

AFRICA EATS, LTD.

Investor Report

Q1 2022

Updates
Valuation
Financials

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YEAR THREE BEGINS

Africa Eats was launched in March 2020 with a webinar to the Fledge investor community where the original business plan was pitched. Due to the pandemic, incorporation took until July 10th and the first investment went out in July 2020. Depending on how you count it, the second anniversary is either in March or July, but what we can definitively say is that 2022 begins the third calendar year for the company, and clearly past the transition from startup vision to a fully operational company.

As of Q1 2022, Africa Eats has grown its portfolio to **30 companies**, based in 10 countries, feeding populations in 15 countries across Africa plus exports to a handful of countries in Europe, Asia, and the Middle East.

The latest map of the portfolio, to the right, with a few updated logos and one addition, **TRUK** in Rwanda.



The *2021 Annual Report* stated that 2022 will include a focus on logistics. TRUK is the brand name Africa Eats is using for its logistics spin-outs. **Paniel Transport & Logistics** was spun out of Paniel Meat Processing back in mid-2020, in part due to the lockdowns in Rwanda, and in part to avoid "deadheading" trucks serving that one company. In 2021 the company served over 100 customers and earned over $500,000 in revenues, all with just four trucks. In February 2022, Africa Eats invested $200,000 into the company, enough to double the fleet to eight trucks, and we gave the company the rights to use the TRUK brand.

Looking out to the next three quarters of the year, the expectation is that we'll provide more capital to TRUK in Rwanda so that they can stop turning away hundreds of customers, and at the same time we plan on spinning out another TRUK company in Tanzania from the existing logistics divisions of East Africa Fruits, Rogathe Dairy, Swahili Honey, Obri Tanzania, and Goldenpot, to at least serve those five companies if not 100 customers in Tanzania as well.

Circling back to the start of this update, while Africa Eats is now more reality than vision, there is still quite a lot of infrastructure to build, and thus still a lot of vision in our reality.

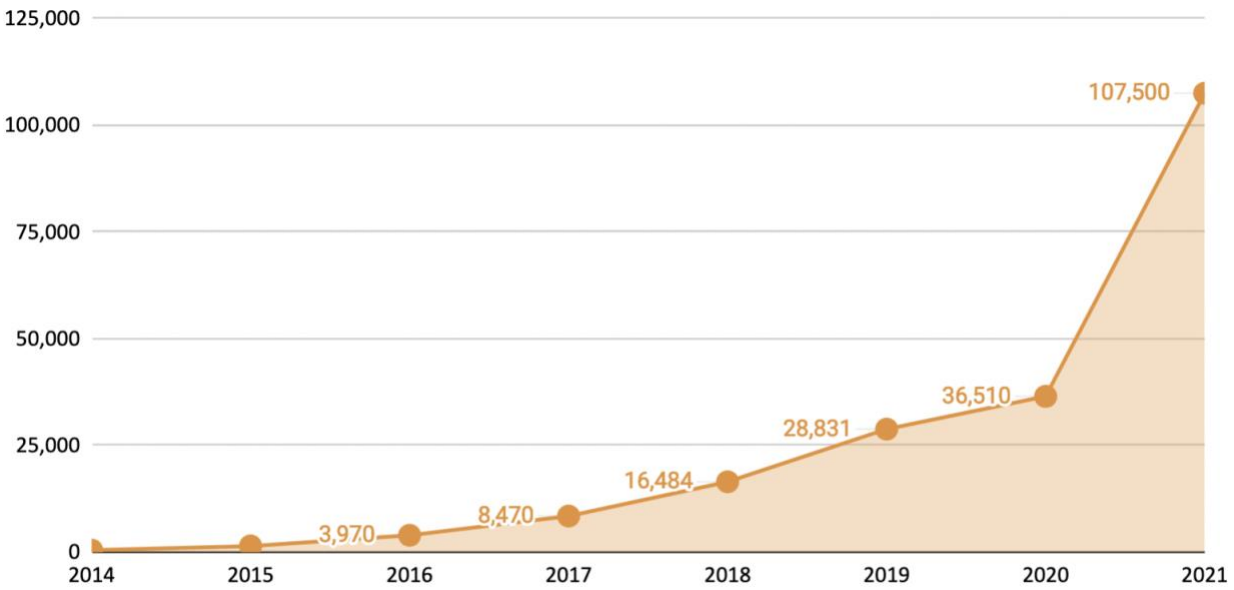
GROSS REVENUES

With the addition of TRUK (Rwanda) to the portfolio, we are including its 2021 annual revenues of $511,000 in our historic totals. Those revenues, plus a few late-arriving, higher-than-expected values total the 2021 aggregate portfolio revenues at **$16.8 million**, up 73% from 2020, above the historic compounded growth rate of 60%.



SMALLHOLDER FARMERS

Underlying nearly all of this revenue are smallholder farmers. We only gather that KPI annually. At the end of 2021, our portfolio companies were buying from or selling to an estimated **107,500 smallholder farmers**, up 297% from 2020.



THE PORTFOLIO

The portfolio has grown by one company this quarter, adding **TRUK** (Rwanda).

COMPANIES WITH ANNUAL REVENUES ~ $1 MILLION

East Africa Fruit is the largest fruit and vegetable aggregator in Tanzania, buying from thousands of smallholder farmers.

Rogathe Dairy is the largest producer of fortified milk in Tanzania, aggregating from farmers, selling primarily in bulk to schools and hospitals.

Swahili Honey teaches thousands of smallholder farmers how to be beekeepers, sells hives, aggregates, and distributes honey in Tanzania.

OBRI Tanzania produces and distributes sunflower cooking oil in Tanzania. Working with hundreds of women smallholder farmers.

Agro Supply sells farm inputs to tens of thousands of Ugandan farmers using a unique investment-focused business model.

Chicken Basket is a one-stop-shop for poultry farmers in Western Kenya, providing chicks, feed, medicines as well as a market for their chickens.

Ziweto Enterprise is the largest chain of agrovet shops in Malawi, selling animal medicines and providing veterinarian services.

Paniel Meat Processing produces sausage and other meat products in Rwanda, using the animals bred by Livestock Bank (same founder).

OVER $100,000 ANNUAL REVENUES

Kalahari Honey teaches women farmers beekeeping, aggregates, and distributes their honey across Southern Africa.

Geossy is teaching Uganda how to farm for fish instead of hunting now that the Lake Victoria fishery has been decimated.

Goldenpot is a one-stop-shop for rural women farmers in Tanzania, selling inputs, aggregating outputs, plus processing and distribution.

Tilaa aggregates and sells honey in Northern Ghana and has planted tens of thousands of cashew trees to feed the bees and double revenues.

Green Charcoal Uganda turns agricultural waste into briquettes to replace charcoal and firewood in Uganda.

Obamastove is the most popular cookstove in Ethiopia with over 500,000 manufactured and sold to date, now expanding into Kenya.

Papoli Farmers Association is a community company of smallholder farmers collectively growing and distributing turkeys in Uganda.

Livestock Bank gives animals, feed, and vet care to farmers in exchange for their labor. Working with 400+ animals at 400+ farms.

Oreeggs is tackling protein malnutrition in Eastern Uganda, with the lowest priced form of animal protein, chicken eggs.

Boka Feeds manufactures and sells animal feeds for smallholder farmers in the mountainous region of Kisii, Kenya.

Golden Cat is an aggregator, processor, and exporter of beans, peppers, and passion fruit from Rwanda.

Afrihealth sells veterinarian medicines to smallholder farmers in Eastern Uganda, using a network of youth sales agents.

Amuria Honey is a new honey and bee venom producer in Uganda, created by the team that operates Geossy.

TRUK provides trucking, cold chain, and logistics to food/ag companies in Rwanda and Zambia, and exporting through the port of Dar es Salaam in Tanzania.

SEED BED

Agromyx eliminates post-harvest losses by turning fruits, vegetables, and grains into shelf stable, powdered products.

Birdpreneur allows middle-class Africans to invest in poultry production, sharing profits with rural smallholder farmers.

Honey Products Malawi sells beekeeping equipment and aggregates honey from smallholder farmers in Malawi.

Kencoco manufactures charcoal briquettes from waste coconut husks, and this company manages Obamastove Kenya, manufacturing charcoal cookstoves.

Zamgoat buys goats from smallholder farmers in Zambia, slaughters and sells goat meat and sausages to middle class Lusaka.

Built Accounting performs accounting services for African businesses. In the Africa Eats portfolio to help provide this service to the other companies.

FINANCIALS

The following is a mix of P&L and cashflow statements. It is the format that Fledge teaches as it puts all of the relevant information in a single report.

Type	Description	2020 (½ year)	2021	2022 (Q1)
INTEREST	Interest	$0.00	$23,540.49	$7,025.50
ROI	Return on Investments	$0.00	$3,336.36	$1,112.12
CAPITALGAIN	Capital gains	$0.00	$0.00	$0.00
FEE	Fees for fund management	$0.00	$0.00	$0.00
MISC	Miscellaneous	$0.00	$0.00	$0.00
Income		**$0.00**	**$26,876.85**	**$8,137.62**
PEOPLE	Salaries & Overhead	$64,272.00	$177,500.00	$36,000.00
LEGAL	Legal Expenses	$24,572.00	$19,002.00	$0.00
OPS	Operations	$4,783.60	$13,252.25	$0.00
MKT	Marketing	$2,600.00	$3,006.84	$0.00
BANK	Bank Fees	$1,111.49	$5,846.88	$1,141.37
SOLAR	Interest on solar loans	$0.00	$7,771.87	$1,925.00
TRAVEL	Travel	$0.00	$54,353.41	$0.00
MISC	Miscellaneous	$0.00	$0.00	$0.00
Expenses		**$97,339.09**	**$280,733.25**	**$39,066.37**
Net	Net Income	**($97,339.09)**	**($253,856.40)**	**($30,928.75)**
TAX	Tax	$0.00	$0.00	$0.00
EQUITY	Equity investments	$402,000.00	$792,301.25	$633,701.00
LOAN	Loans	$130,000.00	$991,887.53	$0.00
LEASE	Lease	$52,674.00	$111,730.00	$10,705.00
ROC	Return of capital	$0.00	$371,000.00	$281,628.50
Investments	Total outbound investments	**$584,674.00**	**$1,524,918.78**	**$362,777.50**
INVESTOR	Inbound equity capital	$729,750.00	$1,509,965.00	$989,500.00
LENDER	Inbound debt capital	$69,750.00	$350,000.00	$0.00
Investors	New capital from investors	**$799,500.00**	**$1,859,965.00**	**$989,500.00**
Net Cash	Net Cash	**$117,486.91**	**$81,189.82**	**$595,793.75**

Income will ramp up later in 2022 from the leases and other services the holdco is providing to the investees.

The **Expenses** continue to be minimal, primarily the under-market salaries of management team.

Below the "bottom line" (a.k.a. Net Income) is a section describing the capital out to the companies. EQUITY are new preferred equity investments. LOAN are new loans. LEASE are solar and truck leases. ROC is booked whenever a loan is repaid (return of capital), whether as cash or equity.

The last section of the report is the capital provided by investors. INVESTOR are equity investments. We closed and collected $989,500 in Q1 and have just over $100,000 from the crowdfunding yet to be transferred and thus not counted into this total. LENDER is the capital provided for the solar leases and some operational capital loans. The $3+ million of assets provided by Fledge when the company began is reported on the balance sheet, not in the P&L.

The last line is the **Net** change in the **Cash** balance in the bank, computed as the **Net Income** minus Taxes (3% on future income, 0% on capital gains) minus cashflow out to **Investments** plus cash provided by **Investors** and **Lenders**.

BALANCE SHEET

At the end of Q1, the company had $687,999 in cash in the bank (not counting the $127,000 raised but not yet collected from the recent crowdfunding campaign), plus an estimated $7 million worth of equity investments, and an estimated $1.2 million worth of loans and leases.

AFRICA EATS - BALANCE SHEET

Cash	**$687,999**	**Short-term**	**$250,000**
Bank accounts	$687,999	Payables	$0
Other receivables	$0		
		Long-term	**$169,750**
Investments	**$8,158,957**	**TOTAL LIABILITIES**	**$419,750**
Equity	$6,999,665		
Loans & leases	$1,159,292	**Equity**	**$8,427,205**
TOTAL ASSETS	**$8,846,955**	**TOTAL LIABILITIES & EQUITY**	**$8,846,955**

Valuing a portfolio of private companies is always a challenge. The $7 million is based on actual historic revenues and growth rates from each portfolio company, and in Q1 this valuation was reviewed and approved by an investment bank we're working with to raise debt capital, and this value fell within an independent valuation estimation they made using a different methodology.

The individual portfolio company valuations will be updated in 2022 as new equity investments are made in those companies, and the whole portfolio will be revalued again in Q1 2023 when the 2022 actual revenues from the portfolio are reported.

MANAGEMENT

The management team shrunk in Q1 from three to two. When the company was launched we expected to need Saif's deep experience in agri-businesses to help the portfolio companies with their challenges. That top-down, one-generalist-expert-for-all hypothesis proved itself incorrect. Instead, we're working to strengthen our bottom-up approach, finding the right expert for each investee to help them with their specific challenges. For some that is finance. For others it is marketing. For many it is logistics.

Beyond that one big change, management is running smoothly, communications are good with the portfolio companies, and interest by new investors is at an all-time high.

The only other change is that Jumaane decided to expand his experiences across the continent by moving himself and his family from Nairobi to Lagos for the next few months. His plans for Q2 and Q3 are to travel around West Africa, to visit our investees to better understand their markets and the market conditions in those countries before returning to Nairobi.

LUNI LIBES, CHAIRMAN/CEO



Luni is the founder of Fledge, the global network of impact accelerators. Africa Eats is a spin-off of that program, as are The Angel Accelerator, a global network of programs teaching early-stage investing and Realize Impact, a 501c3 nonprofit turning philanthropy into impact investments.
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JUMAANE TAFAWA, EXECUTIVE DIRECTOR



Luni met Jumaane Tafawa back in 2016 when he was working at Equity Bank, leading their pan-African expansion. Jumaane has over 20 years' experience helping Fortune 1000 and the largest African-based companies scale across the continent. The mix of banking, consulting, and entrepreneurship is exactly what Africa Eats needs to reach its goals.
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WHAT YOU CAN DO

A Visit africaeats.com/how-it-works to see how we pitch Africa Eats to investors.

B Share that stories with your friends, family, colleagues, etc. The biggest constraint Africa Eats faces is capital. We do not expect individuals to provide all $10 million, but the next $1 million will be sufficient to unlock some larger institutional investors.

THANK YOU

Thank you for making this possible. Without your capital, we would still just have a paper plan and the portfolio companies would have grown a lot slower over the last two years. With your capital, we are making measurable impact in the world.



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