

A woman wearing a red knitted headscarf and a beige sweater is focused on working with a piece of colorful, patterned fabric. She is in a wooden structure, possibly a workshop or a traditional building. The background shows wooden beams and a blurred view of the outdoors.

# PATAMAR | CAPITAL

Q3 2019 QUARTERLY REPORT

*Livelihood Impact Fund*

# Contents

---

Letter from the Patamar Partners	1
Report on Companies	2-10
<i>Big Tree Farms</i>	2
<i>Jana Care</i>	3
<i>Kalibr</i>	4
<i>Kinara Capital</i>	5
<i>Leaf</i>	6
<i>mClinica</i>	7
<i>MicroBenefits</i>	8
<i>Topica</i>	9
<i>Vasham</i>	10



## LETTER FROM **THE PATAMAR PARTNERS**

November 2019

Dear Limited Partners,

We hope that this letter finds you well as 2019 comes to a close. It has been an eventful year for Patamar Capital and we look forward to our continued partnership with you.

As of Q3 2019, we have moved from the investment period of Livelihood Impact Fund, LP (LIF LP) into the post-investment period. Although the Fund may make one or two additional small follow-on investments into current portfolio companies, there will be no additional new investments made from this fund. The Patamar team will now exclusively focus on maximizing the value of LIF's existing portfolio. In accord with the Fund documents, the management fee paid to the fund manager has been reduced although Patamar will continue to take all appropriate steps with respect to portfolio management. We remain very enthusiastic about the portfolio, with eight companies still active and progressing toward potential exit opportunities. Our global team is in place across six Asian offices and will continue to monitor our investments, updating you as developments arise.

Prior to the end of the year, we anticipate distributions for exits related to iCare Benefits and Vasham. While we are unsure of the timing, we expect that the valuation of several investments will be marked up, either in Q4, 2019 or Q1, 2020. Sadly, we also expect a write down in the value of the Fund's ownership interest in Micro Benefits as the company seeks to find a buyer for the company or its assets. We anticipate the next capital call (for fees and expenses) will occur in January 2020.

The entire Patamar team extends to you our best wishes for a very happy holiday season. As always, should you have questions please feel free to reach out to any of us.

All the best to you,

Partners



# Big Tree Farms

**COUNTRY** Indonesia

**SECTOR** Agriculture

**INVESTMENT LEAD** Lee FitzGerald

## COMPANY BACKGROUND

Big Tree Farms (BTF) is a vertically integrated supply chain company focused on producing “neera” (coconut nectar) based products. With office locations in Central Java, Indonesia and Burlington, Vermont, USA, BTF procures, packages and distributes certified organic products to the US, Europe, and Asia. BTF’s key product is a coconut sweetener that is lower on the glycemic index than traditional cane sugar or agave. BTF’s revenue comes from the sale of neera-based products to ingredient buyers, distributors and major grocery chains such as Costco, Whole Foods, Kroger, and Sprouts.

## Q3 HIGHLIGHT

*Strong demand for core products, but still struggling with cash constraints*

## LIVELIHOOD IMPACT

There are hundreds of thousands of coconut farmers in Indonesia who participate in the coconut sugar supply chain, with income levels at or near poverty. BTF is the first organic-certified company to vertically integrate from tree to consumer and control for quality and livelihood improvement. BTF currently works with around 4,000 coconut farmers, and offers a 16% price premium for the farmers over local market prices. Farmers engaged in the BTF supply chain over the last five years have experienced an increase in income of up to 100% and have established a stable place to sell their sugar at a consistent price to a single buyer, reducing the price fluctuations from working with small traders and smoothing farmer incomes.

## BUSINESS UPDATE

Demand for BTF’s neera-based coco aminos products remains high, with the company launching its Teriyaki line nationwide and getting picked up by Safeway Southern and Hannafords. Its coco amino “Asian” flavorings are outselling equivalent products in Whole Foods and Kroger. The team has moved into a new Vermont office after its leadership transition in Q2. However, BTF continues to miss sales opportunities due to the knock-on effects of working capital constraints that limit production and lead to out-of-stocks at retailers.

## FINANCIAL PERFORMANCE

BTF generated \$2.3M in revenue in Q3, a 36% improvement over Q2. However, working capital constraints continue to hurt both sales and gross margins due to production inefficiencies. Patamar continues to support the Big Tree management team to address the liquidity issues around its revolving line of credit and long-term debt. The company was able to arrange a \$200k loan that should improve its liquidity.





# Jana Care

**COUNTRY** USA (registration), India  
**SECTOR** Healthcare  
**INVESTMENT LEAD** Geoff Woolley

## COMPANY BACKGROUND

Jana Care is a medical device company that screens, educates and monitors patients with diabetes or pre-diabetes. The company has developed a smart phone enabled, low-cost monitoring device (the Aina device) that integrates with Jana Care's mobile app called Habits. Aina performs multiple lab tests including blood glucose and HbA1c. Prior to Aina, the HbA1c test could only be done in laboratories.

## Q3 HIGHLIGHT

*Product Registration for the Philippines is completed and first orders have been placed while Malaysia, Mexico and Indonesia are in the final stages of registration*

## LIVELIHOOD IMPACT

There were approximately 73 million cases of diabetes in India in 2017. Untreated diabetes has serious health risks that disproportionately impact low-income populations, such as higher incidence of heart disease, diabetic foot ulcers, and blindness. Using public and private partnerships, Jana Care aims to reach and serve populations with limited access to diabetes screening and care. Testing, detection, and education can reduce the number of cases of diabetes thus reducing lost worker productivity and the cost of lifelong diabetes care.

## BUSINESS UPDATE

Diabetology: Jana Care has met the critical <3% coefficient of variations for its Aina 2 product (a more automated testing device), and the company has manufactured 40 units

of "Aina 2" (HbA1c automated system) so far (it expects to have another 100 by the end of December 2019). In the case of the current Aina device, Jana Care has completed some key analytical studies including an HB variant study, which is done for a period of 18 months in order to obtain regulatory approvals. The company have submitted the HbA1c for US FDA approval and is awaiting results.

Cardiology: The phase of clinical studies for introducing the NT-proBNP test in India were completed. Jana Care is now conducting a second set of validation studies for NTproBNP with a new manufacturing lot.

## FINANCIAL PERFORMANCE

Q3 revenue was ~\$299,139. Devices contributed to ~11% of overall sales, while tests contributed to 89%. The average burn of the company is \$190k per month.

## FUNDRAISING

In Q2, the company closed its series A round at approximately \$5.9M with new investors including Cyient, a large software services company. Jana Care is now gearing to starting raising a series B round targeted at a Q2 2020 close.





# Kalibrr

---

**COUNTRY** USA (registration), Philippines (HQ), Indonesia

**SECTOR** HR (Recruitment)

**INVESTMENT LEAD** Beau Seil

## COMPANY BACKGROUND

Kalibrr is an online job matching platform that uses machine learning to match employer job postings with jobseekers based on skills and experience. It allows corporate clients to efficiently market open positions to qualified employees and quickly screen candidates to interview. Candidates can be automatically suggested and matched with available positions suitable with their experience and qualifications. As a marketplace, clients (employers) subscribe to the platform to post jobs and search for candidates based on their criteria (available in the Philippines and Indonesia).

## LIVELIHOOD IMPACT

Kalibrr's platform allows jobseekers with a relevant skill set to access more employment opportunities, even though they lack tertiary education or prior work experience in the formal sector. Over 70% of jobseekers are between the ages of 18-28. Kalibrr also helps talent get 'discovered' by recruiters from top companies, as the platform removes geographical barriers that often hinder the success of jobseekers residing outside larger cities.

## BUSINESS UPDATE

Kalibrr has reached the milestone of 2.5 million jobseekers on the platform, adding almost 300,000 new jobseekers in the past quarter alone. This is mostly organic growth as the company has very limited marketing budget. The number of paying customers increased to 750 clients, a 34% increase YOY. The team is also preparing to launch in Vietnam, which will be executed after the close of the Series B fundraise.

## Q3 HIGHLIGHT

*Agreed on the term sheet from a lead investor for its Series B*

## FINANCIAL PERFORMANCE

YTD revenue is up to \$1.9M (a 19% increase YOY) and is on course to hit \$3M for FY2019.

## FUNDRAISING

The lead investors have committed to put in \$4M with another \$8M soft-circled. The aim is to raise a minimum of \$10M in this Series B round and have the first tranche of funding by the end of the year to fuel next year's growth.





# Kinara Capital

**COUNTRY** India (HQ)

**SECTOR** Financial Services

**INVESTMENT LEAD** Geoff Woolley

## COMPANY BACKGROUND

Kinara Capital provides loans of USD \$2,000 to \$20,000 to small-to-medium enterprises (SMEs) in India, lending for working capital and capital asset purchases. It fills the gap between microfinance and bank funding. Kinara focuses on several industries including small-scale manufacturing, rural franchises, and handicraft production.

## LIVELIHOOD IMPACT

By providing loans to SMEs, low-income entrepreneurs can expand their businesses through the purchase of additional machinery or raw materials, leading to an increase in the entrepreneur's business income. Additionally, as their businesses expand, these entrepreneurs hire more employees, all of whom are from low-income populations. As of June 2019, the company has created 7,931 jobs, of which 2,055 were first time jobs and 1,573 were awarded to women. These profits of these businesses have increased by 20% on average, post the loan disbursement from Kinara.

## Q3 HIGHLIGHT

*Awarded Gold in the Bank of the Year Asia category at the Global SME Finance Awards Ceremony*

## BUSINESS UPDATE

Kinara is continuing to grow and the company has been able to raise debt, helped by the internal equity round. With another equity round in the works the company will position itself for continued growth. Kinara has been on-boarded for the first time under the Government of India-backed Credit Guarantee Scheme (CGTMSE) where a guarantee claim can be made against non-performing assets at 75% of the outstanding amount after a lock-in-period of one year.

## FINANCIAL PERFORMANCE

Kinara's Gross Loan Portfolio (AUM) has grown from ~\$96M in the last quarter to ~\$105M in Q3. Kinara has managed to grow its disbursements to ~\$23M in Q3. Q2 disbursements were low at \$12.36M (down from ~\$18M in Q1), largely attributed to the changes in risk-based pricing. As of Q3 2019, the company had 27,579 active loans. Kinara's revenue during Q3 2019 was ~\$7.6M, up from ~\$6.4M in the previous quarter. Profit after tax was ~\$340,000 in Q3.

## FUNDRAISING

Patamar and Bestseller foundation participated with USD \$150,000 in the bridge round committed to be invested in several tranches up to USD \$600,000 by the respective parties.





# Leaf

**COUNTRY** India (HQ)

**SECTOR** Agriculture Supply Chain

**INVESTMENT LEAD** Geoff Woolley

## COMPANY BACKGROUND

Lawrencedale Agro Processing (“LEAF”) sources high quality vegetables directly from smallholder farmers, engages in grading, sorting, washing and packaging of products, and sells the products to a range of distribution partners. LEAF’s buyers include large retail stores, e-commerce growers, small retailers and hospitality companies.

## LIVELIHOOD IMPACT

LEAF engages deeply with farmers by providing advisory services such as soil testing and providing advice on farming techniques. The company also distributes inputs such as seedlings of exotic vegetables, helping farmers improve their yield significantly and grow products that command a premium. The company sources produce from the farmgate, saving transportation costs for the farmer and paying a small premium over market price. As of March 2019, the company is working with a total of 3,317 farmers, of which 2,573 (the equivalent of 77.57%) are smallholder farmers with less than three acres. Farmers’ total revenue has increased by 66% after LEAF’s intervention.

## Q3 HIGHLIGHT

*Master Card have approached LEAF and have shortlisted the company as one of three companies they are keen to partner with to operationalize the Master Card marketplace platform for farmers.*

## BUSINESS UPDATE

Margins were affected by higher rejections in July, though this was subsequently controlled in August & September. Despite lower than expected gross margins, LEAF was able to control the losses by further cost reduction.

## FINANCIAL PERFORMANCE

In the Q3 2019, the company’s revenue reached \$1,092,773 vs. \$1,079,198 in Q2. Product margin increased from an average of 16% to an average of 19%. While being an improvement, margins are still not optimized as the company is forced to purchase on credit from farmers to overcome challenges in working capital which they hope to solve through the round of funding. As a result, EBITDA loss amounted to \$136,000, down from \$163,493 in the previous quarter. The average monthly burn for Q2 was ~\$60,000.

## FUNDRAISING

Patamar and Bestseller foundation participated with USD\$150,000 in the bridge round committed to be invested in several tranches up to USD 600,000 by the respective parties. In a recent development Aspada also committed to participate in the bridge round alongside Patamar and Bestseller Foundation. LEAF is gearing to raise \$5M in it’s Series B round on the conclusion of its bridge round.





# mClinica

**COUNTRY** USA (registration), Philippines (HQ), Indonesia, Vietnam, Malaysia

**SECTOR** Healthcare

**INVESTMENT LEAD** Beau Seil

## COMPANY BACKGROUND

mClinica is a platform that connects various stakeholders: pharmaceutical companies, distributors, and pharmaceutical professionals. mClinica offers several products:

- **SwipeRx** – connects pharmacy professionals and serves as a reference for drugs, a Q&A forum, and as a platform for professional certification and continuous education.
- **ConnectData** – loyalty platform that provides discounts to patients, delivers health education and reminders for prescription adherence.
- **SnapData** – gathers prescription data from retailers and replaces pharmacy logbooks.
- **Distributor Marketplace** - a platform for pharmacies to purchase their supply of drugs

## Q3 HIGHLIGHT

*Monthly transactions on the Distributor Marketplace have reached \$200k monthly with 80% repeat customers*

## LIVELIHOOD IMPACT

By creating more transparency and efficiency in the pharmaceutical supply chain, mClinica helps patients save money and improve their health outcomes while also helping small pharmacies increase their revenue.

## BUSINESS UPDATE

mClinica now has 150,000 registered pharmacy professionals, the largest platform of its kind. Almost half are from Indonesia, and 17% are monthly active users. The number of monthly active pharmacies transacting on the platform has reached 233, which is 55% out of total pharmacies with approved credit. More than 80% are repeat customers. GMV has increased by more than 50% to \$200k, however, average monthly-spend per pharmacy dropped slightly from \$700 to \$640.

Based on early learnings from the marketplace, it became clear that mClinica needs greater control of the user experience (even though that piece was done by partners). The biggest issues were in payments and fulfillment. On the payments side, mClinica has managed to influence the majority of pharmacies to use bank transfers for payments (now 85% of payments are through bank transfers). For fulfillment, mClinica partnered with Lalamove to offer better delivery experience (same/next day) and provide a solution to manage the distributors' warehouses to improve service levels.

## FINANCIAL PERFORMANCE

mClinica started the new financial year strongly with revenue of \$240k in the first quarter (Jul-Sep 2019) compared to FY 2018-19 revenue of \$520k. Sales result was even stronger with unrecognized revenue (contracts signed but not yet paid/executed) reaching \$1.7M.





# MicroBenefits

**COUNTRY** Hong Kong (registration), China (HQ), Vietnam, Indonesia

**SECTOR** Employee Benefits

**INVESTMENT LEAD** Geoff Woolley

## COMPANY BACKGROUND

Headquartered in Shanghai, China, MicroBenefits (MB) is China's first blue-collar employee engagement company. In addition to providing life-enhancing services to front-line workers, MB enables factories to significantly improve employee retention rates by enhancing loyalty and workplace engagement. MB's customers include large electronics and apparel brands who purchase two core products, both app-based platforms:

- **Company IQ** – built to improve factory worker employment engagement through communication applications, educational and training materials, and central HR information management.
- **Aspire** – assists with job placement through micro-insurance, digital discounts, and targeted recruiting to former factory workers who are seeking new employment opportunities.

## LIVELIHOOD IMPACT

Nearly 150 million front-line factory workers in China lack access to employee benefit and training programs. MB provides a suite of previously inaccessible employee benefits to front-line workers, including educational and career advancement opportunities and improved worker voice and grievance channels. MicroBenefits is now expanding its platform to Vietnam and Indonesia, increasing its ability to positively impact the lives of front-line workers across the global supply chains of its brand customers.

## BUSINESS UPDATE

Patamar worked closely with the MicroBenefits team and Board to negotiate a MOU for the sale of the company to a global provider of supply chain sustainability and factory audit services. While this is not an ideal economic outcome for investors, it allows MicroBenefits to continue serving its mission of improving the lives of factory workers within the scope of a larger firm with global reach. We expect the sale to be completed within Q4. While LIF will not realize its full investment value from this sale, at this time we do not know the terms of the final transaction.

## Q3 HIGHLIGHT

*Memorandum of Understanding (MOU) reached to sell MicroBenefits to a global supply chain sustainability services provider*

## FINANCIAL PERFORMANCE

A MOU was reached to sell MicroBenefits, with the buyer now in final due diligence. MicroBenefits generated \$184,000 in revenue in Q3, a significant decrease due to the company scaling back operations and conserving cash during the quarter.





# Topica

**COUNTRY** Singapore (registration), Vietnam (HQ), Thailand

**SECTOR** Online Education

**INVESTMENT LEAD** Shuyin Tang

## COMPANY BACKGROUND

Founded in 2008, Topica EdTech Group is one of the leading online education providers in Southeast Asia, offering affordable, high-quality online degrees through Topica Uni, English speech tutoring through its online platform Topica Native, and a short courses platform called Topica Edumall.

## LIVELIHOOD IMPACT

By providing high-quality, affordable Bachelor's degrees and English instruction, Topica's students can access improved job opportunities, career advancement and higher pay. Topica's online delivery method gives its students flexibility, enabling them to continue working full time and manage other responsibilities. Topica Uni has served 36,000+ students to date and Topica Native has served 30,000+ students to date. Topica Edumall has more than 135,000 active students.

## Q3 HIGHLIGHT

*KidTopi, Topica's new kids product, continues to demonstrate promising results*

## BUSINESS UPDATE

KidTopi continues to demonstrate some promising results. In addition to the educational outcomes mentioned in previous reports, early retention metrics are also strong with ~72% of users renewing for a longer package after their initial purchase. Topica is now refining its go-to-market channels, with referrals, influencers, and offline activation (i.e. through schools and residences) proving the most promising. The goal is to reach ~\$200,000 in monthly revenue for KidTopi by the end of this year.

## FINANCIAL PERFORMANCE

Topica achieved \$10.4M in revenue in Q3 2019, a 15% increase from the previous quarter, showing that the company is gradually getting back on a growth path. In particular, Edumall Thailand demonstrated stand-out growth, with a 66% revenue increase vs. the previous quarter (\$2.2M in Q3 2019 vs. \$1.3M in Q2 2019). Management continues to focus on controlling the company's burn rate through reducing overhead expenses and introducing more budget discipline. Headcount has been rationalized from 1,600+ at its peak to <1,300 by the end of October. The new ERP and financial planning system are live and managers have the real-time data they need to make decisions. In an effort to be more focused on the highest potential products and markets, the decision was made to wind down Native Thailand to focus on the much faster-growing and higher-margin Edumall Thailand.

## FUNDRAISING UPDATE

As mentioned in the previous quarterly report, Topica decided to raise a bridge round to give it additional time to show a more compelling growth story before its Series E. In August, it successfully closed this \$14.4M round with \$10M coming from one of Northstar's LPs and the remaining \$4.4M coming from a number of co-investors, including \$1M from the CEO Tuan himself.



# Vasham

**COUNTRY** Indonesia

**SECTOR** Agriculture

**INVESTMENT LEAD** Dondo Hananto

## COMPANY BACKGROUND

Vasham is an agricultural supply chain and finance company. Vasham's flagship program, KONCO (Javanese for "friend") is an innovative, end-to-end program designed to uplift Indonesian smallholder farmers living below the global poverty line. Vasham provides farmers with access to credit, high quality inputs, technical assistance, and market linkages between farmers and institutional buyers.

Vasham offers the following services:

- **Financing** – At the beginning of each growing season, Vasham farmers receive working capital loans in the form of cash and high-quality inputs.
- **Direct Market Access** – Vasham guarantees and provides farmers with direct access to end buyers that purchase crops at higher prices. Vasham has partnered with Japfa, one of the largest animal feed and poultry companies in Indonesia.

## LIVELIHOOD IMPACT

The existing agricultural supply chain in Indonesia structurally disempowers smallholder farmers. They lack access to high quality inputs, modern farming techniques, affordable financing, and formal markets. This forces them to sell their products to traders who can set a price far below market rates. These traders also lend to farmers at high interest rates and the harvests at very low prices keeping them in a cycle of constant need and reliance to the traders. Vasham's model is working to establish an integrated value chain that focuses on helping corn farmers break free of the current trader system.

## Q3 HIGHLIGHT

*Share buyback process has been finalized and investors have received the first tranche of payments*

## BUSINESS UPDATE

The balance of the buy-back payments should be finalized by the end of 2019 and will be distributed to the LPs as soon as the final payment is received. Patamar will not include Vasham in its reporting moving forward.