



Tunisian
American
Enterprise
Fund

IMPULSION AU DEVELOPPEMENT

IMPACT & ANNUAL REPORT 2021



USAID
FROM THE AMERICAN PEOPLE



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LETTER FROM W. BOWMAN CUTTER CHAIR

The backdrop for TAEF's work in 2021 was a world of challenges and instability: challenges of the continuing Covid pandemic, a slowly recovering economy, and high unemployment rates, all exacerbated by Tunisia's political turmoil.

In the winter of 2021, the World Bank wrote in its *Tunisia Economic Monitor* that Tunisia's economy had shrunk during the Covid crisis more than comparable countries in the region. Further, Tunisia's slow recovery increased the already high unemployment rate, especially among youth, women, and the Western regions.

By the end of 2021, *The Economist Country Report* on Tunisia noted the severe impact of the continuing Covid crisis on several sectors of the economy, increasing political unrest with planned constitutional elections in mid-2022, and fragile IMF support.

In this context, TAEF worked with persistence, determination, and creativity to support our investee companies and to source new opportunities for the fund. By the end of 2021, TAEF had committed nearly all its initial funding and **invested over \$88 million**, leveraging **TND 121 M in external funding**. In the process, **over 7,000 jobs** were maintained and / or created, employing over **57% women** and **51% youth** and **over 413,000 microentrepreneurs** received financing to support their businesses. TAEF has actively expanded its investment focus **throughout the country** to promote growth and economic opportunities in the interior and highly demanding regions.

During a challenging year, many of our investee companies demonstrated resilience in finding new sources of scarce raw materials, in identifying new markets, in streamlining internal processes, and in developing new products for the changed times. A few companies even thrived. Some of those stories are included in this report.

As in the prior year, TAEF focused on maintaining ongoing close collaboration with each investee to assess needs, provide and source technical assistance, and work side by side to plan for uncertain futures. TAEF's active involvement with investees is highlighted in the story of Carrelages Choisis de Gabes (CCG), an investee of our SME investment fund TASME found later in this report.

The themes that emerge from 2021 for TAEF are resilience and grit. Resilience in the ability to recover in the face of increasingly difficult circumstances. Grit in the sheer tenacity, determination, and creativity that TAEF and its investees brought to bear day after day, week after week, month after month, in holding on, addressing problems, and sometimes, finding new paths to follow. We are humbled by the commitment and resourcefulness of Tunisia's entrepreneurs.

Warm regards,

W. Bowman Cutter | Chair

¹: Includes CFE's external funding.

A woman in a blue uniform, hijab, and face mask is working in a factory. She is wearing gloves and holding a tool. The background shows industrial machinery and other workers.

TAEF AT A GLANCE

\$100
MILLION
Fully funded

An Innovative Committed Impact Investor

TAEF PURPOSE

- **Support** the Tunisian economy.
- **Expand** economic and employment opportunities throughout the country.
- **Catalyze** investments and promote broad economic growth.
- **Strengthen** small and medium enterprises, improve prospects for sustainable growth.

TAEF OBJECTIVES

- Financial **sustainability** & returns.
- New & stable **employment**.
- Investments throughout the country with a focus on the **interior regions**.
- **Inclusion** of women and young entrepreneurs.
- **Innovation** to address SME financing needs of Tunisian entrepreneurs.

TAEF VALUES

TAEF commits to conducting itself with transparency and integrity, adhering to the highest standards of ethical behavior and corporate governance, and to acting in full compliance with laws and regulations.

FUNDING SOURCE

The U.S Agency for International Development funds TAEF and provides oversight.

FUNDING TERM

The fund will continue to actively invest through 2028.

A period of investment exits and fund wind-down will follow.

TAEF INVESTMENT PORTFOLIO HIGHLIGHTS

TAEF's portfolio remained steady in 2021. Our strategy of providing creative financial solutions to Tunisian entrepreneurs building and growing small and medium enterprises (SMEs) is unchanged.

We address the specific needs of SMEs in different parts of the economy through our investments:

- In growing small and medium entrepreneurs:
 - Directly through Tunisian American SME Company (TASME), our SME platform managed by our dedicated team.
 - In partnership with Tunisian investment institutions through funds & investment vehicles that offer complementary solutions and leverage our resources.
- In microfinance institutions (MFIs) that reach Tunisia's microentrepreneurs.
- In digital entrepreneurs, who found technology and knowledge-based start-ups, through Flat6 Labs accelerator and its related venture capital fund: Anava Seed Fund.
- In entrepreneur searchers through Tunisian American Search Fund (TASF) platform by sponsoring, supporting and financing searchers in the acquisition of strong growth potential companies whose management and shareholders seek an exit.

TAEF INVESTMENT STRATEGY



Growing Small & Medium Entrepreneurs

TASME for mezzanine financing
(direct investment in SMEs)

Fund of Fund providing Equity, Quasi-Equity
and Private debt to SMEs (indirect investments in SMEs)

- Private Equity: Tuninvest Croissance
- Private Equity: INMA Holding
- Private Debt: INMA Finance



Microentrepreneurs

Microfinance institutions

Taysir

CFE Tunisie

ENDA



Digital Entrepreneurs

TAEF Invests in high growth startups along with other partners through an accelerator model and a venture capital fund with a focus on innovation, knowledge and technology.



Entrepreneur Searchers

TASF Tunisian American Search Fund

TASF II & TASF III

By the end of 2021, we committed \$98 M of our \$100 M fund to investments and disbursed \$88 M. Similar to our experience in 2020, 2021 was a year of active engagement with our investees as together we navigated a difficult economic environment.

TAEF INVESTMENTS COMMITTED & DISBURSED 2021 (USD MILLION)

TOTAL TAEF COMMITTED: \$ 98.60 M | TOTAL TAEF DISBURSED: \$ 88.02 M



Growing Small & Medium Entrepreneurs

Committed: \$69.1 M

Disbursed: \$66.05 M



Microentrepreneurs

Committed: \$12.67 M

Disbursed: \$12.67 M



Digital Entrepreneurs

Committed: \$5.07 M

Disbursed: \$3.10 M



Entrepreneurs Searchers

Committed: \$11.78 M

Disbursed: \$6.18 M

TAEF INVESTMENT HIGHLIGHTS 2021

- **Growing SMEs:** TASME continued to actively support investee companies managing challenging situations while investing in a new IT company. INMA Holding expanded its investment by adding another company to its portfolio. INMA Finance was engaged in active sourcing of potential investments.
- **Microentrepreneurs:** TAEF maintained an active role in CFE, a MFI providing loans of up to TND 40,000, where we have an equity and debt investment. Our loan to ENDA, the MFI with a national presence, supported their active outreach to Tunisia's smaller microenterprises with average loans of TND 3,000.
- **Digital Entrepreneurs:** TAEF continued its support of Flat6Labs and Anava Seed Fund's investment in digital, high tech, and tech driven start-ups.
- **Entrepreneur Searchers:** TAEF supported the active search of two entrepreneur searchers as they identified prospects and undertook deep review and analysis of candidate companies for acquisition.

Detailed discussion of each of TAEF's investment lines is found later in this report.

2021 TAEF IMPACT

Since day one, TAEF remains committed to its twofold objective of investing for:

1. Financial sustainability and performance.
2. Development impact.

TAEF's investment strategy drives impact through:

- **Innovation** by adopting financing mechanisms and products to the specific needs of Tunisian entrepreneurs in a wide variety of enterprises.
- **Value creation** generated both at the level of the investees and the Tunisian financial ecosystem in support of a robust, inclusive and adapted ecosystem.
- **Focus on positive social, environmental, and governance** practices and results, which are described below.

GENERATING STABLE & GROWING EMPLOYMENT

The current difficult context emphasizes the importance of stable employment. TAEF is working closely and continuously with its portfolio companies to maintain employment and solvency. The tables below detail the direct and indirect employment of TAEF's investees.

In terms of direct employment, the MFIs, with individual branches nationwide, employ the greatest number of people. TASME's 21 investees directly employed over 1,770 people in a wide variety of sectors at the end of 2021 (see chart).

DIRECT EMPLOYMENT OF TAEF INVESTEEES | FYE 2021

Investment	# Investees	Total Employment	# Women in Management	Women Management & operations	Youth
Microfinance Institutions	3	2,257	24	49%	49%
TASME	21	1,776	101	47%	65%
TASF	1	51	2	12%	16%
Fund of funds	3	21	2	43%	29%
Flat6Labs & Anava Seed Fund	1	15	10	73%	60%
Total Direct Employment	29	4,120	139	-	-

The table above shows the direct employment of TAEF investees. That is not the complete picture: TAEF also invests in intermediaries who, in turn, invest in other companies. The table below showing indirect employment points to the multiplicative effect of many of TAEFs investments: their impact is greater than evident at first glance.

INDIRECT EMPLOYMENT OF TAEF INVESTEES | FYE 2021

**MICRO
FINANCE
INSTITUTIONS**
3 MFIs

413,889
TOTAL CLIENTS

57%
WOMEN

**FUND OF
FUNDS**
14 Investees

2,521
TOTAL
EMPLOYMENT

56%
WOMEN

**FLAT6LABS &
ANAVA SEED
FUND**
59 Investees

591
TOTAL
EMPLOYMENT

68%
YOUTH

ADAPTING AN INCLUSIVE, MULTI-SECTOR INVESTMENT STRATEGY

TAEF's strategy of meeting the financing gaps for Tunisia's SMEs means that we invest in companies in a wide variety of sectors. What they have in common is a need for financing to fund growth: fund capital improvements, working capital, external growth, diversification, domestic and international expansion, and recruitment. TAEF's portfolio reflects the diversity of Tunisia's SME economy.

TAEF's multi-sector investment strategy touches many areas of Tunisia's economy

- By considering the financing needs of the spectrum of SME companies: microenterprises, start-ups, and growing SMEs.
- By reaching a great variety of sectors from traditional handicrafts and agriculture, to building materials, manufacturing and renewable energy, to high tech, IT and digital start-ups.

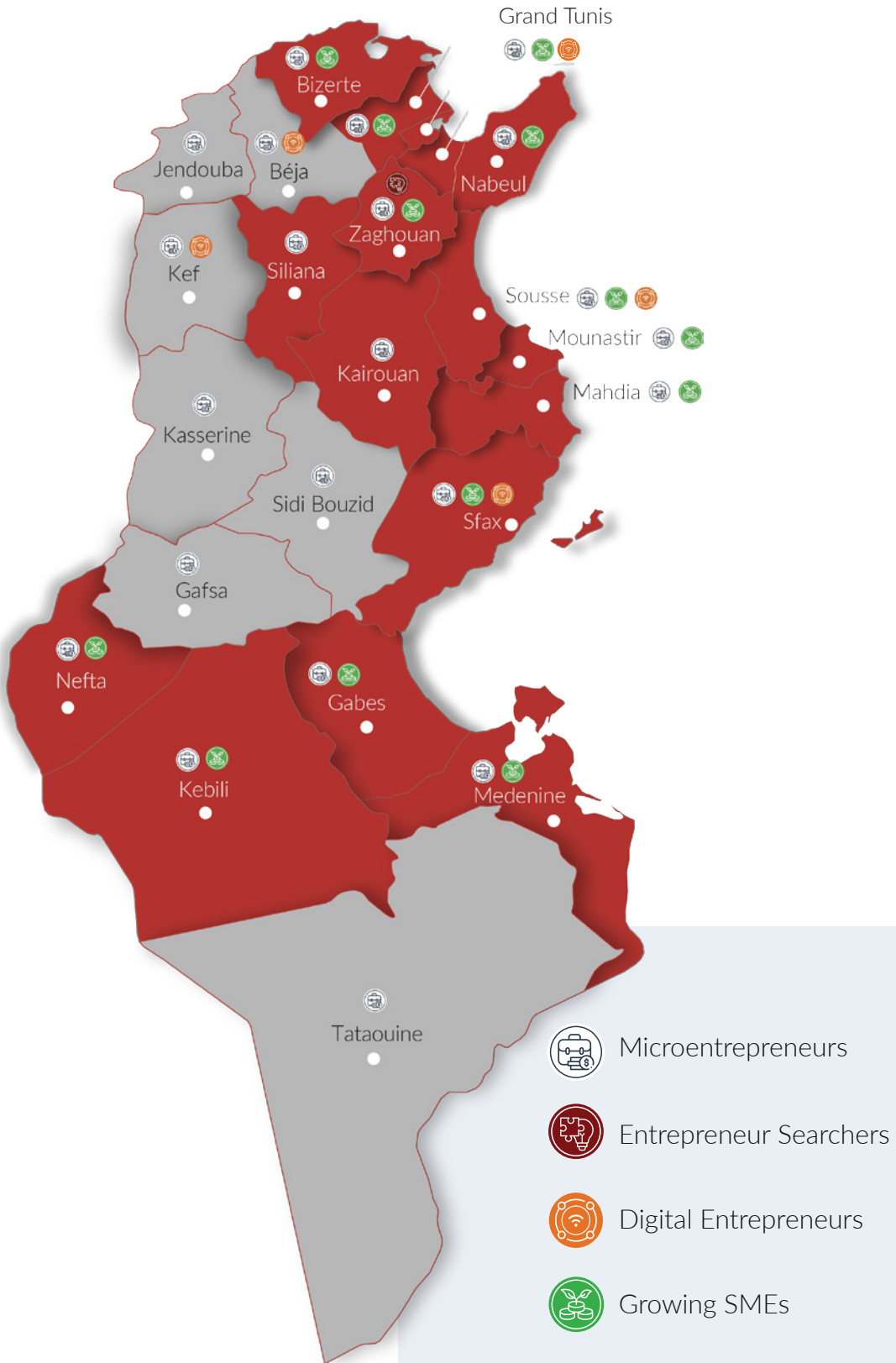
Our approach creates value and supports entrepreneurs throughout the whole spectrum of the Tunisian economy.

REACHING INTERIOR REGIONS

A feature of Tunisia is the concentration of access to financing, technical assistance, and employment in the capital region of Tunis. TAEF actively seeks investments throughout all of Tunisia – a strategy that empowers the companies and strengthens the SME financing ecosystem countrywide.

With our investment in microfinance institutions, TAEF's investments reach the most isolated and economically disadvantaged regions as illustrated in the following map.

TAEF INVESTS IN INTERIOR REGIONS



APPLYING AN ENVIRONMENTAL LENS

TAEF applies an environmental lens to our investing:

- From our first sourcing interactions and assessment of a company's alignment with our priorities,
- Through our standard due diligence where we pay particular attention to the Tunisian environmental regulations for each industry sector and region, and
- During the entire investment period until exit with occasional internal audits.

In addition to looking for companies that have a positive environmental impact in sectors such as renewable energy (ex: Transcendence/GAMCO, a renewable and solar energy company), TAEF partners with investees to put in place environmentally friendly solutions to business and operational problems (ex: Rose de Sable a date production and processing company that now uses renewable energy).

INVESTING RESPONSIBLY

TAEF is committed to working with our investees to build companies that adhere to high standards of governance, ethics, and compliance. We see this work as an important part of TAEF's legacy.

TAEF's high standards for investing include the following components for all investments:

INVESTEES PROTECTION PRINCIPLES

TAEF applies the best standards of protection for our investees, including appropriate product design and delivery, prevention of over-indebtedness, responsible pricing, fair and respectful treatment of clients, privacy of client data, and mechanisms for complaint resolution.

GOVERNANCE

TAEF participates in the governance of investee companies, often taking board positions or requiring changes in governance practices as well as participating in the hiring process of senior management positions (CFO, sales managers).

COMPLIANCE

TAEF is committed to conducting itself with transparency and integrity, adhering to the highest standards of ethical behavior, and acting in full compliance with laws and regulations. We expect the same from our investees and work with them to accomplish that end.

INVESTING IN THE NEXT GENERATION TAEF FELLOWS PROGRAM

Youth impact is at the very heart of our mission. TAEF invests in companies owned and managed by youth, stimulates youth employment, and aims to support and inspire the next generation as part of our corporate social responsibility.

TAEF's Fellows Program cultivates and inspires the next generation of entrepreneurs and management for small businesses and supports our investees by sourcing talented staff.

Components of the Fellows Program follow:

- It is open to applications from students at all Tunisian universities.
- There are both summer and academic year placements.
- TAEF actively screens student applicants before introducing select candidates to the companies for interview.
- The program is exclusively open to TAEF's investee companies.
- Students receive a stipend paid by TAEF and the host company.
- Training is provided to the Fellows.

In 2021, 16 students participated in the program: 10 women and 6 men. The majority of students come from engineering and business universities. Students were placed in TASME portfolio companies, CFE microfinance, and Flat6Labs startups.

Students receive TAEF training in workplace behavior, presentations, resume writing, and special topics such as Design Thinking. Investee companies receive support in defining clear internships and supporting students.

In 2022, TAEF will continue the Fellows program, expanding to meet demand from investee companies. TAEF will also evaluate the program with an eye to long term sustainability.





TAEF INVESTMENT PORTFOLIO REVIEW TUNISIAN AMERICAN SME COMPANY TASME

TASME is a 100% TAEF funded SME investment platform, operating with a dedicated team. TASME adapts an innovative mezzanine financing mechanism specifically designed to meet the needs of traditional family-owned SMEs with an average investment ticket of \$ 1.1 million. Now with investments in 21 companies and seven years of operation, TASME is proving that targeted SME investing can be sustainable, impactful, and transformational.

TASME invests

- In sustainable and growing SMEs.
- In a variety of industrial and service sectors.
- Throughout the country.
- With an environmental screen.
- With an interest in companies that are led by and / or create employment for women and youth.

In 2021, the TASME team spent tremendous energy on supporting existing investee companies in difficult economic conditions. In their role, our Investment Officers helped find alternate raw material sources, identify prospective employees, restructure financing, and in a few instances, find prospective purchasers. Their work reflects the severe impact of the prolonged Covid crisis compounded by the country’s faltering economy and profound political uncertainty.

The CCG story below illustrates TASME’s proactive role in working with investees to address business concerns. The Netinfo story shows one company’s efforts to develop new products to meet market demand despite a challenging context.



TAEF investment: At the end of 2021 TASME was an established investment institution managing a portfolio of 21 companies

Committed \$50 M

Disbursed \$29.8 M

Impact:

TASME introduced new investment options to Tunisia’s SMEs.

Its track record proves the viability of this model and of Tunisia’s smaller, family-owned SMEs.

TASME addresses the missing middle, a financing gap in the Tunisian economy.



In 2022, TASME will continue to source new investments in Tunisia despite the overall global and local economic uncertainty and will continue working in close partnership with companies as they navigate the challenging economic and social environment.

TASME HIGHLIGHTS



**CARRELAGES
CHOISIS**

CCG

Industry | Building Materials - Tiles

Location | Gabes

TASME investment | TND 2, 800,000 equity | TND 700,000 loan

Carrelages Choisis de Gabes (CCG), a family-owned company founded in 1977, is specialized in the manufacture and distribution of all types of cement mosaic tiles: ordinary and marble stones, square or hexagonal shapes, anti-slip & sidewalk tiles.

Located in the industrial zone of Ghannouch - Gabes, CCG is one of the oldest Tunisian companies in this sector.

TASME's investment aimed to support the company's growth and to consolidate its position as a market leader. It also allowed the company to increase its production capacity and enhance its financial structure. During 2019 and 2020, CCG faced several social and operational issues that seriously threatened the company's sustainability.

We worked closely with the management to closely monitor the situation and to identify potential partners. In September 2021, a full buy out (shareholding & management) with Tunisian Group was negotiated and finalized enabling CCG to safeguard more than 200 jobs and continue operating.

TASME HIGHLIGHTS



NETINFO

Industry | Education

Location | Tunis

TASME investment | TND 138,000 equity | TND 362,000 loan

Netinfo is a Tunisian school that provides training and certifications using technology: animation and 3D production, video games production, advertising, cinema, building & construction, mechanical & electrical. It offers academic courses for students and specific training and certifications for professionals.

Netinfo is an academic partner of Autodesk and Adobe.

In response to an increasingly competitive market, Netinfo expanded its offerings with the launch of new business lines including a 3D production studio.

Netinfo signed several partnerships, including an exclusive partnership in the Middle East and African regions with Epic Games. It also organized videogaming bootcamps for the cultural section of the US Embassy.

TAEF INVESTMENT PORTFOLIO REVIEW SME FUND OF FUNDS

TAEF's commitments in private equity funds and investments in financial vehicles reflect our investment strategy of leveraging our fund through partnerships. In 2021, we continued as partners of three funds focused on SMEs that share our social development and impact goals.

45%
WOMEN

68%
YOUTH

2,251
EMPLOYED

TunInvest Croissance: TunInvest Croissance is a private equity fund fully invested in 10 mid-large sized SME companies in a variety of sectors. The fund is currently managing its portfolio companies' growth and preparing for exits. At this point, TunInvest Croissance has exited three companies. Seven companies remain in the active portfolio.

INMA Holding: TAEF is a co-investor in the innovative investment company INMA Holding that targets growing SMEs companies undergoing a transition or restructuring. In 2021, INMA Holding grew its portfolio with an investment in ABK Group, a logistics and franchises management network of fast-food chains and founder of the brand Plan B.

INMA Finance: TAEF is a co-founder of this newly created private debt vehicle. Approved by TAEF's board in 2019 with a \$10 million commitment, the company lined up additional funding from CDC Tunisia for a first close at TND 35 million. This fund began operations in 2021 after experiencing severe delays due to Covid related government shutdown and a subsequent slow-down in approvals for new initiatives. It is the first private debt vehicle dedicated to Tunisia offering a wide range of financing mechanisms to be adapted to the specific needs of SMEs.

Impact: INMA Holding's innovative legal structure offers investment agility and flexibility unlike the rigidly regulated traditional Tunisian investment vehicles. This structure enables it to more efficiently address the financing gap of growing SMEs. INMA Finance, is the first private debt vehicle dedicated to Tunisian SMEs, was created to address a clear gap in financing for SMEs.

Investee impact



Invested \$2.13 M equity
(TAEF at 15.5 %)

3
Funds

14
Investees



Committed \$6.038 M equity
Disbursed \$3.25 M
(TAEF at 30%)



Invested \$10 M equity
(TAEF at 79.65%)

TND 64 M
EXTERNAL FUNDING
LEVERAGED

In 2022, TAEF expects TunInvest Croissance to continue supporting its active investments and working on advancing exits from portfolio companies, that INMA Holding will make additional investments, and that INMA Finance will start financing SMEs either directly or indirectly via financial institutions.

EDUCATION SECTOR INVESTMENT HIGHLIGHTS



Institution Laghmani
Enseignement Privé



المدراس المثالية
Les écoles idéales

TAEF INDIRECT INVESTMENTS IN EDUCATION

Companies | Esprit, Institut Laghmani, Ecoles Ideales

Location | Tunis & Cap Bon regions

Investment Vehicles |

- Tuninvest Croissance invested in Esprit
- Inma Holding invested in Institut Laghmani and Ecoles Ideales

Students | 12,900 / year combined

Education is one of TAEF's preferred sectors as we believe that high quality education has the potential to profoundly impact the lives of individual students and their communities. An investment in education is an investment in the country's future

In 2021, TAEF was invested indirectly in three schools:

- Tuninvest Croissance invested and exited in 2020 from **Esprit**, the major private engineering school in Tunisia that also operates elementary and high schools.
- Inma Holding invested in 2018 in **Institut Laghmani**, one of the major elementary and high schools in Tunis offering education accredited by the Tunisian and French authorities.
- Inma Holding invested in **Ecoles Ideales** in 2020, a leading group of elementary schools in the Cap Bon region and Ghazela. Today, Ecoles Ideales successfully completed several buyouts to expand its presence. The school is a pioneer in e-learning, which enabled it to adapt quickly and smoothly during Covid confinements.



A woman with long dark hair, wearing a white shirt and a green and grey patterned vest, is smiling. She is in a shop with various colorful items. In the background, there is a teal-colored display case containing a large, light-colored handbag with a colorful, braided handle. To the left, there is a display of gold jewelry, including necklaces and earrings. The overall atmosphere is bright and positive.

TAEF INVESTMENT PORTFOLIO REVIEW MICROFINANCE INSTITUTIONS

413,000+
MICROENTREPRISES

56%
WOMEN
MICROENTREPRENEURS

In 2021, TAEF's portfolio contained two MFIs, CFE Tunisie and ENDA, that both increased their efforts to provide microloans through active outreach throughout the country using novel approaches such as mobile banking vans and new product development to meet microentrepreneurs' needs.

In 2021, ENDA fully repaid the loan provided by TAEF.



Fully Invested
\$5.2 M (loan)

Reimbursed in Q3 2021



Fully Invested
\$6.4 M

equity, loan, follow-on Covid
loan, technical assistance

Impact: Tunisia's microfinance sector opened up in 2012 with regulatory changes. TAEF targeted this expanded sector for investing and adapted investing tools to the need of the MFIs, offering both equity and debt.

TAEF deliberately chose to invest in MFIs serving different parts of the microenterprise ecosystem with average loans ranging from TND 3,000 (ENDA) to TND 12,000 (CFE).

One of the great strengths of the MFIs is their ability to reach all parts of the country with their local branches and provide essential access to finance for Tunisia's microenterprises.

In 2022, TAEF expects to continue its active institutional investor role in CFE Tunisie which will continue developing its microfinancing activities and outreach to an ever larger number of microentrepreneurs.

MICROFINANCE HIGHLIGHTS



CFE TUNISIE

Location | Tunis – 13 branches

TAEF Investment | TND 17,600,000 loan, equity, and TA

CFE Tunisie and its clients were impacted by the multiple measures undertaken by authorities restricting economic activities to limit spread of Covid-19, including confinements and loan deferrals.

CFE Tunisie maintained close monitoring of its clients and assisted them when needed.

Despite the context, CFE Tunisie increased by 34% its support to microenterprises.

CFE is increasing its inclusion of women efforts: the share of microloans to women increased from 20% to 23% of total loans; its Board of Directors is well balanced between the two genders; 52% of total employees of CFE are women; 53% of loan officers are women; and 8 out of 13 branches are led by women.

To date, 100% of loans financed productive activities with 100% of CFE clients in the formal sector.

In 2021, CFE sought to expand its nonfinancial support to entrepreneurs by establishing DAAM, an affiliated NGO. DAAM has launched several initiatives such as a leadership development program attended by 169 women offered in partnership with DID, HEC Montreal, and a team of searchers and trainers.

MICROFINANCE HIGHLIGHTS



ENDA

Location | Tunis – 104 branches and 5 mobile branches

TAEF Investment | TND 15,000,000 loan

With more than 30 years of existence, ENDA is the major microfinance institution in the country. The institution is present in every region of the country and is actively reaching out to microentrepreneurs in remote areas of the country. ENDA has 426,000 clients, 57% of whom are women and 44% are in rural areas. The average ticket size is around TND 3,000.

ENDA offers a wide range of products adapted to increase women's inclusion, rural areas inclusion, and the development of green energy.

In 2021, Fitch upgraded the institution from BBB- to BBB stable. And the leading certification company DEKRA has certified ENDA MSI20000.

To increase its outreach and improve services to its entrepreneurs, ENDA has undertaken several digitalization projects and has launched a mobile banking van.

TAEF provided a loan to ENDA in 2019 which was fully repaid in 2021.

TAEF INVESTMENT PORTFOLIO REVIEW DIGITAL STARTUPS

With its focus on digital startups and innovation, Flat6Labs and Anava Seed Fund were well positioned to successfully pivot from pre-covid in-person work, to all virtual, to hybrid, and back to in-person. By the end of 2021, Flat6Labs had completed 8 cycles of startup seed funding and acceleration with companies working across industries from aerospace to logistics to wellness. Many of these startup companies have regional ambitions for growth beyond Tunisia in the Middle East, North Africa, and Europe.

**TOTAL
CYCLES**

8

2,172

APPLICATIONS

5.5

Total direct funding
TND MILLION

2.7

Anava Follow on
Investment
TND MILLION

11.1

Follow-on Funding
External Investors
TND MILLION

Anava Seed Fund's role is to provide initial seed funding for each startup, to invest follow-on equity in companies that successfully raise additional outside capital, and to source pre-series A investment opportunities outside of the Flat6Lab cycle companies.

The table below shows some aspects of the Flat6Labs and Anava experience.

- There is huge demand from startups to participate in Flat6Labs and receive the financial, technical, and mentor support: Flat6Labs accepts an average of 2.6% of applications. This is to underline the innovative and one of a kind model in Tunisia, that TAEF as an anchor investor supported and trusted in the very stage of creation.
- One company participating in Cycle 3 in 2019 has already experienced an exit.
- The earlier companies have been able to build a track record and attract outside funding. Cycle 1 companies have raised over **TND 6 million**.
- A Cycle 7 transportation and logistics company raised over **TND 1 million** despite just completing the acceleration program in July 2021.
- At the end of 2021, Anava Seed Fund had invested in one pre-series A investment, and 58 startup companies.
- An indicator of Anava's impact is in the external funding that the startups have raised. For every TND of initial and follow-up funding, the startups raised TND 1.3.



TAEF Investment

58
Startups

At the end of 2021 Flat6Labs & Anava Seed Fund had accelerated and provided seed funding to 58 startups in 8 cycles. One company received a pre-Series A investment.

Flat6Labs & Anava Seed Fund

Committed **\$5.08 M**

Disbursed **\$3.11 M**

Impact:

Flat6Labs & Anava Seed Fund are a unique platform addressing Tunisian startups' limited access to support, acceleration, and venture capital.

They have demonstrated both the demand for financial and technical support (with 2.6% acceptance rate for each Cycle) and the potential for talented Tunisians to bring digital innovation to many industry sectors.

Flat6Labs & Anava Seed Fund have demonstrated the viability and attractiveness of startups to external funding.

16%
Women
Founders

591
Employees

42%
Women

68%
Youth

TND 32 M
EXTERNAL FUNDING
LEVERAGED

In 2022, the last cycle of startups, Cycle 10, will complete the accelerator program. Anava Seed Fund will continue its investments within the fund envelope. The team will be looking at the future and designing the next phase of their experience with Tunisian startups.

1

Company

51

Employed

12%

Women

16%

Youth

TND 9 M

EXTERNAL FUNDING
LEVERAGED

TAEF INVESTMENT PORTFOLIO REVIEW TUNISIAN AMERICAN SEARCH FUNDS TASF

As part of its strategy of introducing innovative and adapted financing mechanisms to Tunisia, TAEF introduced the search fund model to match talented, experienced entrepreneur managers with company founders seeking an exit.

The success of TAEF's pioneer search fund, TASF 1, led to our replication of the model with two new searchers in TAEF 2 and TASF 3.

TASF 1 proved the concept of a search fund in Tunisia with the purchase of Propann, a melamine manufacturing company in mid-2019. Throughout 2021, TAEF has actively supported the entrepreneur searcher (now CEO) as he addressed the challenges of 2021. Propann's profitable 2021 was the result of an intense focus on sourcing raw materials, streamlining operations, and applied creativity and tenacity. The company is well positioned for continued resilience and growth in 2022 and beyond.

TASF 2 and TASF 3 searchers are in their search phases and assessing advanced deals.



TAEF investment: Completed acquisition of one company, Propann. TASF 2 & 3 searchers active.

Committed \$11.74 M

Disbursed \$6.18 M

Impact:

The innovative search fund model aligns the interests of experienced and dynamic managers looking to become entrepreneurs with those of founders and owners of mature SME companies with growth potential looking for legacy and succession plans.

The model creates an opportunity to raise funds from other investors to finance the acquisition with equity and/or debt. The purchase of Propann with TASF 1 was accomplished with TAEF equity and a leveraged buyout transaction from a local commercial bank.

The replication of the model establishes search funds as one more mechanism available to address Tunisian SME financing needs.

In 2022, TAEF expects Propann to be well positioned to meet prolonged economic challenges. TAEF also expects that at least one of the TASF entrepreneur searchers will be close to acquiring a company by the end of the year and that the other will be in full due diligence.



LETTER FROM HELA KADDOUR FOURATI, COO

LOOKING AHEAD

In 2022, Tunisia's challenges will continue with on-going constitutional and political changes and reforms and IMF negotiations that may bring additional economic consequences. In this environment, TAEF's purpose remains clear: continue to invest in and support private sector companies as drivers of Tunisia's growth, job stabilization and creation.

In 2022, TAEF's board and team remain fully committed to continue investing in promising opportunities, seeking stability and development of our current portfolio, and supporting innovative investment initiatives. TAEF will remain agile, paying attention to the current global and local macroeconomic, social, and political challenges, and deploying its Smart Capital accordingly.

TAEF believes that Tunisia's private sector is the main driver of the country's economy growth and social development. By investing in Tunisia's SME entrepreneurs and startups, we are investing in Tunisia's driving force, in its present and future, working to promote stability and to create opportunities for the country's youth, women, and men.

Warm regards,

Hela Kaddour Fourati
Chief Operating Officer & Managing Director



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TAEF TEAM

LEFT TO RIGHT:

Ons Hantous, Mohamed Khelil, Hedi Ksaa,
Ahlem Ayachi, Louise Stoner Crawford,
Imen Ben Halima, Hela Kaddour Fourati,
Lilia Ben Yahia, Mohamed Ali Ben Ayed,
Hajer Khamassi, Mohamed Mazouni.

_____ NOTES



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