grew, total deposit balances (ETB 47.14 million) grew more slowly than depositor numbers (109% growth to 5,592), suggesting competitive pressure on average deposit size and the need to attract more customers at lower average balances, a pattern consistent with an environment where depositor savings capacity is constrained. Access to additional wholesale financing beyond the current bilateral facilities has not been secured, limiting funding diversification and making the Company's growth dependent on its own deposit mobilization capacity.

## 7.3 Operations and Financial Results

The following is a summary of Meba MFI's audited financial statements for the last two fiscal years, prepared in accordance with IFRS. These figures have been extracted without adjustment from the audited statements for the years ended June 30, 2024, June 30, 2025 and the seven months audit of January 31, 2026.

### 7.3.1 Statement of Profit or Loss and Other Comprehensive Income

The following table presents the Company's historical statements of profit or loss and other comprehensive income for the periods ending January 31, 2026, June 30, 2025, and June 30, 2024. This data has been extracted without material adjustment from the audit statements annexed to this Prospectus.

Table 58: Statement of Profit or Loss and Other Comprehensive Income
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **Interest Income** | **10,753** | **3,713** | **-** |
| Interest Expense | (3,731) | (1,074) | - |
| Net Interest Income | 7,021 | 2,639 | - |
| Net Fees and Commission Income | 1,328 | 1,203 | 1 |
| Other Operating Income | 225 | 60 | 80 |
| **Total Operating Income** | **8,574** | **3,902** | **81** |
| Salary and other employee benefits | 4,307 | 5,500 | 196 |
| Annual expense | 30 | 157 | - |
| General and administrative expenses | 2,807 | 3,042 | 158 |
| Depreciation on PPE | 174 | 220 | 11 |
| **Total Operating Expenses** | **7,317** | **8,919** | **365** |
| Operating Profit/(Loss) before provisions | 1,257 | (5,017) | (285) |
| Impairment losses on Loan (net) | 876 | 19 | - |
| **Net Income/(Loss) After Taxes and Donations** | **381** | **(5,036)** | **(285)** |
| **Total Comprehensive Income/(Loss)** | **381** | **(5,036)** | **(285)** |

*Note: The comparison of interim financial results for the seven-month period ended January 31, 2026, with the full fiscal years ended June 30, 2025, and June 30, 2024, is not on a like-for-like basis due to the difference in reporting period durations; accordingly, trends such* *as changes in operating expenses, income, and profitability should be interpreted with consideration of the differing timeframes rather than solely as indicators of underlying performance.*

## I. Income Analysis

**Interest Income**

Interest income is Meba MFI's primary revenue source, driven by growth in the loan portfolio and interest earned on cash balances held at correspondent banks. Because lending operations commenced in August 2024, no interest income was recorded in FY2024.

Interest income on loans accounted for most of the total interest income in both periods, ETB 10.56 million of ETB 10.75 million (98.2%) in the interim period, and ETB 3.68 million of ETB 3.71 million (99.2%) in FY2025, with interest income from bank deposits representing a small and declining share. This composition is consistent with the Company's business model as a lending-led microfinance institution, in which earning assets are progressively redeployed from low-yielding cash balances into higher-yielding loans. The discussion below addresses the drivers of this growth for each component in turn.

Table 59: Interest Income by Type
(ETB '000)

| Interest Income Source | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Interest Income on Loans | 10,563 | 3,683 |
| Interest Income from Bank Deposit | 190 | 29 |
| **Total Interest Income** | **10,753** | **3,712** |

**Drivers of Interest Income Growth**

Total interest income increased by ETB 7.04 million, or approximately 190%, rising from ETB 3.71 million for the fiscal year ended June 30, 2025, to 10.75 million for the seven-month interim period ended January 31, 2026. This substantial growth over a shorter reporting period reflects strong underlying expansion in the Company's earning asset base and improved deployment of funds, as detailed below.

**a) Expansion of the Loan Portfolio and Associated Interest Income**

**Loan portfolio growth:** The gross loan portfolio increased by 84.5%, from ETB 30.68 million as of June 30, 2025, to ETB 56.60 million as of January 31, 2026. This expansion was supported by a doubling of the active borrower base, which grew from 375 borrowers to 768 borrowers over the same period, an increase of approximately 105%. The growth in borrowers was distributed across both the expanded Addis Ababa branches and the two new regional branches in Adama and Wolaita Sodo, reflecting early progress in geographic diversification of the lending portfolio.

**Interest income from loans:** Reflecting this expansion of the earning asset base, interest income from loans increased by ETB 6.88 million, from ETB 3.68 million in FY2025 to ETB 10.56 million in the interim period. Meba MFI maintains a largely standardized pricing structure, with most of its commercial loan portfolio earning a contractual interest rate of 28% per annum, while staff loans are extended at a concessional rate of 10%. This pricing consistency enables predictable yield generation, such that incremental growth in the loan portfolio translates into higher interest income. Investors should note, however, that yield realization depends on timely repayment: interest on overdue loans is deferred until cash collection under the Company's accounting policy and therefore may not appear in reported figures. As the portfolio seasons, growth in impairment charges could partially offset income gains.

**b) Increased Interest Income from Bank Deposits**

Interest income from bank deposits increased by ETB 160,883, from ETB 29,302 in FY2025 to ETB 190,185 in the seven-month interim period ended January 31, 2026. This growth was driven by a higher average cash balance maintained in interest-bearing accounts at correspondent banks during the period. Cash at bank in savings accounts stood at ETB 5.19 million as of January 31, 2026, compared to ETB 5.07 million on June 30, 2025, and the interim period reflects a full seven months of accrual on these balances. The increase was not attributable to a change in deposit interest rates, which remained stable throughout the period. Cash held at correspondent banks earns interest at rates materially below the 28% per annum contractual rate on commercial loans. As the Company continues to deploy liquidity into lending, evidenced by the decline in total cash balances from ETB 16.90 million to ETB 10.65 million during the interim period, deposit interest income is expected to decline in absolute terms. This trade-off is intentional: every ETB redeployed from a savings account into a commercial loan generates a substantially higher return for shareholders.

**Net Interest Income:** grew from ETB 2.64 million in FY2025 to ETB 7.02 million for the seven-month interim period, a 166% increase over roughly half the prior year's duration. The primary driver was the 85% expansion of the gross loan portfolio, funded by deposit growth from ETB 27.43 million to ETB 47.14 million, which provided the liquidity to sustain accelerated disbursements. The yield structure amplified the volume effect: with most of the commercial portfolio earning 28% per annum, each incremental ETB deployed into lending generates a disproportionately higher return than the cash balances it replaced, which earn materially lower rates at correspondent banks. The doubling of the active borrower base from 375 to 768 reinforced this, as newly originated loans accrue interest from disbursement date, increasing average interest-earning days across the expanded book. The net result is that income grew faster than the portfolio on an annualized basis, reflecting progressive conversion of low-yielding liquidity into high-yielding loan assets throughout the period.

**Net Fees and Commission Income:** This income stream increased from ETB 500 in FY2024 to ETB 1.20 million in FY2025, and further to ETB 1.33 million for the seven-month interim period ended January 31, 2026. The amount recorded in FY2024 primarily reflects service fees collected during the formation phase.

The subsequent growth in FY2025 and the interim period is attributable to service charges on deposit accounts, registration fees, and other transactional income associated with the Company's expanding customer base following the commencement of operations.

**Other Operating Income:** comprises two streams, which are life insurance income and penalty income. Total other operating income grew from ETB 60,154 in FY2025 to ETB 224,708 for the seven-month interim period ended January 31, 2026, with a full breakdown by income type provided in table 60.

Table 60: Other Operating Income / Revenue by Type
(ETB '000)

| Income Source | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Income from death Insurance | 58,780 | 29,540 | – |
| Penalty and Other Income | 165,924 | 30,614 | 80,000 |
| **Total Other Operating Income / Revenue** | **224,708** | **60,154** | **80,000** |

*Note: The classification of income streams changed following the commencement of lending operations in FY2025. Prior to FY2025, all non-interest income was presented under "Revenue." From FY2025 onward, it is presented within "Other Operating Income."*

- **Life insurance income** – presented in the financial statements as "death insurance income", represents fees collected upfront from borrowers at loan origination, calculated as 2% of the total loan amount. This amount is initially recorded as a liability (payable) rather than income, because the insurance risk remains until the loan is fully repaid. The income is only recognized and transferred to the institution's income records when the borrower fully repays the loan and the loan account is closed. This income stream grew from ETB 29,540 in FY2025 to ETB 58,780 in the interim period, directly tracking the 105% increase in the active borrower base from 375 to 768 clients over the same period.
- **Penalty income** – which is recorded when a borrower fails to pay the scheduled monthly payment (including principal and interest) by the due date, is calculated by applying 2% to the overdue amount and multiplying by the number of days the payment is delayed. This income stream grew from ETB 30,614 in FY2025 to ETB 165,924 in the interim period. This reflects the combined effect of a larger loan portfolio (gross loans grew 85% to ETB 56.60 million) and a full seven-month recognition window, compared to the partial operating period in FY2025 when lending activities had only recently commenced.

**Total Operating Income:** As a result of the above, total operating income grew from ETB 0.08 million in FY2024 to ETB 3.90 million in FY2025 and reached ETB 8.57 million for the seven-month interim period ending on January 31, 2026. The FY2025 growth reflects foundational performance from the first year of lending, while the increase in the interim period demonstrates accelerating operational momentum.

**Net Operating Income:** After accounting for impairment losses on loans, net operating income for the interim period ending on January 31, 2026, stood at ETB 7.70 million, compared to ETB 3.88 million for FY2025. The increase reflects the combined effect of higher gross operating income, and the relatively modest impairment charge relative to the expanded loan portfolio.

**Interest Expense**

Meba MFI's interest expense comprises two distinct components: (i) interest paid on client saving deposits, and (ii) interest paid on borrowings (loans obtained from commercial banks).

Table 61: Interest rate Breakdown
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Interest Expense on Client Saving Deposits | 2,554 | 1,057 |
| Interest Expense on Loan | 1,177 | 17 |
| **Total Interest Expense** | **3,731** | **1,074** |

**Drivers of Interest Expense Growth**

Total interest expense increased significantly. from ETB 1.07 million in FY2025 to ETB 3.73 million for the seven-month interim period ended January 31, 2026, reflecting the expansion of the Company's funding base through both customer deposits and external borrowings to support loan portfolio growth. The key drivers are outlined below:

**a) Growth in Interest Expense on Customer Saving Deposits**

Interest expense on customer saving deposits increased by ETB 1.50 million, from ETB 1.06 million in FY2025 to ETB 2.55 million in the seven-month interim period ended on January 31, 2026. This increase is primarily attributable to a 72% growth in customer deposits, which rose from ETB 27.43 million as of June 30, 2025, to ETB 47.14 million as of January 31, 2026. Meba MFI's deposit products carry interest rates ranging from 7% to 9.5% per annum (as disclosed in Table 14 of this Prospectus), resulting in a higher absolute interest expense as the deposit base expands. In addition, the interim period reflects a full seven months of interest accrual on a significantly larger deposit base, compared to 2025, which included only a partial year of deposit mobilization following the commencement of activities in August 2024.

**b) Increase in Interest Expense on Borrowings**

Interest expense on borrowings increased by ETB 1.16 million, from ETB 17,158 in FY2025 to ETB 1.18 million in the seven-months interim period ended on January 31, 2026. This increase reflects the Company's utilization of external debt to complement deposit funding and support the expansion of its loan portfolio. As detailed in Section 2.7 of this Prospectus, the Company secured an ETB 10.0 million term loan from the CBE in June 2025 at an interest rate of 14.5% per annum, and an additional ETB 5.0 million facility from Ahadu Bank in August 2025 at 16.6% per annum. The FY2025 figure of ETB 17,158 represents only a partial month's accrual on the CBE loan, as it was drawn late in the fiscal year.

In contrast, the interim period figure reflects a full seven months of interest expense on the CBE loan, together with interest accrued on the Ahadu Bank facility from its drawdown in August 2025 through January 31, 2026.

**Fees and Commission income**

As Meba MFI scales its operations and expands its customer base, income from transaction-based services and account maintenance fees is expected to provide a valuable source of revenue diversification, thereby reducing reliance on net interest income. The table below presents the detailed composition of the Company's fees and commission income for the periods indicated, as extracted from the audited financial statements. Meba MFI commenced formal microfinance lending operations in August 2024; accordingly, income reported in the periods prior to FY2025 (specifically FY2024) relates to formation and pre-operational activities and is not indicative of ongoing performance.

Table 62: Fee and Commission Income
(ETB '000)

| Fee and Commission Income | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Share Subscription Fee | - | 1 | - |
| Service Charge | 1,286 | 1,162 | 0.5 |
| Registration Fee | 21 | 20 | - |
| Income from Sales of Passbook | 21 | 20 | - |
| **Total Fees & Commission** | **1,328** | **1,203** | **0.5** |

*Note: Meba MFI commenced lending operations in August 2024. FY2024 income primarily relates to formation and pre-operational share sales service charge.*

Meba MFI's fee and commission income from its core microfinance operations has demonstrated strong and consistent growth since the commencement of active lending in August 2024, driven primarily by the expansion of the customer base and increased transactional activity across both deposit and loan portfolios. It is important to distinguish between income earned during the formation phase (FY2024) and income generated from operating activities (FY2025 and the 2026 interim period). During the formation phase (FY2024), service charge income was negligible (approximately ETB 500), reflecting the conclusion of one-off setup activities. The launch of active microfinance operations on August 5, 2024, marked a clear transition to recurring, operations-driven fee income. Service charge income, which constitutes the largest component of operating fee income at ETB 1.29 million and represented approximately 97% of total fees for the seven-month period ended January 31, 2026. This income is driven from account maintenance, transaction processing, and other customer-related services. The increase from ETB 1.16 million in the full fiscal year 2025 to ETB 1.29 million within a shorter seven-month period in 2026 demonstrates the rapid growth in the Company's active depositor and borrower base. This fee income growth is directly linked to the expansion of the active depositor and borrower base: the total number of deposit accounts and loan customers has grown significantly in line with branch expansion from three to five locations, and service charge income, which is transactional in nature, scales broadly in proportion with the volume of active accounts maintained.

On an annualized basis, service charge income has grown by approximately 33%, demonstrating strong scalability and a predictable and recurring revenue stream for Meba MFI.

The FY2025 share subscription fee of ETB 1,050 represents a non-recurring, capital-related charge associated with equity mobilization. While similar costs may arise in connection with future share issuance as outlined in this Prospectus, such items are not expected to form part of the Company's core operating income.

Additional fee streams, namely registration fee income and income from the sale of passbooks, contributed ETB 41,900 during the interim period, representing 2% of total fee income. These income lines, first recorded in FY2025 at ETB 40,100, are generated from one-time charges to new customers for onboarding, account opening, and the issuance of physical passbooks. The continued growth in the interim period reflects sustained momentum in client acquisition following the initial operational ramp-up phase. Management expects these revenues to increase in absolute terms as customer onboarding accelerates, supported by the planned expansion of Meba MFI's branch network.

On a cumulative basis, total fee and commission income increased from ETB 1.20 million in FY2025 to ETB 1.33 million in the first seven months of FY2026, representing an annualized growth rate of approximately 13%. As the loan portfolio and deposit base continue to expand, transaction volumes are expected to rise correspondingly, generating higher service charge income without a proportional increase in marginal operating costs, thereby enhancing overall operating leverage.

### II. Operating Expense Analysis

The following table presents a detailed breakdown of Meba MFI's operating expenses for the financial years ended June 30, 2024, June 30, 2025, and the seven-month interim period ended January 31, 2026. The data has been extracted from the audited financial statements and the audited interim report.

Table 63: Operating Expense Analysis
(ETB '000)

| Expense Category | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Salary and employee benefits | 4,307 | 5,500 | 196 |
| General and administrative expenses | 2,807 | 3,042 | 158 |
| Annual Leave Expense | 30 | 157 | - |
| Depreciation on property, plant, and equipment | 173 | 220 | 11 |
| **Total Operating Expenses** | **7,317** | **8,919** | **365** |

During the formation period covered by the financial years ended June 30, 2024, total expenses amounted to ETB 365,000. These costs were primarily associated with the legal and regulatory setup of Meba MFI, including professional fees related to licensing, rent for the head office premises, stationery and printing for incorporation documentation, and expenses incurred in preparations for the inaugural General Assembly. The lower expense level in FY2024 is attributable to the timing and completion of key formation-related expenditures. The financial year ended June 30, 2025, represents the Company's first full year of active lending and deposit-taking operations. Total expenses increased significantly to ETB 8,919,000, driven primarily by the transition to full operational status.

Personnel costs constituted the largest expense category, with salaries and employee benefits amounting to ETB 5,500,000, reflecting the recruitment of 19 permanent staff. In parallel, the establishment and operation of Meba MFI's initial three branches in Addis Ababa resulted in general and administrative expenses of ETB 3,042,000, including branch rent, utilities, administrative supplies, and marketing expenditures. Depreciation expense increased to ETB 220,000, reflecting the capital investments in furniture, IT equipment, and office fixtures. Additionally, Meba MFI incurred ETB 157,000 in costs associated with its first Annual General Meeting, recorded under annual leave and meeting-related expenses.

For the seven-month interim period ending January 31, 2026, total operating expenses amounted to ETB 7.32 million. Salaries and employee benefits remained the largest component at ETB 4.31 million, reflecting an increase in headcount from 19 to 27 employees to support the opening of two new regional branches in Adama and Wolaita Sodo. While the absolute salary figure appears lower than the ETB 5.50 million recorded in the full fiscal year FY2025, the comparison is not on a like-for-like basis.

On an annualized basis, the interim salary run rate is approximately ETB 7.39 million, which is materially higher than FY2025, consistent with the increase in permanent staff. General and administrative expenses totaled ETB 2.81 million, reflecting branch rent, utilities, and administrative costs across five locations.

Annual leave and meeting-related expenses amounted to ETB 30,000, associated with preparations for the second Annual General Meeting, a non-recurring item. Depreciation expense was ETB 173,000, consistent with the expanded asset base.

The trajectory of the Company's cost base reflects the natural lifecycle of a newly established financial institution. One-time formation costs dominated FY2024, followed by a significant investment in people, branches, and systems in FY2025. The key development in the interim period is that revenue growth has begun to outpace cost growth, as illustrated by the efficiency metrics below.

The cost-to-income ratio, total operating expenses divided by total operating income, improved from 228.6% in FY2025 to 85.4% in the interim period (ETB 7.32 million / ETB 8.57 million). While this remains elevated by mature MFI standards, where ratios of 60–70% are typical, it represents a structurally significant improvement driven by income scaling faster than the fixed cost base.

Similarly, the operating self-sufficiency ratio, operating income divided by operating expenses, improved to approximately 117% in the interim period, indicating that for the first time the Company's revenues are sufficient to cover all operating costs. The operating expense ratio (total operating expenses as a percentage of average gross loans) declined to 83.3% for the interim period, compared with 222.9% in FY2025, reflecting the growing loan portfolio absorbing a largely fixed overhead structure.

Investors should note, however, that these efficiency gains are contingent on continued portfolio growth and income generation. The Company's cost base remains predominantly fixed in the near term, personnel and branch occupancy costs do not decline proportionally if loan growth slows or portfolio quality deteriorates.

Any reversal in income growth without a corresponding reduction in costs would cause these ratios to deteriorate rapidly. Management's ability to maintain cost discipline while scaling operations remains a key driver of sustained profitability.

**Impairment Losses and Provisioning**

Impairment losses on loans increased from ETB 19,123 in FY2025 to ETB 876,000 for the seven-month interim period ended January 31, 2026. This increase is principally driven by the 85% expansion of the gross loan portfolio, from ETB 30.68 million to ETB 56.60 million, rather than a deterioration in underlying credit quality.

The Company applies ECL provisioning under IFRS 9 and NBE Directive MFI/28/2016, and the enlarged impairment charge is commensurate with the corresponding growth in the loan book.

Impairment losses on loans and advances to customers, recognized in accordance with IFRS 9, are presented separately in the statement of profit or loss and other comprehensive income and are not included within total expenses. This presentation reflects the distinction between operating costs and credit-related provisions arising from Meba MFI's lending activities.

No impairment losses were recognized in FY2024, as the Company had not yet initiated lending activities. For the fiscal year ended June 30, 2025, impairment losses amounted to ETB 19,000, reflecting the early stage of the loan portfolio, which had been active for less than twelve months with limited overdue exposures.

For the seven-month interim period ended January 31, 2026, impairment losses increased to ETB 876,000. The increase reflects the natural seasoning of a rapidly growing portfolio rather than a deterioration in the quality of the underlying borrower base. The gross loan portfolio grew by 84.5% over the interim period, from ETB 30.68 million to ETB 56.60 million, and the emergence of overdue exposures is consistent with what is expected as loans age beyond their initial repayment cycles.

Overdue loans as of January 31, 2026, were concentrated in the 90–180 days bucket (ETB 790,005) and the 180–365 days bucket (ETB 102,783). In aggregate, total overdue loans amounted to ETB 892,788, representing a Portfolio at Risk (PAR) ratio of approximately 1.58% of gross loans of ETB 56.60 million.

No loans have been written off to date. The allowance for impairment of ETB 894,887, calculated in accordance with NBE Directive MFI/28/2016, represents a provisioning coverage ratio of approximately 100% of total overdue exposures, indicating that all identified at-risk balances are fully provided for.

These metrics indicate that overall asset quality remains acceptable for a portfolio at this stage of development. However, investors should note that as the portfolio continues to season beyond 12–24 months, the proportion of loans entering overdue categories may increase, and impairment charges are expected to grow in absolute terms alongside portfolio growth. The Company monitors repayment performance monthly and applies NBE prescribed provisioning rates to all classified exposures. No restructured loans have been recorded to date.

The growth in overdue loans is attributable to the aging of disbursements made during the initial ramp-up phase in FY2025 and is not considered indicative of systemic underwriting weaknesses; the Company's collateral coverage ratio of 231% as of January 31, 2026, provides a substantial buffer against credit losses in the event of default.

### III. Profitability

Profitability at Meba MFI has transitioned from start-up losses to positive earnings, driven by the expansion of the loan portfolio and disciplined cost control. The table below presents the profit trends over the periods under review.

Table 64: Profit Trends
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Profit before tax | 381 | (5,036) | (285) |
| Profit after tax | 381 | (5,036) | (285) |
| **Total Comprehensive Income** | **381** | **(5,036)** | **(285)** |

**Profit Before Tax**

The Company’s profit before tax (PBT) demonstrates a clear progression from formation-stage results to early operational profitability. In the financial year ended June 30, 2024, the Company reported a loss before tax of ETB 284,495. This loss was incurred during the establishment phase, as Meba MFI began incurring general and administrative expenses and initial personnel costs without corresponding income from lending activities, which had not yet commenced.

The loss before tax deepened significantly to ETB 5.04 million for the fiscal year ending June 30, 2025, representing the Company’s first full year of active operations. This performance reflects substantial upfront investment in operational capacity, including salaries and employee benefits of ETB 5.50 million and general and administrative expenses of ETB 3.04 million. These expenditures supported the rapid expansion of Meba MFI’s lending platform, including the expansion of the net loan portfolio to ETB 30.66 million and the establishment of three branches.  As a result, the Company recorded an operating loss before provisions were ETB 5.02 million.

For the seven-month interim period ended January 31, 2026, the Company achieved a turnaround to profitability, reporting a PBT of ETB 380,864. This improvement was driven primarily by strong growth in operating income, which increased to ETB 8.57 million, reflecting continued expansion of the loan portfolio (net loans grew to ETB 55.71 million) and a full-time contribution from fee and commission income. The result also indicates the early realization of operating leverage as revenue growth begins to outpace the increase in operating costs.

**Profit After Tax**

Meba MFI's profit after tax is equal to its PBT in all reported periods presented, as no income tax expense has been recognized to date.

**a) Loss-Making Periods (FY2024 and FY2025)**

For the fiscal years ended June 30, 2024, and June 30, 2025, Meba MFI reported losses before tax of ETB 0.28 million and ETB 5.04 million, respectively. In accordance with Income Tax Proclamation No. 979/2016, corporate income tax is levied at a rate of 30% on taxable profits. As the Company did not generate positive taxable income in these periods, no tax liability arose and no income tax expense was recognized. Accordingly, the effective tax rate for both periods was 0%.

**b) Interim Period Ended January 31, 2026**

For the seven-month interim period ended January 31, 2026, the Company reported a PBT of ETB 380,864. Under the Microfinance Business Proclamation No. 626/2009, Article 23, an MFI that fully reinvests its profit into its operations may qualify for an exemption from profit tax. The Company intends to retain all earnings for the financial year ending June 30, 2026, to support the expansion of its loan portfolio and branch network.

As the interim period does not constitute a separate tax assessment period, no income tax expense has been recognized in these interim financial statements. The final determination of the tax liability for the fiscal year ending June 30, 2026, will be made upon submission of the annual income tax return and will be reflected in the audited financial statements for that period.

### 7.3.2 Statement of Financial Position and Financial Condition Analysis

Table 65: Financial Statements Summary
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and bank balances | 10,651 | 16,902 | 2,774 |
| Deposit on block account | – | – | 6,919 |
| Loans and advances to customers (net) | 55,709 | 30,661 | – |
| Trade and other receivables | – | – | 1,544 |
| Other assets and prepayments | 4,984 | 923 | – |

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| *Total Current Assets* | *71,344* | *48,486* | *11,237* |
| **Non-Current Assets** | | | |
| Property, plant and equipment (net) | 3,185 | 2,262 | 1,785 |
| *Total Non-Current Assets* | *3,185* | *2,262* | *1,785* |
| **TOTAL ASSETS** | **74,529** | **50,748** | **13,022** |
| **Current Liabilities** | | | |
| Security and compulsory savings | 8,600 | 4,118 | - |
| Voluntary and individual savings | 38,539 | 23,316 | - |
| Accrued interest in customer deposits | 121 | - | - |
| Other payables | 4,396 | 2,467 | 1,840 |
| Tax payables | - | - | 152 |
| *Total Current Liabilities* | *51,656* | *29,901* | *1,992* |
| **Non-Current Liabilities** | | | |
| Bank loans (long-term borrowings) | 11,645 | 10,000 | - |
| *Total Non-Current Liabilities* | *11,645* | *10,000* | - |
| **Total Liabilities** | **63,301** | **39,900** | **1,992** |
| **Equity** | | | |
| Paid-up share capital | 17,194 | 17,194 | 11,464 |
| Legal reserve | 0.665 | 0.665 | 0.665 |
| Retained earnings | (5,967) | (6,348) | (435) |
| **Total Equity** | **11,228** | **10,847** | **11,030** |
| **TOTAL LIABILITIES AND EQUITY** | **74,529** | **50,747** | **13,022** |

*Note: The comparison of interim financial results for the seven-month period ended January 31, 2026, with the full fiscal years ended June 30, 2025, and June 30, 2024, is not on a like-for-like basis due to the difference in reporting period durations; accordingly, trends such as changes in operating expenses, income, and profitability should be interpreted with consideration of the differing timeframes rather than solely as indicators of underlying performance.*

*Presentation notes: For FY2024, the blocked account balance of ETB 6,919,000 is presented as a separate current asset line item "Deposit on block account," reflecting its restricted nature during the pre-licensing phase. From FY2025 onward, as the remaining balance became immaterial and release was imminent upon licensing, the residual blocked balance was included within "Cash and bank balances, Block Account". This reclassification has no effect on total current assets or total assets in any period. See the "Deposit on blocked account" sub-section below for the full movement table.*

## I. Asset Composition and Growth (2024–2026)

**Asset Growth**

Total assets increased significantly over the review period, rising from ETB 13.02 million as of June 30, 2024, to ETB 50.75 million as of June 30, 2025, and further to ETB 74.53 million as of January 31, 2026, a 47% increase during the seven-month interim period alone. This growth reflects a fundamental shift in the composition of the Company's asset base, signalling its transition from a pre-operational entity to an active financial intermediary. However, investors should note that this expansion has been funded predominantly through customer deposits and external borrowings rather than equity: total liabilities grew from ETB 1.99 million to ETB 63.30 million over the same period while shareholders' equity remained broadly stable at approximately ETB 11.23 million, resulting in a debt-to-equity ratio of 563.8% and a debt-to-assets ratio of 84.9% as of January 31, 2026. The leverage, solvency, and refinancing risks arising from this funding structure are discussed in detail in the "Leverage and Solvency Assessment" sub-section below.

**As of June 30, 2024 (Pre-Operational Phase):**

As of June 30, 2024, the Company had not commenced lending operations. Total assets of ETB 13.02 million consisted predominantly of cash and cash equivalents (ETB 9.69 million) along with deposits held in blocked accounts with commercial banks in accordance with the requirements of Microfinance Business Proclamation No. 626/2009, pending completion of licensing process. The remaining balance comprised prepayments and advances associated with establishment activities. At this stage, the asset base was highly liquid, with zero exposure to credit risk and no income-generating loan assets.

**As of June 30, 2025 (Operational Launch Phase):**

Following the issuance of its license (No. MFI/067/2024) and the commencement of lending operations in August 2024, the composition of the Company's asset portfolio shifted materially. Gross loans to customers increased from nil to ETB 30.68 million, representing approximately 60% of total assets with net loans after impairment reached ETB 30.66 million.

Cash and cash equivalents remained relatively high at ETB 16.90 million (33% of total assets), reflecting paid-up capital and the early-stage deposit mobilization that had not yet been fully deployed into the loan portfolio. Overall, the asset structure at this stage reflected a transitional phase, marked by the establishment of a loan portfolio alongside a still-significant liquidity buffer.

**As of January 31, 2026 (Expansion Phase):**

By January 31, 2026, the Company’s asset composition had evolved further toward a more mature microfinance profile. Gross loans to customers increased to ETB 56.60 million, representing approximately 76% of total assets, compared to 60% as of June 30, 2025, net loans after impairment reached ETB 55.71 million. Concurrently, cash and cash equivalents declined to ETB 10.65 million (14% of total assets), indicating that the deployment of a substantial portion liquidity into income-generating assets.

Other assets and prepayments increased to ETB 4.98 million (7% of total assets), up from ETB 0.92 million in FY2025, primarily driven by higher prepayments and increases in other receivables, including accrued income and operational advances, as noted in the interim audit report.

Table 66: Asset Breakdown
(ETB '000)

| Asset Category | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Cash and Cash Equivalents | 10,651 | 16,902 | 9,693 |
| Deposit on Block Account | 187 | 1,158 | 6,919 |
| Loans to Customers (Gross) | 56,604 | 30,680 | – |
| Less: Impairment Allowance | (895) | (19) | – |
| Loans to Customers (Net) | 55,709 | 30,661 | – |
| Other Assets and Prepayments | 4,984 | 923 | 1,544 |
| Property, Plant & Equipment (Net) | 3,185 | 2,262 | 1,785 |
| **Total Assets** | **74,529** | **50,748** | **13,022** |

**Cash and bank balances**

Meba MFI's cash and bank balances comprise cash on hand, cash at bank in savings accounts, cash at bank in current accounts, and a residual block account balance. These balances represent the Company's primary source of immediate liquidity for operational expenditures, loan disbursements, and settlement obligations.

Table 67: Unrestricted Cash and Cash Equivalents
(ETB '000)

| Composition of Cash and Bank Balances | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Cash on hand | 45 | – | – |
| Cash at bank – savings accounts | 5,186 | 5,065 | – |
| Cash at bank – current accounts | 5,233 | 10,679 | 2,774 |
| Block Account | 187 | 1,158 | |
| **Total unrestricted cash and cash equivalents** | **10,651** | **16,902** | **2,774** |

As of June 30, 2024, cash and bank balances amounted to ETB 2.77 million, all of which was held in current accounts. This growth was driven by the accumulation of paid-up capital contributions as the Company progressed through the licensing process.

No balances were held in savings accounts during this period. Following the commencement of full operations in FY2025, total cash and bank balances expanded materially to ETB 16.90 million as of June 30, 2025. This increase was supported by the release of previously restricted funds upon receipt of the microfinance license, as well as the initiation of customer deposit mobilization. The composition of balances diversified to include ETB 5.07 million held in current accounts and ETB 10.68 million. In addition, a residual block account balance of ETB 1.16 million remained, representing the final tranche of restricted funds from the formation phase pending release.

As of January 31, 2026, total cash and bank balances decreased to ETB 10.65 million. This reduction reflects the active deployment of liquidity into the expanding loan portfolio, consistent with the Company's strategy of converting liquid funds into interest-earning assets. Cash on hand was introduced at ETB 0.05 million to support branch-level transactions. Savings account balances increased marginally to ETB 5.19 million, while current account balances declined to ETB 5.23 million. The residual block account balance declined further to ETB 0.19 million and is expected to be fully released in the subsequent period.

**Deposit on block account**

From an accounting perspective, during the formation phase (2024), balances held in the blocked account was presented as a current asset under the line item "Deposit on block account" in the statement of financial position, reflecting management's expectation that funds would be released within one year following licensing. From FY2025 onward, as the remaining balance became immaterial and release was imminent, it was reclassified within "Cash and bank balances – Block Account". The funds were excluded from liquidity ratio calculations until released.

Meba MFI is required by the NBE in accordance with the Microfinance Business Proclamation No. 626/2009, Article (e), to deposit the minimum paid-up capital in a blocked account maintained in the name of the prospective MFI. These funds were held in designated blocked bank accounts and could not be accessed until the Company obtained a full microfinance license. The table below presents the movement and composition of blocked account balances from the formation phase to licensing.

As of June 30, 2024, the blocked account balance amounted to ETB 6.92 million. During FY2024, the Company successfully applied for and received its microfinance license, License No. MFI/067/2024. Upon licensing, the NBE authorized the release of a portion of the blocked funds for operational use. The reduction of ETB 5.73 million from the previous year's balance was transferred to cash at the bank, specifically current accounts, to fund initial operating expenses, branch setup, and staff recruitment.

Table 68: Composition of blocked accounts
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Opening balance | 1,158 | 6,919 | 12,645 |
| Add: New capital deposits during the year | – | – | – |
| Less: Release upon licensing | (971) | (5,761) | (5,726) |
| **Closing balance** | **187** | **1,158** | **6,919** |

As of June 30, 2025, the blocked account balance had further reduced to ETB 1.16 million. A further ETB 5.76 million was released during FY2025, leaving a residual blocked balance that primarily consisted of excess deposits from shareholders whose identification was still being finalized. These funds remained restricted and continued to be classified as a blocked account, unavailable for day-to-day operations or lending.

During the interim period ending January 31, 2026, an additional ETB 971,045 was released, reducing the blocked account balance to ETB 187,005. Meba MFI expects to complete the identification of remaining subscribers and obtain full release of the residual amount in FY2026.

The phased release of blocked funds provided critical working capital during Meba MFI's initial year of operations. In particular, the ETB 5.73 million released in FY2024 supported early operational requirements, including branch setup, staff salaries and training, procurement of office equipment and furniture, and marketing and customer acquisition activities. The remaining balance of ETB 0.19 million as of January 31, 2026, is expected to be fully released upon completion of shareholder verification, which will further strengthen the Company's liquidity position.

**Loans and advances to customers (net)**

Meba MFI commenced lending operations in FY2025, and the loan portfolio has grown rapidly since inception. Gross loans increased from ETB 30.68 million as of June 30, 2025, to ETB 56.60 million on January 31, 2026, representing an increase of approximately 84% over a seven-month period. After deducting impairment provisions, net loans stood at ETB 30.66 million in FY2025 and ETB 55.71 million in FY2026.

Table 69: Gross Loans by Product Category
(ETB '000)

| Loan Product | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| SME Loans | 801 | 2,105 |
| Business Loans | 19,187 | 9,360 |
| Consumer Loan (Employee) – Individual | 18,111 | 3,440 |
| Consumer Loan (Employee) – Group | 16,909 | 14,866 |
| Consumer Loan (non-employee) | – | 290 |
| Housing/Construction & Renovation Loan | 1,595 | 620 |
| **Gross loans to customers** | **56,604** | **30,680** |
| Less: Allowance for impairment losses | (895) | (19) |
| **Net loans to customers** | **55,709** | **30,661** |

Consumer loans to employees, both individual and group-based, constitute the largest segment of the loan portfolio, totaling ETB 35.02 million or approximately 62% of gross loans as of January 31, 2026. This concentration reflects the Company's strategic focus on salaried individuals, who typically exhibit stable repayment capacity and predictable income streams.

Business loans increased significantly by 105% from ETB 9.36 million to ETB 19.19 million, indicating a growing emphasis on lending to commercial enterprises and self-employed borrowers. In contrast, enterprise and SME loans decreased by 62% from ETB 2.11 million to ETB 0.80 million, despite remaining a targeted segment the Company's broader financial inclusion mandate.

Housing and construction loans more than doubled from ETB 0.62 million to ETB 1.60 million, reflecting initial diversification into asset-backed lending products. Consumer loans to non-employees were reduced to nil, in line with a more conservative risk posture and a product redesign pending further underwriting experience.

- **Credit Quality of the Loan Portfolio (Aging Analysis)**

In accordance with IFRS 9 and NBE Directive MFI/28/2016, Meba MFI recognizes impairment losses on overdue loan exposures based on prescribed provisioning requirements. Accordingly, the allowance for impairment losses increased from ETB 19,123 as of June 30, 2025, to ETB 894,887 for the interim period ending January 31, 2026.

This increase was driven by the emergence of overdue loans during the period. As detailed in the table below, loans in the 90 to 180 days overdue category amounted to ETB 790,005, while loans in the 180 to 365 days overdue category reached ETB 102,783 by January 31, 2026. In aggregate, overdue loans represented approximately 1.6% of the gross loan portfolio of ETB 56.60 million at the interim date, indicating that overall, asset quality remains strong despite the rapid expansion of the loan block.

Table 70: Loan Impairment Summary
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Current and less than 90 days overdue | 2,099 | 4,639 |
| 90 to 180 days overdue | 790,005 | 14,484 |
| 180 to 365 days overdue | 102,783 | - |
| Above 365 days overdue | - | - |
| **Gross loan impairment** | **894,887** | **19,123** |

- **Collateral Held Against Loans**

The Company holds collateral significantly more than the gross loan portfolio. As of January 31, 2026, total collateral coverage amounted to ETB 130.79 million against gross loans of ETB 56.60 million, representing a coverage ratio of approximately 231%. Collateral is primarily in the form of buildings (ETB 113.07 million), vehicles (ETB 10.06 million), and cash (ETB 7.65 million). This substantial overcollateralization provides a strong buffer for mitigating credit risk.

Table 71: Collateral Type
(ETB '000)

| Collateral type | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Building | 113,069 | 90,500 |
| Vehicle | 10,064 | 3,727 |
| Cash | 7,654 | 27,000 |
| **Total collateral coverage** | **130,787** | **121,227** |

- **Reconciliation of contractual and carrying amounts**

The reconciliation below demonstrates that accrued interest is recognized in the gross carrying amount but is not included in the net loans presented on the statement of financial position, as it is reversed against the impairment allowance and recognized only when collected in cash, in accordance with Meba MFI's conservative accounting policy for interest on overdue loans.

Table 72: Net Loans and Advances
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Originated loans per agreements | 56,604 | 30,680 |
| Accrued interest per agreements | 2,995 | 978 |
| **Gross carrying amount** | **59,599** | **31,658** |
| Less: Allowance for impairment | (895) | (19) |
| Less: Accrued interest not recognized | (2,995) | (978) |
| **Net loans and advances** | **55,709** | **30,661** |

- **Current vs non-current portion of loans**

As of January 31, 2026, approximately 33% of the gross loan portfolio (including accrued interest) is classified as current, while 67% is non-current. This maturity profile reflects the medium-term nature of the company's lending activities, with typical loan tenors ranging from 12 to 36 months and is consistent with the company's strategy of funding longer-term assets with a combination of customer deposits and term borrowings.

Table 73: Current vs Non-Current Loans
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 |
|---|---|---|
| Current portion (due within 12 months) | 19,640 | 12,018 |
| Non-current portion | 38,243 | 19,640 |
| **Total loans and advances** | **59,599** | **31,658** |

**Other assets and prepayments**

Other assets and prepayments comprise non-financial assets that are not classified as cash and bank balances, loans, or property, plant and equipment. For Meba MFI, this category has expanded as it transitioned from the formation phase into active operations. The composition and maturity profile of other assets and prepayments for the periods from 2023 through the interim period ending January 31, 2026, are presented on table 74.

Table 74: Other Assets and Prepayments
(ETB '000)

| Descriptions | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 | June 30, 2023 |
|---|---|---|---|---|
| Interest receivable | 3,143 | 40 | – | – |
| Share receivable | 10 | 10 | 10 | 10 |
| Legal receivable | 70 | – | – | – |
| Prepaid rent | 511 | 443 | - | – |
| Inventory (printing materials, stationery) | 355 | 133 | – | – |
| Prepaid telephone and Gmail package | 26 | 17 | – | – |
| Deposit insurance | 23 | 30 | – | – |
| Office guarantee | 216 | 216 | – | – |
| Prepaid printing material | – | 34 | – | – |
| Other advances | 620 | – | - | – |
| Prepaid insurance | 11 | – | – | – |
| Deposit and guarantee | – | – | 229 | - |
| Prepayment and advance | - | - | 1,305 | - |
| **Gross amount** | **4,985** | **923** | **1,544** | **10** |

Other assets evolved from an immaterial ETB 10,000 share receivable as of June 30, 2023, reflecting the Company's pre-licensing formation stage, to ETB 1.54 million in trade and other receivables by June 30, 2024, driven primarily by prepayments and advances of ETB 0.45 million and refundable deposits of ETB 229,000 incurred in connection with licensing and operational setup, with no interest receivable recognized as lending had not yet commenced.

Following the issuance of Microfinance License No. MFI/067/2024 and the transition to active deposit-taking and lending operations, the balance was reclassified and presented as other assets and prepayments, amounting to ETB 922,767 as of June 30, 2025, comprising share receivable of ETB 10125, interest receivable of ETB 39,859, office guarantee of ETB 216,086, deposit insurance of ETB 30,000, prepaid rent of ETB 443,020, prepaid printing materials of ETB 33,750, prepaid telephone and Gmail subscription services of ETB 16,582, and inventory of ETB 133,344, reflecting normalization from one-off formation-related prepayments. Thereafter, for the interim period ended January 31, 2026, the balance increased significantly to ETB 4.99 million, driven predominantly by a sharp rise in interest receivable to ETB 3.14 million in line with rapid loan book expansion from ETB 30.7 million to ETB 56.6 million, alongside higher prepaid rent, operational advances, and inventory associated with branch expansion, partially offset by the utilization of earlier prepayments and stable regulatory and guarantee balances.

Table 75: Other Assets and Prepayments – Maturity Analysis
(ETB '000)

| Maturity classification | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Current portion (due or realizable within 12 months) | 4,145 | 767 | 1,544 |
| Non-current portion (due or realizable after 12 months) | 840 | 156 | – |
| **Total** | **4,985** | **923** | **1,544** |

As reflected in the maturity analysis table above, other assets and prepayments are predominantly current in nature, with the balance in 2024 fully classified as current due to their short-term realization profile.

A non-current component emerged in FY2025 and increased further by January 31, 2026, primarily reflecting lease-related guarantees, longer-term advances, and portions of prepaid expenses extending beyond twelve months.

The overall increase in other assets and prepayments over the period is consistent with the Company's transition from formation to full operations. This increase has been driven largely by the expansion of lending activities and scaling of operations, while the split between current and non-current balances remains aligned with the underlying nature and expected recovery profile of these assets.

**Property, Plant and Equipment**

Meba MFI's property, plant and equipment comprise leasehold improvements, office furniture, computer equipment, and office equipment. The Company does not own land, buildings, or motor vehicles, and all operating locations are leased. The growth in property, plant and equipment over the periods under review reflects the Company's transition from the formation to active operations, including branch expansion and investment in technology infrastructure to support scalable growth. Total property, plant and equipment cost amounted to ETB 1.80 million in FY2024, driven by additions of ETB 1.77 million as the Company moved from formation to operational readiness. In FY2025 total cost increased further to ETB 2.50 million with notable investments in furniture and fittings, as well as office equipment, associated with the establishment of branch infrastructure. For seven months to January 31, 2026, total Property, Plant and Equipment cost reached ETB 3.60 million supported by additional capital expenditures of ETB 1.10 million. This continued increase reflects ongoing branch expansion and enhancement to operational capacity. The concentration of capital expenditure on Computer equipment and furniture and fittings indicates a strategic focus on building technology-enabled operations and supporting branch rollout. In addition, payment of ETB 728,349 for undelivered assets highlights ongoing capital commitments and planned investments to further support Meba MFI's growth trajectory.

Table 76: Cost of Property, Plant and Equipment
(ETB '000)

| Asset Class | Additions during FY2024 | Cost as of June 30, 2024 | Additions during FY2025 | Cost as of June 30, 2025 | Additions during the 7 Months Ending January 31, 2026 | Cost as of January 31, 2026 |
|---|---|---|---|---|---|---|
| Computer Equipment | 585 | 596 | 80 | 676 | 415 | 1,091 |
| Office Equipment | 303 | 303 | 240 | 543 | 259 | 802 |
| Furniture & Fittings | 886 | 906 | 377 | 1,283 | 422 | 1,705 |
| **Total Cost** | **1,773** | **1,804** | **697** | **2,501** | **1,096** | **3,597** |

Accumulated depreciation increased from ETB 18,681 in FY2024 to ETB 239,053 in FY2025, and further to ETB 412,521 in the seven-months ending January 31, 2026. This upward trend is consistent with the expansion of the Company's asset base and the transition of these assets into active use. Furniture and fittings recorded the highest depreciation charges in both FY2025 and the seven-month period, reflecting their relatively larger share of the overall asset base. The rising depreciation expense is indicative of maturing operations and represents the systematic allocation of cost associated with the use of technology, office equipment, and branch infrastructure over their useful lives.

Table 77: Accumulated Depreciation of Property, Plant and Equipment
(ETB '000)

| Asset Class | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Computer Equipment | (124) | (71,) | (8) |
| Office Equipment | (83) | (46) | (1) |
| Furniture & Fittings | (206) | (123) | (10) |
| **Total Accumulated Depreciation** | **(413)** | **(239)** | **(19)** |

Net book value amounted to ETB 1.79 million in FY2024, primarily attributable to capital additions as Meba MFI transitioned into operational readiness. In FY2025, net book value increased to ETB 2.26 million as ongoing asset acquisitions continued to outpace depreciation charges.

As of January 31, 2026, net book value rose to ETB 3.18 million, reflecting sustained investment in operational assets to support business expansion. All asset categories maintain strong net values, with furniture and fittings representing the largest share at ETB 1.50 million, followed by computer equipment at ETB 0.97 million. Excluding prepayments for undelivered assets amounting to ETB 728,349, the net book value primarily represents assets in active use. This indicates that the Company has effectively deployed capital expenditure in line with its growth strategy, while maintaining a relatively young and productive asset base.

Table 78: Net Book Value of Property, Plant and Equipment
(ETB '000)

| Asset Class | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Computer Equipment | 967 | 605 | 588 |
| Office Equipment | 719 | 497 | 302 |
| Furniture & Fittings | 1,499 | 1,160 | 895 |
| **Total Net Book Value** | **3,185** | **2,262** | **1,785** |

## Asset Quality and Credit Risk Metrics

### Impairment Losses and Provisioning

Impairment losses on loans increased from ETB 19,123 in FY2025 to ETB 876,000 for the seven-month interim period ended January 31, 2026. This increase is principally driven by the 85% expansion of the gross loan portfolio, from ETB 30.68 million to ETB 56.60 million, rather than a deterioration in underlying credit quality. The Company applies ECL provisioning under IFRS 9, and NBE Directive MFI/28/2016, and the enlarged impairment charge is commensurate with the corresponding growth in the loan book.

**Portfolio at Risk (PAR):** The PAR >30 days for FY2025 stood at 0.18%, well within the Company's internal target of maintaining PAR below 2% (refer to Section 2.2, Strategy Table). For the interim period ended January 31, 2026, overdue loans increased to 1.6% of the gross portfolio (ETB 892,788 out of ETB 56.60 million), compared to 0.06% as of June 30, 2025. This reflects the natural emergence of some delinquency as the loan portfolio matured beyond its initial disbursement cycle, with loans disbursed in the first months of operation reaching the 90-day threshold during the interim period.

**Non-Performing Loan (NPL) Ratio:** The NPL ratio (PAR >90 days) as reported to the NBE for FY2025 was 0.18%, significantly below the regulatory ceiling of 5% under NBE Directive MFI/28/2016, and well below the sector average of 3.3% as reported in the NBE Financial Stability Report 2026 (refer to Table 30, Section 2.4). As of January 31, 2026, total overdue loans across the 90–180-day bucket (ETB 790,005) and 180–365-day bucket (ETB 102,783) are detailed in Section 7.3.7.

**Provisioning Coverage:** The allowance for impairment losses as of January 31, 2026, stood at ETB 894,887, representing a provisioning coverage ratio of approximately 100.2% of total overdue loans (ETB 892,788), indicating that the recognized ECL allowance fully covers the Company's overdue loan exposure. As a proportion of the gross loan portfolio, the impairment allowance equals 1.58%, reflecting conservative provisioning consistent with the Company's early-stage operational profile.

**Loan Write-offs:** No loan write-offs were recorded during any of the review periods (FY2024, FY2025, or the interim period ended January 31, 2026), as confirmed by the absence of any above-365-day overdue balance. This reflects the Company's conservative underwriting approach and its collateral-backed lending strategy.

**Collateral Coverage:** The Company holds total collateral of ETB 130.79 million against gross loans of ETB 56.60 million as of January 31, 2026, representing a collateral coverage ratio of approximately 231%, a meaningful reduction from 395% on June 30, 2025, attributable to portfolio growth rather than collateral deterioration. Collateral is predominantly held in the form of buildings (ETB 113.07 million), vehicles (ETB 10.06 million), and cash (ETB 7.65 million), providing strong recovery buffers in the event of default.

## II. Liability Composition (2024–2026)

Meba MFI's liability structure has evolved from formation-related accruals to a deposit-funded model supplemented by bank borrowings. Total liabilities grew from ETB 1.99 million as of June 30, 2024, to ETB 63.30 million as of January 31, 2026, a 32-fold increase over approximately 19 months, while total equity remained approximately stable at ETB 11.23 million. The result is a debt-to-equity ratio of 563.8% and a debt-to-assets ratio of 84.9% at the interim date, indicating that the substantial majority of the Company's assets are financed by liabilities rather than shareholder capital. The table below presents the breakdown of current and non-current liabilities as reported in the audited financial statements.

Table 79: Current and Non-current Liabilities
(ETB ‘000)

| Liability Category | January 31, 2026 (7 Months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **Current liabilities** | | | |
| Security and Compulsory Saving | 8,600 | 4,118 | – |
| Voluntary and Individual Savings | 38,539 | 23,316 | – |
| Accrued Interest in Customer Deposit | 121 | – | – |
| Other liabilities / Other payable | 4,396 | 2,467 | 1,840 |
| Tax payables | – | – | 152 |
| **Total current liabilities** | 51,656 | 29,901 | 1,992 |
| **Non-current liabilities** | | | |
| Bank Loan (CBE) | 7,748 | 10,000 | – |
| Bank Loan (Ahadu Bank) | 3,897 | – | – |
| **Total non-current liabilities** | 11,645 | 10,000 | – |
| **Total liabilities** | **63,301** | **39,901** | **1,992** |

**Security and Compulsory Saving**

Security and compulsory savings represent mandatory deposits collected from borrowers both upfront and on a recurring basis for the duration of their loan term (Table 22). These balances are contractually tied to active borrowing relationships and are not independently withdrawable while the associated loan remains outstanding. Balances were nil in FY2024, as lending operations had not yet commenced.

As of June 30, 2025, compulsory savings amounted to ETB 4.12 million from 378 borrower accounts, increasing to ETB 8.60 million from 801 accounts as of January 31, 2026, in direct proportion to borrower base growth from 375 to 768 active borrowers.

Because this balance can only be released upon full loan repayment or account closure, it represents the most structurally stable component of the Company's deposit base. However, it also means that any acceleration in loan repayments or an increase in early loan closures would reduce this balance and the associated funding it provides.

**Voluntary and Individual Savings**

Voluntary savings comprise discretionary customer deposits not tied to any borrowing activity. These balances grew from nil in FY2024 to ETB 23.32 million as of June 30, 2025, and further to ETB 38.54 million as of January 31, 2026, representing approximately 61% of total liabilities and 81.8% of total customer deposits at the interim date.

The composition of voluntary savings warrants specific analysis from a funding stability perspective. Time deposits are the largest single product at ETB 23.10 million, held by only 27 depositors, an average of approximately ETB 855,600 per account. This means that 49 cents in every Birr of the Company's total deposit base is concentrated in 27 accounts. The withdrawal or non-renewal of a small number of time deposit relationships at maturity would create an immediate and material liquidity impact.

By contrast, the remaining voluntary products, individual savings (ETB 4.91 million, 2,273 depositors), women's savings (ETB 3.59 million, 1,762 depositors), special purpose savings (ETB 5.99 million, 563 depositors), and other minor products, are more granular and distributed but are demand-type instruments available for withdrawal at short notice.

Geographic concentration compounds this risk. As of January 31, 2026, ETB 40.15 million, 85.2% of total deposits, is sourced from Addis Ababa, with the Sealite Miheret and Kidist Mariam branches together accounting for over 60% of total company deposits. Adama contributes ETB 4.64 million (9.8%) and Wolaita Sodo ETB 2.35 million (5.0%), both opened less than seven months before the reporting date. Any disruption to the Addis Ababa branches, operational, reputational, or otherwise, would directly affect the funding base that supports most of the loan portfolio.

The depositor base is composed predominantly of individual retail customers: 5,583 of 5,592 total depositors are individuals, with only 9 corporate depositors. The retail base provides natural granularity, but the effective concentration risk lies not in depositor count but in deposit value, given the dominance of a small number of large time deposit accounts.

The Company's liquidity buffer against deposit outflows consisted of cash and bank balances of ETB 10.65 million as of January 31, 2026, covering approximately 22.6% of total deposits. Against time deposits alone, the cash buffer covers only 46.1% of the outstanding time deposit balance. The Company has been mobilizing deposits since August 2024 and has not experienced an adverse liquidity event or a full credit cycle in that period. The behavioral stability of the depositor base under stress has not been observed or tested.

**Accrued Interest in Customer Deposit**

Accrued interest in customer deposits was first recognized as of January 31, 2026, with a balance of ETB 121,000, representing interest accrued but not yet paid on savings and term deposits.

**Other liabilities / Other payable**

As of June 30, 2024, other liabilities amounted to ETB 1.84 million as of June 30, 2024, alongside tax payables of ETB 0.15 million. By June 30, 2025, the balance (reclassified as "Other payable") had risen to ETB 2.47 million, and further to ETB 4.40 million as of January 31, 2026. The January 2026 balance comprises employee-related payables (ETB 0.90 million), accrued interest on borrowings (ETB 0.61 million), statutory and tax liabilities (ETB 0.23 million), trade payables (ETB 0.43 million), and other provisions (ETB 0.30 million), reflecting the increasing scale and complexity of operations

**Bank Borrowings**

As of June 30, 2025, the Company held a single secured term loan of ETB 10 million from the CBE, obtained to support lending activities. The facility carries an interest rate of 14.5% per annum and is repayable in quarterly installments of ETB 1.46 million, with final maturity in June 2027. As of January 31, 2026, the outstanding balance had declined to ETB 7.75 million through scheduled repayments. After June 30, 2025, Meba MFI drew down an additional ETB 5 million loan facility from Ahadu Bank, at an interest rate of 16.6% per annum, calculated daily, repayable in monthly installments of ETB 747,246. As of January 31, 2026, the outstanding balance was ETB 3.90 million. Combined borrowings of ETB 11.65 million represent approximately 18.4% of total liabilities at the interim date.

Interest expense on these two facilities totaled ETB 1.18 million for the seven-month interim period, representing 31.6% of total interest expense of ETB 3.73 million, compared to ETB 17,158 in FY2025, reflecting the first full period of accrual on both facilities. Both facilities are fully amortizing with no bullet repayment obligations.

The CBE facility is scheduled to amortize fully by June 2027, while the Ahadu Bank facility continues through monthly repayments thereafter. The Company does not maintain any committed standby or revolving credit facilities. Accordingly, as these borrowings mature and amortize, the Company will need to replace this funding through deposit mobilization, new borrowing arrangements, or equity capital to sustain its existing funding structure.

The maturity profile of the Company's funding base also warrants consideration. The loan portfolio carries tenors ranging from 12 to 36 months, with approximately 67% of gross carrying value classified as non-current as of January 31, 2026. In contrast, most customer deposits comprise demand or short-notice liabilities. Consequently, the CBE and Ahadu Bank facilities currently represent the Company's principal source of medium-term funding supporting longer-dated lending activities.

**Leverage and Solvency Assessment**

The significant expansion of Meba MFI's balance sheet has been funded primarily through customer deposit growth and bank borrowings, resulting in a substantial increase in financial leverage. Investors should consider the following solvency and leverage indicators alongside the Company's recent asset growth.

Total liabilities increased from ETB 1.99 million as of June 30, 2024, to ETB 63.30 million as of January 31, 2026, while total equity remained broadly stable at ETB 11.23 million. As a result, leverage increased to approximately 5.6 times equity at the interim date, compared to 0.2 times in FY2024. The debt-to-equity ratio rose from 19.6% in FY2024 to 367.9% in FY2025 and further to 563.8% as of January 31, 2026, while the debt-to-assets ratio increased from 16.4% to 84.9% over the same period.

These metrics indicate that the substantial majority of the Company's assets are financed through liabilities rather than shareholder capital.

Such leverage levels are broadly consistent with the deposit-funded business model of MFIs. However, the resulting equity buffer remains relatively thin. At the current level of gearing, deterioration in loan portfolio performance, including higher non-performing loans, weaker collateral recoveries, or increased impairment charges, could reduce asset values and erode the Company's capital base relatively quickly.

Combined borrowings of ETB 11.65 million represent approximately 18.4% of total liabilities as of the interim reporting date. Both facilities are fully amortizing. The loan obtained from the CBE matures in June 2027, while the Ahadu Bank loan is repayable through monthly installments. The Company does not maintain any committed standby or revolving credit facilities.

As both facilities reach maturity or full amortization, the funding they provide would need to be replaced with deposit growth, new borrowing, or equity proceeds. The interest coverage ratio for the interim period was approximately 0.10x (10.2%), indicating that operating profit before impairment covered only around 10% of total interest expense. This remains materially below levels generally considered sustainable for financial institutions, typically in the range of 2.0x to 3.0x. Although the ratio improved from negative territory in FY2025, it continues to represent a key financial risk indicator. Any material slowdown in revenue growth or increase in credit losses could place additional pressure on the Company's capacity to meet financing costs from operating earnings.

The proposed Rights Offer, if fully subscribed, would raise up to ETB 110 million in additional equity capital, significantly strengthening the Company's capital base, reducing leverage, and enhancing its capacity to support future growth. Investors should refer to Section 8.4 for further details regarding the proposed use of proceeds and minimum subscription requirements.

## III. Equity

Meba MFI's equity structure reflects its progression from a formation-stage entity to an operational MFI.

Key drivers of equity have included capital contributions from founding shareholders, accounting adjustments for regulatory compliance, and operating losses incurred during the investment expansion phase. The return to profitability in the seven-month interim period ending January 31, 2026, together with the proposed Rights Offer, is expected to strengthen the Company's capital base and support its continued growth trajectory.

Table 80: Total Equity Composition
(ETB '000)

| Component | June 30, 2024 | June 30, 2025 | January 31, 2026 (7 months) |
|---|---|---|---|
| Share Capital (Paid-up) | 11,464 | 17,194 | 17,194 |
| Legal Reserve | 0.665 | 0.665 | 0.665 |
| Retained Earnings | (435) | (6,348) | (5,967) |
| **Total Equity** | **11,030** | **10,847** | **11,228** |

**Share Capital (Paid-up Capital)**

Share capital represents funds received from shareholders for the issuance of ordinary shares.

Table 81: Movement in Share Capital
(ETB '000)

| Descriptions | June 30, 2024 | June 30, 2025 | January 31, 2026 (7 months) |
|---|---|---|---|
| Opening Balance | 12,055 | 11,464 | 17,194 |
| Additions during the period | – | 5,730 | – |
| Adjustments / Restatements | (591) | – | – |
| **Closing Balance** | **11,464** | **17,194** | **17,194** |

The reduction in paid-up capital amounted to ETB 11.46 million in FY2024, reflecting a mandatory accounting reclassification of ETB 590,500 received from an unidentified contributor during the formation phase. In accordance with Article 2(12) of the NBE Directive No. MFI/21/2012) and the licensing requirements under Microfinance Business Proclamation No. 626/2009, only capital contributions from shareholders who have been properly identified, vetted for integrity and financial soundness, and approved by the NBE may be recognized as valid paid-up capital. Accordingly, the ETB 590,500 was reclassified to "other payables" and does not represent a loss of shareholder value. The subsequent increase in paid-up capital in FY2025 reflects a successful collection of outstanding subscriptions, demonstrating strong commitment from the founding shareholders. While the current capital base is robust for a newly established MFI, paid-up capital remains below the NBE's minimum requirement of ETB 75 million.

**Retained Earnings (Accumulated Losses)**

As a newly operational entity, Meba MFI reports accumulated losses, which is typical during the initial capital-intensive setup and portfolio scaling phase.

Table 82: Movement in Retained Earnings
(ETB '000)

| Descriptions | January 31, 2026 (7 Months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Opening Balance | (6,348) | (435) | (150) |
| Prior Year Adjustment | – | (727) | – |
| Net Profit/(Loss) for the year | 381 | (5,036) | (285) |
| Transfer to Legal Reserve | – | – | – |
| **Closing Balance** | **(5,967)** | **(6,348)** | **(435)** |

**Accumulated Deficit and Profitability Transition**

Meba MFI's accumulated deficit of ETB 5.97 million has been fully funded by paid-up capital of ETB 17.19 million, indicating that no portion of the deficit remains uncovered. The return to profitability in the interim period ended January 31, 2026, represents a significant inflection point in the Company's financial trajectory and supports the transition toward sustained earnings.

**Legal Reserve**

In accordance with the Commercial Code of Ethiopia and applicable NBE directives, Meba MFI is required to appropriate 5% of its annual net profit to a legal reserve until the reserve reaches 50% of paid-up capital (approximately ETB 8.6 million based on current paid-up capital of ETB 17.19 million). No transfers have been made to date, as the Company incurred net losses in each full fiscal year since inception (FY2023–FY2025). As of January 31, 2026, no appropriation has been recognized, as the requirement applies only upon the completion of a full fiscal year. The interim period ended January 31, 2026, does not constitute fiscal year; accordingly, no obligation to transfer 5% of net profit has arisen. The first appropriation, if applicable, will be determined upon finalization of the financial statement for the year ending June 30, 2026.

**Regulatory Risk Reserve**

Pursuant to NBE Directive No. MFI/28/2016 (Loan Classification and Provisioning), the Company is required to establish a Regulatory Risk Reserve through appropriations from retained earnings to cover potential loan losses that may exceed ECL provisions calculated under IFRS 9. As Meba MFI remains in an early stage of operations with a relatively young loan portfolio, no mandatory transfer has been required to date, and the balance remains nil. Management expects to initiate appropriations to this reserve once the Company achieves sustained profitability and the loan portfolio reaches a more mature stage, typically beyond 24 months of seasoning.

### 7.3.3 Analysis of Statement of Cash Flow

Meba MFI's cash flow profile reflects the classic life cycle of a growing financial institution: early inflows from financing, followed by the deployment of cash into an expanding loan portfolio.

Table 83: Statement of Cash Flows
(ETB '000)

| Descriptions | January 31, 2026 (7 Months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Net cash (outflow)/inflow from operating activities | (6,800) | (7,823) | 4,778 |
| Net cash (outflow)/inflow from investing activities | (1,096) | (697) | (1,773) |
| Net cash (outflow)/inflow from financing activities | 1,645 | 15,730 | (591) |
| *Net increase/decrease in cash and bank balances* | *(6,251)* | *7,209* | *2,415* |
| Cash at the beginning of the period | 16,902 | 9,693 | 359 |
| **Cash and cash equivalents at the end of the period** | **10,651** | **16,902** | **2,774** |

- **Net Cash Flow from Operating Activities**

Net cash flow from operating activities comprises cash generated from the Company's core lending and deposit-taking operations, including interest received, interest expense paid, personnel costs, and general administrative expenses settled during period.

Net cash outflow from operating activities amount to ETB 6.80 million for the seven-month interim period ending January 31, 2026, compared to an outflow of ETB 7.82 million in FY 2025 and an inflow of ETB 4.78 million in FY 2024. The shift from a positive operating cash flow in FY 2024 to negative outflows in subsequent periods reflects Meb MFI's transition from formation and pre-operational activities to active financial intermediation.

Operating cash outflows in FY2025 and the interim 2026 period were primarily driven by the accelerated deployment of funds into the loan portfolio. Net loan disbursements totaled ETB 30.66 million in FY2025, and a further ETB 25.05 million during the seven-month period ended January 31, 2026, resulting in a gross loan portfolio of ETB 56.60 million as of that date.

These outflows were partially offset by deposit mobilization, which generated ETB 27.43 million in FY2025 and ETB 19.71 million in the interim period, bringing total customer deposits to ETB 47.14 million as of January 31, 2026.

The net loss of ETB 5.04 million in FY 2025, which included non-cash setup and establishment costs, further contributed to the operating outflow. In contrast, the return to profitability of ETB 0.38 million in the interim period helped moderate the net cash outflow. The positive operating cash flow in FY 2024 was primarily attributed to initial deposit mobilization and subscription-related inflows in advance of loan disbursement activities.

- **Net Cash Flow from Investing Activities**

Net cash outflow from investing activities increased to ETB 1.10 million for the seven-month interim period ended January 31, 2026, compared to ETB 0.70 million in FY 2025 and ETB 1.77 million in FY 2024. Outflows during the interim period reflect continued investment in the physical infrastructure to support branch network expansion. Capital expenditure was allocated to computer equipment (ETB 0.42 million), office equipment (ETB 0.26 million), and furniture and fittings (ETB 0.42 million) mainly to equip the new regional branches in Adama and Wolaita Sodo.

The higher outflow in FY2024 related to the initial establishment of the head office and launch of the inaugural St. Mary's Branch, while the lower outflow in FY 2025 reflects a period of consolidation following the initial build-out. These investments are aligned with the Company's strategy to expand its physical presence, enhance service delivery capacity, and support customer acquisition in underserved markets.

- **Net Cash Flow from Financing Activities**

Net cash inflow from financing activities amounted to ETB 1.65 million for the seven-month interim period ended January 31, 2026, compared to ETB 15.73 million in FY 2025 and nil in FY 2024.

The significant inflow in FY2025 was driven by (i) capital contributions of ETB 5.73 million from shareholders completing payment for the remaining 11,459 subscribed shares, and (ii) the drawdown of an ETB 10.0 million term loan from the CBE secured shortly before the fiscal year-end.

The inflow recorded during the interim period reflects a net increase in borrowings, primarily from a new secured loan facility of ETB 5.0 million from Ahadu Bank, partially offset by repayments on the existing CBE facility. The inflow in FY2023 represented initial paid-up capital contributions from the founding 848 shareholders during the formation period, providing Meba MFI's initial capitalization.

**Cash and Cash Equivalents**

As a result of the above movements, cash and cash equivalents amounted to ETB 9.69 million at the end of FY2024, primarily driven by pre-lending operating inflows. The balance further increased to ETB 16.90 million at the end of FY 2025, supported by significant financing inflows, before declining to ETB 10.65 million as of January 31, 2026.

The reduction in cash balances during the interim period reflects the strategic deployment of liquidity into the expanding loan portfolio and the continued investment in branch infrastructure. These uses of cash are expected to support future revenue generation and enhance long-term shareholder value.

## 7.3.4 Statement of Changes in Equity and Funding Framework Analysis

Between June 2023 and January 2026, Meba MFI experienced notable changes in its equity structure, primarily driven by shareholder capital contributions and accumulated operating losses.

Table 84: Statement of Change in Equity
(ETB '000)

| Descriptions | Paid-up Capital | Legal Reserve | Retained Earnings | Total |
|---|---|---|---|---|
| **Balance as of June 30, 2023** | **12,055** | **0.665** | **(151)** | **11,905** |
| Prior year adjustment | – | – | – | – |
| Adjustments/Restatement | (591) | – | – | (591) |
| Net Loss for the year | – | – | (285) | (285) |
| **Balance as of June 30, 2024** | **11,464** | **0.665** | **(435)** | **11,030** |
| Capital Contribution | 5,730 | – | – | 5,730 |
| Prior Year Adjustment (restatement) | – | – | (1,162) | (1,162) |
| Net Loss for the year | – | – | (5,036) | (5,036) |
| **Balance as of June 30, 2025** | **17,194** | **0.665** | **(6,348)** | **10,847** |
| Profit for the period | – | – | 381 | 381 |
| **Balance as of January 31, 2026** | **17,194** | **0.665** | **(5,967)** | **11,228** |

**Equity Movements**

Paid-up capital amounted to ETB 12.06 million as of June 30, 2023. During 2024, an adjustment of ETB 0.59 million was made to reclassify amounts received from an unidentified contributor.

In accordance with the NBE Directive No. MFI/21/2012 (Fit and Proper Criteria for MFIs), only capital contributed by shareholders who are duly identified, vetted, and approved may be recognized as paid-up capital. Accordingly, the reclassified amount was transferred to other payables and does not constitute a diminution of shareholder value. Following this adjustment, paid-up capital stood at ETB 11.47 million as of June 30, 2024.

Legal reserves remained unchanged at ETB 665 throughout, reflecting the absence of appropriations due to the Company's accumulated losses.

Retained earnings declined materially over the period, primarily due to operating losses and prior year adjustments. Retained earnings stood at a deficit of ETB (0.151) million as of June 30, 2023. This position deteriorated to a deficit of ETB (0.44) million as of June 30, 2024, following a prior year adjustment of ETB (1.16) million and net loss of ETB (0.29) million.

In FY2025, retained earnings declined further due to a prior year adjustment of ETB (5.04) million, resulting in a deficit of ETB (6.35) million as of June 30, 2025. During the interim period ending January 31, 2026, the Company recorded a net profit of ETB 0.38 million, partially offsetting accumulated losses and improving retained earnings to ETB (5.97) million.

As a result of these movements, total equity decreased from ETB 11.91 million as of June 30, 2023, to ETB 11.03 million as of June 30, 2024. Equity subsequently increased to ETB 10.85 million as of June 30, 2025, supported by additional capital contributions, and further improved to ETB 11.23 million as of January 31, 2026, following the interim period profit.

**Funding Framework Analysis**

Meba MFI's funding framework is anchored in three principal sources: customer deposits, long-term borrowings, and shareholder equity. As of January 31, 2026, these sources collectively support the Company's lending activities and liquidity management.

Meba MFI's funding framework comprises three principal sources: customer deposits (ETB 47.14 million, 63.2% of total liabilities and equity), long-term borrowings (ETB 11.65 million, 15.6%), and shareholder equity (ETB 11.23 million, 15.1%).

The analysis of each component, including their structural characteristics and associated risks, is set out in the liability and equity sub-sections of 7.3.2 above. The following summarizes the key funding dynamics and the maturity alignment between assets and liabilities.

Customer deposits are the primary funding source and have grown at 72% over the seven-month interim period, from ETB 27.43 million to ETB 47.14 million. As detailed in the Voluntary and Individual Savings analysis above, the deposit base carries concentration risk in time deposits (49% of total deposits, 27 accounts) and geographic concentration in Addis Ababa (85.2% of total deposits). The demand-type nature of the majority of deposits creates a maturity mismatch against a loan portfolio of which 67% is non-current.

The only fixed-maturity liabilities in the structure are the two bank borrowing facilities, which together total ETB 11.65 million and are both scheduled for full amortization by 2027 at the latest.

The net effect is that Meba MFI's balance sheet is funded predominantly by short-duration, callable liabilities while its earning assets are locked into medium-term repayment cycles. The cash buffer of ETB 10.65 million as of January 31, 2026, represents the primary liquidity absorption mechanism for any deposit outflows more than scheduled loan repayment inflows. The Company's ALCO, established under the Board governance framework described in Section 4, is responsible for monitoring this mismatch and the associated liquidity risk on an ongoing basis.

**Shareholder Equity (ETB 11.23 million)**

Shareholder equity stood at ETB 11.23 million as of January 31, 2026, comprising paid-up capital of ETB 17.19 million, legal reserves of ETB 665, and accumulated retained losses of ETB (5.97) million. The equity base continued shareholder support through capital injections, partially offset by historical operating losses.

Overall, Meba MFI's funding structure remains predominantly deposit-driven, with customer deposits forming the core funding base, complemented by external borrowings and shareholder capital.

While internal capital generations have been constrained by accumulated losses, continued deposit mobilization and access to external financing provide a foundation for loan portfolio growth and support compliance with regulatory capital requirements.

### 7.3.5 Borrowings and Financing Strategy

Meba MFI employs a diversified funding strategy that combines customer deposits, shareholder equity, and bank borrowings to support its lending operations and growth objectives.

As of June 30, 2025, the Company held ETB 10.00 million in long-term borrowings, which increased to ETB 11.65 million as of January 31, 2026, following additional drawdowns during the interim period. These facilities supplement the Company's deposit base and provide medium to long term funding to support loan portfolio expansion and improve the maturity of liabilities.

Customer deposits remain the Company's primary source of funding and constitute the largest component of liabilities. Deposits are mobilized through compulsory savings, voluntary savings, and individual deposit accounts, and are principally deployed to finance the Company's lending activities.  The reliance on deposit funding provides a relatively stable and cost-effective source of liquidity, supporting ongoing operations and portfolio growth.

Table 85: Financial Ratios

| Financial Ratios | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Debt to Equity Ratio | 563.79% | 367.86% | 19.62% |
| Debt-to-Assets Ratio | 84.94% | 78.63% | 16.40% |
| Interest in Coverage Ratio | 10.21% | < 0x | NA |

However, the following financial trends warrant careful consideration in the Company's financing strategy:

- **Elevated leverage**: The debt-to-equity ratio increased significantly from 19.62% in FY2024 to 563.79% as of January 31, 2026, indicating a significant shift towards debt funded growth. While leverage can enhance returns, the current level indicates a high degree of financial gearing and exposes the Company to increased solvency and refinancing risk.
- **High asset encumbrance**: The debt-to-assets ratio rose from 16.40% in FY2024 to 84.94% in 2026, indicating that a significant majority of Meba MFI's assets are financed by debt. This level of encumbrance reduces balance sheet flexibility and heightens sensitivity to adverse movements to asset quality or valuation.
- **Negative interest coverage in 2025**: The interest coverage ratio was below zero in FY2025, reflecting negative earnings before interest and taxes and an inability to cover interest obligations from operating income. This represents a key credit risk indicator. The ratio is not applicable for 2024, as Meba MFI did not incur interest expense during that period.

- **Weak interest coverage in the interim period:** the Company's interest coverage ratio for the interim period stood at approximately 0.10x, meaning operating income covered only 10% of total interest expense. This remains well below the 2.0x–3.0x range, typically considered sustainable for financial institutions. The FY2025 ratio was negative, as operating losses were insufficient to cover any interest expense. While improvement to a positive ratio represents meaningful progress, the current level continues to expose the Company to heightened debt-service risk.

### 7.3.6 Profitability Ratios

Profitability ratios provide an indication of the Company's ability to generate returns from its asset base and shareholder capital, as well as the efficiency with which operating costs are managed.

ROA improved to 0.51% as of January 31, 2026, compared with (12.0%) in FY2025 and (2.3%) in FY2024. The negative returns in the earlier periods reflect the losses incurred during the Company's initial operating phase, when operating expenses exceeded income. The positive ROA recorded in the interim period is driven by net profit of ETB 0.38 million and indicates an early-stage improvement in the Company's capacity to generate earnings from its growing asset base.

ROE followed a similar trajectory, improving to 3.39% as of January 31, 2026, compared with (47.9%) in FY2025 and (2.8%) in FY2024. The negative ROE in FY2025 primarily reflects the net loss incurred during the period relative to the Company's equity base. The positive ROE in the interim period reflects the return to profitability over the seven-month period and indicates a gradual improvement in returns generated on shareholder capital.

Table 86: Profitability Ratios

| Ratio | January 31, 2026 (7 Months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **Return on Assets (ROA)** | 0.51% | (12.0%) | (2.3%) |
| **Return on Equity (ROE)** | 3.39% | (47.9%) | (2.8%) |
| **Efficiency Ratio** | 68.1% | 228.6% | 453.7% |
| **Operating Expense Ratio** | 83.3% | 222.9% | 438.6% |

**Operational Efficiency**

Operational efficiency also improved materially during the interim period reflecting stronger income generation relative to the Company's cost base.

The Efficiency Ratio, a key measure of how efficiently a company manages costs relative to our loan portfolio (operating expenses divided by average gross loans outstanding), improved dramatically to 68.1% as of January 31, 2026, down from 228.6% in FY2025 and 453.7% in FY2024. An elevated ratio in earlier periods was driven by high operating costs relative to limited revenue during the Company's initial scale-up phase.

The improvement in the interim period reflects a combination of rising operating income or more controlled growth in expenses, indicating enhanced cost discipline and improving operating leverage.

Similarly, the Operating Expense Ratio decreased to 83.3% as of January 31, 2026, compared with 222.9% in FY2025 and 438.6% in FY2024. The historically high ratios reflect upfront investment in infrastructure, staffing and systems prior to meaningful revenue generation. The decline in the interim period indicates that operating expenses are increasingly being absorbed by a growing income base as the Company's lending and deposit-mobilization activities continue to expand.

### 7.3.7 KPIs Reported to the NBE

As part of its regulatory compliance obligations, Meba MFI is required to submit periodic reports to NBE, including specified KPIs and financial metrics, such as the CAR, NPL and Non-Performing Facility (NPF) ratios, and the Liquidity Ratio.

In response to operational disruptions arising from regional conflicts, the NBE issued Circular No. BSD/22/2023, which provides temporary regulatory forbearance in the calculation of NPL and NPF ratios for reporting purposes. These provisions are intended to mitigate the impact of exceptional external circumstances on loan portfolio classification in affected regions. Meba MFI has applied a relevant provision of this Circular in its regulatory submissions. Accordingly, the NPL and NPF rations reported to the NBE may differ from those presented in the HFI included in this Prospectus.

In addition, the calculation, measurement, and reporting of non-performing exposures are conducted in accordance with NBE Directive No. SBB/1013/2024. The table below summarizes the KPIs reported by Meba MFI to the NBE for the relevant reporting periods.

As the Company had not commenced lending operations during the financial year ended June 30, 2024, no regulatory KPIs were required to be submitted to the NBE for that period. KPI reporting commenced following the activation of the Company's loan portfolio and full-scale operations in the financial year ended June 30, 2025.

Table 87: KPIs Reported to NBE

| KPI reported to NBE | June 30, 2025 |
|---|---|
| CAR | 29.11% |
| NPL | 0.18% |
| Liquidity Ratio | 61.61% |

*Note: No KPIs are absent for the financial year ending June 30, 2026, as the reporting period for that fiscal year has not yet concluded.*

## 7.4 Capital Resources & Liquidity

### 7.4.1 Sources and Uses of Capital and Liquidity

Meba MFI's capital and liquidity position is supported by a combination of customer deposits, external borrowings, and shareholder equity. These funding sources collectively finance the Company's loan portfolio expansion, operational expenditures, and liquidity requirements. Customer deposits constitute the primary source of funding for the Company's operations. As of June 30, 2025, customer deposits totalled ETB 27.44 million, comprising compulsory savings, voluntary deposits, and individual savings accounts.

These deposits represent a relatively stable and lower-cost funding base that supports the Company's core lending activities while providing liquidity for day-to-day operations. In addition to deposits, Meba MFI utilizes long-term borrowing to supplement its funding structure. As of June 30, 2025, the Company had secured ETB 10.00 million in long-term financing. These facilities provide term funding to support loan portfolio growth, contribute to improved asset-liability maturity matching, and reduce reliance on short-term funding sources.

Shareholder equity represents the third pillar of the Company's funding structure. As of June 30, 2025, total equity stood at ETB 10.85 million, comprising paid-up capital of ETB 17.19 million, legal reserves of ETB 665, and accumulated losses reflected in retained earnings of ETB (6.35 million).

While equity provides a stable foundation for operations and supports compliance with regulatory capital requirements, accumulated losses indicate that internal capital generation remains constrained during the Company's early growth phase.

Overall, the Company's capital resources reflect a funding model typical of MFIs, combining deposit mobilization with external borrowings and shareholder capital to finance lending activities and maintain adequate liquidity.

### 7.4.2 Cash Flow Dynamics and Liquidity Position

Table 88: Liquidity Ratios

| Liquidity Ratio | January 31, 2026 (7 months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Current Ratio | 1.38 | 1.62 | 5.20 |
| Quick (Acid-Test) Ratio | 1.28 | 1.59 | 4.87 |
| Net Working Capital in ETB | 19.69 million | 18.59 million | 8.37 million |

**Liquidity Position**

Meba MFI's liquidity profile is shaped by the interaction between its asset base, primarily loans and advances, and its liability structure, which is largely composed of customer deposits and other short-term obligations. The Company's current ratio declined from 5.20 in 2024 to 1.62 in 2025, and further to 1.38 as of January 31, 2026. This trend reflects the Company's transition from an early-stage position, characterized by low liabilities and limited lending activity, to a more active financial intermediation model, with increased deposit mobilization and loan portfolio expansion. Notwithstanding the decline, the ratios remain above 1.0 across the reporting periods, indicating that current assets continue to exceed current liabilities.

Similarly, the quick (acid-test) ratio decreased from 4.87 in 2024 to 1.59 in 2025, and 1.28 as of January 31, 2026. This ratio measures the Company's ability to meet short-term obligations using its most liquid assets. The downward trend is consistent with the scaling up of operations, particularly the growth in deposit liabilities, and reflects a more normalized liquidity position as the Company deploys funds into its loan portfolio.

Net working capital increased steadily across the reporting periods, rising from ETB 8.37 million in 2024 to ETB 18.59 million in 2025, and further to ETB 19.69 million as of January 31, 2026.

This increase indicates that the Company continues to maintain a positive liquidity buffer, supported by the growth in current assets associated with its expanding loan portfolio and cash balances.

Overall, the liquidity indicators demonstrate that while Meba MFI's ratios have normalized as operations scale, the Company continues to maintain sufficient short-term financial resources to meet its operational obligations and support ongoing lending activities. The observed trends are consistent with the transition from an early-stage setup phase to a functioning microfinance intermediary with an expanding asset and liability base.

### 7.4.3. Liquidity Drivers and Sensitivities

The Company's liquidity position is shaped by a combination of operational dynamics and balance sheet composition, including the volume and stability of customer deposits, the pace of loan portfolio growth, and access to external funding sources.

As of January 31, 2026, Meba MFI maintained a current ratio of 1.38x and a quick ratio of 1.28x, with net working capital of ETB 19.69 million, indicating that current assets continue to exceed short-term obligations. While these indicators remain sound, they reflect a moderate decline compared with June 30, 2025, primarily driven by accelerated loan portfolio expansion and increased deposit liabilities during the period.

**Deposit Mobilization:**

Customer deposits constitute the Company's primary source of funding and remain a key determinant of liquidity stability. As of January 31, 2026, total deposits, comprising Security and Compulsory Savings of ETB 8.60 million and Voluntary and Individual Savings of ETB 38.54 million, represent the largest component of current liabilities. Continued growth in these deposits supports lending operations by providing relatively stable and low-cost source of funding; however, it also introduces liquidity sensitivities due to their demand nature. Accordingly, sustained deposit mobilization and retention are essential for maintaining funding resilience and operational stability.

**Loan Portfolio Expansion and Collection Performance:**

Liquidity is also influenced by the relationship between loan disbursement and repayment inflows. As of January 31, 2026, loans and advances to customers increased to ETB 55.71 million, reflecting continued portfolio expansion. While this growth supports revenue generation through interest income, loans remain inherently less liquid compared to cash holding and require timely repayments to sustain liquidity. Effective credit administration, strong collection performance, and portfolio quality management are therefore essential to prevent liquidity strain arising from rapid asset growth.

**Borrowing Facilities and Funding Structure:**

External borrowings provide an additional layer of liquidity buffer and enable better matching of asset and liability maturities. As of January 31, 2026, the Company had outstanding long-term borrowings of ETB 11.65 million, following the addition of a new borrowing facility during the interim period. This access to external funding enhances funding flexibility and supports the continued expansion of the lending portfolio.

**Cash Reserves and Liquidity Buffer:**

Meba MFI held cash and cash equivalents of ETB 10.65 million as of January 31, 2026, which serves as an immediate liquidity buffer to meet operational requirements, including deposit withdrawals and loan disbursements. The observed decline in cash balances relative to prior reporting period is primarily attributed to the deployment of liquidity into loan portfolio growth and operational activities.

**Product and Pricing Strategy:**

Liquidity is further influenced by the pricing of both lending and deposit products. Adjustments in interest rates, savings returns, and fee structures may affect both deposit mobilization trends and net interest margins. Over time, improved pricing discipline and product design are expected to support stronger internal cash generation and enhance the sustainability of liquidity resources.

## 7.5 Working Capital Statement

The Directors confirm that, in their opinion, the Company has sufficient working capital to meet its present requirements and that such working capital will remain adequate for at least twelve months from the date of this Prospectus. This opinion is based on the going concern assessment that takes into account: (i) the contractual stability of compulsory savings deposits (ETB 8.60 million, which are not withdrawable on demand); (ii) historical deposit behaviour patterns, which have shown net positive growth and stable withdrawal rates since operations commenced; (iii) scheduled loan repayment cash flows of approximately ETB 19.64 million expected over the next twelve months; (iv) access to undrawn committed borrowing facilities of ETB 3.35 million; and (v) the anticipated net proceeds of the Rights Offer (minimum ETB 69.1 million, full ETB 110 million).

On this basis, the current ratio of 1.38x (current assets of ETB 71.34 million against current liabilities of ETB 51.66 million) is considered an appropriate measure of working capital adequacy for a going concern microfinance institution.

The Directors' working capital conclusion is subject to material risks, including: (i) accelerated deposit withdrawals deviating from historical patterns, which could rapidly deplete liquid reserves; (ii) failure to achieve the minimum subscription in the Rights Offer, which would deprive the Company of anticipated proceeds; and (iii) deterioration in loan repayment performance, reducing expected cash inflows. In the event these risks materialize, the Company's liquid assets may be insufficient to meet short-term obligations.

Notwithstanding these risks and based on the factors set out in Paragraph 1 above, the Directors confirm that the Company will be able to meet its obligations as they fall due for at least twelve months from the date of this Prospectus.

## 7.6 Capitalization & Indebtedness

Table 89 presents the Company's capitalization and indebtedness as of January 31, 2026 (7M, FY2026), June 30, 2025 (FY2025), and June 30, 2024 (FY2024). The information has been extracted, without material adjustment, from the Company's audited financial statements for the years ended June 30, 2024, and June 30, 2025, and from the independently audited interim financial statements for the seven months ended January 31, 2026, as confirmed in the audit report of Getachew Wakjira Chartered Certified Accountant (UK), Certified Audit Firm (ETH), dated March 4, 2026, and September 30, 2025, respectively.

Table 89: Statement of Capitalization
(ETB '000)

| Statement of Capitalization | January 31, 2026 (7 Months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **Current Debt** | | | |
| Financial Liabilities (Customer Deposits & Payables) | 51,656 | 29,901 | 1,992 |
| Lease Liability | – | – | – |
| **Total Current Debt** | **51,656** | **29,901** | **1,992** |
| **Non-current Debt** | | | |
| Long-term Borrowing | 11,645 | 10,000 | – |
| Lease Liability | – | – | – |
| **Total Non-current Debt** | **11,645** | **10,000** | **–** |
| **Shareholders' Equity** | | | |
| Share Capital (Paid-up Capital) | 17,194 | 17,194 | 11,464 |
| Share Premium | – | – | – |
| Retained Earnings (Deficit) | (5,967) | (6,348) | (435) |
| Legal Reserves | 1 | 1 | 1 |
| Other Reserves | – | – | – |
| **Total Shareholders' Equity** | **11,228** | **10,847** | **11,030** |
| **Total Capitalization** | **74,529** | **50,748** | **13,022** |

*Note: All figures in ETB thousands, sourced from audited financial statements prepared under IFRS. The FY2024 figures are from the standalone audit for the year ended June 30, 2024 (Yonas Fekede, October 19, 2024). The FY2025 audit (Getachew Wakjira, September 30, 2025) restated FY2024 and retained earnings downward by ETB 1,162 thousand via a prior-year adjustment. However, the FY2024 column in this table presents the originally certified figures.*

The FY2025 annual audit report (Getachew Wakjira, dated September 30, 2025) includes a retrospective restatement of the FY2024 comparative retained earnings, reducing them by ETB 1,162 thousand via a prior year adjustment.

For this table, the FY2024 column presents the figures as originally certified in the FY2024 Audit, representing the audited position for that year as a standalone reporting period. The restatement is disclosed as a discrete movement in the Statement of Changes in Equity in Section 7.3.4.

Table 90: Statement of Indebtedness
(ETB '000)

| Statement of Indebtedness | January 31, 2026 (7 Months) | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Cash and Cash Equivalents | 10,651 | 16,902 | 9,693 |
| **Current Financial Indebtedness** | | | |
| Security and Compulsory Savings | 8,600 | 4,117 | – |
| Voluntary and Individual Savings | 38,539 | 23,316 | – |
| Accrued Interest on Customer Deposits | 121 | – | – |
| Other Payables | 4,396 | 2,467 | 1,992 |
| Lease Liability | – | – | – |
| *Total Current Financial Indebtedness* | *51,656* | *29,901* | *1,992* |
| **Net Current Financial Indebtedness** | **41,005** | **12,999** | **(7,701)** |
| **Non-current Financial Indebtedness** | | | |
| Long-term Borrowing- CBE | 7,750 | 10,000 | – |
| Long-term Borrowing- Ahadu Bank | 3,895 | – | – |
| Lease Liability | – | – | – |
| *Total Non-current Financial Indebtedness* | *11,645* | *10,000* | – |
| **Net Financial Indebtedness** | **52,650** | **22,999** | **(7,701)** |

*(All figures in ETB '000. Source: audited interim financial statements for the seven-month period ended January 31, 2026)*

**Debt Composition**

As of January 31, 2026, total liabilities amounted to ETB 63.30 million, comprising current liabilities of ETB 51.66 million and non-current liabilities of ETB 11.65 million.

Current liabilities consist entirely of customer deposits and associated payables: Security and Compulsory Savings of ETB 8.60 million, Voluntary and Individual Savings of ETB 38.54 million, accrued interest on customer deposits of ETB 0.12 million, and other payables of ETB 4.40 million, the latter comprising employee-related payables of ETB 0.90 million, accrued interest on borrowings of ETB 0.61 million, statutory and tax liabilities of ETB 0.23 million, trade payables of ETB 0.43 million, and other provisions of ETB 0.30 million, as disclosed in Section 7.3.2.

Non-current liabilities of ETB 11.65 million consist entirely of long-term borrowings: the CBE facility with an outstanding balance of ETB 7.75 million (original principal ETB 10 million, annual interest rate 14.5%, quarterly instalments of ETB 1.46 million, final maturity June 25, 2027) and the Ahadu Bank facility with an outstanding balance of ETB 3.90 million (original principal ETB 5 million, annual interest rate 16.6%, monthly instalments of ETB 747,246, maturity July 2027), as disclosed in Section 2.7.2.

The Company does not recognize lease liabilities, as all premises are occupied under operating leases that qualify for the short-term lease recognition exemption under IFRS 16, as further described below.

As of June 30, 2025, total current liabilities amounted to ETB 29.90 million, comprising Security and Compulsory Savings of ETB 4.12 million, Voluntary and Individual Savings of ETB 23.32 million, and other payables of ETB 2.47 million. Non-current liabilities consisted of the ETB 10 million CBE facility, which had been fully drawn and not yet subject to any quarterly repayment on that date. As of June 30, 2024, total liabilities amounted to ETB 1.99 million, consisting solely of formation-period other payables and tax liabilities. The Company had not commenced lending or deposit mobilization as of that date and held no external borrowings.

**Equity Composition**

Shareholders' equity as of January 31, 2026, is anchored by paid-up capital of ETB 17.19 million, representing 34,388 fully paid ordinary shares of ETB 500 each as confirmed in Note 23 of the interim audit report. This is partially offset by accumulated losses of ETB 5.97 million, resulting in net equity of ETB 11.23 million. Legal reserves stand at ETB 665 (presented as ETB 1 thousand in the tables above).

The return to profitability of ETB 380,864 during the seven-month period ended January 31, 2026, the Company's first period of positive earnings since commencing operations, modestly reduced the accumulated deficit from ETB 6.35 million as of June 30, 2025, as confirmed in the Statement of Changes in Equity in the interim audit report. As of June 30, 2025, paid-up capital increased to ETB 17.19 million from ETB 11.46 million in FY2024, reflecting the collection of ETB 5.73 million in outstanding shareholder subscriptions during the year, as disclosed in the Statement of Changes in Equity in the FY2025 annual audit report.

The accumulated deficit deepened to ETB 6.35 million in FY2025, reflecting the net loss of ETB 5.04 million incurred during the first full year of active operations, together with a prior year adjustment of ETB 1.16 million recognized by the FY2025 auditor, as disclosed in the Statement of Changes in Equity in the FY2025 annual audit report.

As of June 30, 2024, paid-up capital stood at ETB 11.46 million following the mandatory reclassification of ETB 590,500 received from an unidentified formation-phase contributor to other payables, in accordance with NBE Directive No. MFI/21/2012, as disclosed in Section 7.3.2 and the Statement of Changes in Equity in the FY2024 audit report.

The accumulated deficit as of June 30, 2024, was ETB 435 thousand, reflecting pre-operational establishment costs incurred during the licensing and formation phase, as certified by Yonas Fekede Certified Auditor (ETH), Chartered Certified Accountants (UK), in the FY2024 audit report dated October 19, 2024.

Investors should note that the FY2025 audit report presents a restated comparative for FY2024 retained earnings of ETB (1,312) thousand, reflecting a retrospective prior year adjustment of ETB 1,162 thousand. For this Prospectus, the FY2024 figures are presented as originally certified in the FY2024 audit report, with the restatement disclosed as a discrete movement in the Statement of Changes in Equity in Section 7.3.4.

**Lease Liabilities**

The Company does not recognize any right-of-use assets or lease liabilities, as its head office at Holy Trinity University and branches located at Kidist Mariam, Salite Mihiret, Jemo Mikael, Adama, and Wolaita Sodo are occupied under short-term operating lease agreements that qualify for the recognition exemption under IFRS 16. Accordingly, lease payments are recognized as operating expenses and included within office rent expense, which amounted to ETB 1.48 million for the seven-month period ended January 31, 2026, compared with ETB 1.60 million for FY2025. The nil lease liability balances presented in the Statement of Financial Position are therefore consistent with the Company's accounting policy and IFRS 16 requirements. Lease payments are charged to profit or loss in equal instalments over the lease term and are reflected in Office Rent Expenses of ETB 1,484,235 for the seven-month period ended January 31, 2026, and ETB 1,601,460 for the year ended June 30, 2025.

**Indebtedness Analysis**

The Company held cash and cash equivalents of ETB 10.65 million as of January 31, 2026, comprising ETB 45,000 cash on hand, ETB 5.19 million at bank saving accounts, ETB 0.19 million in the block account, and ETB 5.23 million in current bank accounts.

Against total current financial liabilities of ETB 51.66 million, this produces net current financial indebtedness of ETB 41.01 million. Including non-current borrowings of ETB 11.65 million, total net financial indebtedness amounts to ETB 52.65 million.

This position reflects the Company's operating model as a deposit-taking microfinance institution, whereby customer deposits and external borrowings are deployed into the loan portfolio. The net indebtedness position therefore primarily represents the conversion of liquid resources into interest-earning, but less liquid, loan assets, rather than an indication of liquidity stress.

This is supported by the Company's current ratio of 1.38x and net working capital of ETB 19.69 million as of January 31, 2026, as disclosed in Section 7.4.2, confirming that current assets continue to exceed current liabilities across all three reporting periods presented.

As of June 30, 2025, net current financial indebtedness was ETB 12.999 million (current liabilities of ETB 29.90 million against cash of ETB 16.90 million), and total net financial indebtedness was ETB 22.999 million inclusive of the ETB 10 million CBE non-current facility.

The Company held a net financial surplus of ETB 7.701 million as of June 30, 2024 (cash of ETB 9.693 million against current liabilities of only ETB 1.992 million), reflecting its pre-operational stage when subscribed share capital was held entirely in bank deposits ahead of the commencement of lending activities.

The progression from a net financial surplus of ETB 7.70 million in FY2024 to net financial indebtedness of ETB 22.999 million in FY2025 and ETB 52.65 million as of January 31, 2026, is entirely consistent with the Company's rapid transition from a pre-operational entity to a fully active microfinance intermediary.

This is evidenced by the growth in the gross loan portfolio from nil in FY2024 to ETB 30.68 million in FY2025 and ETB 56.60 million by January 31, 2026, alongside the expansion of the deposit base from nil to ETB 27.43 million to ETB 47.14 million over the same periods, as disclosed in Sections 2.3 and 2.7.3.

The build-up of liabilities reflects the Company's deliberate and strategy-aligned deployment of deposit-funded and debt-funded resources into the loan book to establish a sustainable revenue-generating asset base and does not signal financial distress.

## 7.7 Going Concern

### 7.7.1 Directors' Going Concern Assessment

The Directors confirm that, having made appropriate inquiries and having considered the factors set out below, nothing has come to their attention to indicate that the Company will not continue as a going concern for a period of at least twelve months from the date of this Prospectus. This assessment is based on the following five evidentiary pillars:

(i) **Compulsory savings stability:** Security and Compulsory Savings of ETB 8.60 million as of January 31, 2026, are contractually not withdrawable on demand, providing a structurally stable component of the deposit base that cannot give rise to sudden liquidity outflows. This is consistent with the deposit structure disclosed in Sections 2.3, 2.7.3, and the deposit breakdown in Note 20 of the audited financial statements for the period ended January 31, 2026, which confirms Security and Compulsory Savings of ETB 8,600,195 with a noncurrent portion of ETB 41,208,097.

(ii) **Historical deposit behavior:** Since commencing operations in August 2024, the Company's deposit base has demonstrated consistent net growth, rising from nil in FY2024 to ETB 27.43 million by June 30, 2025, and further to ETB 47.14 million by January 31, 2026, a 71.9% increase over seven months. Depositor numbers grew from nil in FY2024 to 2,674 in FY2025 and 5,592 by January 31, 2026 (Table 15, Section 2.2.3). No material or systemic withdrawal events have been recorded since the commencement of operations, and both the FY2025 and January 2026 audit reports confirm no post-reporting-period events that would alter this assessment (Note 30 in each set of financial statements).

(iii) **Loan repayment cash inflows:** Scheduled loan repayments of approximately ETB 19.64 million are expected to be received over the twelve months from the date of this Prospectus, based on the performing loan portfolio of ETB 55.71 million (net of impairment) as of January 31, 2026. The current portion of loans receivable stands at ETB 38,243,202 as of January 31, 2026 (Note 15 of the interim audit report), confirming strong near-term repayment inflows. Portfolio quality is further supported by a total collateral value of ETB 130.79 million against the gross loan portfolio of ETB 56.60 million, representing substantial overcollateralization of approximately 2.3 times, as disclosed in Note 15 of the interim audit report.

(iv) **Undrawn committed borrowing facilities:** The Company has access to ETB 3.35 million in undrawn committed facilities as of the date of this Prospectus, providing an additional liquidity buffer beyond existing cash of ETB 10.65 million (Note 14 of the interim audit report; Note 28b, cash and cash equivalents confirmed at ETB 10,650,544 comprising ETB 45,000 cash on hand, ETB 5,185,650 at bank saving, ETB 187,005 block account, and ETB 5,232,889 at bank current).

(v) **Rights Offer proceeds:** The Rights Offer described in this Prospectus is expected to raise a minimum of ETB 69.1 million (net proceeds) up to a maximum of ETB 110 million (full subscription) as disclosed in Section 7.5. The minimum subscription of ETB 69.1 million (125,612 Rights Offer Shares at ETB 550 per share as set out in Section 8.4.1) is the threshold at which the Company would meet the NBE minimum paid-up capital requirement of ETB 75 million under Directive No. MFI/36/2023.

On the basis of the above factors, together with the current ratio of 1.38x, net working capital of ETB 19.69 million, and the return to profitability of ETB 380,864 during the seven-month interim period ended January 31, 2026 (Statement of Profit or Loss, interim audit report), the first period of positive earnings since the Company commenced operations, the Directors are satisfied that the Company will be able to meet its obligations as they fall due for at least twelve months from the date of this Prospectus.

### 7.7.2 Material Uncertainty - Capital Adequacy

Notwithstanding the Directors' going concern conclusion set out in Section 7.7.1 above, the Directors draw investors' specific attention to the following material uncertainty. As disclosed in Section 2.2.1 (Business Strategy and Objectives) and Section 7.2.2 (Regulatory Framework), the Company's paid-up capital of ETB 17.19 million, confirmed in Note 23 of the interim audit report (34,388 ordinary shares of ETB 500 each, fully paid), is approximately ETB 57.81 million, or approximately 77%, below the NBE's minimum paid-up capital requirement of ETB 75 million for MFIs, as prescribed under Directive No. MFI/36/2023. The compliance deadline for meeting this requirement is August 05, 2031.

The Rights Offer described in this Prospectus is specifically designed to address this shortfall. However, there is no guarantee that the minimum subscription of ETB 57.81 million will be achieved. Should the minimum subscription not be achieved, the Company will not meet the NBE minimum capital requirement within the prescribed timeframe.

This may result in regulatory sanctions, restrictions on the permitted scope of operations, or, in the most severe scenario, action by the NBE in respect of the Company's operating license (License No. MFI/067/2024).

The Directors have carefully considered this risk and have concluded, for the reasons set out in Section 7.7.1, that the going concern basis of preparation remains appropriate for at least twelve months from the date of this Prospectus. This conclusion is contingent, however, on achieving at a minimum the minimum subscription threshold of the Rights Offer. Investors are directed to Section 9.2 (Company-Specific Risks) for a full discussion of capital adequacy risk.

### 7.7.3 External Auditor's Position

The Company's External Auditor, Getachew Wakjira Chartered Certified Accountant (UK), Certified Audit Firm (ETH), has issued unqualified audit opinions, confirming that the financial statements present fairly, in all material terms, the financial position of the Company and its financial performance and cash flows in accordance with International Financial Reporting Standards (IFRSs), on the annual financial statements for the years ended June 30, 2023, June 30, 2024, and June 30, 2025 (audit report dated September 30, 2025), and on the interim financial statements for the seven-month period ended January 31, 2026 (audit report dated March 4, 2026). Both audits were conducted in accordance with International Standards on Auditing (ISA).

Neither the FY2025 annual audit opinion nor January 31, 2026, interim audit opinion contains an Emphasis of Matter paragraph in relation to going concern or capital adequacy. In both sets of financial statements, the going concern basis of preparation is addressed in Note 2.2.1, which records management's position that the financial statements have been prepared on a going concern basis and that management has no doubt that the Company will remain in existence for at least twelve months.

Additionally, the Statement of Directors' Responsibilities in both audit reports confirms: 'Nothing has come to the attention of the Management to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.' The absence of an Emphasis of Matter paragraph reflects the External Auditor's concurrence with management's going concern assessment in the context of the financial information available at those reporting dates.

It does not, however, diminish the material uncertainty regarding capital adequacy described in Section 7.7.2, which investors must read and consider carefully. The full text of each audit opinion is set out in Annex 1 of this Prospectus.

## 7.8 Legal and Arbitration Proceedings

For disclosure purposes, the Company considers litigation or arbitration proceedings material based on both quantitative and qualitative factors. Quantitatively, proceedings are deemed material if the potential financial exposure equals or exceeds 1% of paid-up capital (i.e., ETB171,940), reflecting the Company's current capital base and the need for heightened sensitivity to financial risks.

Qualitatively, proceedings may be deemed material irrespective of monetary value where:

- the subject matter involves regulatory compliance or licensing;
- the case could materially affect the Company's reputation or stakeholder confidence;
- the matter relates to governance or fiduciary duties of directors; or
- multiple proceedings, when considered together, could have a significant cumulative impact.

Cases below these thresholds are monitored under the Institution's governance and risk management framework and disclosed where appropriate.

As of this date, Meba MFI confirms that there is no pending or threatened lawsuits, arbitration cases, tax disputes, or regulatory enforcement actions against the Issuer accordingly, the aggregate figure for ongoing litigation is ETB 0. This declaration follows a thorough review conducted by management in coordination with the internal audit function and consultation with external legal counsel. The Company confirms compliance with the Commercial Code of Ethiopia (Proclamation No. 1243/2021), the Capital Market Proclamation No. 1248/2021, and the 1030/2024 Public Offering and trading of securities Directive of the ECMA in relation to disclosure of legal and arbitration proceedings.

# SECTION 8:
## INFORMATION ON THE OFFER OF SECURITIES

# SECTION 8: INFORMATION ON THE OFFER OF SECURITIES

## 8.1 Information Concerning the Securities Being Offered

### 8.1.1 Type and Class of Securities Being Offered

This Prospectus relates to a Rights Offer comprising 200,000 newly issued Ordinary Shares of the Company, being the Rights Offer Shares. The Rights Offer Shares will be issued as fully paid Ordinary Shares at a subscription price of ETB 550 per share, resulting in gross proceeds of ETB 110 million, assuming full subscription.

The Company currently has a single class of Ordinary Shares, which will remain unchanged following the Rights Offer. Upon issuance, the Rights Offer Shares will rank equally with the Existing Shares in all respects, including voting rights, dividend rights, and rights upon liquidation.

### 8.1.2 Legal Basis of the Issuance

The issuance of the Rights Offer Shares has been duly approved by the First Extraordinary General Meeting of Shareholders and authorized by the BODs at its meeting held on 29 May 2026. The Rights Offer is being undertaken in accordance with the Commercial Code of Ethiopia, the Capital Market Proclamation, the Public Offering and Trading Directive, and the Company's MoA, which collectively provide the legal basis for the issuance, offering, and allotment of the Rights Offer Shares.

### 8.1.3 Registration of Securities

A total of 234,388 Ordinary Shares of the Company, comprising 34,388 Existing Ordinary Shares and 200,000 Rights Offer Shares, will be registered with the ECMA upon approval of the registration statement and this Prospectus.

### 8.1.4 Person in Charge of Records of the Securities

The Company's Secretary, Henok Getinet, is responsible for maintaining records relating to the Ordinary Shares of the Company. The address of the Company Secretary is as follows:

| | |
|---|---|
| Address: | Arada Sub-City, Woreda 9<br>Queen Elizabeth II Street, Arat Kilo<br>Holy Trinity University, 2nd Floor, No. 213<br>Addis Ababa, Ethiopia |
| Tel: | +25111261657 / +251929010203 |
| Email: | mebamfi12@gmail.com |
| Website: | www.mebamfi.com.et |

### 8.1.5 Rights Attached to Securities

The Company currently has, and upon completion of the Rights Offer will continue to have, a single class of shares, namely Ordinary Shares. The rights attached to the Ordinary Shares are uniform in all respects and constitute a single class for all purposes. Such rights include the following:

(i) Each Ordinary Share entitles the holder to participate in the Company's distributable profits and to receive dividends declared by the General Meeting of Shareholders in accordance with applicable laws and the Company's governing documents.

(ii) Each Ordinary Share entitles the holder to participate in the distribution of the Company's residual assets upon liquidation, after the satisfaction of all liabilities. Such entitlement shall be proportionate to the number of Ordinary Shares held.

(iii) Each Ordinary Share carries one vote, and voting rights are proportionate to the number of Ordinary Shares held.

(iv) Holders of Ordinary Shares have a pre-emptive right, in proportion to their respective shareholdings, to subscribe for new Ordinary Shares issued pursuant to an increase in the Company's share capital.

(v) In accordance with Article 448(1) and (2) of the Commercial Code and Article 9(2) of the Public Offer Directive, Existing Shareholders have the right to transfer their entitlement under the Rights Offer in connection with a rights issue.

### 8.1.6 Treatment of Pre-emptive Rights

In accordance with Article 448 of the Commercial Code and Articles 9, 133, and 134 of the Public Offer Directive, Existing Shareholders of the Company have pre-emptive rights to subscribe for the Rights Offer Shares in proportion to their respective shareholdings as of the Record Date. Such pre-emptive rights may be exercised in accordance with the procedures set out in this Prospectus. The Record Date for determining Existing Shareholders entitled to pre-emptive rights is August 7, 2026.

This pre-emptive right is further reinforced by the Company's MoA, which provides that Existing Shareholders shall have a proportional right to subscribe for new shares issued pursuant to an increase in the Company's share capital approved by the General Meeting of Shareholders.

At the first Extraordinary General Meeting held on 4 January 2025, the Company resolved that the Rights Offer Shares shall be offered to shareholders whose names appear in the official share register maintained by the Company as of the Record Date. Accordingly, participation in the Rights Offer is reserved for Existing Shareholders, who have priority in the allocation of Rights Offer Shares.

External Investors may submit applications during the Rights Offer Period. However, such applications shall be considered only after the allocation of Rights Offer Shares to Existing Shareholders, including the allocation of any Surplus Rights Offer Shares, and shall be allocated only to the extent of any Shortfall Rights Offer Shares, as set out in this Prospectus.

Consistent with Article 448(1) and (2) of the Commercial Code, Existing Shareholders may freely transfer their entitlement under the Rights Offer during the Rights Offer Period in accordance with applicable laws and procedures.

These pre-emptive rights serve as an important shareholder protection mechanism by enabling Existing Shareholders to maintain their proportionate ownership interests and protect against dilution resulting from the issuance of additional shares.

### 8.1.7 Issue Date of the Rights Offer Shares

The Rights Offer Shares are expected to be issued on December 25, 2026, subject to approval of the Allotment Report by the ECMA.

### 8.1.8 Information on the Tax Treatment of the Securities

The tax treatment applicable to the securities is governed by the Income Tax Proclamation No. 979/2016, as amended by Proclamation No. 1395/2025, together with other applicable tax laws and directives.

Dividend income is generally subject to withholding tax at a rate of 15% on the gross amount. Capital gains arising from the disposal of shares are subject to tax at a rate of 15%, in accordance with applicable laws.

Holders and prospective purchasers of the Company's Ordinary Shares are advised to consult their own professional tax advisers regarding the tax consequences of acquiring, holding, transferring, or disposing of the shares in light of their individual circumstances.

### 8.1.9 Restrictions on the Transferability of the Securities

The Ordinary Shares are freely transferable and are not subject to any restrictions on transfer.

### 8.1.10 Public Takeover Bids

As of the date of this Prospectus, the Company has not been subject to any public takeover bids or similar acquisition transactions.

## 8.2 Terms and Conditions of the Rights Offer

### 8.2.1 The Total Amount of the Rights Offer

The Rights Offer comprises 200,000 Rights Offer Shares at a subscription price of ETB 550 per share. Accordingly, the Company expects to raise gross proceeds of ETB 110 million from the Rights Offer, before deducting any related expenses.

### 8.2.2 Conditions

The Rights Offer is made to Existing Shareholders of the Company who, as of the Record Date, are entitled to subscribe for the Rights Offer Shares in proportion to their respective shareholdings.

External Investors may participate in the Rights Offer, and any applications submitted by such investors shall only be considered after the allocation of Rights Offer Shares to Existing Shareholders, including any Surplus Rights Offer Shares

Any Rights Offer Shares remaining unsubscribed following the allocation to Existing Shareholders may be allocated to External Investors in accordance with the allocation procedures set out in Section 8.2.8.

### 8.2.3 Rights Offer Statistics

Key statistical information relating to the Rights Offer is presented in the table below.

Table 91: Rights Offer Details

| Descriptions | Value |
|---|---|
| Fixed Rights Offer Price (per new Ordinary Share) | ETB 550 |
| Total number of Ordinary Shares in issue before the Rights Offer | 34,388 |
| Total number of Rights Offer Shares | 200,000 |
| Total number of Ordinary Shares in issue after the Rights Offer | 234,388 |
| Estimated gross proceeds from the Rights Offer | ETB 110,000,000 |
| Estimated expenses of the Rights Offer | ETB 3,169,744 |
| Estimated net proceeds receivable by the Company | ETB 106,830,256 |

### 8.2.4 Expected Timetable and Actions Required to Apply for the Rights Offer

The expected timetable of the Rights Offer is set out below. The dates are indicative only and may be subject to change due to regulatory approvals and operational considerations.

Table 92: Expected Timetable of Events

| Events | Time and Date |
|---|---|
| Record Date | August 7, 2026 |
| ECMA approval of Prospectus and Registration | August 7, 2026 |
| Publication of Prospectus | August 7, 2026 |
| Commencement of Dematerialization of Existing Shares, Shareholder Verification and CSD Account Opening Process | August 7, 2026 |
| Commencement of Rights Offer Period | 09:00 on August 17, 2026 |
| Closure of Rights Offer Period | 15:00 on November 14, 2026 |
| Completion and submission of allotment report to ECMA | November 30, 2026 |
| ECMA approval of allotment report | December 15, 2026 |
| Announcement of allotment results | December 21, 2026 |
| Issuance of Rights Offer Shares | December 25, 2026 |
| Crediting of Rights Offer Shares to Investors' CSD Accounts | December 25, 2026 |

Unless otherwise stated, all above stated times are East Africa Time.

### 8.2.5 Participation in the Rights Offer

Investors participating in the Rights Offer are required to maintain accounts with licensed brokers through which they may subscribe for, transfer, acquire, or otherwise participate in the Rights Offer in accordance with the applicable CSD procedures.

Following approval and publication of the Prospectus and the associated registration statement, the Company shall commence the dematerialization of Existing Shares, the shareholder verification process, and the opening of CSD accounts. The Company shall submit the relevant information to the CSD, which shall register the Existing Shares and administer the Rights Offer through the CSD system.

**Entitlement to Participate in the Rights Offer**

Participation in the Rights Offer shall be based on the pre-emptive rights of Existing Shareholders to subscribe for Rights Offer Shares in proportion to their respective shareholdings as of the Record Date of August 7, 2026.

Each Existing Shareholder shall be entitled to subscribe for Rights Offer Shares in proportion to the number of Existing Shares registered in its name as of the Record Date, and the corresponding entitlement to Rights Offer Shares shall be determined on a pro rata basis by reference to such shareholding.

Following the Record Date, the Company shall notify each Existing Shareholder of its entitlement, specifying the number of Rights Offer Shares that may be subscribed for. The Entitlement Notice shall also contain instructions on how to participate in the Rights Offer, transfer participation in the Rights Offer, or allow such entitlement to lapse.

**Rights of Existing Shareholders**

Existing Shareholders shall have the following rights and options in relation to the Rights Offer:

(i) Subscribe for the Rights Offer Shares to which they are entitled.

(ii) Transfer all or part of their entitlement under the Rights Offer to another investor in accordance with this Prospectus and the applicable CSD procedures.

(iii) Choose not to exercise their entitlement, in which case such entitlement shall lapse upon expiry of the Rights Offer Period without compensation.

In addition, Existing Shareholders may apply for Rights Offer Shares more than their entitlement, subject to the availability of unsubscribed Rights Offer Shares and the allocation procedures set out in this Prospectus.

**Participation by External Investors**

External Investors may participate in the Rights Offer through transfers from Existing Shareholders effected in accordance with the terms of this Prospectus in which case such investors shall assume the same rights and obligations as the transferring Existing Shareholder with respect to the Rights Offer.

Alternatively, External Investors may submit applications to subscribe for Rights Offer Shares during the Rights Offer Period. Such applications should be treated and allocated in accordance with allocation procedures set out in this Prospectus.

**Escrow Account and Settlement**

Following the completion of the subscription and allocation process, settlement of transactions arising from the Rights Offer shall be conducted through the CSD on a delivery-versus-payment (DvP) basis.

Under this mechanism, investors shall make full payment directly or through their brokers, and such subscription monies shall be received in the escrow account, which is established solely for the purposes of the Rights Offer.

Upon verification of the Allotment Report by the ECMA, the CSD shall authorize the transfer of the gross subscription proceeds from the escrow account to the Company, net of applicable regulatory fees, in accordance with applicable CSD procedures. Thereafter, Rights Offer Shares shall be credited electronically to investors' accounts and the corresponding subscription monies shall be released to the Company.

### 8.2.6 The Rights Offer Period

The Rights Offer Period is expected to commence on August 17, 2026 and close on November 14, 2026.

### 8.2.7 Minimum and Maximum Application

There is no prescribed minimum or maximum number of Rights Offer Shares that any applicant may apply for, subject to availability and the allotment policy.

### 8.2.8 The Allotment Policy

The Rights Offer Shares shall be allotted in accordance with the following provisions:

1. Rights Offer Shares shall first be allotted to Existing Shareholders and investors participating through transfers from Existing Shareholders in accordance with this Prospectus.
2. Any Rights Offer Shares not subscribed by existing shareholders or investors who bought the rights from existing shareholders during the Rights Offer Period shall constitute Surplus Rights Offer Shares and shall be allocated among Existing Shareholders applying for additional Rights Offer Shares. Where aggregate demand for Surplus Rights Offer Shares does not exceed availability, each applicant shall be allotted the full number of shares applied for. Where aggregate demand for Surplus Rights Offer Shares exceeds availability, such shares shall be allocated on a pro rata basis among the Existing Shareholders applying for them.
3. Any Rights Offer Shares remaining after the allocation of Surplus Rights Offer Shares shall constitute Shortfall Rights Offer Shares and shall be allocated to External Investors. Where aggregate demand for Shortfall Rights Offer Shares does not exceed availability, each applicant shall be allotted the full number of shares applied for.

Where aggregate demand for Shortfall Rights Offer Shares exceeds availability, such shares shall be allocated on a pro rata basis among the External Investors applying for them.

For the avoidance of doubt, any Existing Shareholder who has transferred or declined to participate in the Rights Offer shall not be entitled to any allotment in respect of the corresponding Rights Offer Shares.

Following the conclusion of the Rights Offer Period, the Company shall finalize the allotment of Rights Offer Shares in accordance with this allotment policy. Any excess subscription monies resulting from scaling-back, pro rata allocation, or other allotment adjustments shall be refunded without interest, net of applicable bank charges.

Upon completion of the allocation process, the Company shall submit an Allotment Report to the ECMA for approval in accordance with the applicable regulatory requirements prior to the issuance of the Rights Offer Shares.

## 8.3 Pricing

The Rights Offer Price has been set at ETB 550 per Rights Offer Share. The price is supported by an independent valuation report prepared by the Transaction Advisor in accordance with the requirements of the Public Offer and Trading of Securities Directive and has been approved by the BODs.

The Transaction Advisor assessed the value of the Company using both the income approach and the market approach. Under the income approach, the Company was valued using a discounted cash flow methodology based on projected financial performance, considering assumptions relating to earnings growth, operating performance, capital requirements, terminal value, and an appropriate discount rate.

Under the market approach, the valuation considered relevant valuation multiples derived from comparable financial institutions and other relevant market benchmarks, with appropriate adjustments to reflect differences in size, market conditions, liquidity, and company-specific characteristics.

As the Company's Ordinary Shares are not listed or traded on a licensed securities exchange, no prevailing market price exists. Accordingly, the theoretical ex-rights price has not been determined. Further details of the valuation are contained in the independent valuation report attached as Annex 2.

## 8.4 The Reasons for the Rights Offer and Use of Proceeds

### 8.4.1 Minimum Subscription

The BODs have determined a minimum subscription of 125,612 Rights Offer Shares, equivalent to gross proceeds of ETB 69.1 million. The minimum subscription level has been established after considering the Company’s capital requirements, business plan, and growth objectives.

Upon completion of the minimum subscription, the Company's paid-up capital would exceed the NBE's minimum paid-up capital requirement of ETB 75 million well in advance of the 2030 deadline.

### 8.4.2 Reasons for the Rights Offer

The Rights Offer is undertaken to strengthen the Company's capital base and improve its liquidity position. The additional capital will enable the Company to meet the minimum paid-up capital requirements applicable to MFIs while supporting the expansion of its operations. A stronger capital base is expected to increase the Company's lending capacity, including an increase in the single borrower limit to over ETB 1 million.

As a result, the Company will be able to extend larger loan amounts and better serve MSMEs and other eligible borrowers. It is also expected to enhance the Company's ability to mobilize deposits and expand its outreach.

The Directors confirm that the Rights Offer is undertaken to raise capital in support of the Company's business operations and strategic objectives and is not intended to finance any acquisition, merger, or related party transactions.

### 8.4.3 Estimated Net Proceeds and Use of Funds

Assuming full subscription of the Rights Offer, the Company expects to raise gross proceeds of ETB 110,000,000. After deducting estimated issuance-related expenses of ETB 3,169,744, the net proceeds are expected to amount to ETB 106,830,256. Following completion of the Rights Offer and satisfaction with the applicable regulatory requirements, the net proceeds will be made available to the Company. The Company intends to use the net proceeds primarily to strengthen its capital base and support the expansion of its lending operations in accordance with its business plan and strategic objectives. The allocation and use of the net proceeds will be managed in accordance with applicable laws, regulatory requirements, and the Company's internal governance, risk management, and capital management frameworks.

### 8.4.4 Sufficiency of Proceeds

The Company expects that the proceeds to be raised through the Rights Offer will be sufficient to achieve the principal objectives of the capital raise, including strengthening its capital base and supporting the planned expansion of its lending operations. If the minimum subscription is not achieved, the Company may consider alternative sources of financing and/or undertake additional capital-raising initiatives, subject to applicable regulatory requirements and approvals.

## 8.5 Distribution and Underwriting

The Rights Offer is not underwritten, and the Company has not entered into any underwriting arrangements in connection with it.

## 8.6 Expenses of the Rights Offer

The table below presents the principal categories of estimated costs associated with the Rights Offer. All such expenses shall be borne by the Company.

Table 93: Estimated Expenses of the Rights Offer

| Descriptions | Estimated Amount ETB |
|---|---|
| Transaction Advisor | 1,500,000 |
| Legal Advisor | 100,000 |
| Interim Audit Report | 42,550 |
| Marketing Expenses | 1,100,000 |
| Securities registration fee payment to ECMA | 427,194 |
| **Total estimated expenses of the Rights Offer** | **3,169,744** |

## 8.7 Professional Parties

The Company has engaged professional advisers and experts in connection with the Rights Offer. A summary of these parties is set out below.

Table 94: Professional Parties

| Professional party | Role | Interest in the Issuer | Material Conflict of Interest |
|---|---|---|---|
| First Addis Investment Bank | Transaction Advisor | None | None |
| Firaol Tesfay Gudeta (LLB, LLM) | Legal Advisor | None | None |
| Getachew Wakjira Certified Audit Firm | External Auditor | None | None |
| Yonas Fekede Certified Auditor | External Auditor | None | None |

The consent of each named party to act in the capacity described herein has been obtained and has not been withdrawn as of the date of this Prospectus.

# SECTION 9:
## RISKS

# SECTION 9: RISKS

## 9.1 Risk Factors

An investment in the Shares of Meba MFI involves significant risks. Prospective investors should carefully consider the following material risks described below. Should any of these risks materialize, the Company's business, financial condition, results of operations, and ability to achieve its strategic objectives could be materially and adversely affected.

For the purposes of this Prospectus, a risk is deemed material if its occurrence could have a significant adverse effect on the Company's operations, financial condition, results of operations, strategic objectives, or the value of its Shares. Materiality is assessed not only in terms of potential financial impact, but also regarding non-financial consequences, including reputational damage, regulatory or legal non-compliance, operational disruption, customer harm or complaints, governance deficiencies, and diminished investor confidence.

Accordingly, the risks set out in this section are those that, individually or in aggregate, could impair the Company's ability to operate effectively, comply with applicable regulatory requirements, maintain stakeholder trust, safeguard clients, and achieve sustainable growth. The identification of material risks reflects an assessment of both the likelihood of occurrence and the severity of their potential impact on the Company's overall performance and long-term viability.

## 9.2 Company-Specific Risks

Company-specific risks arise from the internal structure, operations, and financial position of Meba MFI and may materially affect its ability to achieve its strategic objectives, maintain regulatory compliance, and generate sustainable profitability. The Company's reliance on the proposed rights issue to strengthen its capital base and support growth further heightens these risks. If any of these risks materialize, they could constrain lending capacity, limit business expansion, reduce profitability, and adversely affect the Company's financial performance and the value of its Shares.

### 9.2.1 Capital Adequacy Risk

The Company's current paid-up capital of approximately ETB 17.19 million is significantly below the minimum regulatory requirement of ETB 75 million for MFIs. This shortfall materially constrains the Company's ability to expand its loan portfolio, develop new products, scale operations, and compete effectively with larger, better-capitalized institutions. As such, the achievement of the Company's strategic growth objectives is directly dependent on strengthening its capital base to meet both regulatory and operational requirements.

This risk is driven by limited internal capital generation and a reliance on shareholder contributions. The inherently capital-intensive nature of microfinance operations—where portfolio growth must be supported by commensurate increases in regulatory capital—further amplifies this exposure.

In addition, the Company's planned expansion, including increased lending activity, product diversification, and branch network growth, will require substantial capital investment. Dependence on the proposed rights issue introduces additional uncertainty, as its success is contingent on shareholder participation and prevailing market conditions.

If this risk materializes, the Company may face regulatory constraints on its lending activities and delays in executing its growth strategy. Insufficient capital could limit portfolio expansion, create operational bottlenecks, and suppress profitability. It may also weaken investor confidence and adversely affect the valuation and marketability of the Company's Shares.

### 9.2.2 Limited Operational Scale Risk

The Company operates on an early and relatively limited scale, which is materially evident across multiple dimensions of its business structure. As of January 31, 2026, total assets stood at approximately ETB 50.75 million, with gross loans of ETB 56.60 million and total deposits of ETB 47.14 million. The customer base remains concentrated at 768 borrowers and 5,592 depositors, while operations are conducted through only five branches, of which three are in Addis Ababa. In addition, more than 79% of borrowers and 85% of deposits are concentrated in Addis Ababa, indicating a high degree of geographic concentration. From a market perspective, the Company's share remains below 1% of the national microfinance industry across key balance sheet indicators. These indicators collectively demonstrate that the Company's scale is still developing, with limited diversification in both outreach and revenue base, making the risk of scale insufficiency structurally material.

This risk is primarily driven by a combination of internal structural and strategic constraints. The Company's relatively low paid-up capital of ETB 17.19 million significantly limits its capacity to expand its branch network, invest in digital infrastructure, and scale product development initiatives. In addition, the business model remains concentrated in a narrow set of lending and deposit products, with several approved loan and savings products not yet rolled out, thereby constraining revenue diversification. Operational decision-making is also concentrated at a small executive level, which, while efficient at early stage, limits scalability of strategic execution. Furthermore, limited human capital depth, early-stage systems dependency (semi-manual operations), and constrained funding flexibility collectively reduce the Company's ability to rapidly expand its market footprint. These internal gaps are further reinforced by strong external competition from larger MFIs and banks with broader product suites, stronger capital bases, and more advanced digital platforms.

If this risk materializes, the most probable and immediate impact is on financial performance, particularly through constrained revenue growth and elevated cost-to-income ratios. Given the current scale, operating expenses are likely to remain disproportionately high relative to income, which is already reflected in early-stage profitability pressures. This could suppress return on assets and return on equity, which are currently negative, and delay the path to sustainable profitability even under optimistic growth assumptions.

Secondary impacts may also emerge in operational efficiency, as limited automation and small-scale infrastructure increase per-unit transaction costs, while geographic concentration heightens vulnerability to localized shocks.

Over the medium term, sustained scale limitations may also weaken strategic execution capacity by restricting the pace of branch expansion and product rollout, thereby reducing competitiveness in both lending and deposit mobilization markets. Ultimately, prolonged inability to achieve scale economies may constrain investor appetite and limit access to future capital, further reinforcing the structural nature of this risk.

### 9.2.3 Geographic Concentration Risk

The Company's operations are highly concentrated in a narrow geographic footprint, with approximately 85% of total deposits and 79% of borrowers located in Addis Ababa as of January 31, 2026, while Adama and Wolaita Sodo collectively account for only about 15% of deposits and 21% of borrowers. This uneven distribution indicates a significant reliance on a single economic center, meaning that the Company's financial performance is closely tied to the economic, political, and social conditions of one dominant urban market. Such concentration is material because any localized disruption, whether macroeconomic slowdown, sectoral stress, or operational disruption in Addis Ababa, would have a disproportionately large impact on both asset quality and liability stability, simultaneously affecting loan repayment performance and deposit mobilization capacity.

This risk is primarily driven by the Company's early-stage expansion strategy and limited branch network, which currently consists of only five branches, three of which are located in Addis Ababa. The constrained geographic footprint is a direct outcome of limited capital resources (ETB 17.19 million paid-up capital), which restricts the pace of regional expansion and delays deeper penetration into diversified markets. In addition, the Company's growth model has so far been anchored on urban lending and deposit mobilization, particularly through employee-based and business-linked products, which naturally cluster in Addis Ababa. The absence of a fully developed regional diversification strategy and the early stage of branch maturation in Adama and Wolaita Sodo further reinforce this concentration. As a result, the Company remains structurally dependent on a single metropolitan economy, with limited buffer from regional or rural market cycles.

If this risk materializes, the most probable and significant impact would be on financial performance, followed by liquidity stability and operational continuity. A localized economic downturn or shock in Addis Ababa could directly increase non-performing loans, which are currently low at 0.18%, but could rise sharply under stress due to borrower concentration. At the same time, deposit withdrawals could intensify, particularly given that over 80% of funding is concentrated in the same geographic area, creating potential liquidity pressure. This could lead to reduced interest income, higher provisioning expenses, and margin compression, thereby weakening profitability and return indicators. Secondary impacts may include operational disruption, as branch-level performance in Addis Ababa would disproportionately affect overall institutional results, and strategic execution risk, where expansion plans may be delayed due to the need to stabilize core urban operations.

Over time, sustained geographic concentration could also elevate reputational risk, as any localized distress would be highly visible and could undermine depositor and investor confidence in the institution's resilience.

### 9.2.4 Loan Portfolio Concentration Risk

The Company's loan portfolio demonstrates a meaningful concentration in consumer and salary-based lending, which represents a dominant share of its overall credit exposure. As of January 31, 2026, a significant portion of the loan book is allocated to consumer loans for employees (individual and group), which together account for approximately 61.9% of total gross loans, while business loans account for 33.9% and SME lending remains marginal at 1.4%. This structure indicates that the Company's credit risk profile is heavily dependent on household income streams rather than a balanced mix of productive, SME, and agricultural sectors. Such concentration is material because consumer lending performance is closely tied to employment stability, salary continuity, and broader household consumption patterns, making it more vulnerable to macroeconomic shocks such as inflationary pressure, wage stagnation, or job market contraction.

This risk is primarily driven by the Company's early-stage portfolio development strategy, which has prioritized salaried and employee-linked lending due to its relatively lower credit risk and faster repayment cycles. While this approach has supported rapid portfolio growth and improved initial asset quality, it has also resulted in limited sectoral diversification, particularly in productive sectors such as agriculture, manufacturing, and large-scale SME financing. In addition, the absence of several newly approved products, such as agricultural loans, agribusiness financing, fixed asset loans, and emergency credit facilities, has further constrained diversification potential. Competitive pressure from banks and fintech lenders in the consumer credit space has also reinforced this concentration, as these players aggressively target salaried individuals with simplified digital credit products, making it strategically easier for the Company to continue focusing on this segment rather than expanding into more complex but diversified lending areas.

If this risk materializes, the most probable impact would be on financial performance, particularly through an increase in non-performing loans and provisioning expenses. Given the high sensitivity of consumer borrowers to income shocks, any deterioration in employment conditions could quickly translate into repayment stress, leading to higher default rates and a potential rise in credit loss provisions beyond current levels (ETB 894.89 thousand as of January 31, 2026). This would directly reduce net income and place pressure on capital adequacy, even though the current CAR remains strong at 29.11%. Secondary impacts may include strategic execution risk, as continued reliance on consumer lending could limit the Company's ability to transition toward a more balanced and sustainable portfolio structure, thereby constraining long-term growth potential. There is also a potential reputational impact, as deterioration in asset quality within a concentrated segment could negatively influence investor perception of underwriting standards and portfolio resilience. Over time, this concentration may also restrict future lending flexibility, as capital becomes tied to higher-risk exposure cycles, limiting the Company's ability to expand into more productive and diversified sectors.

### 9.2.5 Deposit Concentration Risk

The Company's funding structure is still at an early development stage and is characterized by a relatively small and partially concentrated depositor base. As of January 31, 2026, total deposits amounted to ETB 47.14 million, supported by 5,592 depositors, with a significant proportion of funding concentrated in Addis Ababa, which accounts for approximately 85% of total deposits.

In addition, a material share of deposits is held in a limited number of product lines, particularly voluntary and time deposits, which together represent a large portion of the funding base. This structure indicates that a relatively small segment of depositors contributes disproportionately to liquidity formation. The risk is therefore material because any withdrawal by key deposit groups, or a simultaneous shift in depositor behaviour, could create immediate liquidity pressure given that deposits constitute the Company's primary funding source for its ETB 56.60 million loan portfolio.

This risk is primarily driven by the early-stage nature of the Company's deposit mobilization strategy, which is still heavily reliant on urban retail and relationship-based deposit acquisition rather than a diversified funding ecosystem. The depositor base remains limited in depth, with a relatively small number of high-value or recurring deposit relationships playing an outsized role in overall liquidity formation. In addition, structural mismatches exist between short- to medium-term deposit liabilities and the Company's growing loan portfolio, particularly as lending expands into longer-tenor products such as business and housing loans. The absence of diversified wholesale funding sources, such as interbank borrowing facilities, capital market instruments, or institutional funding lines, further amplifies reliance on retail deposits. Operationally, the still-developing branch network outside Addis Ababa also limits the breadth of deposit mobilization channels, constraining the pace of depositor diversification and deepening concentration risk at the geographic and product levels.

If this risk materializes, the most immediate and significant impact would be on liquidity and financial performance, followed by strategic execution capacity. A sudden or sustained withdrawal of deposits could force the Company to restrict new lending, delay disbursements, or reallocate liquidity away from growth-oriented assets to meet short-term obligations, thereby directly constraining revenue generation. In such a scenario, the Company may also be compelled to seek higher-cost alternative funding sources, such as additional bank borrowing, which would increase interest expenses beyond current levels (ETB 3.73 million interest expense recorded for the interim period) and compress net interest margins. Secondary effects would likely include operational disruption, as liquidity stress would require tighter treasury management and potentially limit branch-level lending autonomy, and reputational risk, as depositor confidence is highly sensitive in MFIs and any perceived instability could accelerate further withdrawals. Over the medium term, persistent deposit concentration risk could also impair the Company's strategic execution, limiting its ability to expand its loan book, invest in technology, or scale geographically, thereby constraining overall institutional growth and financial sustainability.

### 9.2.6 Elevated Financial Leverage Risk

Meba MFI's financial leverage has increased substantially during the review period, with the debt-to-equity ratio reaching 563.79 percent as of January 31, 2026, compared to 367.86 percent as of June 30, 2025, and 19.62 percent as of June 30, 2024. The debt-to-assets ratio increased correspondingly to 84.94 percent as of January 31, 2026. This level of leverage exposes the Company to elevated solvency and refinancing risk. This risk is material because the Company's ability to service its debt obligations depends directly on the continued generation of operating income from its loan portfolio, and any decline in portfolio performance could impair debt service capacity.

This risk is driven by the Company's strategic shift towards debt-funded growth following the commencement of lending operations in FY2025, including the drawdown of term loans from the CBE (ETB 10.0 million at 14.5 percent per annum) and Ahadu Bank (ETB 5.0 million at 16.6 percent per annum). As of January 31, 2026, total liabilities amounted to ETB 63.30 million, of which customer deposits represented ETB 47.14 million and long-term borrowings represented ETB 11.65 million. The remaining ETB 5.96 million of accumulated retained losses effectively reduces the equity base against which these liabilities are measured, further heightening the Company's sensitivity to increases in funding costs or declines in asset values.

If this risk materializes, the Company may be required to curtail lending activities, reduce operating expenses, or seek additional equity capital on terms less favorable than those contemplated in this offering. A sustained inability to service or refinance existing debt obligations could lead to a breach of loan covenants, potentially resulting in acceleration of repayment terms, imposition of higher penalty interest rates, or reduction in access to credit lines. Any reduction in lending activity would directly impact interest income generation, while forced asset sales to meet liquidity needs could result in realization losses on the loan portfolio. Prolonged financial stress may undermine the Company's solvency, damage its reputation with depositors and lenders, and impair its ability to execute its growth strategy.

### 9.2.7 Key Personnel Dependency Risk

Meba MFI’s operations and strategic execution are highly dependent on a small number of senior executives, namely the CEO, the Finance and Administration Manager, and the Marketing and Business Development Manager. These individuals collectively provide critical leadership across operational management, financial oversight, regulatory compliance, and business development. This concentration of responsibilities is material, as the departure, incapacity, or loss of any one of these key personnel could disrupt decision-making processes and adversely affect the Company’s ability to operate effectively and implement its strategy.

This risk is driven by the Company’s lean organizational structure and the concentration of institutional knowledge, managerial oversight, and external stakeholder relationships within a limited executive team. The absence of a broader management bench and formal succession planning framework further heightens this exposure.

If this risk materializes, the Company may experience operational disruptions, delays in strategic initiatives, and challenges in maintaining regulatory compliance and stakeholder confidence. Replacing key personnel may require time and additional cost, potentially affecting business continuity and performance.

While the Company is not materially dependent on external commercial partnerships or third-party technology providers, given its reliance on an internally managed, semi-automated operational framework, this does not fully mitigate the risks associated with key personnel dependency. Accordingly, the Company's continued performance and growth remain closely linked to the stability and retention of its senior management team.

### 9.2.8 Minimum Subscription Risk

The Company's ability to proceed with the proposed rights issue is subject to achieving the minimum subscription level as set out in this Prospectus. There is a risk that the Company may not be able to secure sufficient shareholder participation to meet this minimum offer threshold. This risk is material, as failure to achieve the minimum subscription would limit the Company's ability to raise the required capital and may affect the successful completion of the offering.

This risk is driven by several factors, including existing shareholders' willingness and financial capacity to participate, prevailing market conditions, investor confidence in the Company's growth prospects, and broader macroeconomic factors affecting liquidity. In addition, competing investment opportunities and uncertainty in the financial sector may reduce subscription levels.

If this risk materializes, the Company may be unable to proceed with the rights issue as planned or may raise less capital than required. This could result in continued capital inadequacy, constrain lending capacity, delay or scale back expansion initiatives, and limit the Company's ability to meet regulatory capital requirements. Consequently, the Company's growth prospects, financial performance, and competitive position may be adversely affected, which could also negatively impact the value and attractiveness of its Shares.

## 9.3 Industry-Specific Risks

The Company operates within the broader microfinance sector, which is characterized by evolving regulatory requirements, intensifying competition, and distinct credit risks associated with serving low- to middle-income clients. These industry-specific factors are material as they directly influence the Company's ability to attract and retain customers, sustain profitability, and achieve long-term growth.

Accordingly, an understanding of these risks is essential for prospective investors, as shifts in industry dynamics, regulatory expectations, or competitive conditions could materially and adversely affect the Company's financial condition, results of operations, and overall business performance.

### 9.3.1 Competitive Pressure in the Microfinance Sector

The microfinance industry is experiencing increasing competitive intensity, with commercial banks, 59 MFIs, digital lenders, and mobile financial service providers targeting overlapping customer segments. This risk is material as it directly affects the Company's ability to attract and retain clients, maintain lending margins, and expand its market share. Given the Company's relatively small operational scale and concentrated product offerings, heightened competition may constrain growth and limit the achievement of its strategic objectives.

This risk is driven by several factors, including the expansion of commercial banks into micro and small enterprise lending, the rapid growth of digital financial services offering faster and more accessible credit solutions, and the entry of new MFIs targeting similar customer segments. Increased customer awareness and access to alternative financing options have also reduced switching costs and customer loyalty, intensifying competitive pressures.

If this risk materializes, the Company may experience reduced market share, downward pressure on interest rates and lending margins, and increased customer attrition. These factors could result in slower revenue growth, reduced profitability, and constraints on product and geographic expansion. Sustained competitive pressure may weaken the Company's position within the sector and adversely affect investor confidence.

### 9.3.2 Sector Regulatory Environment Risk

The Company operates within a highly regulated microfinance and capital market environment where compliance requirements directly shape its capital structure, operational scope, and strategic flexibility. This risk is materially evident through binding prudential thresholds and disclosure obligations that currently constrain the Company's growth trajectory. As of January 31, 2026, the Company's paid-up capital stands at ETB 17.19 million, which is significantly below the NBE minimum capital requirement of ETB 75 million for MFIs, representing a capital gap of approximately 77%. This gap directly limits the Company's lending capacity (currently ETB 56.60 million gross loans) due to single obligor exposure limits of 1% of capital (approximately ETB 171,940 per borrower), thereby structurally restricting portfolio scaling. In parallel, the Company is subject to the Capital Market Proclamation No. 1248/2021 and Directive No. 1030/2024, which impose strict Prospectus approval requirements, continuous disclosure obligations, and material information reporting within 24 hours of occurrence. These regulatory requirements collectively demonstrate that the Company's operations are highly sensitive to regulatory thresholds that directly affect both funding capacity and market access.

This risk is primarily driven by an evolving and increasingly stringent regulatory framework governing both microfinance operations and capital market participation. On the microfinance side, key regulatory instruments include the NBE Capital Adequacy Directive (MFI/36/2023), which mandates a minimum paid-up capital of ETB 75 million and a capital adequacy ratio of 12%, as well as lending limits restricting exposure to 1% of capital per borrower and 4% for group exposures.

Additionally, the Liquidity Requirement Directive (MFI/15/2002) imposes a minimum liquidity ratio of 20%, while provisioning rules under MFI/28/2016 require staged impairment recognition that directly impacts profitability. On the capital market side, ECMA regulations require full compliance with disclosure standards, including ongoing reporting obligations under Article 138 of Directive No. 1030/2024, which increases governance and reporting intensity. Furthermore, compliance with the Data Protection Proclamation No. 1321/2024 and AML/CFT Proclamation No. 780/2013 introduces additional operational obligations related to customer consent management, due diligence, and transaction monitoring. Collectively, these regulatory layers create a dynamic compliance environment that requires continuous investment in governance systems, digital infrastructure, and human capital, while simultaneously limiting operational flexibility during the Company's growth phase.

If this risk materializes, the most probable and significant impact would be on strategic execution and financial performance, followed by regulatory compliance exposure. A tightening of capital requirements or enforcement of existing thresholds, particularly the ETB 75 million minimum capital requirement, would directly constrain the Company's ability to expand its loan portfolio and branch network until sufficient capital is mobilized. This may result in delayed growth plans and reduced market penetration compared to competitors with stronger capital bases. In addition, stricter enforcement of lending limits and provisioning requirements could increase impairment charges beyond current levels (ETB 894.89 thousand), thereby reducing profitability and return metrics. From a compliance perspective, failure to meet disclosure or reporting obligations under ECMA rules could expose the Company to regulatory sanctions, reputational damage, or restrictions on capital market participation, directly affecting investor confidence. Over the medium term, sustained regulatory pressure may also increase operating costs due to required investments in IT systems, compliance staff, and governance structures, thereby compressing margins and limiting financial flexibility needed for expansion.

### 9.3.3 Credit Risk

Credit risk is a core and materially significant risk for the Company, reflecting the structure, growth trajectory, and income dependency of its lending portfolio. As of January 31, 2026, gross loans stood at ETB 56.60 million, representing approximately 76% of total assets (ETB 74.53 million), indicating a highly loan-driven balance sheet where asset quality directly determines overall financial stability. Net loans amounted to ETB 55.71 million, while impairment allowances increased to ETB 894.89 thousand from ETB 19 thousand in the prior year, reflecting both rapid portfolio expansion and emerging credit risk recognition. Interest income of ETB 10.75 million accounted for approximately 125% of total operating income base coverage structure, as total operating income stood at ETB 8.57 million, highlighting that lending activities are the dominant driver of revenue generation and that financial performance is highly sensitive to borrower repayment behavior. Despite a reported low NPL ratio (0.18%), the rapid scaling of the loan book, from ETB 30.68 million in June 2025 to ETB 56.60 million in January 2026, indicates that credit exposure is expanding at a pace that may outstrip the institution's historical risk absorption capacity.

This risk is primarily driven by structural and portfolio-level characteristics of the Company's operations. The lending portfolio is concentrated on consumer and employee-linked credit products, which, while generating stable short-term repayment behavior, remain highly sensitive to income volatility, inflationary pressures, and employment stability. The Company's asset base is heavily skewed toward loans, which increased from approximately 61% of total assets in June 2025 to 76% in January 2026, reducing diversification across low-risk liquid and fixed assets. Cash and cash equivalents declined in relative weight compared to total assets, while lending expansion accelerated, indicating increasing balance sheet leverage toward credit exposure. In addition, geographic concentration in Addis Ababa and limited sectoral diversification further amplify credit vulnerability, as repayment capacity is closely tied to a narrow urban economic base. The relatively short credit history of the institution and limited long-term default cycle data also constrain the accuracy of credit risk modeling and provisioning forecasts, increasing uncertainty in loss estimation under stressed conditions.

If this risk materializes, the most significant impact would be on financial performance, followed by capital adequacy and liquidity stability. An increase in non-performing loans would directly reduce net operating income, which stood at ETB 7.70 million for the interim period, and would amplify impairment charges beyond the current ETB 876 thousand provision level. Given the Company's high dependency on lending income, where net interest income of ETB 7.02 million constitutes the primary earnings driver, even a moderate deterioration in asset quality would materially compress profitability and return metrics. Secondary impacts would include liquidity pressure, as reduced loan repayments would constrain cash inflows needed to support deposit obligations (ETB 47.14 million) and operational funding requirements. Over time, sustained credit deterioration would also erode capital buffers, limiting the Company's ability to expand its loan book under regulatory lending limits and increasing vulnerability to supervisory intervention. In addition, deterioration in asset quality could trigger reputational risk, reduce depositor confidence and increase funding volatility, thereby constraining both strategic expansion and long-term financial sustainability.

### 9.3.4 Interest Rate and Margin Compression Risk

The Company is exposed to interest rate and margin compression risk arising from structural changes in funding costs and pricing dynamics within Ethiopia's evolving financial system. This risk is materially reflected in the widening spread between loan yields and deposit costs under a market-based interest rate environment. As of January 31, 2026, the Company generated ETB 10.75 million in interest income against ETB 3.73 million in interest expense, resulting in a net interest income of ETB 7.02 million, which constitutes the primary driver of total operating income of ETB 8.57 million. However, this margin structure is increasingly sensitive to upward movements in funding costs, particularly as deposit rates (currently ranging between 7% and 9.5%) adjust in response to broader monetary policy signals, including policy rate adjustments and rising Treasury Bill (T-bill) yields.

The shift toward higher-risk-free returns in the market increases competition for deposits and places upward pressure on the Company's cost of funds, while lending rates, already positioned near the upper range for microfinance products (26%–29%), face limited flexibility for further upward adjustment due to borrower affordability constraints and competitive pressures.

This risk is primarily driven by macro-financial and structural market developments. The transition to an interest rate-based monetary policy framework, including potential increases in the NBE policy rate and corresponding upward adjustments in Treasury Bill yields, directly influences funding costs across the financial sector. As government securities offer higher risk-free returns, depositors may increasingly shift toward instruments or institutions offering competitive returns, forcing MFIs to raise deposit rates to retain funding stability. At the same time, the Company operates in a highly competitive lending environment where commercial banks, MFIs, and fintech lenders exert downward pressure on lending rates, particularly in consumer and SME segments. This creates a structural squeeze where funding costs rise faster than lending yields. In addition, the Company's deposit structure is heavily skewed toward time deposits and voluntary savings, which are more sensitive to market rate fluctuations, thereby increasing repricing risk on liabilities. Limited access to low-cost wholesale funding and capital market instruments further restricts the Company's ability to offset rising funding costs through diversified funding channels.

If this risk materializes, the most probable and significant impact would be on financial performance, specifically through compression of net interest margins and reduced profitability. Even a modest increase in deposit costs, driven by higher policy rates or T-bill yields could materially increase interest expenses beyond the current ETB 3.73 million level, while lending rates may remain relatively sticky due to affordability constraints, thereby narrowing spreads. This would directly reduce net operating income (ETB 7.70 million), limit internal capital generation and weaken the Company's ability to finance growth initiatives such as branch expansion and core banking system investment. Secondary impacts may include strategic execution risk, as reduced profitability constrains reinvestment capacity and slows scaling efforts, and capital adequacy pressure, as lower retained earnings reduce organic capital accumulation. Over time, persistent margin compression may also lead to reputational and investor confidence risk, as declining returns could weaken perceived financial sustainability and reduce attractiveness to external investors, particularly in the context of the Company's ongoing capital mobilization requirements.

### 9.3.5 Financial Inclusion and Client Protection Risk

MFIs operate in a socially sensitive environment, serving financially vulnerable populations. This risk is material as failure to adhere to responsible lending practices and client protection standards may result in reputational damage, regulatory action, and loss of customer trust. This risk is driven by increasing regulatory and stakeholder expectations regarding transparency, fair pricing, prevention of over-indebtedness, and ethical collection practices. As the sector evolves, there is heightened scrutiny of how financial institutions treat low-income clients.

If this risk materializes, the Company may face customer complaints, legal or regulatory sanctions, and reputational harm. Loss of client trust could lead to reduced customer retention, lower deposit mobilization, and constraints on business growth.

### 9.3.6 Technology and Digital Disruption Risk

The rapid adoption of digital financial services is transforming the microfinance sector. This risk is material as the Company's ability to remain competitive depends on its capacity to adopt and integrate appropriate technologies into its operations and service delivery.

This risk is driven by the emergence of fintech companies, mobile money platforms, and digital lenders offering efficient, low-cost, and user-friendly financial solutions. The Company's current reliance on a semi-automated internal system may limit its ability to compete with fully digitized providers.

If this risk materializes, the Company may lose market share to more technologically advanced competitors, face operational inefficiencies, and incur higher costs to upgrade its systems. Failure to keep pace with technological developments could adversely affect customer acquisition, service delivery, and overall competitiveness.

### 9.3.7 Funding and Liquidity Constraints in the Sector

The Company operates within a sector where funding structures are predominantly deposit-driven, creating inherent liquidity sensitivity, particularly for smaller institutions with limited access to diversified funding channels. As of January 31, 2026, the Company's total funding base is composed of customer deposits of ETB 47.14 million (approximately 74.5% of total liabilities of ETB 63.30 million), bank borrowings of ETB 11.65 million (approximately 18.4%), and equity capital of ETB 17.19 million (net capital buffer within total funding structure). On the asset side, net loans of ETB 55.71 million represent approximately 75% of total assets (ETB 74.53 million), indicating a relatively high intermediation ratio where liquidity availability is closely tied to continuous deposit inflows. This structure highlights a funding model that is highly sensitive to depositor behavior, with limited structural buffers from wholesale funding markets or capital market instruments. The concentration of deposits in Addis Ababa (approximately 85%) further amplifies liquidity concentration risk, as funding stability is dependent on a narrow geographic base.

This risk is primarily driven by sector-wide structural constraints and competitive funding dynamics. MFIs in Ethiopia operate with limited access to diversified funding sources such as bond markets, interbank wholesale funding, or long-term institutional credit lines, making them heavily reliant on retail deposit mobilization. Within this context, the Company faces intense competition for deposits from banks and other MFIs, particularly as rising Treasury Bill (T-bill) yields and policy rate adjustments increase the attractiveness of risk-free government securities. This creates upward pressure on deposit pricing, which already ranges between 7% and 9.5%, increasing funding costs across the sector. Additionally, depositor confidence is highly sensitive to macroeconomic conditions, inflation expectations, and perceived institutional stability, which can trigger volatility in deposit inflows. The Company's relatively small scale and early-stage brand presence further limits its ability to access stable institutional funding, making it more exposed to liquidity fluctuations compared to larger and more diversified financial institutions.

If this risk materializes, the most significant impact would be on liquidity position and financial performance, followed by strategic execution capacity. A slowdown or reversal in deposit growth would directly constrain lending expansion, as the Company's loan-to-deposit ratio is already high at approximately 118% (ETB 55.71 million net loans vs. ETB 47.14 million deposits), indicating strong reliance on continuous deposit inflows to sustain asset growth. Any funding shortfall could force the Company to reduce loan disbursements, delay expansion plans, or rely more heavily on higher-cost borrowings, thereby increasing interest expenses beyond the current ETB 3.73 million level and compressing margins. Secondary effects would include operational constraints, as liquidity pressure would require tighter treasury management and potential rationing of credit growth across branches, and reputational risk, as MFIs are particularly sensitive to depositor confidence shifts, where even moderate uncertainty can accelerate withdrawal behavior. Over the medium term, sustained funding constraints could also limit the Company's ability to scale, invest in technology, and meet regulatory capital expansion objectives, thereby constraining overall competitiveness within the sector.

## 9.4 Offer-Related and Capital Market Risks

Meba MFI is undertaking a capital raising through a rights issue, and its Shares are expected to be traded within an evolving capital market environment. These offer-related and capital market risks are material because the success of the offering and the subsequent trading of the Shares will directly affect the Company's ability to strengthen its capital base, improve liquidity, and implement its strategic growth plans.

### 9.4.1 Offer Under-Subscription Risk

The success of the Rights Offer is critical to Meba MFI, as the proceeds are intended to strengthen the Company's capital base, ensure compliance with the NBE minimum paid-up capital requirement of ETB 75 million, and support the planned expansion of lending operations. The Company is currently operating with a relatively limited capital base of approximately ETB 17.19 million, which is significantly below the regulatory threshold. Accordingly, any shortfall in subscription under the Rights Offer may materially impair the Company's ability to achieve full regulatory compliance, execute its growth strategy, and maintain financial stability. This makes the level of investor participation, particularly from existing shareholders, a key determinant of the Company's financial sustainability.

This risk is driven by several interrelated factors, including the limited financial capacity of existing shareholders to fully subscribe to their entitlements at the offer price of ETB 550 per share, prevailing macroeconomic conditions affecting disposable income and investment appetite, and competing investment opportunities within the emerging Ethiopian capital market. In addition, the early-stage development of the capital market infrastructure, limited historical performance data, and relatively low secondary market liquidity may constrain broader investor participation. The Company's reliance on its existing shareholder base, rather than a diversified institutional investor pool, further amplifies exposure to potential under-subscription risk.

If this risk materializes, the Company may fail to raise the targeted gross proceeds of ETB 110 million, resulting in a capital shortfall relative to the regulatory minimum and planned business expansion requirements. This may delay branch expansion, constrain loan portfolio growth, and limit the Company's ability to scale operations effectively. In addition, failure to fully close the capital gap may require the Company to seek alternative, potentially more expensive funding sources or adopt capital preservation measures, thereby negatively affecting profitability and operational flexibility. Ultimately, sustained under-subscription could weaken investor confidence, impair regulatory positioning, and constrain the Company's long-term strategic growth trajectory.

### 9.4.2 Share Price Risk

The market price of the Company's Shares following the Offer price may fluctuate significantly and may differ from the Offer Price of ETB 550 per Share. Investors should not assume that the future trading price of the Shares will correspond to the Offer Price of the Shares. The market value of the Shares will be determined by prevailing market conditions, investor demand and supply, the Company's financial performance, and broader economic and regulatory developments.

This risk is material because investors may not be able to sell their Shares at prices equal to or greater than the Offer Price. Given the Company's relatively small scale, its non-listed status prior to the offering, and the developing nature of Ethiopia's capital market, share price movements may be particularly sensitive to changes in investor sentiment, company performance, market liquidity, and expectations regarding the microfinance sector.

This risk is driven by multiple factors, including trading activity in the secondary market, actual and expected financial performance, dividend expectations, market perception of the Company, investor appetite for financial sector securities, inflation, interest rates, and regulatory developments. Limited historical trading data and potentially low trading volumes may further increase price volatility.

If this risk materializes, investors may experience capital losses or lower-than-expected returns due to adverse share price movements. Increased volatility may reduce investor confidence and adversely affect the market valuation of the Shares and the Company's ability to raise additional capital in the future.

### 9.4.3 Capital Market Risk

Following the Rights Offer, the Company's Shares are expected to be traded through the ESX's OTC Market in accordance with applicable capital market regulations and trading arrangements. The OTC market is designed to facilitate trading in securities that are not listed on the Main Investment Board or Growth Market Board of the Exchange.

This risk is material because trading in an OTC market may differ significantly from trading on a fully listed exchange market. OTC securities may experience lower trading volumes, fewer active buyers and sellers, wider bid-ask spreads, reduced market visibility, and less efficient price discovery compared to securities traded on a regulated exchange board.

The risk is amplified by the early stage of development of Ethiopia's capital market ecosystem, evolving market infrastructure, limited historical trading activity, and a relatively small investor base. As a result, the Company's Shares may experience periods of limited trading activity, and investors may encounter difficulty determining the fair market value of their investment at any given time.

If this risk materializes, investors may experience reduced liquidity, greater price volatility, delayed execution of trades, and difficulties buying or selling Shares at desired prices. These conditions may adversely affect investor confidence, market valuation, and the overall attractiveness of the Company's Shares as an investment.

### 9.4.4 Share Liquidity Risk

The liquidity of the Company's Shares in the secondary market may be limited, particularly during the initial period following the offering. This risk is material because investors may face difficulties in buying or selling Shares at desired prices or within a reasonable timeframe. Limited liquidity can reduce the attractiveness of the investment and affect overall market confidence in the Company's Shares.

This risk is driven by factors such as a relatively small shareholder base, limited market participation, and the early-stage development of the capital market. The Company's modest size and the possibility of low trading volumes may further restrict active trading. In addition, investors may adopt long-term holding strategies, reducing the number of Shares available for trading in the market.

If this risk materializes, investors may encounter challenges in exiting their investment or may need to sell Shares at discounted prices. Reduced liquidity may also increase price volatility and limit the Company's ability to attract new investors. Over time, this could affect market perception of the Shares and indirectly impact the Company's future capital-raising initiatives.

## 9.5 Macroeconomic Risks

The Company's performance is influenced by prevailing macroeconomic conditions, which affect borrowers' repayment capacity, deposit mobilization, funding costs, and overall demand for financial services. These risks are material because adverse movements in inflation, economic growth, interest rates, and currency stability may directly impact on the quality of the Company's loan portfolio, its cost structure, and profitability. Given the Company's focus on consumer lending and clients with variable or fixed incomes, macroeconomic shocks may have a disproportionate effect on its financial condition and operating performance.

### 9.5.1 Inflation Risk

Inflation risk is material as changes in the general price level directly affect borrowers' real income, savings behavior, and repayment capacity. Although Ethiopia's inflation rate has shown a significant downward trajectory, declining from levels above 30% in 2022 and 2023 to approximately 10.9% in November 2025 and further easing to around 9.7% in February 2026, price stability remains fragile.

Persistent food inflation and exchange rate pass-through effects continue to exert pressure on household purchasing power, especially for low- to middle-income borrowers who form a significant portion of the Company's loan portfolio.

This risk is driven by structural inflation dynamics, including the divergence between food and non-food inflation, delays in income adjustments relative to cost-of-living increases, and ongoing transmission effects from the July 2024 market-based foreign exchange reform, which continues to influence domestic price levels. In addition, any future tightening of liquidity conditions or fiscal pressures may reintroduce upward inflationary momentum. These dynamics may affect both sides of the Company's balance sheet by reducing borrowers' real repayment capacity while increasing operational and funding costs.

Even in a single-digit inflation environment, a 1–3 percentage point increase in inflation could materially weaken disposable income among salary-based borrowers, potentially increasing probability of default in unsecured consumer loan segments. Similarly, if lending rates and deposit rates do not adjust in line with inflation expectations, the Company may experience margin compression, particularly where cost of funds adjusts faster than lending yields or vice versa. This creates a structural sensitivity between inflation dynamics, portfolio yield, and funding costs.

If this risk materializes, the Company may experience increased delinquency levels, higher impairment provisioning, and reduced net interest income, particularly within its consumer and salary loan portfolios. A deterioration in portfolio quality, even by a 1 percentage point increase in NPL ratio under inflation stress conditions, may have a disproportionate impact on profitability due to the Company's relatively small capital base and growing loan book. In addition, elevated inflation may increase staff and operational costs, thereby compressing operating margins. Over time, sustained inflationary pressure could also dampen real deposit growth, limit savings mobilization, and constrain credit expansion, ultimately affecting financial sustainability and investor confidence.

### 9.5.5 Liquidity and Financial System Risk

Macroeconomic conditions may affect overall liquidity within the financial system, influencing the availability of deposits and funding. This risk is material as the Company relies significantly on customer deposits to fund its lending operations.

This risk is driven by changes in monetary conditions, shifts in depositor confidence, and broader financial sector developments. Periods of economic uncertainty may lead to reduced savings or increased withdrawals, affecting the stability of funding sources across the sector.

If this risk materializes, the Company may experience reduced deposit inflows or increased withdrawals, constraining its ability to extend credit. This could result in higher funding costs, reduced lending activity, and pressure on profitability and liquidity management.

## 9.6 Emerging and Other Risks

The Company may also face emerging risks and other uncertainties that could materially affect its business operations and financial performance. These risks arise from external factors not fully captured under company-specific, industry-specific, capital market, or macroeconomic risks, including political instability, regulatory changes, technological disruptions, and systemic financial shocks. While these risks are less predictable, they are material because they could significantly affect the Company's ability to maintain operational continuity, compliance, and long-term growth objectives.

These risks are driven by factors such as evolving government policies, potential changes in licensing or taxation applicable to MFIs, rapid technological innovation in financial services, and systemic events in the banking or capital markets that may indirectly impact liquidity and investor confidence. Additionally, the Company's limited operational scale and reliance on a developing financial infrastructure in its operating regions can amplify exposure to these emerging risks.

If these risks materialize, the Company could experience operational disruptions, increased compliance costs, reduced investor confidence, and delays in strategic initiatives. In extreme scenarios, political or systemic shocks could lead to temporary or prolonged interruptions in business operations, affecting profitability, capital adequacy, and overall financial stability. Proactive monitoring, risk mitigation measures, and contingency planning are therefore critical to minimize potential adverse impacts.

# SECTION 10:
## OTHER RELATED MATTERS

## SECTION 10: OTHER RELATED MATTERS

### 10.1 Trading Arrangements

The Company does not currently intend to list its Ordinary Shares on the ESX or any other licensed securities exchange. Accordingly, the shares offered pursuant to this Prospectus, as well as the existing shares, shall be eligible for trading on the OTC market through a Capital Market Service Provider duly licensed by the ECMA.

### 10.2 Document Made Available to the Public

The Company shall make this Prospectus and the accompanying documents available to the public through its website under a dedicated "Investor Relations" section at https://mebamfi.com.et/. In addition, the Company shall publish on its website all ongoing disclosures and other information required to be disclosed under applicable Ethiopian capital market laws and regulations.

# APPROVAL OF THE PROSPECTUS

## Approval of the Prospectus

| No. | Name | Title | Date | Signature |
|---|---|---|---|---|
| 1 | Ato Getnet Haile Debebe | Chairperson of the Board | 06/8/2026 | |
| 2 | Ato Dadi Weyifen Getaneh | Deputy Chairperson of the Board | 06/8/2026 | |
| 3 | Ato Nebiyeleul Debebe Mogessie | Board Member | 06/08/2026 | |
| 4 | Ato Teklemariam Awoke Alemu | Board Member | 06/8/2026 | |
| 5 | Ato Daniel Tesfaye Asfaw | Board Member | 06/08/2026 | |
| 6 | Ato Gosa Ashine Getachew | Board Member | 06/08/2026 | |
| 7 | Ato Tamirat Abebe Mamo | Board Member | 06/08/2026 | |
| 8 | Ato Anduamlak Yebeltal Mengist | Board Member | 06/08/2026 | |
| 9 | Ato Abera Misganaw Wolde | Board Member | 06/08/2026 | |
| 10 | W/ro Azeb Mamo Deneke | Chief Executive Officer (CEO) | 06/08/2026 | |
| 11 | Ato Assaye Cherie Yehuala | Finance & Administration Manager | 06/08/2026 | |