

Investor Report

Q3 2022

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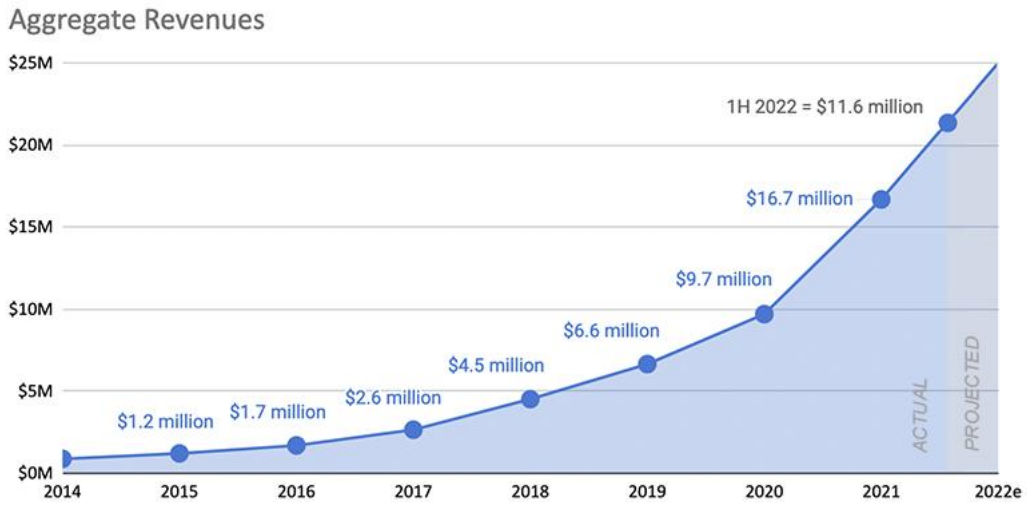
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FOUR YEARS LATER – Q3 2018 TO Q3 2022

Africa Eats was incorporated in Q3 2020, but the business plan dates back two years prior to August 2018. Africa Eats was conceived in the middle of a phone call with a global-scale foundation whose minimum investment size was $5 million, At the time, Luni recognized that it would take the entire Fledge portfolio in Africa to put $5 million of growth capital efficiently to work.

The next day the plan was written down and the name "Africa Eats" was pulled from a previous never-launched idea. Looking back at that first draft, four years later, Africa Eats is remarkably similar to what was envisioned in 2018.

The only significant deviation from the plan is the scale. In 2018, the Fledge portfolio in Africa specifically, in food/ag space, was just 17 companies. Africa Eats in Q3, 2022 has 27 active companies. The aggregate revenues of those 17 companies would end the year 2018 with $4.5 million. While the companies in aggregate earned more than $6.4 million in top-line revenues in Q2 alone, $11.6 million for the first half of 2022, on track to reach $24 million or more for the year.



Unfortunately, we'll never know how much faster those 17 companies would have grown if provided the $5 million of growth capital in 2018, as that foundation not only did not invest back then, but since then abandoned their mission of helping smallholder farmers.

However, we can affirm that the pace of growth sped up once Africa Eats was launched. This increased growth is visible as the change in slope in the graph centered around 2020. Speeding up growth continues to be a core reason why Africa Eats exists, and all evidence over the last two years says that reasoning in correct.

LEARNINGS FROM Q3 – SUCCESSES AND CHALLENGES

In Q2, 2022, the world experienced a peak of the public equities bull market, the rise of inflation across the Global North, skyrocketing global fuel prices, and shortages of wheat and sunflowers due to the war in Ukraine. These market conditions coupled with the seasonal summer holiday months meant Africa Eats would likely see a slowdown in fundraising, and unfortunately those expectations came true.



No new funds were raised between the crowdfunding in Q1, 2022 and the final days in August, before the ask from TRUK Rwanda was met with $1 million of interest by existing investors. That momentum has led to potentially another $1.5 million from new investors, to be closed in Q4, 2022.

The slowdown in fundraising left the queue of investment opportunities mostly unchanged for the quarter. TRUK Rwanda's ask will get filled in Q4. Trucks or other equipment for the Kisii Banana Factory (operated by Boka Eats) will similarly wait until Q4. Asks from Agro Supply, Built Accounting, Amuria Honey, Chicken Basket, and Obamastove went unfilled. The only wires that went out were related to asks from earlier in the year from Boka Eats, paying for solar equipment at that new banana factory, and Zamgoat, supplying a final tranche of capital once they met a production milestone.

That slowdown did provide Luni and Jumaane time to dive into the various challenges faced by a few of the bizi. These include:

Kalahari Honey, which is recovering from the loss of Mavis, its founder/CEO. Jumaane visited Botswana to meet the management team and spend time face-to-face on a go-forward plan.

Golden Cat, which lost a whole season of crops (and matching revenues) to an unscrupulous new hire who signed a contract with an agriculture co-op that allowed the farmers to sell to another buyer, despite all the seeds and inputs provided to the farmers by Golden Cat.

Rogathe Dairy, which lost much of the first half of 2022 to the drought afflicting Northern Tanzania.

Ziweto Enterprises is still unable to pay its vendors in Europe, as Malawi has been dealing with a dollar (and euro) shortage all year.

While we'd love to see every bizi doubling in size every year, the reality is that building businesses in Africa are always a challenge, and in any given quarter there are always a handful of bizi that Jumaane, Luni, and now Lilian lend their business acumen to support.

The outlook for the remainder of 2022 and into 2023 includes growth at the vast majority of bizi plus three very large opportunities:

OPPORTUNITY #1: THE KISII BANANA FACTORY
($500,000 BY EARLY 2023, $1+ MILLION BY THE END OF 2023)

Boka Eats has been a (relatively small) manufacturer of animal feed in Kisii County, Kenya, held back primarily by the unreliable electric grid. Africa Eats provided capital for 110KW solar array to provide reliable, green power. Along the way to licensing the solar installation, Boka Eats became the operator of the brand-new, €1.2 million EU-funded Kisii Banana Factory. The solar is being installed in the grass field visible in the picture below.



The first bananas were delivered to the factory in late September and the factory is expected to be at full production in the next 18 to 24 months. We anticipate this company needs $250,000 to $500,000 in 2023 to purchase more equipment to meet demand and utilize the capacity of the factory, creating banana flour as well as aggregating and distributing fresh bananas within Kenya.

OPPORTUNITY #2: TRUK RWANDA
($360,000 NOW + $750,000 IN 2023)

Paniel Meat Processing spun out a pan-Rwanda logistics company in 2020. Africa Eats invested $200,000 in Q1, 2022 and the company, now named **TRUK**, is on track to earn over $1.5 million in revenues this year, and to at least double that in 2023.



The demand is coming from across Eastern Africa, with trucks picking up or delivering weekly to Dar es Salaam in Tanzania, up to Kampala in Uganda, down to Zambia and Zimbabwe, and into Burundi and Democratic Republic of Congo. Herve, the founder, anticipates another $600,000 to $750,000 additional capital in 2023 for more trucks and expanding cold storage collection centers along key cross border routes within Rwanda.

OPPORTUNITY #3: TRUK TANZANIA
($1 MILLION NOW + $3 MILLION IN 2023)

East Africa Fruits already spent over $5 million in 2022 operating its logistics fleet and adding to that fleet. Learning from PMP in Rwanda, the plan is to spin up **TRUK Tanzania**, operated by the team at East Africa Fruits but serving all of the Africa Eats Tanzanian bizi as well as hundreds more food/ag companies in that country.



There are no food/ag logistics companies serving the entire county of Tanzania, and thus creating an opportunity to fill that gap. The expectation is that TRUK Tanzania will quickly grow regionally as well, with the two TRUK companies coordinating to meet the needs of inter-country customers, but otherwise each running independently, optimizing for the needs of local customers.

$1+ MILLION CIRCLED UP FOR TRUK

Towards the end of August, TRUK Rwanda asked Africa Eats for $360,000, to pay for six more trucks. By the end of September, over $1 million had been circled up from existing Africa Eats investors to fill that ask, and to provide the seed capital to get TRUK Tanzania up and running. The plan is to launch/roll out TRUK Tanzania by the middle of Q4. You may be wondering why invest in two different logistics companies instead of one. As I am sure of you hear a lot, Africa is not a country but a continent with very different legal jurisdictions across neighboring countries.

OTHER OPPORTUNITIES

Agro Supply is on track to double revenues in 2022, surpassing $2 million. The next step is to build an aggregation and production facility to buy outputs from its 25,000+ farmers.

When we first met Agro Supply at the start of 2020, they had just finished a year with $98,000 in revenues, selling seeds to 5,000 farmers. Three years later, revenues have grown 20-fold and the number of farmers more than 5-fold. The larger revenues driven by expanding the business model to include buying and aggregating outputs, rather than only selling inputs.

The plan is to continue growing the base of farmers, as there are more than 1 million farmers in Uganda left to serve, but to greatly expand the output side of the model with a full-scale factory to process the maize and soy into flour and other value-added products.

The latest draft plan requires $1 million to build the first processing factory.

Amuria Honey is the newest of the Africa Eats honey aggregator/processors. They are in need of equipment for filtering and packaging honey.

Chicken Basket has been working with a consulting firm and grantors to greatly expand the number of women farmers growing chickens and eggs in multiple counties of Western Kenya.

Goldenpot is expanding from maize flour to cornflakes and peanut butter, with equipment enroute to the factory, to be installed and operational in Q4.

Ziweto Enterprises is spinning up a subsidiary to manufacture animal feed "concentrates" in Malawi, replacing what is otherwise a 100% imported product.



VALUATION

Valuation is a central component to measuring Africa Eats performance. There is no single valuation methodology agreed upon by all private company investors and no international guidelines other than "mark to market".

Africa Eats uses a simple methodology based on the previous 12 months (or 4 quarters) of top-line revenues, multiplying that value by a factor between 1.0 and 4.0, depending on each company's historic growth rate, its overall scale, with adjustments made for companies with larger than normal assets.

This valuation is updated annually using the reported annual revenues of the prior year, updated whenever a new investment is made, and adjusted once the audited financial reports are provided. Given the fast growth rate of the bizi, three quarters into a year that valuation is thus quite lagging, but Africa Eats doesn't want to fall into the trap of public companies in the U.S. that put too much emphasis on quarterly metrics that are all too often volatile.

Instead, Africa Eats will share an unofficial update to the valuation once the mid-year revenue metrics are reported in our Q3 investor updates, starting with this report.

2021 Aggregate Revenues	Avg. M	Total Valuation	Equity %	AE's Value
$17,404,380	3.9	$67,879,465	12.1%	$8,203,257

The values above are from the official valuation. It estimates the total value of all 27 companies in the portfolio are worth a total of $68 million. Africa Eats own a total of 12.1% of the equity in those companies, worth $8.2 million. All but five of those valuations are based on 2021 actual revenues, and the increase from $6,999,665 in the Q1 investor update is due to new investments made in 2022.

Q3+Q4 2021 + Q1+Q2 2022	Avg. M	Total Valuation	Equity %	AE's Value
$19,878,389	4.0	$78,566,088	11.8%	$9,335,828

The values above are from the unofficial update, using the reported revenues from Q3 and Q4, 2021 added to the reported revenues from Q1 and Q2, 2022. The multiples for each company are adjusted based on their performance in the first half of 2022. Growth rates are up and thus the average multiple grew slightly. The percentage equity is down as Africa Eats owns a proportionally smaller equity percentages in some of the largest companies.

The most important metrics to note are that the aggregate valuation rose to $79 million and with that, the 11.8% owned by Africa Eats grew to $9.3 million.

$9 million is three times more than the $3 million of assets Africa Eats started with and puts the company on track to surpass the milestone of $10 million of portfolio value by the next official valuation in Q1, 2023 when the 2022 reported revenues are all collected. And this value does not include the value of the debt owned by the company (see the balance sheet). Importantly, across all metrics used for calculating valuations, Africa Eat companies are growing.

THE PORTFOLIO

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.

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.

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.

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

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

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

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

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

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

SEED BED

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

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

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

OTHER

Built Accounting is a fintech company based in Ghana that serves small to medium companies across Africa, and which performs accounting services for many of Africa Eats' portfolio companies.

BALANCE SHEET

At the end of Q3, 2022, the company had $278,000 in cash in the bank (although most is committed to bizis achieving specific milestones in Q4,2022), plus an estimated $9.4 million worth of equity investments *(using the unofficial valuation explained above), and an estimated $1.1 million worth of loans and leases. Liabilities include $150,000 (plus interest) toward an invoice financing loan plus $269,750 for loans used to pay for the solar leases.

AFRICA EATS - BALANCE SHEET

Cash	**$277,902**	**Short-term**	**$150,000**
Bank accounts	$277,902	Payables	$0
Other receivables	$0		
		Long-term	**$269,750**
Investments	**$10,538,719**	**TOTAL LIABILITIES**	**$419,750**
Equity	$9,400,510		
Loans & leases	$1,138,209	**Equity**	**$10,396,871**
TOTAL ASSETS	**$10,816,621**	**TOTAL LIABILITIES & EQUITY**	**$10,816,621**

Africa Eats began in mid-2020 with total assets estimated at $3 million. The updated estimate of $10.8 million is a 3.6x increase in just over two years of operations. Part of that is from the $3.8 million in new capital raised since launch. The remainder is due to the growth in revenues of the portfolio companies, which in aggregate have more than doubled in the past two years.

P&L + Income + Cash

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-Q3
INTEREST	Interest	$0.00	$23,540.49	$10,920.81
LEASE	Payments from leases	$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**	**$12,032.93**
PEOPLE	Salaries & Overhead	$64,272.00	$177,500.00	$148,691.00
LEGAL	Legal Expenses	$24,572.00	$19,002.00	$9,633.88
OPS	Operations	$4,783.60	$13,252.25	$15,976.53
MKT	Marketing	$2,600.00	$3,006.84	$0.00
BANK	Bank Fees	$1,111.49	$5,846.88	$3,255.68
FUNDING	Fundraising fees		$0.00	$9,332.50
SOLAR	Interest on solar loans	$0.00	$7,771.87	$8,300.00
TRAVEL	Travel	$0.00	$54,353.41	$0.00
MISC	Miscellaneous	$0.00	$0.00	$0.00
Expenses		**$97,339.09**	**$280,733.25**	**$195,189.59**
Net	Net Income	**($97,339.09)**	**($253,856.40)**	**($183,156.66)**
TAX	Tax	$0.00	$0.00	$0.00
EQUITY	Equity investments	$402,000.00	$792,301.25	$918,701.00
LOAN	Loans	$130,000.00	$991,887.53	$29,029.00
LEASE	Lease	$52,674.00	$111,730.00	$145,615.00
ROC	Return of capital	$0.00	$371,000.00	$351,628.50
Investments	Total outbound investments	**$584,674.00**	**$1,524,918.78**	**$741,716.50**
INVESTOR	Inbound equity capital	$729,750.00	$1,509,965.00	$1,216,600.00
LENDER	Inbound debt capital	$69,750.00	$350,000.00	$0.00
REPAY	Repayment of debt			$105,101.00
Investors	New capital from investors	**$799,500.00**	**$1,859,965.00**	**$1,216,600.00**
Net Cash	Net Cash	**$117,486.91**	**$81,189.82**	**$291,696.34**

Income continues to lag behind expectations. The plan is to ramp up revenues using the latest round of investment capital, deploying more as truck loans/leases.

The **Expenses** continue to be minimal with the HQ team being the largest expense. Africa Eats has no office and spent little on travel in the first half of 2022. The gathering of CEOs was postponed to 2023 to avoid that expense in 2022.

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. Only $100,000 of the latest round has been closed. The rest of that $1+ million will be booked in Q4.

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**.

MANAGEMENT

Africa Eats is managed by a team of three, with Lilian joining on September 1st.

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 is 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 and Jumaane met back in 2016 when Jumaane 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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LILIAN NSHANGEKI, FINANCIAL ANALYST



Lilian is our Financial Analyst with 5+ years' experience working in advisory and audits at multinational financial organizations, and who is an entrepreneur with her own business too. Lilian is based in Dar es Salaam.

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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.

WHAT MORE YOU CAN DO

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

B Invest more. The opportunities at the portfolio companies have always exceeded the total capital invested into Africa Eats.

C Share this update with your friends, family, colleagues, etc. Over 100 investors owned Africa Eats before the crowdfunding, which added over 150 more to the community. Tell your friends. It helps.