AFRICA EATS, LTD.

Investor Report

Q1 2023

Gathering
Revenues
Updates
Portfolio
Balance Sheet

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THE 2023 GATHERING

Your commitment to your founders and their companies was moving. The emotional bonds in that room and the stories bizi shared about their partnership with Africa Eats was way, way outside the norm for how founders talk about their investors. Kudos and keep up the great work!

– a quote from one of the dozen guests

Africa Eats flew in most of the bizi CEOs for the two days of Sankalp Africa, followed by two days at the Africa Eats "annual gathering". Most of the discussion topics, namely challenges faced by the bizi were suggested by the CEOs: how to deal with staff; working with farmers; working with informal retailers, issues around currency risks and dollar shortages; how to best organize a company for exports; how to improve bookkeeping, accounting, and financial reporting.



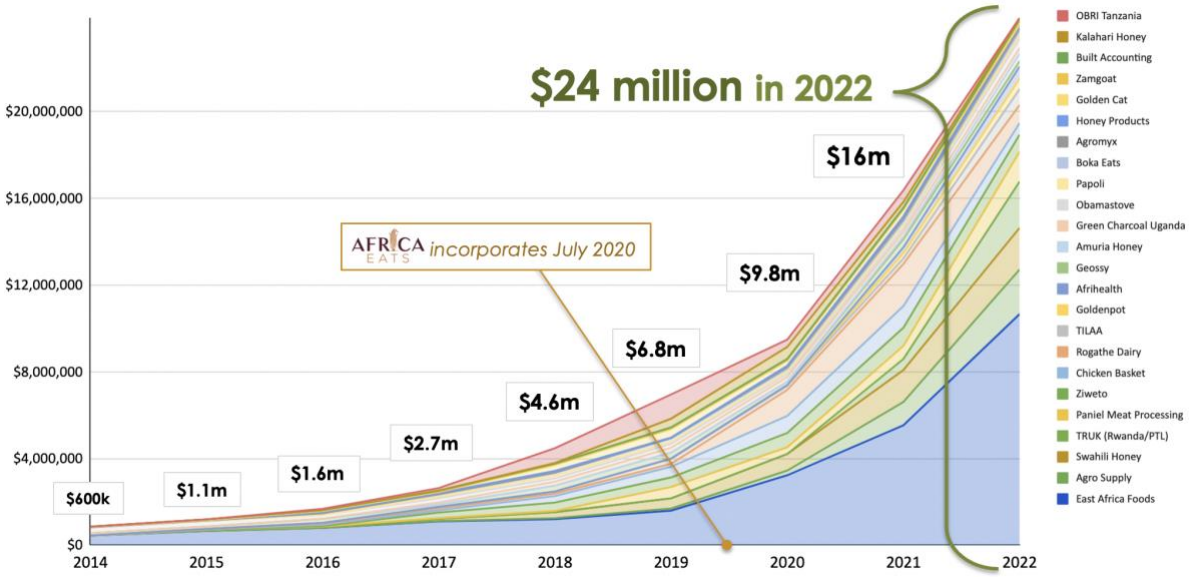
If you have never built a startup yourself, all of the above is information that most founders have to learn through trial and error (a very costly approach) or very sparingly from reading articles, listening to podcast, and as tidbits from panelists at conferences. It is rare for first-time CEOs to be in a room with a dozen other CEOs discussing topics of their choosing, and rarer still for them to openly discuss their challenges, rather than just touting their successes.

These two days were those rare open conversations, some as a whole room, some in small groups, plus more conversations over meals. Additionally, this year, Day one included a dozen guests contributing their knowledge to the conversations. Some guests are potential co-investors who were able to meet a half dozen or more CEOs over chai (Kenyan tea) or a meal.

At the end of the two days, we asked for a show of fingers to rate the event. Just over half of the participants rated our event 5 out of 5, and the rest held up two hands to rate it 10 out of 5. They all agreed that having the gathering adjacent to Sankalp was a good idea. So next year plan on four days in Nairobi at the of February or early March. All existing investors or interested/potential investors are welcome to attend our next event around the same dates.

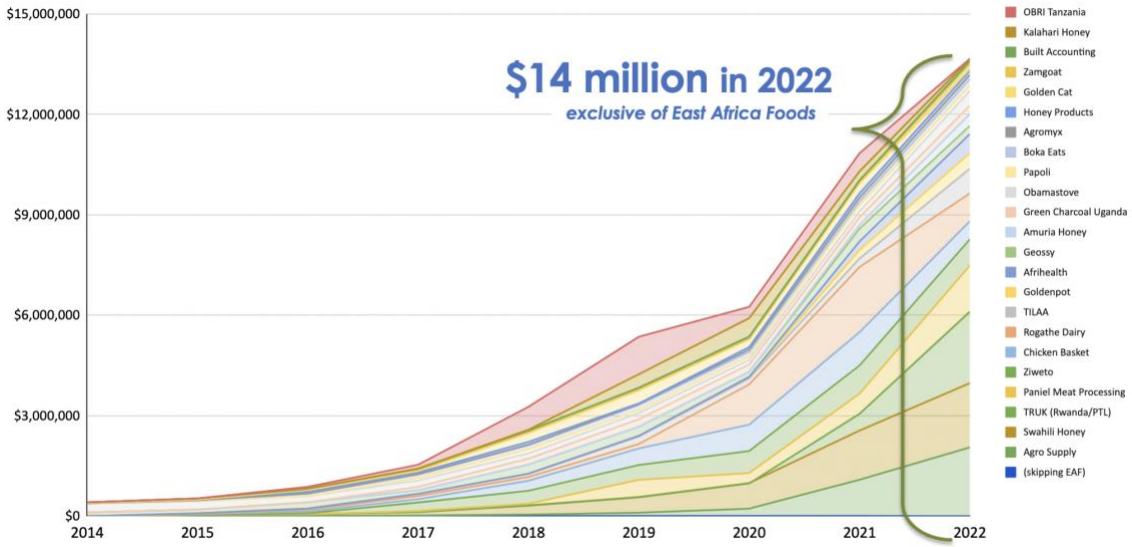
$24 MILLION & 3X IN 3 YEARS

The bizi report their key performance indicators (KPIs) from the previous calendar year in the middle of Q1, after we have published the Africa Eats annual report. We have incorporated all the 2022 values in this quarterly update. We underestimated the Q4 results and were delighted when the total aggregate revenues across the bizi **exceeded $24 million**.



When Africa Eats was launched in mid-2020, the total aggregate revenues for the bizi was $6.8 million. Next quarter will be our three-year anniversary, but we can already tout **more than 3x growth in three years** – 3.5x to be precise. And as we collect quarterly revenue numbers, by the Q3 report this metric will be above 4.0x at the three-year anniversary of Africa Eats.

Dissecting the graph, yes, there is a lot of growth from the newly renamed East Africa Foods (EAF), but if you set aside the results of EAF , not only is the shape of the growth the same, but the trajectory of growth of the next-largest bizi become more apparent.



Q1 Site Visits

After the gathering, Luni and Lily drove across Kenya to visit Boka Eats and Chicken Basket, while Jumaane flew to Kampala to visit Agro Supply then drove across Uganda to visit Green Charcoal Uganda and Papoli Farmers. Annual visits to the bizi will continue after our annual gatherings, in addition to Jumaane and Lily visiting select bizi quarterly or biannually.



You can vicariously experience these visits by watching the videos on our Africa Eats' YouTube channel (youtube.com/@AfricaEats). Unsurprisingly, a lot of operational details are discovered when visiting in person that are not typically shared in the bizi update to HQ, but even more importantly, being in person lets us meet and talk to the farmers, customers, employees and other key stakeholders of these companies, which provides a view that we cannot get over WhatsApp or Zoom.

The first trucks for Boka Eats' banana factory had not arrived in time for that visit, but the first pick-up truck arrived in the last week of March. Without the trucks only small amount of bananas have been purchased and re-sold and small-scale testing of the EU-funded equipment. Full-scale will start in Q2, once the first box truck arrives in early April.

No big news to share from the bizi visits beyond Agro Supply being a Q4 surprise, with annual revenues reaching $2.3 million. In 2019, when we first met Agro Supply, annual revenues were just $98,000. This represents 23x growth in 3 years.

TRUK Rwanda

We visited TRUK Rwanda in October 2022 (a video is available on our YouTube channel). A year ago, Africa Eats became the first equity investor in this company with a $200,000 investment. In November, we added $400,000 more capital, split between debt and equity. For the year ending 2022, TRUK Rwanda earned $2.2 million, up from $0.5 million in 2021. This is 4.4x year-on-year growth.

As Q1 came to a close, TRUK Rwanda requested yet-more funding, reporting a quarterly run rate just shy of $5 million in revenue (if annualized). In essence, without any other new capital, the company is projected to end the year with approximately $5 million in revenues. Add more trucks and this company will more than triple in 2022 annual revenue.

GOLDENPOT BREAKFAST CEREAL

The 2022 annual report stated Goldenpot's vision to be the first (and only) manufacturer of breakfast cereal in Tanzania. The factory to make this vision a reality was completed in Q1. At the gathering, we had a chance to preview the products, and they look, feel, and taste like Kellogg's or Post puffed breakfast cereal. Q2 will see the first sale of the new products.

For those of you who have not been to Africa, do keep in mind that 40% of the population lives in cities, and in those cities when you walk into a large supermarket there is a cereal aisle full of Kellogg's (USA) and Weetabix (UK) brands.



The cereal aisle at Carrefour in Nairobi in March 2023. The mix of brands in Tanzania is similar.



The Goldenpot branding is up for the challenge of competing with these multinational brands, as are the flavors. Plus, Goldenpot is aiming to have their cereals distributed to the thousands of smaller informal retailers, who together sell a lot more food than the big formal supermarket chains. This is a distribution path that no global brand has pursued.

WHAT DID NOT WORK

No bizi failed in Q1 2023, but not all our plans have worked out and in food/ag, the weather often creates disappointments.

The Obamastove Kenya expansion didn't work out. The expectation was copying Obamastove's (Ethiopia) successful artisanal manufacturing approach with the reach of Kencoco's charcoal briquette sales, which are centered around Mombasa. It seems a great match but in the end the two entrepreneurs couldn't agree on a workable plan. We have a verbal agreement for restructuring the company, handing control of the Kenyan corporation over to Obamastove (Ethiopia) and handing all work on charcoal over to Kencoco. More details later once the verbal agreement is signed, sealed, and complete.

WHAT COULD WORK BETTER

It still takes over a month to gather KPIs for the calendar year. One goal in 2023 is to help the bizi with their bookkeeping and accounting practices, to not only speed up the monthly, quarterly, and annual reporting to HQ, but ideally to get the companies to a level of financial excellence where their management teams are receiving and reviewing financial reports every Monday morning with KPI comparables for the previous week, previous month, and the same week and month in the previous year.

In order to accomplish this goal, Africa Eats is employing outsourced bookkeepers and accountants in select countries to work with a subset of the bizi who need to improve their financial management.

HELPING, BUT NOT AT ANY COST

Some of the bizi are lagging behind fast-paced average growth of the portfolio as a whole. The Africa Eats HQ staff are working with these companies to overcome the various challenges being faced. Some will find solutions. Some might end up in our "What did not work" list in future updates. We do what we can to avoid that fate, but not at any cost.

OUT OF OUR CONTROL

Some challenges are beyond our control, such as the continued war between Ethiopia and Eritrea, the weather, and the dollar shortages in Ethiopia, Malawi, and Ghana

Obamastove is having a very difficult time finding steel for their stoves. The total number of stoves and the total revenues generated in 2022 hit an all-time high but were nonetheless greatly depressed due to that issue. Yusuf, the founder and CEO of Obamastove, was detained for a week by warlords in Somaliland trying to find a new source of steel. Africa Eats has been seeking other, safer solutions to this problem.

OBRI Tanzania suffered from a flood back in 2021 which wiped out its farmers' sunflower crop and which caused a halt of production for the entire year. With the war in Ukraine in 2022 (Russia and Ukraine are the top two producers of sunflowers in the world) the founder has yet to restart production, but another bizi is eyeing the opportunity and eager to find a way to either take over OBRI's equipment or simply jump into the still-giant opportunity for cooking oil in East Africa.

Rogathe Dairy suffered from a massive drought in 2022. There was not enough food to keep the dairy cows fed, let alone breeding, and without that the cows stop producing milk. Rogathe was unable to aggregate milk for months in 2022, causing a drop in revenues of 57%. The drought ended late last year and the founder and team are ready to scale back up, after signing a loan for $690,000 from an outside investor.

The country of Malawi is out of US dollars, and with that Ziweto Enterprise is not allowed to pay its overseas vendors. Over 80% of the products sold on Ziweto's shelves are imported. The Malawi Challenge Grant that the company received last year fixed that issue in 2022. For 2023 the choice is for Africa Eats to find sufficient capital or for Ziweto to shut down their stores.

The Ghana Cedi devalued by over 50%. That caused Tilaa's USD loans to rise in value and for the government of Ghana to renege on its purchase order with Tilaa. Other buyers stepped in and the lenders are being patient with the loans.

THE PORTFOLIO

As the bizi grow at different rates, they are starting to spread out in scale, with the largest earning over $10 million per year and the smallest still working toward $100,000.

OVER $10+ MILLION ANNUAL REVENUES

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

OVER $1 MILLION ANNUAL REVENUES

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

TRUK provides trucking, cold chain, and logistics to food/ag companies in Rwanda and the region and who import or export through the Indian Ocean ports.

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

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

OVER $500,000 ANNUAL REVENUES

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

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

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

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

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.

OVER $100,000 ANNUAL REVENUES

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

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

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

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

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

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

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

Boka Eats made animal feed for small-holder farmers of Kisii, Kenya. Now it runs the largest banana processing factory in the region.

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

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

THE REST

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.

Kalahari Honey teaches women farmers beekeeping, while also aggregating and distributing their honey across Southern Africa.

WHEN DO WE ADD MORE?

We are not lacking dealflow of great companies to add to the portfolio. There are over 200 alumni of The Land Accelerator Africa, some of which are larger and growing as fast as the existing bizi. However, if we add any of them to the Africa Eats portfolio the capital needs of the portfolio grows too, and HQ is already challenged in raising sufficient capital directly or indirectly to keep up with the growth of the existing portfolio.

Therefore, we plan to start growing the portfolio when either we close the $12 million that is the goal for 2023 or when there is a compelling investment opportunity we simply cannot pass up.

UPDATED VALUATION

The International Financial Reporting Standards (IFRS) standards require Africa Eats to mark-to-market[1] our investment portfolio at least annually. We have been doing this using annual calendar year financials as reported by the bizi (later double checked against their audited financials).

Africa Eats owns minority equity interests in all of the bizi. Valuing private equity is fraught with uncertainties, but we are confident that our estimate is within a reasonable error bound, based primarily on annual revenues with adjustments made for large assets or in the case of Boka Eats, a 30-year lease on a very expensive factory.

The value of our equity portfolio is approximately $11.7 million, up from $7 million a year ago. This is a 67% increase in the aggregate value of Africa Eats' shareholding of the bizi, based on an increase in aggregate revenues of 46%. The difference is a result of the valuation calculated as a weighted average, with Africa Eats owning varying percentages of each bizi, and in part due to additional equity purchased of the bizi in the past year.

Africa Eats also lends money to the bizi. The value of our loan portfolio increased to $1.9 million from $1.2 million a year ago. Most of Africa Eats' loans are under a year in length, so most of this is capital recycled from loans to cash repayments and back to loans.

[1] Mark-to-market is a method of measuring the fair value of accounts that can fluctuate over time, such as assets and liabilities.

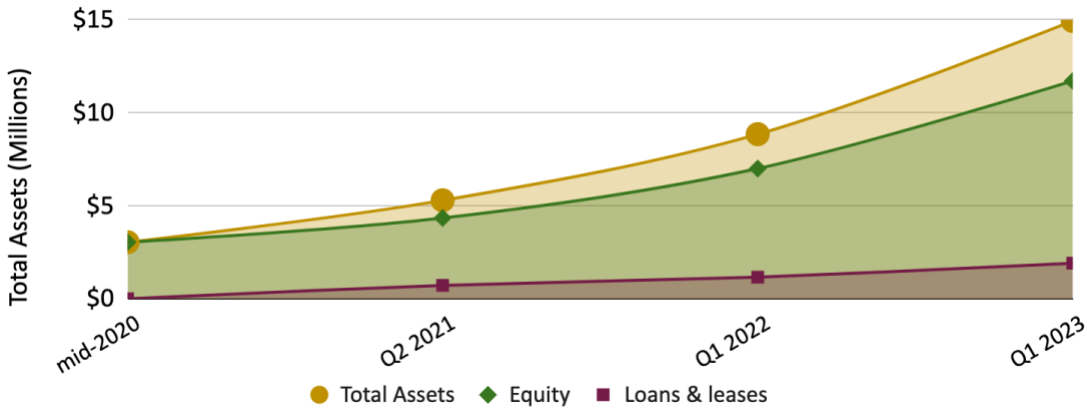
BALANCE SHEET

At the end of March 2023, the company had $367,000 in cash in the bank, an estimated $12.7 million worth of equity investments, and an estimated $1.9 million worth of loans and leases, for a total of **$14.9 million** of assets.

Cash	**$367,564**	**Short-term**	**$150,000**
Bank accounts	$367,564	Payables	$0
Other receivables	$0		
		Long-term	**$364,649**
Investments	**$14,568,723**	**TOTAL LIABILITIES**	**$514,649**
Equity	$12,656,981		
Loans & leases	$1,911,742	**Equity**	**$14,421,638**
TOTAL ASSETS	**$14,936,287**	**TOTAL LIABILITIES & EQUITY**	**$14,936,287**

Africa Eats balance sheet is up 1.7x in value from $8.8 million a year ago.

In 2020, the company was founded with an initial portfolio estimated at just over $3 million of value. In 2021, it took us until Q2 to mark-to-market. Plotting the total asset value for those unequal periods shows a healthy growth curve.



The cumulative growth of $14.9 million compared to the original $3 million represents 4.9x growth, in under three years. Reverting back to the revenue graph on page 2 of this update, over the same period of time aggregate revenues grew 3.5x. So 3.5x revenue growth, plus new capital was turned into 4.9x growth in the value of the holdco.

Not to make promises, but if we can repeat that growth rate over the next three years, the value of the holdco will surpass 24x in six years.

UPDATED SHARE PRICE

With an updated balance sheet, it is time to update the share price. Dividing the $14.9 million balance sheet by the 8,684,209 issued shares to-date results in a value per share of $1.72.

Historically we have rounded the share price down to ensure we are not over-pricing the company as well as to provide a small incentive for incoming investors. Hence, the new Africa Eats share price is $1.70.

MANAGEMENT

No new full-time employees were added in Q1, just outside contractors to help with the previously mentioned accounting and financial management tasks.

LUNI LIBES, CHAIRMAN/CEO & CO-FOUNDER



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 & CO-FOUNDER



Luni and Jumaane met 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



Lily is our Financial Analyst with 5+ years' experience working in advisory and audits at KPMG serving multinational financial organizations (such as Coca Cola, Bank of Tanzania, ABSA bank, SilAfrica) and who is an entrepreneur. Lily is based in Dar es Salaam.

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ALL THE BIZI

Africa Eats is not just the team at HQ. Africa Eats is also the two dozen bizi founders, hundreds of employees collectively working at the bizi, and over 100,000 farmers who work with the bizi.



THANK YOU

Thank you for making this possible. Without your capital, not only would we not have a holding company growing as fast as we do, but we have no doubt the aggregate revenues of the bizi would be far lower than they are today, and with that far fewer African smallholder farmers would be earning a decent income, while feeding millions of families across the continent.

WHAT YOU CAN DO

A If you have not yet taken the time to meet all the companies, visit the youtube.com/@AfricaEats and watch the videos. Subscribe too while you are there.

B Follow @AfricaEats on Twitter, and please retweet our content.

C Share this update and share our stories with your friends, family and colleagues, as well as at cocktail parties. The biggest constraint Africa Eats faces is capital. We do not expect individuals to provide all $12 million, but every investment makes a difference.

D If you would like to invest more, both Fledge and Realize Impact are here to make that easy. Existing Fledge investors can invest at any time with a single signature. You will still get just one K-1 per year and one distribution check post-IPO. And if you have yet to use Realize Impact, it works with any donor advised fund (DAF) and it accepts appreciated shares with a commensurate tax deduction. Investments of $200,000 or more can be made directly into the holding company.

E Pencil in the last few days of February and first few days of March 2024 to join us in Nairobi, Kenya, either for our next gathering, or, a few days after that, to join us on our treks across East African countries to meet bizi in person/in action/in operation.