



PATAMAR | CAPITAL

Q4 2019 QUARTERLY REPORT

Livelihood Impact Fund

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LETTER FROM **THE PATAMAR PARTNERS**

February 2020

Dear Limited Partners,

We hope 2020 is treating you well thus far. Updates of the Livelihood Impact Fund portfolio companies from the last quarter of FY 2019 are presented to you in the following report.

This quarterly report is customarily less detailed than others during the year. We will be sharing a deeper overview in our forthcoming annual report that will be delivered to you with the audited financial statements and finalized 12/31/19 capital statements. Inasmuch as audit adjustments and post-year end developments may affect the final results, the financial statements delivered today may vary from those presented in the final, audited version. As is our custom we aim to have those complete by early to mid-April.

We're also working closely with our tax preparation team to produce and distribute the 2019 K-1s. We will send those as soon as they are complete.

Thank you for your continued support of Patamar Capital and the Livelihood Impact Fund.

Sincerely,
The Patamar 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.

Q4 HIGHLIGHT

Strong demand for core products continues, allowing greater access to working capital

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. Its coco amino “Asian” flavorings continue to outsell equivalent products in Whole Foods and Kroger. While we are encouraged by the company’s second consecutive quarter of revenue growth after a challenging first half of 2019, working capital constraints continue to hurt both sales and gross margins due to production inefficiencies.

FINANCIAL PERFORMANCE

BTF generated \$2.7M in revenue in Q4, a 18% improvement over Q3. H2 2019 revenue of \$5.1M is a 40% increase over the company’s challenging H1 2019. Patamar continues to support the Big Tree management team to address the liquidity issues around its revolving line of credit, which allowed the company to increase its borrowing capacity and maintain a higher average cash balance during Q4.





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.

Q4 HIGHLIGHT

New improved HbA1c (Xs) launched in December with reduced human handling of the sample

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

During this quarter, the company installed/sold three kiosks, 27 handheld devices and six Aina 2 devices as institutional devices and three kiosks, 13 handheld devices and two Aina 2 devices for clinics. It performed 40,975 additional HbA1C tests, and 200 additional Glucose tests. 19,650 other tests (including Lipids) have also been performed during this quarter.

The company has manufactured 50 units of Aina 2 (HbA1c automated system) to date. The production process was slowed down due to some technical tweaks which the company has overcome. The USFDA 510k application for HbA1c, which was submitted in 2019, is expected to receive approval in late Q1 2020. The new contract with AstraZeneca has been signed to launch HbA1c in 1,500 physician offices across India in 2020. Janacare launched HbA1c with Metropolis Labs (the third largest path lab chain in India) in five sites with the potential to expand up to 600 sites.

FINANCIAL PERFORMANCE

Revenues for the year end (December 2019) was \$1,086,926 while Q4 revenue was ~\$288,939. Devices contributed to ~11% of overall sales, while tests contributed to 89% in the year.

FUNDRAISING

Jana Care is raising a ~\$5M Series B round and hope to close it in Q2 2020.





Kalibrr

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

Sanuk Tandon, formerly Head of Indonesia, has been promoted to COO and is now in charge of all marketing and sales & operations teams. Preparations to enter Vietnam are underway, with potential clients and country head identified. Sanuk's focus will be to implement the sales playbook and increase revenue from the existing subscription business model targeted to larger corporations. Besides existing product improvement, Kalibrr is also testing a new Talent

Brokerage product for SMEs (10-200 employees) who do not have dedicated recruiters. Early experiments have seen success for this product, with a high (60%) contribution margin.

Q4 HIGHLIGHT

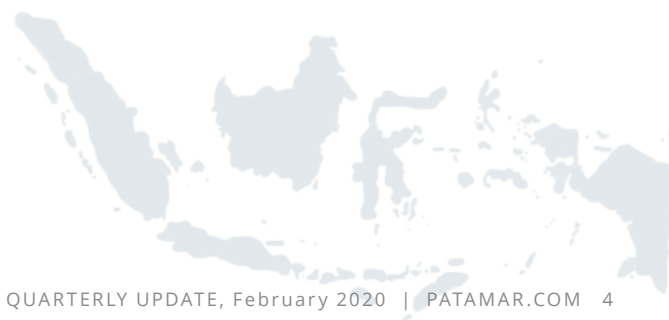
Kalibrr's platform reached 2.75M jobseekers in the Philippines and Indonesia, with job availability from major corporations such as Ayala (PH) and BCA (ID) as well as SEAsia's unicorns Go-Jek, Tokopedia, and Grab

FINANCIAL PERFORMANCE

Total 2019 booked revenue was \$2.9M, slightly behind the original target of \$3M. EBITDA improved to -\$800k from -\$1.1M in 2018.

FUNDRAISING

Kalibrr is currently raising its Series B round with a target of \$8M. A term sheet from a lead investor (Naver-Mirae of South Korea) has been accepted for \$4M.





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 September 2019, the company has impacted 56,959 jobs, of which 1966 were first time jobs and 20,472 were women. The average business revenue of these businesses has increased by 15% on average, post the loan disbursement from Kinara.

Q4 HIGHLIGHT

Made progress with its co-lending strategy (where the company partners with other lender firms to disburse loans) by reinstating the co-lending relationship with Northern Arc Capital in December 2019

BUSINESS UPDATE

As of Q4, 2.47% of the portfolio is with Co-Lending Partners. Average ticket size of Q4 increased by 18% to INR 392,000 in comparison to Q3's INR 331,000. Kinara has 110 hubs as of Q4. Its portfolio quality has seen improvement over the year with PAR 90 in December recorded at 4.98% down from ~5.22% in Q3. Kinara has embarked on a digital strategy, creating new digital channels for lead sourcing such as social media, in an effort to increase disbursements through digital platforms as an alternative to hubs. The company is also making headway in using tech to automate the process from inquiries, screening to disbursement to increase efficiency and reduce overheads.

FINANCIAL PERFORMANCE

Kinara's Gross Loan Portfolio (AUM) has grown to ~\$114Mn in Q4 from ~\$96M in April 2019. Kinara has grown its disbursements to ~\$25 M in Q4 from \$23M in Q3 with \$76M of disbursements from April-December. The company had 29,583 active loans in Q4. Kinara's YTD revenue from April-December is ~\$22M and its revenue from October-December was ~\$7.8 M.

FUNDRAISING

The Kinara Board is moving forward with an equity fundraise of ~\$30M and has two soft commitments from its existing shareholders.





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 December 2019, the company is working with a total of 6000 farmers, of which 80% are smallholder farmers with less than three acres. Farmers' total revenue has increased by over 60% after LEAF's intervention.

Q4 HIGHLIGHT

MasterCard has selected LEAF as its partner to operationalize the MasterCard tech platform, which creates a marketplace for farmers; the team is in final discussion and the agreement is due to be completed in Q1 2020

BUSINESS UPDATE

LEAF embarked on the pilot of its farmer service division (FSD) driven model, by partnering with JaiKisan (Greenzone Agritech), which provides input finance to farmers. The company has on boarded 100 farmers in Q4 and plans to onboard 50 farmers every month over the next 12 months. LEAF earns a margin through the provision of inputs to the farmers supported by the lending product.

FINANCIAL PERFORMANCE

LEAF has recorded a year to date (YTD) revenue of ~\$3.1M from April-December 2019. In Q4 2019, the company's revenue reached ~\$987,143 compared to \$1,102,686 from Q3. Product margin averaged 22% in 2019 compared to Q4 product margin of 20% due to seasonality. EBITDA loss amounted to \$142,000 from ~\$136,000, in the previous quarter with a (YTD) loss of ~\$2.4M. The average monthly burn for Q4 was ~\$50,000. The company is working on reducing down to below ~\$30,000 in the next quarter.

FUNDRAISING

The company is in the process of raising USD 5M in its Series B round, due to be completed in Q2 2020.



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 Community** – the largest professional network of pharmacy professionals in SEAsia, it serves as a reference for drugs, a Q&A forum, and as a platform for professional certification and continuous education.
- **SwipeRx Procurement** – a platform for pharmacies to purchase their supply of drugs
- **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.

Q4 HIGHLIGHT

Continued growth of the SwipeRx Procurement business, reaching monthly GMV of >\$350k with 800 pharmacies onboarded (~40% of all Jakarta pharmacies)

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

To improve the customer experience of the procurement platform, mClinica now manages the delivery of orders in partnership with LalaMove. The company has also managed to move >80% of payments to digital payments and bank transfers, reducing the effort needed to manage cash collections. The average transaction/pharmacy is now \$900, with the average pharmacy transacting 5x monthly. One of the barriers to growth is the credit limit available for the pharmacies (currently provided by a digital lender, Modalku). As the NPL is very low (0.17%), mClinica is planning to extend extra credit limit to allow the good pharmacies to transact more.

FINANCIAL PERFORMANCE

YTD Revenue (Jul-Dec 2019) was \$466k, up from \$197k for the same period last year. However, due to the increased cost and growing team, EBITDA for the same period increased to -\$1.8M from -\$1.2M.

FUNDRAISING

Although mClinica still has enough runway for another 10 months, the team has started discussions with potential Series B investors with a view to raise the round towards end of 2020.





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 has continued to work closely with MicroBenefits to finalize a term sheet to sell the company to a global provider of supply chain sustainability and factory audit services. Patamar is supporting the company in the final stages of this deal, while also evaluating other potential acquirers that may offer a better outcome. While this sale is not an ideal economic outcome for investors and will likely result in a write-down on the Fund's financial statements, 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.

Q4 HIGHLIGHT

A term sheet has been reached to sell MicroBenefits to a global supply chain sustainability services provider

FINANCIAL PERFORMANCE

A term sheet was reached to sell MicroBenefits, with the buyer in final due diligence. MicroBenefits generated \$1.1M in revenue in 2019, a significant decrease from expectations due to the company scaling back operations, reducing staff, and conserving cash during the second half of 2019.





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.

Q4 HIGHLIGHT

Topica's CFO, Duc, takes over from Tuan as CEO

BUSINESS UPDATE

This change in approach was accompanied by some leadership changes, including the company's CFO Duc taking over from the founder Tuan as CEO. Tuan will remain on the Board but step out of day-to-day operations at the company. The Board and other shareholders (including Patamar) are supportive of these changes as Duc has a more appropriate skillset to run a company of this scale and complexity. Duc has been with the company since January 2019 and was previously Head of Advisory and Corporate Finance at Deloitte Vietnam.

FINANCIAL PERFORMANCE

Topica underperformed in Q4 2019, prompting some significant changes at the company. October and November revenues failed to meet expectations and the company's burn rate was far too high (often >\$2M per month), with the team losing discipline after the recent large raises from Northstar and Provident--a pattern we have seen before. As a result, the decision was made in December to aggressively cut costs, even if there is significant revenue impact, with the goal of bringing the company to cash-flow positive at a smaller scale. Significant reductions in headcount, overheads and selling expenses are planned in the coming months. Given this new strategy, revenues in Q4 decreased to \$7.9M, a 23% reduction vs. the previous quarter, though net losses in December narrowed to only ~\$350k, the smallest loss in several years.

FUNDRAISING UPDATE

To help Topica get through this period, shareholders are considering giving the company a bridge loan of around \$5.5M. Northstar, as the largest current shareholder, is looking to lead the round and seems fully committed to turning the company around. Patamar is considering participating in this bridge round, which is expected to close in Q1 2020.





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.

Q4 HIGHLIGHT

Patamar finalizing exit process from Vasham; reached agreement with acquirer to purchase Patamar's shares

BUSINESS UPDATE

The first tranche of the proceeds have been received, and the second tranche is awaiting approval from regulator (Indonesia Financial Services Authority).

