AFRICA EATS, LTD.

Investor Report

Q1 2024

$2.6 Million
The EXP
Gathering
Visits to Bizi
Capital Markets
Berkshire Africa
Portfolio
Financials
Africo

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A VERY BUSY Q1

The first quarter was quite fruitful in a multitude of efforts.

First and foremost, **fundraising** turned a corner. $2.6 million was raised between January and March, more than throughout all of 2023. Consequently, Africa Eats made investments into a half dozen bizi.[1] Another half dozen bizi are queued up to receive investments in Q2.

Over the same quarter, Jumaane and Luni spent three weeks in Mauritius, Kenya, Tanzania, and Rwanda gathering feedback on the plan of taking some of the bizi public along with Africa Eats, in our "**EXP on the SEM**" project. The feedback was highly positive, and this plan will move into full scale implementation in Q2.

Part of the trip in Kenya was spent at the **Annual Gathering**. This year that included not just the Africa Eats bizi but also the Kenyan bizi from Africa Trees plus a handful of alumni from The Land Accelerator. 45 entrepreneurs in total, plus another 45 guests on day 1.

Part of the trip in Tanzania included **visiting four bizi**: Swahili Honey, Rogathe Dairy, Goldenpot, and East Africa Foods. You can experience these site visits through our videos on africaeats.com/blog.

Behind the scenes, Jumaane and Luni have been busy writing. The two co-founders are co-authoring a book entitled "**Berkshire Africa**", documenting the Africa Eats business model. This is part of our effort to split out the "fund" management function of Africa Eats as Africo Management Ltd., which was incorporated in January, as well as build out the back-end systems for Africa Eats IPO (initial public offering) scheduled for later this year.

Finally, Q1 is when the portfolio was re-valued, resulting in a new **share price set at $2.25**.

Details on each of these are below, along with the quarterly financial reports.

$2.6 MILLION

Africa Eats is not a fund, it is an open-ended, permanent capital investment company. As such, it raises money continuously by selling shares to investors. In Q1, $2.6 million of shares were sold to a mix of new and existing shareholders.

This new capital increased the total capital raised since launch to well past $10 million.

[1] Africa Eats is not a fund. Africa Eats is the capital from investors and the team at HQ. Africa Eats is that plus all of the portfolio companies, even though Africa Eats is a *minority* owner in those companies. As such, we don't talk about the companies as investees or portfolio companies, but instead invented the Afriesque word *bizi* to refer to these companies.

THE EXP ON THE SEM

The plan from the start has been for Africa Eats to be a publicly listed company. Research towards this plan began in Q3, 2023, expanding the original idea to not just list Africa Eats, but to also list the fastest growing of the bizi. This plan was written in partnership with the Stock Exchange of Mauritius (SEM). Execution of this plan, called "The EXP", began in Q1, 2024.

Once the plan was developed, in Q1, 2024, Luni and Jumaane spent a week in Mauritius sharing this plan, alongside the CEO of the SEM and his team, in a series of meetings with two dozen investment banks, pension funds, insurance companies, fund managers, and a significant portion of the players in the Mauritius capital markets. Half of the bizi are based in East Africa. So, in March, the Nairobi Securities Exchange (NSE), Dar es Salaam Stock Exchange (DSE), and Rwanda Stock Exchange (RSE) were invited to join in with the SEM, with in-person meetings held in each of their offices. The NSE and RSE are eager to join in.

In short, the plan is to create a new segment for listing companies on these existing stock exchanges. A segment focused on fast-growing, profitable SMEs (small and medium enterprises).[2] Companies growing revenues at a minimum annual compounded rate of 25% over the last five years, and profitable.

The appeal of listing multiple fast growing and profitable companies made these exchanges want to mirror this segment. There are no similar group of companies listed on any stock market across Sub-Saharan Africa. Likewise, there are few (if any) similar African companies listed on the London Stock Exchange, despite over 120 African companies listed on this exchange (which has the highest number of African companies listed on an exchange outside of the continent).

The plan is not complicated, but it is novel. We have identified seven bizi from Africa Eats and one from Africa Trees to prepare for public listings. Over the next six months, this preparation will include organizing their internal structures and governance, training the CEO and management team in the expectation of running a public company, and practicing preparation quarterly reports and holding quarterly board meetings throughout 2024.

The deliverables needed to launch is threefold: (1) the first three IPOs by the end of September, (2) a new Mauritius company acting as market maker for those listings, and (3) a mobile+web app that allows anyone globally to buy and sell these shares, including participating in the IPOs.

While there is a lot to accomplish by September, headway has been made and funding secured. For example, an experienced Mauritius advisor has been selected for #1, the incorporation process has begun for #2, and a technology partner is signed up who has already started on #3.

The most complicated part of the plan is coordination between the SEM, NSE, DSE, RSE, and any other African stock exchange that wants to participate in the bigger vision of making the EXP a pan-African listing experience, rather than only being available in Mauritius. The goal for

[2] "SMEs", not "startups", as these are "real" growing businesses that move real products, earning real money and, far more often than not, real profits.

2024 is to have these companies trading on the SEM, and tradable within our app. The first integrations with other stock exchanges can wait until 2025.

One of our goals is for every Africa Eats investor to have an account on the online brokerage to view the daily value of their shares, sell if they desire or, as we would prefer, buy a lot more shares. Moreover, once this is live, every investor will be able to tell their friends, who will be able to buy shares in a few clicks.

THE 2024 ANNUAL GATHERING

The bizi were once again flown to Nairobi for the annual "gathering." This year the attendees were not only the Africa Eats bizi, but also the Kenyan bizi from Africa Trees, plus a handful of alumni from The Land Accelerator. 45 entrepreneurs from 35 companies operating in 8 countries.

This year saw a significant rise in the number of guests. At least 45 were in attendance for the morning of day 1. This included representatives from impact investment funds, government funded development institutions, grantors, consultants, the Nairobi Securities Exchange, investment banks, and more.



The main goal of the gathering is to build a network of support for the bizi and having 90+ people in the room along with almost double the number of companies proved itself helpful in accomplishing that goal.





This event is Africa Eats' equivalent to the Berkshire Hathaway annual shareholder meeting, which has grown from a dozen attendees in the 1970s to tens of thousands in the 2020s. We expect our event to continue growing for the next 60+ years.



Berkshire Hathaway's Shareholders Meeting, 60 years after Warren Buffet bought his first shares.

If you would like more details on what was discussed, ask us for the detailed overview. The best way to understand the value of this event is to attend in person. It is the two days after the Sankalp Africa conference, and as soon as that date is set, we will share the dates for the 2025 Gathering.

SITE VISITS IN TANZANIA

The best way to understand the bizi is to visit them in-person. After the Gathering, Jumaane, Lily, and Luni headed down to Tanzania to visit four of the bizi: Swahili Honey, Rogathe Dairy, Goldenpot, and East Africa Foods.



Swahili Honey's factory is located in Dodoma in Central Tanzania. Next best to seeing it in person is to watch the video tour on africaeats.com/visiting-swahili-honey, hosted by Christopher Kadendula, co-founder and COO. Chris is the younger brother of Joseph Kadendula, co-founder and CEO, who was in Japan selling honey and beeswax.

This company has grown its annual revenues 5.7x in the last five years, with enough profits that the facility and equipment you see in the video was paid for out of earnings, not investment capital. Imagine what that factory will be capable of with reliable electricity and enough storage to process honey at scale year-round.



Rogathe Dairy's facility is north of Dar es Salaam in the Coastal Region of Tanzania, as are all their thousands of smallholder dairy farmers. You can experience that tour on africaeats.com/visiting-rogathe-dairy.

This bizi was one of the amazing growth stories of 2020, growing 9x that year, from $132,000 in annual revenues to $1.2 million, with less than $100,000 of investment capital. The key to that was the first 900L pasteurizer, displayed and used in the video. The company grew more the next year before facing a national-scale drought in 2022. They are back on the upswing as of 2023 and as seen in the video, that experience has honed the business model down to focus on wholesale yogurt, which is called mtindi in Swahili.

Unfortunately, there is no way to share the flavor of mtindi through text or video. Best is to imagine a glass of cold, fresh, whole milk, with sparkles of crisp sparking flavors. This is not kefir, which is sour all the way through. This is not sweetened like most American drinking yogurts. This is mtindi, the Tanzanian way to enjoy milk in a hot climate, without the need for refrigeration.



Goldenpot's factory is in Dar es Salaam, the largest city in Tanzania. The factory is new as of 2023. In the video tour you will see a small part focused on maize flour (i.e., corn meal), which was the original product of the company, while most of the tour focuses on the instant porridge and breakfast cereal, which is the future. You can experience that tour on africaeats.com/visiting-goldenpot.

This is another bizi growth story. The company earned just $42,000 in total annual revenues in 2019. That grew to $1.4 million last year. And as you will see in the video, the small operations team is just processing batches, one machine at a time. This factory will be ramping up to full-scale production over the next few years as sales kick in for these new products.



The fourth bizi visited was **East Africa Foods**, which is the oldest and largest company in the portfolio. We stopped by their new aggregation facility in Dodoma along with their original aggregation and processing facility in the north end of Dar es Salaam. See africaeats.com/east-africa-fruits for the 2019 tour. We did not post a 2024 video as most of our visit was spent in the board room at the top of a Tanzanian skyscraper, as this $14+ million company has relocated management near downtown Dar.

At its scale and age, East Africa Foods is often the vanguard of the portfolio, dealing with challenges that others will face in a year or two or ten. We spent this precious face-to-face time discussing strategies for their fundraising, coordinating timing of their fundraising plans with the EXP plan, plus strategies for logistics and product lines.

BERKSHIRE AFRICA

The common factor across these four companies is the investment made by Africa Eats, which is underpinned by our Berkshire Africa strategy.

Luni and Jumaane are writing a book entitled "Berkshire Africa" that explains how the Africa Eats business model works, and why it is the right choice for investing in fast-growing SMEs in Sub-Saharan Africa. The following sections are a highly condensed version of those learnings.

The business combines parts of the business models of venture capital, private equity, business accelerator, merchant bank, and many lessons from the greatest of all investment companies, Berkshire Hathaway.

There are a multitude of benefits of this mashup business model. First, it is an open-ended/ permanent capital vehicle, not a closed end/time-based fund. Therefore, capital raising is based on growth, pricing the new capital to match the value created to-date.

As Africa Eats succeeds, one of our goals is to encourage other investment companies to replicate our business model. Africa Trees is the first of these replications, founded in October 2023. Africa Trees has a different mission than Africa Eats, focusing on land restoration and carbon sequestration. There are a few other differences, but generally it is copying Africa Eats' business model and plan. Consequently, we can no longer claim that the Africa Eats business model is unique!

In this and future reports, rather than repeating the awkward phrase "Africa Eats' business model," we have chosen the term "**Berkshire Africa**" as the name for the common parts of the model, paying homage to Berkshire Hathaway. Before diving into those common parts, we will first look at why this model is needed. Why are the existing combined venture capital, private equity, loan funds and commercial banks insufficient?

THE MISSING MIDDLE OF CAPITAL

The fundamental financial bottleneck stifling the growth of SMEs across Sub-Saharan Africa is limited access to capital, commonly known in the economic development field as the "missing middle of capital." Over the last 3½ years operating Africa Eats, we have learned/learnt just how massively wide and deep is this gap of capital (where most often the gap, i.e., what is missing, exceeds the supply, i.e., what exists, by many multiples).

More specifically, in any given year there are millions of African entrepreneurs creating new companies and hundreds of thousands of SMEs with sufficient "traction" to raise funding, — if it were more freely available. Yet across Sub-Saharan Africa only 200-300 investment funds provide that funding, with each fund typically making fewer than 5 investments per year and typically do not invest every year. This is the most obvious of the capital gaps, but far from the only one.

Commercial banks rarely lend to these SMEs, even those that are funded by the investment funds (described in the previous paragraph). Likewise, SMEs that are growing 50%-100% annually with healthy profits also rarely get approved for bank loans. This is not unique to Africa. For example, without the Small Business Administration (SBA, a U.S. federal government agency) guaranteeing loans to SMEs, American commercial banks would not be lending to as many small businesses in America either. The absence of an equivalently large SBA, across Sub-Saharan African countries, means SMEs are deemed too risky and lack the collateral requirements to give banks comfort to lend to them.

The next capital gap arises as the tens of thousands of succeeding companies keep growing. The old adage is, "it takes money to make money". This is true for the medium-sized enterprises in multiple ways, from a growing need for operational capital, to additional asset finance for equipment, to hiring ahead of sales. The problem is the 200-300 investment funds tend to offer only one or just a couple vanilla finance products (e.g., term loans as debt, preferred shares as equity and the occasional mezzanine debt product), with just about none providing multiple forms of growth capital that fit all the various forms of SME capital needs. Thus, the next gap of

capital is not completely absent, but successful companies have to spend another 9-24 months closing a second or third investment fund in order to have sufficient capital for a current need.[3]

These three bottlenecks would be challenging enough, if at some scale this complexity would collapse down to working with one merchant bank or hiring an investment bank. It does not! Instead, as the hundreds of successful companies surpass $10 million in annual revenues the complexity grows. More specifically, most of the 200-300 investment funds cannot write checks big enough (or cannot write checks small enough if it is a $100+ million fund). Hence this growth capital is limited. Consequently, this finance gap reduces medium-sized enterprises ability to grow their tens of millions of dollars to reach the $100 million annual revenue milestone. Thus, yet another gap exists, solved only by creating syndicates of funders, slowing down the fundraising process even further if such complex fundraising efforts succeed at all.

The Berkshire Africa solution to this problem is quite simple in comparison. Be flexible! Provide a variety of investment capital, in a form that best fits the needs of the company, rather than focusing solely on just one investment structure or product. Write $10,000 checks when $10,000 is needed. Make $50,000-$500,000 working capital loans when operational capital is needed. Finance invoices. Lease trucks when trucks are needed. Match grants. This can be summarized as fill in whatever financial gaps arise.

MINORITY EQUITY OWNERSHIP

The Berkshire Africa model takes the minority equity ownership model from venture capital funds. The core idea is to harness the power of entrepreneurs, investing in their companies rather than building companies from scratch within the investment company. Whether you believe entrepreneurs are born or can be taught, what is absolutely true is that no hired management is going to care as much about a company as its founder(s), who are typically willing to sacrifice everything to achieve their vision.

The investment model typically begins with minority equity investments into existing companies. Ideally companies that are already profitable. Ideally companies that are already growing 50%-200% year-over-year, or those that could be growing that quickly if only for sufficient investment capital. These investments are provided in check sizes that are lower than last year's revenue. In summary, the Berkshire Africa model is to invest in entrepreneurs who against the odds are growing their revenues faster than the capital they deploy — i.e., in a capital efficient way.

Our investment model does not wait until the companies are already past $1 million in annual revenues. It does not pass up on these opportunities, but neither does it pass up on promising, profitable companies that earned just $20,000 in the last 12 months, where a $20,000 check could double or triple the size of the company.

Listen to the entrepreneurs! Let them determine the best use of funds. Question their plans even if their plans are sound, not only because markets are dynamic, but a good entrepreneur develops their ability to constantly question their past, current and future plans in-order to adapt quickly in

[3] Note that we have not mentioned the level of distortion created by these primarily global funds offering unreasonable terms (e.g. too high or too low interest rates that distort the local markets).

dynamic markets. However, we ultimately let them do what they think is best. Far more often than not they know better than any investor what is needed to grow their business. Moreover, experience is often the training needed for the entrepreneur to manage a larger, fast-growing SME.

Expect many more opportunities to buy more equity as the company succeeds and use each of those moments to ask about lessons learned, ask about mistakes made, and ask about opportunities yet untapped. Our investment model of matching capital based on need affords the management team multiple and granular opportunities to engage our entrepreneurs as needed at an operational and management level across all aspects of their business.

BOTTOM-UP PORTFOLIO MANAGEMENT

This bottom-up approach is reminiscent of the way Berkshire Hathaway lets its portfolio companies run with minimal input from HQ in Omaha. It is vastly different than the way traditional venture capital funds push their ideas top-down through formal board meetings and informal discussions with the founders. If the CEO is wise, he or she will ask for board-like advice when board-like advice is needed. If the investor is wise, he or she will be monitoring monthly or quarterly financial reports and monthly or quarterly investor updates, foreseeing common challenges before the CEO sees them through operations.

Investing is a partnership! Let the entrepreneurs and their management teams do what they do best, building companies and keeping their eyes open to curtail challenges and exploit opportunities. Let the investors do what investors do best, asking intelligent questions to help these entrepreneurs hone their plans, providing advice based on actual experience, and making connections between entrepreneurs to gather more advice and address on-the-ground realities.

At Africa Eats, the mantra at HQ is that we are a bottom-up culture. Listening to bizi has generated far more investment opportunity and growth than pushing ideas top-down from the HQ team to the bizi. This is a lesson we learned — as the HQ are all entrepreneurs — through trial, error, and adaptation, just like our entrepreneurs. This is how we became so flexible in our investment structures, listening to needs and being innovative to match those needs.

Listening is how we uncovered the huge opportunities in logistics. Listening is the main tool we are using to hone our plans of opening the capital markets to further fill the missing middle of capital (more on this later). Facilitated listening is what we do for most of the two days at our Annual Gathering.

PRIVATE EQUITY

How much to adopt from the play book of private equity funds is an ongoing debate in the Berkshire Africa business model. For example, if a founder/CEO of a relatively small and early growth-stage company is failing to meet his/her goals, should that CEO be pushed aside and replaced with management hired by the investment company?

A private equity (PE) fund would have long ago replaced that CEO with in-house management (although PE tends to focus on more mature companies). Meanwhile, a California venture capital fund would not hesitate to “shoot” the CEO and bring in a replacement. In the last 50 years at Berkshire Hathaway, the only CEOs the Omaha HQ have replaced are the two or three that were caught making unethical, if not fraudulent, decisions.

So far, Africa Eats has chosen to follow Berkshire Hathaway's lead on that big question. Warren Buffett was forced to do otherwise a few times, and while he succeeded in those efforts, it was never something he wanted to do.

Likely there will come a time when Africa Eats does buy out a founder, but not yet.

BUSINESS ACCELERATOR

All of the founder/CEOs of Africa Eats' bizi have one thing in common, they are all learning on-the-job how to run companies of their current sizes, with their current challenges, having never done so previously.

If the companies were growing 10% per year, this would not be such a challenge, but on average the companies are growing 50% year-over-year, with some doubling and in any given year, at least one growing much faster.

What this means in reality (at the 100% compounded growth rate experienced by many of the bizi) is that an entrepreneur who has built the capacity to run a company earning $50,000 in annual revenues is, when succeeding, running a company earning $500,000 three and a half years later, then over $1 million two years after that. The systems used to run a company earning $50,000 in annual revenue are far simpler than the systems needed to run a $1+ million revenue company.

Most of the training in the Berkshire Africa model is devoted to what is commonly called a "business accelerator". These CEOs do not have time to grow their companies at this speed while studying a formal MBA. Even if they did, few MBA programs teach lessons relevant to SMEs growing at this speed.

The annual in-person gathering is used not only to teach some of this material, but even more importantly, through CEOs networking and learning from each other, such that they trust each other to share challenges when they arise, getting solutions from fellow CEOs and fellow management rather than solely relying on Africa Eats' HQ staff to provide those answers.

This is yet-another central piece of the bottom-up culture, where the answers to most challenges come bottom-up/side-to-side from fellow bizi rather than top-down from investors.

MERCHANT BANK

"Merchant banks" in the 21st century are not like those in the 19th century The closest equivalent to renown J.P. Morgan's "House of Morgan" in modern times is Warren Buffett's Berkshire Hathaway.

One major difference between these two entities is that Morgan innovated in investment structures and used his controlling interests in order to make the businesses more financially stable and profitable through corporate and financial restructuring. On the other hand, Berkshire nearly always simply purchased public equity, buying whole or parts of companies, with innovations in the rare cases, typically in troubled times, with a few preferred equity or debt bailouts.

Sub-Saharan Africa is missing the depth and breadth of financial institutions that 19th century New York City or for that matter 18th century London took for granted. The Berkshire Africa

model aims to fill in the capital needs of its bizi from the first equity investment, through the various forms of growth capital, all the way to liquidity in the public stock markets. Furthermore, in future years, beyond the public listing, the Berkshire Africa model will likely build financial infrastructure to allow for factoring, corporate papers, corporate bonds, and agriculture futures, as examples.

In summary, as the bizi grow in scale their need for a greater variety of capital structures increases. Subsequently, there is a significant opportunity to re-implement, within Sub-Saharan Africa, the financial innovations of the 18th, 19th, 20th, and early 21st century which have become germane to global financial centers.

UNLOCKING THE CAPITAL MARKETS

A big lesson from 2023 is the opportunities within the sectors that the two dozen Africa Eats companies operate exceeds the capital invested by private equity funds in Sub-Saharan Africa focused on those sectors. In other words, there is not enough money flowing into Sub-Saharan Africa for food/ag companies to fill the known needs, and at least two or three orders of magnitude too little capital to fill the actual needs.

One approach to solve the missing middle of capital is to look to the largest accumulation of investment capital: insurance, pension and mutual funds, university endowments, foundations, and savings institutions. The decision-makers for these pools of institutional capital are wealth advisors and asset managers. The question is: what is the typical allocation of capital by wealth advisors and asset managers? Venture capital, private equity, and private debt — the primary sources of capital used to fund SMEs in Sub-Saharan Africa — are all lumped under the asset class known as "alternatives." Wealth advisors recommend that their clients allocate no more than 5% (or 10% for the risk-taking clients), into this asset class. Far more often than not the actual allocation into private equities is 0%. Likewise, most institutional capital has guidelines set either by the company or regulations limiting the amount of capital allocated to the alternative asset class.

Meanwhile, in 2021, according to PWC's Asset and Wealth Management Report, the wealth advisors and asset managers invested the vast majority of private wealth, — the $127 trillion of global assets under management — in public equity and public debt. Thus, to fill the missing middle of capital, follow the money into the capital markets.

This is far easier said than done.

The challenge in unlocking the capital markets is one of scale. Listing anything on a New York stock exchange costs multiple millions of dollars and thus only makes sense when raising $0.5 billion or more. Listing on the main board in London costs around $1 million, and thus only makes sense when raising $100+ million. Listing in Sub-Saharan Africa, however, costs just tens of thousands of dollars, and thus makes sense for raising tens of millions of dollars, which also happens to match the aggregate capital needs of the Africa Eats bizi.

The next challenge is that the stock markets in Sub-Saharan Africa look like New York and London but are missing some of the key features of New York and London, namely a plethora of buyers and sellers, market makers to create liquidity between those buyers and sellers, and online brokers that make it easy for anyone to be a buyer or seller.

These are all Catch-22 challenges that can and will be fixed given great investments that attract buyers and sellers, plus enough patience to problem solve the difficulties faced when implementing these fixes. Africa Eats begun to work on these fixes in 2023, aiming for listings in 2024. We plan to not just list Africa Eats on an African stock market, but to organize a series of IPOs of the most successful bizi, alongside Africa Eats, and ideally create an index fund and establish a market maker, in order to attract buyers, who will in turn attract the rest of the financial infrastructure needed to make Sub-Saharan Africa a place wealth advisors inform their clients to diversify their public equity and public debt assets.

It will likely take the rest of the 2020s before all these items become reality. Similar to everything else that is worth doing, the first step is the hardest, namely envisioning a future, putting together a series of steps to make it happen, gathering support from the necessary stakeholders, and funding the first step to catalyze the process to get the ball rolling.

This necessitated the creation of the EXP plan. It is the shift from private to public equity. Upon success, the amount of capital available is orders of magnitude larger, measured in billions instead of millions.

THE WHOLE PORTFOLIO

We have included very brief descriptions of each company, divided into three groups: over $1 million in annual revenues, over $200,000, and emerging businesses.

COMPANIES WITH ANNUAL REVENUES ~ $1+ MILLION

East Africa Fruit is the largest fruit and vegetable aggregator in Tanzania.

Swahili Honey helps smallholder farmers grow their income through honey and beeswax.

Rogathe Dairy aggregates fresh milk and processes it into a healthy drinkable yogurt.

Goldenpot create incomes for women farmers with maize flour, porridge, and breakfast cereal.

TRUK provides trucking, cold chain, and logistics to food/ag companies in Rwanda and across Eastern and Southern Africa.

Paniel Meat Processing alleviates protein deficiency in Rwanda through the production of beef, pork, and chicken,

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

Agro Supply teaches farmers how to save, selling inputs using a unique lay-a-way business model.

OVER $200,000 ANNUAL REVENUES

Papoli Farmers Association produces turkeys with hundreds of farmers in Uganda.

Tilaa aggregates and sells honey and cashews in northern Ghana, working exclusively with women farmers.

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

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

Boka Eats manufactures and sells animal feeds for smallholder farmers in Kisii, Kenya.

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

Amuria Honey aggregates honey, beeswax, and bee venom in central Uganda.

Geossy teaches Ugandans how to farm for fish instead of hunting now that the Lake Victoria fishery has been decimated.

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.

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

THE "SEED BED"

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

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

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

UPDATED SHARE PRICE

International Financial Reporting Standards (IFRS) require Africa Eats to "mark-to-market" the value of its investments at least annually. This valuation is based on the reported annual revenues and profits of the bizi, computed and reported in Q1.

For the equity investments, the valuation methodology is based on a multiple of revenues, with a multiple between 1x and 4x depending on the following factors: the growth rate of historical revenues and profits, the most recent year financial performance and other factors such as liabilities, inventories, assets, and recent challenges as well as opportunities.

The highest, a 4x multiple, is reserved for the bizi with the strongest track record considering all internal and external factors, along with valuations set by co-investors. For 2023, this was limited to: East Africa Foods, Goldenpot, Paniel Meat Processing, Swahili Honey, and TRUK Rwanda, which are not coincidentally five of the six companies at the top of the queue for the EXP capital markets plan. The seventh company in the capital markets plan is Ziweto, which is one of the seven bizi to use a 3.5x multiple (the second highest multiple). Ziweto's multiple is lower only because of the forex challenges of the Malawi Kwacha, outside their control.

The updated valuations estimate the total value of all the bizi at $139 million. Africa Eats' ownership of each company is then multiplied with each company's valuation. That sums up to $19.6 million, which means Africa Eats owns an estimated 14% of the total value of all the companies. Cash in the bank plus the committed, but not yet wired capital, from investors gets added to the value of the equity and debt.

Cash	**$2,278,744**	**Short-term**	**$275,000**
Bank accounts	$2,005,653	Payables	$0
Investor receivables	$273,091		
		Long-term	**$862,589**
Investments	**$21,941,720**		
Equity	$19,561,508	**TOTAL LIABILITIES**	**$1,137,589**
Loans & leases	$2,380,212		
		Equity	**$23,082,875**
TOTAL ASSETS	**$24,220,464**	**TOTAL LIABILITIES & EQUITY**	**$24,220,464**

The updated balance sheet as of the end of February 2024 estimates the total assets at $24.2 million. This is an 8.1x increase from the $3 million of initial assets in 3¾ years. Incorporating this capital injection in Q1 2024, total shares grew to 10,529,484. Dividing the total assets by the number shares results in an estimated enterprise value per share of $2.30.

In keeping with the tradition of rounding the share price down to ensure we are not over-pricing the company as well as to provide a small incentive for incoming investors, the new Africa Eats share price was set to **$2.25**.

BALANCE SHEET

At the end of March 2024, the company had $1.9 million in cash in the bank, almost half a million due as receivables, $21 million of equity investments in the bizi, and $1.5 million of loans and leases to a subset of bizi, for a total of **$25.1 million** of assets, with less than $1 million of liability.

Cash			**Liabilities**	
Bank accounts	$1,930,027		Short-term liabilities	$125,000
Other receivables	$494,470		Long-term liabilities	$862,589
	$2,424,497			**$987,589**
Investments			**Equity**	
Equity	$21,039,041		Paid-in capital (Preferred shares)	$8,053,087
Leases	$183,079		Equity grants	$892,768
Loans	$1,438,072		Retained earnings (losses)	$12,035,855
	$22,660,192		Capital from share swap	$3,115,390
				$24,097,100
Total Assets	**$25,084,689**		**Total Liabilities and Equity**	**$25,084,689**

In 2020, the company was founded with an initial portfolio estimated at just over $3 million of value. 3¾ years later, the total assets are **up 8.3x**.

INCOME STATEMENT

Revenues are primarily from investment gains, as there is far more upside in making equity investments into the bizi than in making loans. Loans are made when that is the best form of capital for the bizi, but single digit millions of dollars of loans produce just tens of thousands of dollars of interest income.

Revenue	
Loans interest receivable	
Loan interest received	$5,522
Loans written off	$0
Lease interest	$0
Leases written off	$0
Investment gains	$6,389,372
Investments written off	$0
Management fees	$0
Misc.	$0
	$6,394,894
Expenses	
People costs	$44,038
Legal	$0
Operations	$27,012
Marketing	$11,600
Bank fees	$1,668
Fundraising fees	$5,400
Interest on loans	$0
Travel	$30,128
Misc. accruals (audit, etc.)	$0
	$119,845
Net income (loss) before taxes	$6,275,049
Taxes	
Net Income (Loss)	**6,275,049**

The **Expenses** for operating Africa Eats are primarily the management team, plus far smaller expenses for travel (networking and visiting bizi), legal (keeping current on Mauritius filings), operations (including the annual audit), fundraising fees for the crowdfunding, and a lot of fees for bank wires moving capital to/from the bizi as well as supporting the part time staff and vendors (see the management section for details).

The **Net Income** continues to be driven primarily by the Investment gains, which is as it should be for an investment company.

AFRICO

In 2023, it became clear that a single investment company was no longer an ideal structure to execute our 2024 plans, and beyond.



The first step towards a more robust corporate structure is the incorporation of Africo Management Ltd. in Mauritius, a company internally called "**Africo**."

Africo will play a similar role that the general partner plays in a venture capital firm, where the fund is one corporate entity, and the management of that fund is a separate corporate entity. The major difference with the traditional venture capital structure is that both Africa Eats and Africo are shareholder companies not partnerships.

This new company does not affect the ownership of Africa Eats, nor the upside baked into the structure for the management team. Hence, as currently practiced, there are no plans for any management fees, or anything resembling the management fees typical of a fund.

The upside of this newco is that the costs of operating Africa Eats will go down, as the salaries and benefits of the management team (currently Luni, Jumaane, and Lily) transition in 2024 over to Africo. Once the transition is complete (ideally by the end of 2024), the expenses to operate Africa Eats will just be the costs of accounting, compliance, and Mauritius registration fees, all covered by interest on loans and leases that Africa Eats and Africa Trees makes to the bizi.

There are no anticipated legal or compliance costs to Africa Eats in this process. Nor do we envision a downside to this change in structure.

MANAGEMENT

The most asked question about staff by potential investors is how three people can manage so many companies. The answer is simple. We do not manage these companies. Africa Eats is a minority shareholder. We advise these companies. We coach, train and mentor the CEOs and management of these companies. We collectively talk to 6-12 companies in a typical week, keeping up to date on both successes and challenges.

This is a high functioning team that could manage twice as many companies without needing more full-time assistance. Stress on "full-time" as there is another dozen part time staff and half dozen vendors who help on compliance, bizi financial assistance, audits, grant writing, fund raising, and legal, in addition to volunteers who also check-in with some of the bizi, providing yet-more advice and training.

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, that turns philanthropy into impact investments.

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JUMAANE TAFAWA, EXECUTIVE DIRECTOR



Luni and Jumaane met in 2016 when Jumaane was working at Equity Bank, leading their pan-African expansion. Jumaane has over 20 years' experience scaling Fortune 1000 and the largest African-based companies 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, FINANCE



Lily is our Financial Analyst with 7+ years' experience working in advisory and audits at KPMG serving multinational corporations and financial institutions (such as Coca Cola, Bank of Tanzania, ABSA Bank, and SilAfrica). Lily, who is an entrepreneur, is based in Dar es Salaam.

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WHAT YOU CAN DO

A Share this update with your friends, family, and colleagues. Share the stories at cocktail parties, dinners, and on your social media. The biggest constraint Africa Eats faces is capital. Every investment makes a difference to the bizi, and ultimately impacts the lives of farmers through improved quality of inputs, training, and a buyer to purchase their products.

B Tell your nieces, nephews, and any adult children these stories too informing them that an app is coming which will let them buy shares.

C Follow @AfricaEats on Twitter and subscribe to youtube.com/@AfricaEats on YouTube to help amplify our social media.

D With the push toward an IPO, we have dropped the minimum investment for direct investments from $100,000 to $25,000.

E If you have $10,000 or more in a donor advised fund, Realize Impact will be happy to turn that into an investment, returning 99% of the value back to your DAF whenever you would like to sell these shares.

F Hold the first week of March 2025 on your calendar for next year's gathering in Nairobi and come join us for next year's site visits in a yet-to-be-chosen country in East Africa.

THANK YOU

Thank you for making this possible. Without your capital, all this would still be theory, and these companies would be far smaller in scale, and would not be empowering over hundreds of thousands of farmers to feed millions of people.

If you have questions on any of this material, please do not hesitate to reach out.

If you would like to get more involved, adopting one or more companies as a mentor, making connections, or anything else, let us know:



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