THE GATHERING IN NAIROBI, 2021

We gathered the portfolio companies together in Nairobi, Kenya for two days in November. There were 50 attendees from 10 countries representing 28 companies. This included not just all the founder/CEOs, but two representatives from each company including a co-founders (where there are co-founders) or the heads of operations or finance for the solopreneurs.

Day 1 focused on external services, partnership, and joint ventures. In whole-group and breakouts we discussed (1) services that Africa Eats can provide our portfolio companies, and (2) we dove into specific topics so that interested attendees could talk about how their companies could work together in their existing form or by spinning up joint ventures to expand across borders, (3) to replicate each other's business models, or (4) simply to grab more of the huge opportunities in the food/ag supply chain in Africa.

This event would have been successful if all that came out of it were consensus from the CEOs on how Africa Eats should set up a shared savings and credit facility for the portfolio companies and an understanding of what insurance products are needed by the companies and their smallholder farmers. We had those answers in the first two hours.

Some details of the partnerships and joint ventures are below, and others will be shared as they roll out in 2022. At least a dozen ideas were created around the tables and we'll be surprised if only a half dozen become reality in the next year. One of the founding premises of Africa Eats is that the companies themselves would find synergies, and not only did Day 1 prove that out, but the expectation is that many of those relationships will turn into joint ventures, with Africa Eats providing the initial capital, adding to the Africa Eats portfolio.

Day 2 was focused internally, on solving the myriad of challenges that come from trying to build and grow businesses in Africa. Thanks to some brilliant facilitation from Jumaane, the founders and other managers now realize they face common challenges and can find answers to their questions and solutions to their issues from each other, not just from the tiny team managing Africa Eats.

These two days both showcase a core premise of Africa Eats, that we can build a portfolio of fast-growing companies that exceed the sum of the individual investments. Going into the event and over the past 18 months we had built a trust circle between the CEOs, sharing some ideas through our introductions. Coming out of the event we've now started creating similar trust circles for the finance and operations teams.

The power of meeting face-to-face is how this event exceeded all expectations. The open, boisterous discussions for two days simply don't happen on Zoom. The serendipitous conversions that happened over breakfast or breaks, just don't happen over email or WhatsApp. And from all that face-to-face time, we now expect even more exciting news in 2022, converting many of these discussions into active services, real partnerships, and new joint ventures.

THE 28TH, 29TH, AND 30TH COMPANIES

The plan was not to add any new companies to the portfolio until we raised enough capital to support all the existing companies. Like always, plans change. In this case, however, the change came as some of the existing founders launched new companies to grab new opportunities, plus all of those businesses are similar to others already in the portfolio, which lets us leverage not just add new companies, but to build upon knowledge from across the portfolio.

For example, in 2020, the founder/CEO of Geossy, the largest fish farming company in Eastern Uganda, saw a pressing need for animal medicines. He launched **Afrihealth** to serve that market. Then later in the year he inherited 100 acres and 200 beehives in Amuria, Uganda, and with that launched **Amuria Honey**. Africa Eats provided an equity investment into Amuria Honey to help it get up and running, and we've promised an equity investment into Afrihealth to help is scale up.



Up in the description of the recent gathering, we talked about potential joint ventures. We seeded that idea with our companies by telling them about **Obamastove Kenya**, a joint venture between Obamastove (Ethiopia) and Kencoco. Kencoco is based in Mombasa, Kenya, produces charcoal briquettes from coconut husks, and has been selling other people's stoves for years. Africa Eats connected the two founders of these companies, proposed a joint venture, and helped them flesh out a business plan to replicate Obamastove in Kenya. The company is formed, Africa Eats provided the seed capital, and these two founders traveled together to Mombasa after the gathering to start production of stoves in Kenya and begin proving out the Kenyan market for sub-$10 efficient, clean cookstoves.

There will likely be 31st and 32nd companies announced in 2022, as the founder/CEO of Paniel Meat Processing and Livestock Bank in Rwanda launched **Paniel Logistics and Transport** to help solve the logistics challenges of his two existing companies as they grew across Rwanda, but to do the same for others. That company now has over 100 customers and turns away business nearly every day due to lack of growth capital.

Then down in Malawi, Ziweto Enterprise raised capital to build a factory to manufacture animal feed concentrates in Malawi, replacing a product that they historically import from Kenya. That factory will be operational in 2022 and we expect they'll ask Africa Eats for growth capital once it is fully operational.

SCALING LOGISTICS

The need to scale up logistics is not unique to our companies in Rwanda. This year four of Africa Eats' companies in Tanzania will each earn over $1 million, with around $10 million in aggregate sales from just those four companies (noting that all 27 together earned $9.8 million in 2020). The big challenge for all these companies in 2022 is how to keep up the high annual growth rates, which always requires moving more food to more customers each year.

East Africa Fruits is the oldest and largest company in the portfolio, and they've been facing this challenge for years. But so far they've managed to grow from $100,000 in 2013 to nearly $6 million in 2021 with just one processing/distribution center in Dar es Salaam. Scaling to 10,000 customers and tens of millions of revenue will require more distribution centers.

Rogathe Dairy and **Swahili Honey** face the same challenge, and at their current growth rates will need their own distribution centers by 2023. **Obri Tanzania** already sells through retail distributors, but as they double or triple in size they'll want to reach thousands of the less formal retailers served today by East Africa Fruits.

We talked before the gathering about how we leverage the resources and needs of these four companies to build not just a distribution solution, but a spin-off, joint venture distribution company. The benefit of the in-person gathering was that not only did these founders get to talk through the design of that potential joint venture, but they also were able to hear directly from the founder of **Paniel Logistics and Transport** to learn from his experiences.



That experience includes customers who hire trucks to deliver food from Rwanda to Zambia and Zimbabwe, and thus came the unexpected, serendipitous discussion of partnering between that year-old Rwandan logistics company and the yet-launched Tanzanian logistics company to provide a service that reaches across half of the East African Federation and into Southern Africa.

The next step for the yet-named Tanzanian distribution company is to finish writing a business plan and then to get the business fully funded and fully operational in 2022.

AFRICA HONEY

With the addition of Amuria Honey, the Africa Eats portfolio now includes five honey companies: **Swahili Honey** (Tanzania), **Kalahari Honey** (Botswana), **Tilaa** (Ghana), **Honey Products** (Malawi), and **Amuria Honey** (Uganda).

At the gathering, the founders of these five companies were given an hour to answer the question, "*What can we do with five honey companies across Africa that any one of you can't do alone?*"



Their answer is **Africa Honey**, a single brand with sufficient scale for global exports. A single brand with common packaging and production, centralized somewhere on the continent.

With centralization, the total investment required to reach that export scale goes down, as Africa Eats doesn't then have to fund five large production facilities in five countries. There will likely still be domestic production, but only at the scale needed for domestic or regional retail sales.

The novelty with Africa Honey is that then each of these companies can contribute wholesale, bulk shipments to the central processing facility which will absorb as much honey as they can produce, as the export market for honey is far in excess of all of their production combined.

And as Africa Honey will be a joint venture co-owned by these companies (plus Africa Eats as the funder), they can be confident that their existing company will get paid a fair price for this bulk honey.

Plus the common effort building one brand will help make that brand a household name across Africa and into the export markets much more quickly than trying to do the same for five separate brands.

THE PORTFOLIO OF INVESTEES

The portfolio has grown by two companies this quarter, adding **Amuria Honey** and **Obamastove Kenya**.

East Africa Fruit is the largest fruit and vegetable aggregator in Tanzania, bootstrapped to over $1 million in revenues in five years, $5M+ in 2021.

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 320 smallholder farmers, 90% women.

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

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

Kalahari Honey has captured the honey market in just one year, aggregating from hundreds of women farmers, exporting across Southern Africa.

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

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

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

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

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

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

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.

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

Birdpreneur allows middle-class Nigerians (and foreigners) to invest in poultry production, sharing profits with rural smallholder farmers.

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

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

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

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

Cold Hubs sells solar-powered cold storage as-a-service within public markets and farm co-ops across Nigeria, lessening post-harvest losses.

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

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

Agro Supply sells farm inputs to Ugandan farmers with a unique lay-a-way model, ensuring farmers can afford seeds.

Obamastove is the most popular cookstove in Ethiopia and the only at-scale artisanal cookstove company on the planet, 400,000+ sold to date.

Obamastove Kenya is a joint venture between Obamastove (Ethiopia) and Kencoco, expanding the production of clean, efficient cookstoves into Kenya.

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

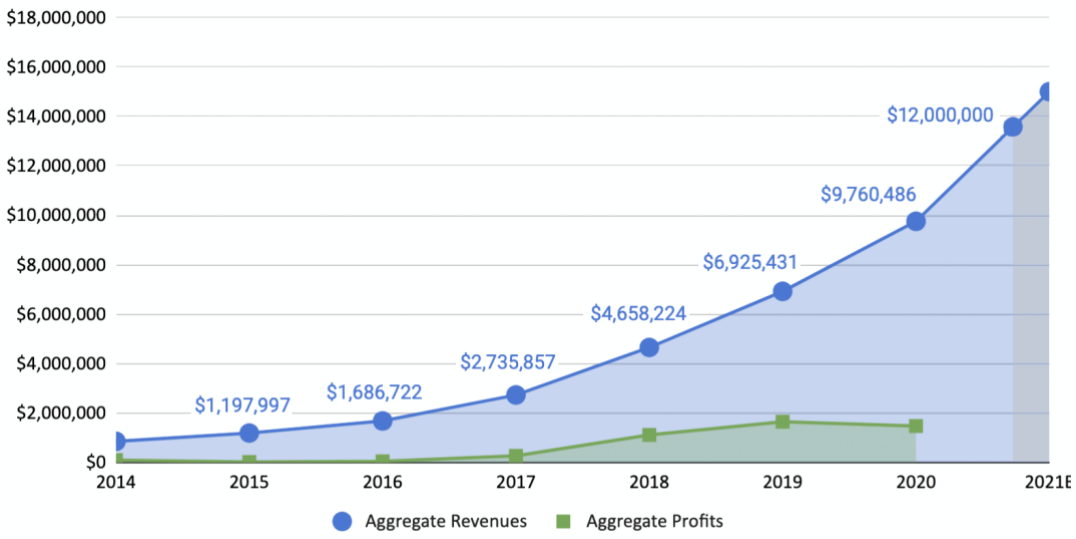
GreenChar produces charred and uncharred briquettes from sugarcane waste, replacing the unsustainable use of firewood in Kenya.

Kencoco manufactures charcoal briquettes from waste coconut husks, replacing firewood as cooking fuel.

Built Accounting performs accounting services for African businesses. Built Accounting is centralizing financial management across Africa Eats' subsidiaries.

REVENUE GROWTH

Aggregate revenues and the annual growth rate of that metric is the simplest measure of success across the portfolio. Annual aggregate revenues grew from **$6.9 million** in 2019 to **$9.8 million** in 2020. As of the end of Q3, the aggregate **YTD 2021 revenues** are nearly **$12 million**, on track to reach or exceed $15 million for the year.



MANAGEMENT

Africa Eats is managed by a team of three, with Jumaane and Saif based in Nairobi, Kenya and Luni based in the United States.

LUNI LIBES, CHAIRMAN/CEO



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

luni@africaeats.com • africaeats.com • fledge.co • lunarmobiscuit.com

JUMAANE TAFAWA, EXECUTIVE DIRECTOR



Luni met Jumaane Tafawa back in 2016 when he was working at Equity Bank, building pan-Africa partnerships. Jumaane has over 20 years' experience helping Fortune 1000 and other African-based companies grow across the continent. The mix of banking, consulting, and entrepreneurship is exactly what Africa Eats needs to reach its goals.

jumaane@africaeats.com

SAIF AHMED, AGRICULTURE EXPERT



Completing this trio is Saif Ahmed, with another mix of banking, consulting, and entrepreneurship, but with that experience focused on agri-business. Saif has lived and worked in over a dozen Sub-Saharan African countries. He moved to Nairobi – our Africa-based head office – to be near Jumaane (and to please his wife, who is Kenyan).

saif@africaeats.com

CONTACT

If you have questions on any of this material, please do not hesitate to ask. If you are an investor, we are always seeking more funding. If you are not an investor, please share this with others who do invest in Africa.

Luni Libes, CEO
luni@africaeats.com
+1 206 550 7109