

KAMPANI

Investing in family farming

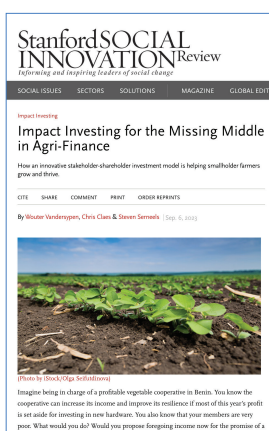


ANNUAL REPORT 2023

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FOREWORD



Scan me!

Dear friends of Kampani,

I am very proud to say that 2023 was yet another year full of exciting developments for Kampani. We closed four new deals, successfully concluded a fundraising round and Kampani's model gained additional recognition through the publication of an article in an international journal.

I had the chance to visit three of Kampani's investees in Burundi and Rwanda in September 2023. This trip further reinforced my confidence in the strength and impact of our model. Two different countries and three different investees (cooperative and SME's), but with the same drive, entrepreneurship and commitment to put the improvement of the livelihood of the smallholder farmer at the center.

And this was not only attested by my personal experience...

Indeed, Kampani's stakeholder-shareholder model was the central theme of an article published online in the prestigious American journal on social innovation, the Stanford Social Innovation Review!

The article provides insights and a better understanding of the critical success factors when investing in high risk, high-cost segments, such as the missing middle in the agri-food sector, generating considerable impact while also providing a financial return. We feel very honored that our model is gaining international visibility and that Kampani's strategy is increasingly being recognized as successful and scalable. I strongly invite you to read the article "Impact Investing for the Missing Middle in Agri-Finance" in case you have not yet had the chance!

As part of its ecosystem building strategy, Kampani also joined the CSAF in early 2023. CSAF is a global network of social lenders who share similar values, allow peer-to-peer learning and exchange of best practices. This has been instrumental in enabling Kampani to better respond to the complicated realities of the market.

Another important highlight was the impressive jump in Kampani's equity: we successfully

raised another 4.6M euros, with the total fund size jumping from 10 to 14.6M, putting us within reach of our target of 20M. Existing shareholders committed additional funds and we were also able to attract new shareholders, including notably CLAC, the organization that represents and defends the interests of over a thousand fairtrade certified cooperatives in Latin America and the Caribbean.

CLAC's investment in Kampani is telling, being a rare example of a consortium representing actors from the global south has invested in an impact investment fund in the global north.

But not everything is easy. Kampani serves a challenging segment. In 2023, we have had to provision a significant amount. We also suffered some virtual losses due to the USD/EUR exchange rate change, leading to an overall loss even when we were operationally profitable. While this had a significant impact on our P&L, we are optimistic that these clients will overcome their current cash flow challenges in the coming year.

As the size of the fund grew, so did the team. A new Managing Director, Dimitry Van Raemdonck, was appointed in February 2023 and in November 2023, Aude Sauvaget joined Kampani as Portfolio Manager.

With more data on the portfolio, we were able to calculate the increase in annual sales of our clients since Kampani invested in the company. It is impressive to note that, at portfolio level, our clients' sales grew on average by 48% each year!

Following the developments of Kampani since its inception has been both enriching and exciting... More than ever, we remain committed to expanding our activities and building new, international partnerships with key stakeholders to address the persistent challenges in accessing finance for small-scale agri-businesses.

A heartfelt thanks to each and every one of you for supporting Kampani and following our journey, whether close or from afar.

Steven Serneels, *Chairman*

Reducing the vulnerability of
smallholder farmers through
investments in productive assets
of cooperatives and SME's:
this is what Kampani works for.



KAMPANI AT A GLANCE

A social impact investment fund working to unlock the potential of entrepreneurial farming in the global South.

When addressing access to finance in the agri-food sector in low-income countries, the challenge is not only accessibility and affordability, but also the appropriateness of the financial instrument offered, or the conditions attached. Kampani was designed with this financing and social need in mind: access to patient growth capital for small, capex heavy investments. The Kampani model was reverse engineered to focus exclusively on the capex segment, arguably the hardest part of the missing middle.

By the very nature of its investments—long-term, quasi-equity, without collateral requirements—Kampani's intentions are straightforward: to ensure the client realizes its objectives and meets its growth targets, not only financially, but first and foremost in terms of social impact.

Our offer:

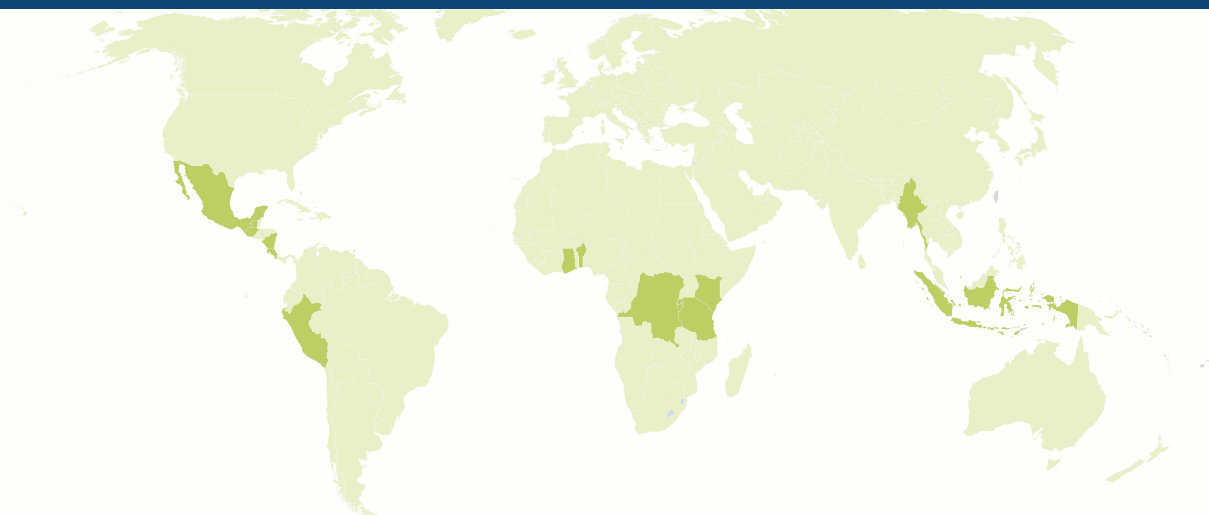
- Subordinated debt, **without requiring collateral**, thus strengthening the balance sheet of the investee.
- A **long investment horizon** of up to 10 years
- Only in the **agri-food value chain**.
- Active **involvement in the governance** of the investee.
- Small investment amounts (**100,000 to 500,000 Euros** and via add-on investments up to 1 million Euros).
- The investments are in productive **fixed assets**, such as land, buildings, or equipment (capex).



Norandino, Peru



IMPACT DATA



In 2023, **94,189** farmers received support through our investments in **14 different countries** across the world.

We made four new investments: two in Benin, one in Kenya and one in the Democratic Republic of the Congo.



94,189 Farmers reached (74,104 in 2022)



€10 M put at work in 2023

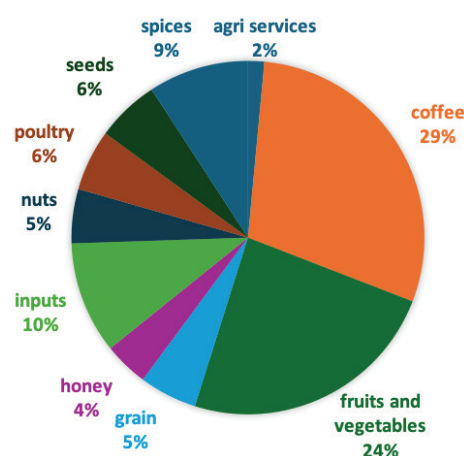


Across 10 sectors & agricultural commodities

Helping our clients unlock growth is one of Kampani's main goals. We are proud to witness that our strategy is successful in this regard.

**by calculating the average increase in annual sales in local currency of each of our investees since Kampani first invested in the company. We took the average at portfolio level.*

48% the average annual growth in revenues of our clients since Kampani's investment*



GOVERNANCE

The Members of Kampani's Investment Committee:

Thomas Dewever, *Managing Partner and Co-founder of Smile Invest*

Josephine Ecklu, *Inclusive Business Manager, Rikolto*

Patrick Eeckloo, *Program Manager, Trias*

Patrik Haesen, *Deputy General Manager, MRBB* (Since early 2024, Mr Haesen has left Kampani's IC and has been replaced by Mr David Dewez, former Managing Partner at Incofin)

Marieke Kruis, *Program Manager, Sustainable Food Systems, Oxfam*

Pierre Queritet, *Director, Lawsquare*

Suzy Serneels, *Policy Officer, Right to Food, Broederlijk Delen*

Sybille Vancoillie, *Portfolio Officer, BIO*

Wouter Vandersypen, *Executive Director, Kampani (Chairman of the IC)*

The Members of Kampani's Board of Directors:

Hannelore Beerlandt, *Senior advisor on food and rural policies, institutions and finance*

Chris Claes, *Executive Director, Rikolto International*

Berg De Bleecker, *Board Member Fair Trade Original Foundation*

Jean-Marc Debricon, *General Manager, Alterfin*

Sybren Devoghel, *Investment Manager, King Baudouin Foundation*

Jean-Michel Pochet, *General Manager, Louvain Cooperation*

Steven Serneels, *Chair Impact Finance Belgium, Independent (Chairman)*

Wouter Vandersypen, *Executive Director, Kampani*

Dirk Van Tricht, *Financial Advisor, Inigo SRI Global Multi-Asset*

Pieter Verhelst, *Senior Adviser, Boerenbond, Chair of Kampani's Audit Committee*



The Members of Kampani's Team:

Wouter Vandersypen, *Executive Director*

Dimitry Van Raemdonck, *Managing Director*

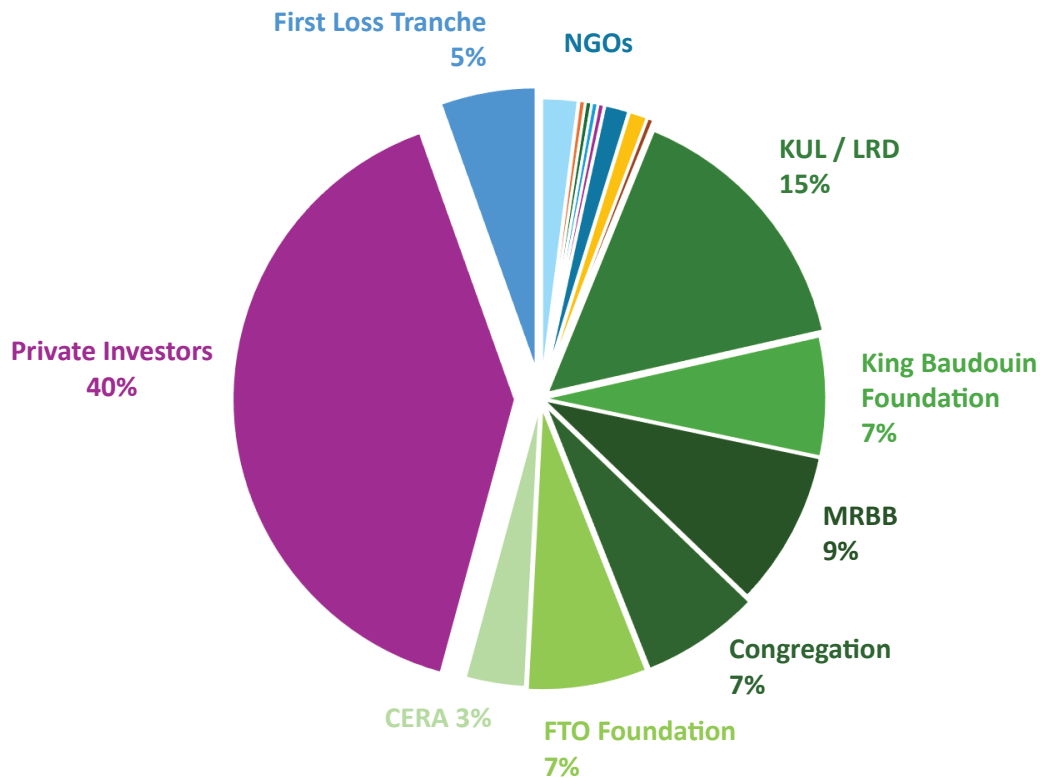
Aude Sauvaget, *Portfolio Manager*

Mauricio Barocio, *Investment Manager*

Lola Pochet, *Investment Associate*

SHAREHOLDERSHIP

In 2023, Kampani successfully raised €4.6 million, bringing the fund size from 10 to €14.6 million. Kampani's shareholding at the end of the 2023 capital round.



Our NGO shareholders are an integral part of our model:



DEAL 1 COCOCA FIRST EXIT



This year, and for the last time, we devote a full page to our first investment, which was fully repaid at the end of 2023, the Horamama coffee dry mill in Burundi. In other words, this concerns our first exit.

In 2016, Kampani partnered with COCOCA, a fairtrade certified union of cooperatives of small coffee growers. COCOCA is now one of the largest groups of small-scale coffee farmers in Burundi, representing 15% of the national coffee production.

COCOCA set up the Horamama coffee dry mill as part of a vertical integration strategy, to hull and store coffee beans at the level of the union — an activity that was initially outsourced to third parties. COCOCA remains the first and only cooperative player on the Burundi market to own its own dry mill.

Kampani first provided a loan of USD 314,000 for the acquisition of the dry mill and made an add-on investment of USD 150,000 in 2020, to purchase spare parts for the factory and new jute sacks.

In addition to noticeable improvements in terms of efficiency, traceability and quality control, the impact of our investment is also highly symbolic as it evidenced many of the strengths of Kampani's model, notably the multistakeholder model. The involvement of Broederlijk Delen, the King Baudouin Foundation, Alterfin and Truvalu (formerly known as ICCO Agribusiness Booster) has been crucial at every step of the

process, be it through providing coaching and advice, a co-financing mechanism, to pre-finance the coffee harvest, or to facilitate the flow of money between Belgium and Burundi. Without all this support, COCOCA's growth would have been halted, or even reversed! Our representative on the Board of COCOCA and Horamama also proved to be invaluable, especially in times of crisis.

An impact study to evaluate how this investment met Kampani's social impact goals has been conducted and the results will soon be made available. One element from this first investment that gives pause, is that this was a huge step for COCOCA and that it might not have been mature enough for such a large investment and step change. This is an important point that Kampani will be considering in its future investments, to make sure our clients are equipped to successfully absorb the investment. Still, the different crises and challenges were overcome. In the end but not without effort, Kampani successfully helped the client to take a significant step on their growth path!

We are extremely proud and happy to have been able to follow the development of COCOCA for the past 7 years. Despite the challenging context, this investment materialized, offering a certain level of agency to COCOCA's smallholder farmers and reducing their vulnerability. We wish COCOCA a lot of success and fruitful partnerships in the future!

Part of the coffee dry mill financed by Kampani

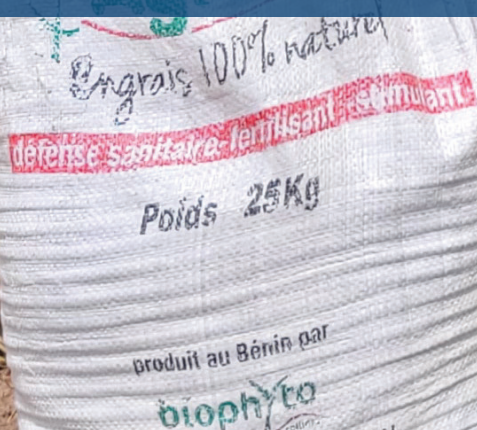


DEAL 17 BIOPHYTO

BioPhyto is a Beninese company, producing and marketing organic fertilizers and pesticides, which are sold on the local market to increase smallholder farmers' yields. The company currently serves 200,000 smallholder farmers, and sources raw material from over 3,050 farmers, mainly rural women and youth living in rural Benin, who collect neem seeds (the main raw material) and aromatic herbs for production. For this group, the partnership with BioPhyto is often their only source of cash income.

Moussa Nassirou, who is responsible for financing mechanisms for Enabel Benin says:

"We are proud to have contributed to the success of this transaction. The financing will strengthen the value chain and contribute to the emergence of a more sustainable agriculture. It is the culmination of a long process of collaboration with the company by the Enabel team. We are committed to ensuring this collaboration bears fruit!"



Engrais 100% naturel
défense sanitaire-fertilisant-stimulant
Poids 25Kg
produit au Bénin par
biophyto

A large indoor market or processing facility with many people and sacks of coffee beans. The scene is busy, with people in traditional and modern clothing moving through the space. The floor is covered with numerous large sacks, some of which are open, revealing coffee beans. The structure has a high, open roof with exposed wooden beams and some corrugated metal. The lighting is natural, coming from the open roof. The overall atmosphere is one of active commerce and labor.

DEAL 18

SOPROCOPIV

Soprocopiv is a Congolese cooperative that sources, processes and markets coffee, cocoa and cinchona. Located in the Butembo region of North Kivu, it was established in 2008 by a group of smallholder farmers, and now has some 9,000 members. The region has been politically unstable for many years. Being part of the cooperative allows its farmers to have a reliable off-take and a stable source of income, and this is where Soprocopiv's added value is most visible. Selling their products to Soprocopiv offers farmers significant opportunities as the cooperative is their main source of cash income in these very remote locations.

Soprocopiv is recognized as the biggest sustainably certified cooperative in the region. Its 18 washing stations are located close to its producers, to avoid competition from uncertified coffee in neighbouring Uganda.

In addition to financing the building of four new washing stations, Kampani's investment will also enable five older ones to be upgraded and modernized. Securing and increasing the coffee supply and improving its quality is the best way to improve members' incomes.



DEAL 19

ORIGINAL JUS D'ANANAS (OJA)

Original Jus d'Ananas (OJA) is a Beninese company that specializes in processing and marketing bottled pineapple juice on the Sahelian market. OJA sources its fresh pineapple from two cooperatives, together representing 135 smallholder farmers. These farmers also provide seasonal employment to 1,000 other farmers who assist in planting and harvesting the pineapples. With the help of Kampani's investment, OJA aims to increase its revenues by producing juice in cans.

The processing is quite straightforward: the fruits are collected directly from smallholder farmers, the juice is extracted, filtered, and pasteurized and bottled (in re-used bottles) before being sold directly to wholesalers from Niger and Burkina Faso.

OJA will soon produce canned pineapple juice and sell it in new markets in addition to its current bottled juice business. Kampani's investment covers the costs of the acquisition of the canning line as well as a small warehouse and the necessary connection to the public power grid.

Again, the Enabel team played a crucial role in supporting OJA to become bankable for Kampani and proved a pivotal partner for us throughout the investment process.

At present OJA is only able to buy half of the cooperative's production. The rest of the production is sold on the market at lower prices or gets wasted. The investment is expected to increase smallholder farmers' incomes thanks to the increase in the demand for raw materials. More volume sold means more income.



DEAL 20 SWATINI

Swatini Ventures Limited, a Kenyan SME, processes macadamia nuts, grown in the highlands of Kenya, for export. Swatini sources nuts from a network of 4,500 farmers, who greatly benefit from their partnership with the company. Most smallholder macadamia farmers are working below the potential of their farms, due to low land productivity, pests and diseases, and climate instabilities, which has consequences on their livelihoods. Swatini offers farmers a better price than the market to ensure farmers' loyalty; provides additional services and training on good agricultural practices (GAP) to incentivize farmers to produce good

quality products; and encourages farmers to practice intercropping (with avocado and coffee) to generate additional income from different crops at periods of the year when the macadamia harvest season is over.

With Kampani's investment, Swatini has acquired new machinery to increase volumes and to replace some of its existing assets, which have become old and inefficient. Over the next few years, Swatini will gradually increase the volumes of nuts sourced, thus increasing the number of farmers who grow the nuts.

FINANCIAL STATEMENT 2023

BALANCE SHEET IN EURO	2022	2023
Fixed Assets	394,719	293,490
Financial Fixed Assets	394,719	293,490
Current Assets	8,446,425	8,846,410
Credit Portfolio	6,085,618	7,271,836
Cash and Cash Equivalents	744,742	584,570
Other Accounts Receivable	1,279,183	560,947
Transitory Accounts	336,883	429,058
Total Assets	8,841,144	9,139,900
Equity	8,588,536	9,099,617
Other Subscribed Capital	9,507,600	13,847,490
Uncalled Capital	0	-3,604,865
First Loss Tranche	500,000	800,000
Accumulated Results	-1,419,064	-1,943,008
Liabilities	252,608	40,283
Long Term Liabilities (>1 year)	0	0
Short Term Liabilities (<1 year)	65,275	40,283
Transitory Accounts	187,333	0
Total liabilities and Equity	8,841,144	9,139,900

Kampani increased its capital in 2023: the total fund size grew from 10 to €14.6M.

PROFIT + LOSS IN EURO	2022	2023
Revenues	488,644	702,586
Operational Expenses	-436,634	-684,365
Operational Results Before Subsidies	52,010	18,221
Cross charged to subsidy	78,857	0
Operational result	130,867	18,221
Provisions on the principal	-190,944	-170,246
Provisions on interest	-91,217	-333,927
Latent neg, currency effect	0	-34,675
Net result	-151,294	-520,628

Kampani's operational income remains sufficient to cover our operational expenses, but due to the need to provision for some clients experiencing difficulties we post a significant financial loss. At this stage, we believe these clients will recover.

THANK YOU TO OUR OPERATIONAL PARTNERS



KAMPANI
Investing in family farming

Get in touch!

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