

PATAMAR | CAPITAL

Q2 2019 QUARTERLY REPORT

Livelihood Impact Fund

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LETTER FROM THE PATAMAR PARTNERS

August 2019

Hello Limited Partners,

We hope you are well. We are very excited about a number of developments across the Patamar landscape over the past quarter. Some headlines:

PATAMAR HEADQUARTERS MOVES TO SINGAPORE: AGREEMENT WITH VULPES

Patamar Capital announced the relocation of its headquarters from San Francisco to Singapore. Founding partner Beau Seil will lead the Patamar team in Singapore and has permanently relocated there in order to expand the Singapore HQ and deepen the firm's presence throughout South and Southeast Asia. Read more on Deal Street Asia. Patamar Fund II LP has entered into an agreement with Vulpes Investment Management Pte Ltd (Vulpes) to provide Singapore fund management services for the Fund, leveraging Vulpes' Singapore fund management license.

NEW PATAMAR TEAM MEMBERS

Please join us in welcoming to the team the entrepreneurial and visionary leaders **Nathan Sivagananathan** and **Satchith Kurukulasuriya**. Based in Colombo, Sri Lanka, Nathan joins Patamar as a Partner and leads Patamar's South Asia team. He was formerly Chief Growth Officer and board director of MAS Holdings, a leading South Asia technology apparel company. A 2015 Eisenhower Fellow, Nathan's passion has been to create an active entrepreneurial ecosystem in Sri Lanka. We are pleased to have Nathan on the team, strengthening our presence throughout South Asia.

Satchith joins Patamar as a Principal and focuses on Patamar's investments in South Asia, and is also based in Colombo. Prior to joining Patamar Capital, Satchith worked in the capacities of a Financial Analyst, Operations Lead and Corporate Strategist for two of the leading global apparel manufacturing companies in Sri Lanka. Satchith was the recipient of the London School of Economics award for Enterprise Development in 2015.

Sandra Restu Surya has also joined our team, as an Associate in the Indonesia office. Prior to joining Patamar Capital, Sandra was the Chief of Development at Koperasi KASIH Indonesia (KKI), a social business that empowers Indonesia's poor to exit poverty through microfinance services and motivation-mindset training. Prior to KKI, she was one of the Directors and founding members of ChapterW, Singapore-based award-winning social enterprise that trains rural women to become solar light entrepreneurs.

NEW FOLLOW ON INVESTMENTS

The Livelihood Impact Fund completed a \$666,667 follow-on investment in Philippine-based mClinica. This bridge-round financing will allow the company to scale its virtual pharmacy network to more than 140,000 pharmacy professionals in more than 20,000 pharmacies and help the company scale its presence in the Philippines, Indonesia, Vietnam, Malaysia, Thailand, and Cambodia, while also preparing the company to raise a Series B financing round in 2020.

LETTER FROM THE PATAMAR PARTNERS

August 2019

ADMINISTRATIVE ITEMS

uPay Writeoff

Sri Lanka based Upay's upcoming financing round discussions were halted due to the Easter Sunday bomb attack in Sri Lanka, resulting in interested investors deciding not to participate in the round. Subsequently, Sanasa Development Bank of Sri Lanka acquired Upay in June 2019 at a significant discount, resulting in a complete write off for the Livelihood Impact Fund.

Although we are disappointed in the result for Upay we are very excited about our new team and ongoing investments. Thank you for your continued support of Patamar Capital.

Sincerely,
Patamar Capital 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.

Q2 HIGHLIGHT

Strong retail demand and a leadership transition were hindered by working capital 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

In Q2, BTF underwent a leadership transition as the Head of Global Production and Quality took over as interim CEO and shifted BTF’s US headquarters to a new dedicated office location in Vermont. Key managers in operations, production, and finance have stayed on with the company through this transition. Issues with the company’s line of credit limited its ability to access working capital and hindered production. However, this should improve going forward as the company works with its lender to resolve this issue. The company has implemented new processes to improve quality and consistency in its Indonesian production. BTF’s products continue to perform well at retail, outperforming competitors at major US grocers.

FINANCIAL PERFORMANCE

Big Tree Farms generated \$1.7M in net revenue in Q2, a 29% decrease YoY. This disappointing performance was driven by working capital and production constraints due to issues with its line of credit, leading to Big Tree only fulfilling 65% of orders during the quarter. This led the company to continue to be EBITDA negative in Q2, however BTF expects Q3 performance to improve as its working capital access improves. The company continues to work with Indonesian counsel to develop a payment plan for its legacy tax and trade payables.





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.

Q2 HIGHLIGHT

Finalized and closed its series A round of a total of ~\$5.9M

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. During Q2 '19, the company installed/sold 64 Kiosks and 47 Handheld devices as institutional devices and 25 Kiosks, 71 Handheld devices and 6 Aina 2 Devices for clinics. It performed 93,000 additional HbA1C tests, and 13,400 additional Glucose tests. 4,625 other tests (including Lipids) have also been performed during this quarter.

BUSINESS UPDATE

Diabetology: The company has met the critical <3% coefficient of variation for its Aina 2 product (a more automated testing

device), and the company has manufactured 40 units of this device so far and 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 further regulatory approvals.

Cardiology: Clinical studies for introducing the NT-proBNP test in India are now completed.

FINANCIAL PERFORMANCE

Q2 '19 revenue was ~\$238,557. Devices contributed to ~37% of overall sales, while tests contributed to 63%.

FUNDRAISING

The company closed the series A round (which has been open for the past year) at approximately \$5.9M, with new investors including Cyient, a large software services company.





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).

Q2 HIGHLIGHT

New job seeker acquisition reached 100K monthly in June, and this was achieved organically without any paid marketing

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

The total job seekers on Kalibrr is 2.3M (1M in Indonesia and 1.3M in the Philippines), with 546 total paying clients in the Philippines and 216 total paying clients in Indonesia. There was a strong renewal rate in the Philippines with clients including Megaworld, Uniqlo, and Toyota. More work

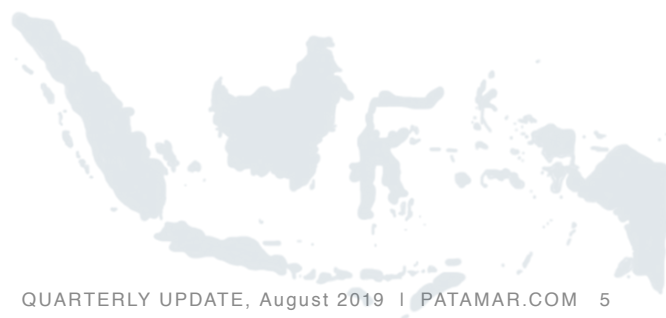
needs to be done to scale enterprise acquisition, especially by standardizing the sales process and implementation. Indonesia saw 100% revenue renewal with clients including Bank Mandiri, Bank BNI, Indosat, and Lazada. Kalibrr will continue to push enterprise sales and marketing efforts, adding three new hires in Q2. Kalibrr offered various product and pricing options in an attempt to lock in enterprise sales such as Kalibrr on Demand, a hybrid of subscription & pay per hire, as well as opt-out pricing.

FINANCIAL PERFORMANCE

Booked revenue grew 27% YoY with Indonesia growing double compared to the previous year. However, Q2 contribution margin dropped to 5% from 30% due mainly to the phasing out of Kalibrr Talent Services business.

FUNDRAISING

Kalibrr has received a term sheet from a strong lead investor for its Series B and is currently finalising the terms, while rounding up other investors. The planned round is \$10M and should be closed by early Q2.





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.

Q2 HIGHLIGHT

Launched 10 new branches: 3 each in Karnataka, Tamil Nadu and Gujarat and 1 in Andhra Pradesh

BUSINESS UPDATE

While Kinara launched 10 new branches in Q2, tightening credit policy increased rejection rates up from 45% to 65% resulting in lower disbursements in the quarter. While the effects of external factors such as the liquidity crisis can still be felt business-wide, Kinara is continuing to grow, and the company has been able to raise debt helped by the internal equity round. With the future round of funding Kinara should have enough leeway to successfully continue its operations and soon raise external equity.

FINANCIAL PERFORMANCE

As of June 2019, Kinara's Gross Loan Portfolio (AUM) is ~\$96M, flat from the last quarter. Disbursements have decreased to an overall amount of \$12.36M from ~\$18M, which can largely be attributed to the changes in risk based pricing. As of the end of the second quarter of 2019, the company had 24,927 active loans, of which 2,494 were disbursed during this quarter. Kinara's revenue during the second quarter of 2019 is ~\$6.4M, up from ~\$6.0M in the previous quarter. Post interest, depreciation and taxes, net profits are \$443,900 up from \$317,400 in Quarter 1.

FUNDRAISING

Kinara is currently fundraising and has numerous term sheets at good valuations.





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.

Q2 HIGHLIGHT

Raised a bridge round with Patamar Capital and Bestseller Foundation as participants

BUSINESS UPDATE

The bridge round of \$600,000 was finalized, with Patamar Capital investing USD \$150,000 and Bestseller Foundations USD \$75,000 in the first tranche. Both firms agreed to invest \$300,000 each, split into several tranches.

FINANCIAL PERFORMANCE

In Q2 '19, the company's revenue reached \$1,079,198 up from Q1's \$809,500. Absolute product margin decreased from \$235,157 in Q1 to \$170,917 in Q2, and as a percentage of sales it decreased from an average of 29% to an average of 16%. This is mainly because the company has been forced to purchase on credit from farmers to overcome challenges in working capital, which they hope to solve through the next round of funding. As a result, EBITDA loss amounted to -\$163,493, increasing from -\$139,145 in the previous quarter. The average monthly burn for Q2 was \$68,573.

FUNDRAISING

The company aims to raise a USD \$5M round and is currently engaged in discussions with several new investors.



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

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.

Q2 HIGHLIGHT

mClinica's Distributor Marketplace has reached 25% of all pharmacies in Jakarta, a significant market share in the pharmaceutical supply chain, and showing a strong 75% retention rate

BUSINESS UPDATE

In 2018, mClinica's launched a distributor marketplace that allows the pharmacies in their network to procure their drug supplies. By June 2019, it has reached 500 of the existing 2,000 pharmacies in Jakarta. While the target is to reach 800 pharmacies, the team focus has also been on the "share of wallet" from these pharmacies, ensuring that they buy more of their supply from mClinica's marketplace. Even at the current size, mClinica's marketplace has attracted the attention of pharmaceutical distributors who now regard them as an important part of the value chain by aggregating a big share of Jakarta pharmacies. This should lead to more interesting partnerships with pharma producers and major distributors to provide extra benefit/volume discounts for the pharmacies, and ultimately earn a larger commission for mClinica.

FINANCIAL PERFORMANCE

mClinica's total revenue was at USD \$518k for FY 2019 (ending June 2019), more than double FY 2018. Indonesia's share of revenue grew from 12% to 36%. SwipeRX CPD and survey accounted for 48% of the total revenue. As of June, the monthly Gross Merchandise Value (GMV) transacted on the platform has reached \$112k, growing by 72% from the previous month. Average monthly transaction per pharmacy increased by 55%, indicating that pharmacies procure more of their supplies via the mClinica platform.

FUNDRAISING

A Pre-Series B bridge round in the form of \$6M convertible note was closed in 2Q19. The round was led by SIG (\$4M) with existing investors Patamar & GIF participating with \$1M each.





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. To date, MB has 2.23 million users who have completed 4.8 million hours of education on the company's platforms.

Q2 HIGHLIGHT

Grew revenue significantly and exploring strategic partnerships, while reducing burn to manage a potential cash crunch

BUSINESS UPDATE

In Q2, MicroBenefits hired a new Head of Sales with previous experience in enterprise solutions to drive sales with new industrial verticals. MB also launched a new Learning Management product that is receiving interest from key electronics manufacturers. The company made significant progress in developing partnerships with channel distributors in Japan and the Philippines that would allow it to penetrate new industrial customer segments. However, a potential cash crunch in Q3 has led to MicroBenefits exploring potential partnership or merger opportunities with other players in the HR tech space. Patamar is actively assisting the Board and company manage this process.

FINANCIAL PERFORMANCE

MicroBenefits generated \$448.5k in revenue in Q2, a significant improvement from the company's slow Q1 and a 110% increase YoY. This was driven by strong demand from existing customers to expand their use of MicroBenefits to more factories in China and Southeast Asia. The company has \$200k of cash remaining at the end of Q2, however, a delay in collecting receivables may lead to a cash crunch for the company at the start of Q3. MicroBenefits has reduced its burn rate and instituted a plan to manage through this cash crunch, while the Board is helping to find potential strategic merger partners.





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.

Q2 HIGHLIGHT

KidTopi, Topica's new kids product, demonstrates exciting educational outcomes in pilots

BUSINESS UPDATE

A more positive development is that KidTopi has had some exciting initial results. In pilots, KidTopi students' improvement was 4x that of traditional offline center students after 3 months, using Oxford and Pearson Tests. The full launch for KidTopi begins in Q3 '19.

FINANCIAL PERFORMANCE

Topica achieved \$9M in revenue in Q2 2019, a 7% decline from the previous quarter. This meant Topica finished its financial year (ending June 30) with \$38.4M in revenue, up 4% from the previous financial year. At the same time, burn rate has increased to approximately \$1.7M per month. This stagnant growth and high burn rate has generated concern amongst all investors. The primary issues appear to be a management which is stretched thin across numerous products and countries, high overheads and back office costs, and lack of budget discipline. The new Group CFO (who started in January 2019) and implementation of a new ERP and financial planning system (going live in July 2019) will help, but improvements are taking longer than expected. The Board has asked management to submit its plan for FY20 as soon as possible so that there is more accountability going into the new financial year.

FUNDRAISING UPDATE

Topica has decided to raise a bridge round to give it more time to show a more compelling growth story before its Series E. The company has secured a \$10M commitment from one of Northstar's LPs. The price and terms will be the same as the Northstar round. A number of co-investors will be contributing a further \$4.4M to this bridge, including \$1M from the CEO Tuan himself. The team is working on the legal documentation now and the round is expected to be closed in August.





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.

Q2 HIGHLIGHT

After clearance from JSX (Jakarta Stock Exchange), the acquisition of Vasham's subsidiary PT. Celebes Agro Semesta (CAS) by Japfa has been executed and the funds are in Vasham's bank account

BUSINESS UPDATE

Vasham has kicked off the process to buy back the investors' shares, which includes giving formal notification to OJK (financial services authorities), and a public announcement in the newspaper. The waiting time after the newspaper announcement is 60 days, which will end on Sep 20. If everything goes well, the buyback transaction of Patamar shares should be done by Sep 21. The legal process for this has also been kicked off and Board has signed its approval.

