AFRICA EATS, LTD.

Investor Report

Q4 2023

Bizi
EXP
Africo
Africa Trees
Revenues
Portfolio
Balance Sheet

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UPDATES FROM THE BIZI

If you are new to Africa Eats, we are neither a fund nor a conglomerate and thus the terms "investee" or "portfolio company" or "subsidiary" do not describe the relationship with our companies. Instead, we call our companies bizi, plural, and also bizi, singular. The term is derived from mbizi, the Shona word for elephant, but we dropped the leading 'm' after discovering in a Ugandan language the same word was used for a less prestigious animal.

In general, 2023, and more specifically Q4 were good for the bizi. In a pool of two dozen companies, some will inevitably face challenges; however, among our bizi the good news far outweighs the bad. Below is a mix of the two:

GOLDENPOT

Goldenpot is the latest bizi to cross $1 million in annual revenues. This is amazing, given the company's annual revenues were just $24,000 back in 2019 when Fledge first discovered the company. Most of this recent growth is driven by a new manufacturing line of breakfast cereal, funded primarily by Africa Eats.



Africa Eats providing the initial funding, then matched a $100,000 grant. Matching funds are very common requirements by grantors. Hence, without an investor like Africa Eats, grants like this one can get held up for many months, or can fail ever be disbursed due to lack of co-financing. Having Africa Eats quickly provide matches is a huge benefit to the bizi.



If you are in Dar es Salaam, Tanzania, look for Goldenpot advertised on billboards.

The company is still ramping up marketing and distribution. The plan for 2024 is to work with another bizi, **East Africa Foods** to leverage their knowledge of retailers across Dar es Salaam, Tanzania.

ZIWETO ENTERPRISE

Ziweto Enterprise is the largest distributor and retailer of agrovet supplies in Malawi. Agrovet, as in vaccines, medicines, and equipment for raising animals. The biggest selling item in their stores is animal feed concentrates. Following that need, Ziweto Nutrition Solutions was set up a year ago to produce animal feeds. The most recent video on youtube.com/@AfricaEats is a tour of this factory.



Ziweto Enterprise would have surpassed $1 million in annual revenues in 2022, except that 100% their revenues are earned as Malawi kwacha, and the kwacha devalued 25% in the middle of 2022. The currency has been far more stable in 2023, and total revenues for the company will exceed $1 million USD for the first time.

TRUK RWANDA

TRUK Rwanda reported the biggest growth spurt of all the bizi in 2023. They are earning more than $1 million per quarter in 2023, on track to surpass $6 million in revenue for the year. Profitably. Revenues are up almost three-fold from 2022.



AGROMYX

Jumaane visited Agromyx in Ghana in June, when he was in Accra for the new Sankalp West Africa conference. Agromyx launched a new product this year. Fonio Flakes breakfast cereal and protein shakes, expanding upon their existing line of powdered instant breakfast and powdered instant fruit juices.





Agromyx in Accra, Ghana

Revenues were close to flat in 2023 as compared to 2022, but with the new products revenues are expected to rise in 2024.

BOKA EATS

Bananas are flowing from the banana factory in Kisii, but not at the scale predicted. The plan is to have East Africa Foods' banana team help the Boka Team. East Africa Foods is the largest distributor of bananas in Dar es Salaam, Tanzania under the brand of Golden Banana, and did provide some advice in 2023 but were too busy to send staff. That plan is anticipated to begin in Q1 2024 and will run throughout the year.



Boka Eats Banana Factory in Kisii, Kenya

ZAMGOAT

Zamgoat did not have the growth spurt predicted for 2023, with minimal growth for the year. As a result, Africa Eats insisted the company build up into internal human capital. Consequently, the company hired a new head of operations and a new head of finance, paid for by Africa Eats to build more refined internal processes and a revamped strategic plan in preparation for its 2024 expansion. No competition has stepped in to take the giant goat meat opportunity from this company in Zambia.

CHICKEN BASKET

Chicken Basket continued to rebuild in 2023 after a large bout of theft in 2022. Operations were scaled back in that effort. The same humongous opportunity exists for chicken and eggs in Western Kenya as when we met the company in 2019.

OBAMASTOVE / ETHIO EATS

Manufacturing continues to be a challenge in Ethiopia. Obamastove survived civil unrest based in its hometown, survived the pandemic, and survived the civil war in the north of the country, and thus we are not concerned about waiting out the latest macroeconomic challenges.

While waiting, the CEO, himself an Ethiopian refugee from the 1990s conflicts, researched the supply chain for Ethiopian spices and dry goods for the thousands of Ethiopian grocery stories and restaurants in the United States (a diaspora of hundreds of thousands of people, which is a direct byproduct of the conflicts in Ethiopia). The net result is a new brand for Obamastove, **Ethio Eats**, which in 2024 will start filling the needs of those customers.

AGRO SUPPLY

Back in Q3, Agro Supply earned $1.8 million in revenues, more than double its previous quarterly record. The company is on track to exceed $3 million in total revenue for 2023. This company earned just $98,000 in 2019, when we met it.



Agro Supply was the second bizi to have an impact report on its farmers, researched and reported by 60 Decibels. Excerpts from that report are on Africa Eats' blog and below.

SWAHILI HONEY

Swahili Honey is facing our most common challenge, struggling to meet demand. Their new customer in Europe ordered four containers of beeswax. The picture below with the truckload is enough to fill just one container. Another customer helped Swahili Honey through the U.S. Food and Drug Administration (FDA) approval process as this new customer imports honey into the United States.



A truckload of Swahili Honey beeswax on its way to the port in Dar es Salaam, Tanzania

EAST AFRICA FOODS

East Africa Foods (renamed from East Africa Fruits earlier in the year) was the first bizi with a 60 Decibels impact report, documenting the doubling of farmers' incomes and the huge improvement in their lives. EAF is the first bizi with a report on lowering post-harvest losses, dropping that waste from the typical 30%-50% in the traditional supply chain to under 3%.



Follow East Africa Foods on Twitter at twitter.com/eafoods_ (underscore after the s)

EAF earned just $100,000 in total revenues in its first year back in 2013. Fledge met the company in 2014 and provided the first equity investment, just $15,000. Ten years later, the company's weekly revenues are multiple times that $100,000 and Africa Eats still invests to continue the growth, but in 2023 in checks of $500,000. Hopefully in 2024 we'll have sufficient funds to make our first $1 million investment as EAF begins its series B equity raise of $12 million in 2024.

THE EXP AT THE SEM

The business model for Africa Eats has always included an IPO (a.k.a. listing our shares on a public stock market) to provide liquidity for our investors. Even before the company launched the plan included a two-step IPO, first in Africa and then later in London.

Toward that goal, Jumaane and Luni met with the lead for African companies listed on the London Stock Exchange at his office in London in October - In addition, we reopened a conversation with the Stock Exchange in Mauritius that same month, while also furthering our research into other targeted exchanges across Africa, such as the Johannesburg Stock Exchange in South Africa, the Nairobi Stock Exchange in Kenya, and the Nigerian Stock Exchange (now called the Nigerian Exchange Group).

As a result of this work, we augmented our plan. More specifically, not just solely listing Africa Eats, but adding a half dozen or more of the fastest-growing bizi to also IPO on the same day

The working title for this is the **EXP at the SEM**. The SEM is the Stock Exchange of Mauritius, which has agreed to create a new "segment" on their main market for EXPonentially fast-growing, profitable companies. The SEM has agreed to a new index for this segment, and we are co-creating with them other ideas to make these EXP companies more attractive to frontier market investors than the other stock markets in Africa.

The SEM set an aggressive timeline for this effort to launch by Q3 2024. If we miss that window, or if the macroeconomics make that the wrong timing, we will reschedule for the next most opportune quarter.

That is not a lot of time for a single IPO, let alone a half dozen, but here in Q4 2023 it seems possible. We have already started training the bizi on what it means to be a public company and we will continue those lessons well into 2024, inviting all the bizi to participate as hopefully they can all list on the EXP in future years. No matter the timing, this work will benefit all bizi from increased formality of their governance, accounting, and communications.

We have spoken to a small number of public company advisors, investment banks, and frontier market fund managers, most of whom believe this plan is sound. We will add many more such conversations in Q1 2024 to hone the plan from the additional feedback. We have reached out to dozens of emerging market and frontier market mutual fund managers to bring in their feedback, as ultimately it is their funds that would likely provide the bulk of the capital at the IPO.

Concurrently, we are working to make it easier for our existing American, Canadian, and European investors to buy and sell shares on the SEM, so that you can more actively participate in the IPO.

Expect more details in the Q1 2024 update… and Q2 update… and Q3 update.

~~HOLDING COMPANY~~ / INVESTMENT COMPANY

We have historically referred to Africa Eats as a "holding company." Turns out that is incorrect. By Mauritius law a holding company owns majority interest in other companies or otherwise has control over its investee companies. Africa Eats purposefully owns minority interests and while we have seats on the board of directors, and the bizi engage us in the management of their operations far more than a typical board member, we do not control the bizi either.

So, with that knowledge, we are no longer using the term holding company and have started using the more general term of "investment company."

AFRICO

As Africa Eats transitioned in 2023 from its early years into maturity, it became clear that a single investment company is not an ideal structure for everything we have planned for 2024 and beyond. The EXP described above being one of those plans.

The first step toward a more robust corporate structure is the incorporation of Africo Management Ltd. in Mauritius. A company internally we just call "**Africo**."

Africo will play a similar role that the general partner plays in a venture capital firm, where the fund is one corporate partnership and the management of that fund in 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 for 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 makes to the bizi.

Luni is personally paying for the costs of incorporating Africo. There are no anticipated legal or compliance costs to Africa Eats in this process.

We don't envision a downside to this change in structure.

AFRICA TREES

Africa Eats is a spin-off of Fledge, the business accelerator Luni founded in 2012. All of the entrepreneurs managing the Africa Eats bizi were discovered and trained at Fledge, and the initial portfolio for Africa Eats came from a swap of assets created by Fledge.



indirect funding from



&



Africa Trees is also a spin-off of Fledge, but in a different manner. The Land Accelerator was co-created by Fledge and World Resources Institute (WRI) in 2018. The program has run annually in Africa since then, as a grant-funded program, making small grants in over 350 for-profit companies restoring land across the continent.

In 2022, WRI launched TerraFund, that year a $20 million project to support 100 nonprofit and for-profit organizations restoring land by planting trees (or bamboo, mangroves, or other woody plants). $3 million of the $12 million was organized into a revolving loan fund, managed by Realize Impact, Luni's American nonprofit public charity. Realize Impact was chosen over Fledge, as fund manager, as the capital in 2022 was provided as a grant from the Bezos Earth Fund, which insisted that the capital is managed by nonprofit organizations.

In 2023, WRI raised another $130 million in grants, including a four-year grant from the TED Audacious Project plus another grant from Bezos Earth Fund. $4 million was allocated for investments in 2023, this time allowing both debt and equity investments. Realize Impact incorporated Africa Trees as a wholly owned subsidiary to manage those investments, copying the core business model of Africa Eats. Offers were sent out in Q4 to over a dozen companies and all are expected to close by the first half of January 2024.

The plan for 2024 is to at least double the portfolio, again tapping The Land Accelerator to help choose, vet, and train the companies. Funding to come as a portion of the $100 million TED Audacious grant, plus any capital that families and other commercial capital providers contribute.

Beyond sharing business models, a formal partnership is expected in 2024 between Africa Trees and Africo, so that the team, tools, and experience from Africa Eats can be reused for Africa Trees. Simplest is to think of the two as sister companies, with similar structures but different missions. Hunger and poverty at "Eats". Land restoration and carbon sequestration at "Trees".

REVENUES AND PROFITS

The aggregate revenues of the bizi in Q3 exceeded the aggregate revenues for the bizi in all of 2020. Thus in terms of "run rate", the bizi are four times larger now than they were three years ago. That is a 60% compounded growth rate.



Revenues are nice, but what about profits? Startup investors traditional value growth over profits, but Africa Eats isn't a normal startup investor and we prefer profitable bizi.

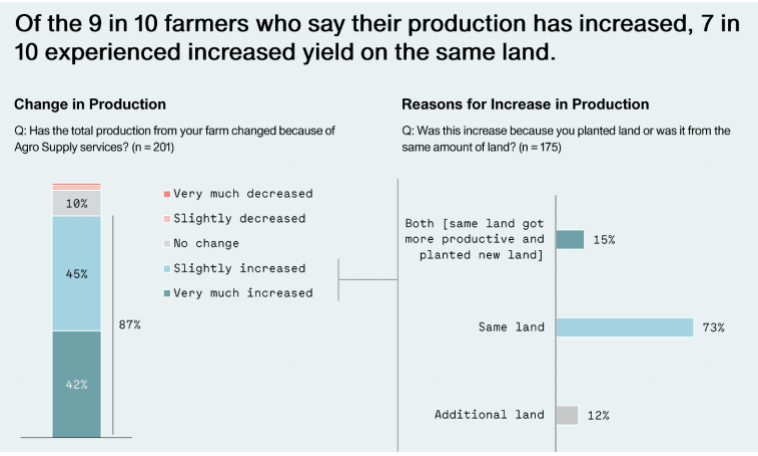
We have previously shared the following historical profitability analysis, and we will update this in 2024, when we have the audited financials and verified management accounts from the bizi, which are statutorily required by end of June for most bizi.

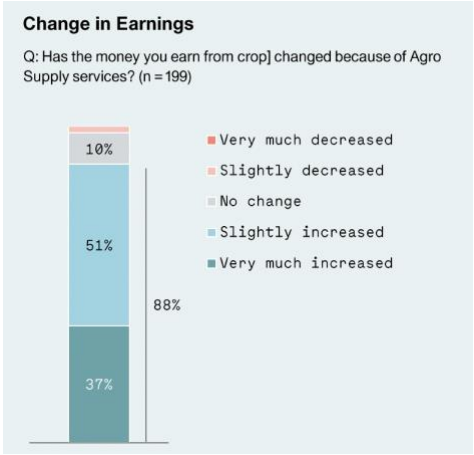
		PROFIT (EBITDA)/ REVENUE (PROFIT MARGINS PER YEAR)						
Size	Company	2017	2018	2019	2020	2021	2022	Average
Large	EA Foods	2%	9%	10%	3%	6%	6%	6%
	TRUK (Rwanda)					41%	39%	39%
	Agro Supply	12%	10%	23%	31%	26%	54%	43%
	Swahili Honey	26%	41%	29%	15%	29%	23%	25%
	Paniel Meat Processing	30%	37%	33%	21%	26%	13%	23%
	Rogathe Dairy			-13%	40%	11%	-18%	13%
Medium	Ziweto Enterprise	-10%	14%	9%	10%	22%	24%	15%
	TILAA	13%	9%	3%	53%	22%	49%	34%
	Afrihealth					33%	15%	21%
	Chicken Basket	0%	0%	-16%	1%	-36%	5%	-12%
	Goldenpot		24%	38%	41%	29%	3%	15%
	Obamastove		1%	-2%	19%	-2%	13%	5%
	Amuria Honey					53%	25%	32%
	Green Charcoal Uganda	20%	18%	27%	23%	29%	30%	25%
	Geossy	47%	5%	53%	27%	39%	17%	33%
	Boka Eats	24%	29%	33%	9%	26%	22%	22%
	Papoli Farmers Association			4%	9%	17%	25%	10%
Small	Zamgoat			-10%	-20%	-8%	-2%	-4%
	Agromyx				44%	49%	26%	32%
	Honey Products	1%	13%	5%	25%	15%	42%	19%
	TOTAL	9.2%	13.7%	14.0%	14.4%	13.4%	18.1%	15.0%

The biggest take-aways from this are that (a) most of the bizi are profitable every year, and (b) profit margins are growing as the companies get bigger, creating larger margins to absorb the challenges of continuing the fast rate of revenue growth, as there are always challenges.

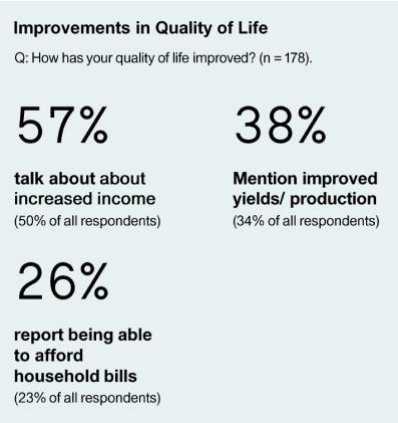
IMPACT

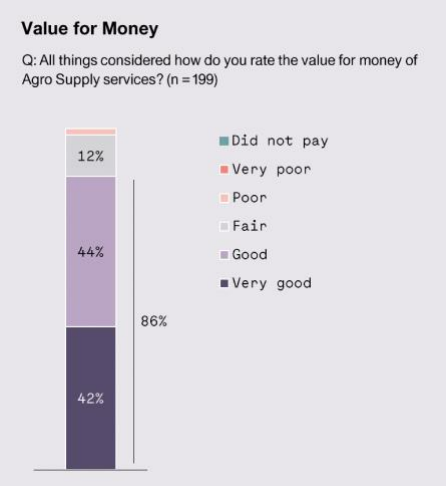
60 Decibels published an impact report on Agro Supply in Q3. Highlights are below:

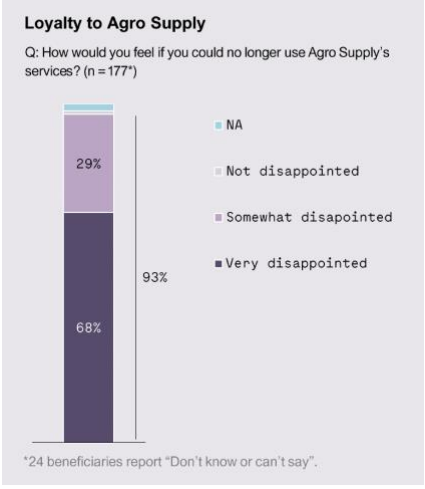












More details from this report are on Africa Eats' blog, along with the first 60 Decibels report reporting on the increased livelihoods for the farmers of East Africa Foods.

THE PORTFOLIO

As the bizi grow at different rates, they are starting to spread out in scale. For this quarter we add a new sub-section for companies over $5 million but not yet $10 million in annual revenues, and we welcome Goldenpot and Ziweto past the $1 million milestone.

OVER $10+ MILLION ANNUAL REVENUES

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

OVER $5 MILLION ANNUAL REVENUES

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.

OVER $1 MILLION ANNUAL REVENUES

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

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

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

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

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

OVER $500,000 ANNUAL REVENUES

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.

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

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

OVER $100,000 ANNUAL REVENUES

Boka Eats runs the largest banana processing factory in Kisii and neighboring counties in Kenya.

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

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

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

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

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.

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

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.

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

WHEN WILL WE ADD MORE BIZI?

We plan to start growing the number of companies within Africa Eats when we catch up with the financial needs of the existing bizi or when there is a compelling investment opportunity we simply cannot pass up. Or more simply, there is plenty of growth potential in the existing portfolio and no pressing need to grow the number of companies.

BALANCE SHEET

At the end of December 2023, the company had $152,203 in cash in the bank, $205,000 of capital due from investors (from agreements signed the last week in December), $909,651 worth of loans due in, some of which will be converted to equity investments and some that is just running late, an estimated $13.4 million worth of equity investments, and an estimated $2.5 million worth of loans and leases, for a total of **$17.25 million** of assets.

Cash	**$1,316,854**	**Short-term**	**$125,000**
Bank accounts	$152,203	Payables	$0
Investor receivables	$255,000		
Other receivables	$909,651	**Long-term**	**$1,061,852**
Investments	**$16,151,521**	**TOTAL LIABILITIES**	**$1,186,852**
Equity	$13,437,898		
Loans & leases	$2,500,213	**Equity**	**$16,068,113**
TOTAL ASSETS	**$17,254,965**	**TOTAL LIABILITIES & EQUITY**	**$17,254,965**

In 2020, the company was founded with an initial portfolio estimated at just over $3 million of value. Three years later, the total assets are up more than 5.75x, and this does not include most of the growth of the bizi in 2023, as we mark-to-market annually, not quarterly. The 2023 Annual Report will include that updated valuation.

SHARE PRICE

In April the share price was increased from $1.25 to **$1.65**. Historically we do a mark-to-market valuation of the bizi annually, when the prior year's annual revenue values are reported. Starting in 2024 we will mark-to-market early in February, with the revenue values for the largest contributors, not waiting for the stragglers (who tend to be the smaller companies).

We will keep the $1.65 price open to investors through January 2024.

In February and early March Jumaane and Luni will be traveling, and in those travels will set a new share price, opening up the next window of investment by mid-March for a Q2 closing date.

As of the middle of December we are estimating that the new valuation will value the shares between **$2.30** and **$2.50**. Historically we've discounted the price per share from that valuation. We prefer that every investor feel like they are getting a reasonable price.

The far bigger discount is locking in the $1.65 price by investing by the end of January. Or in other words, ***last call for 2024 value at 2023 prices***.

MANAGEMENT

No new full-time employees were added in Q4 2023.

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.

lilian@africaeats.com

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.



SAVE THE DATE

The next annual gathering of the bizi is scheduled for March 1-2, 2024 in Nairobi, Kenya. Like earlier this year, those are the two days after the Sankalp Africa conference. All of Africa Eats investors and supporters are invited to attend the annual gathering.

After the gathering we will be heading to Tanzania for a business safari, with stops at East Africa Foods, Swahili Honey, Rogathe Dairy, and Goldenpot. The full agenda and timing are TBD, but plan on three full days immediately following our annual gathering. Africa Eats will arrange group ground transport to/from Dar es Salaam to the respective bizi.

If you start looking for flights, simplest is to fly from London, Amsterdam, Paris, or Frankfurt to Nairobi (unless you live near NYC, in which case there is a direct flight from JFK to Nairobi). From Nairobi, Kenya Airways can get you to/from Dar es Salaam. Kenya Airways can fly you to most major cities across Africa if you would like to explore further, or out to Mauritius if you would like to enjoy a tropical island beach.

Kenya announced that visa will no longer be necessary starting in 2024, but Tanzania is not as progressive. If you plan on joining the trip to Tanzania, once you have a flight booked you can buy a Tanzanian e-Visa online (visa.immigration.go.tz).

For those of you who have never been to Africa, Luni's advice is to fly out in two hops, arriving a few days early to deal with the time zone. Then on the way back, stop off in your favorite European city to break up the trip into two halves. And if you do not frequent the Global South, call your doctor to schedule the necessary vaccines.

THANK YOU

Thank you for making this possible. Without your capital, these two dozen companies would be far smaller and would only achieve a small fraction of their current or future impact. Much of that impact being increased earnings of over one hundred thousand smallholder farmers, most of which would still be subsistence farmers.

WHAT YOU CAN DO

A 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. Every new investor fills the most pressing needs of one or two bizi.

B If you would like to invest more, there are three ways to do that. Directly for equity investments of $100,000 or more. Fledge for smaller investments from savings. Realize Impact for investments made using any donor advised fund (DAF), foundation, or fresh charitable contribution.

C Join us in Nairobi next March to meet the bizi founders in person and to see a few of the bizi's operations with your own eyes.

D Follow @AfricaEats on Twitter and subscribe to youtube.com/@AfricaEats.