

PATAMAR | CAPITAL

RE:IMAGINING SOUTHEAST ASIA

Q2 2021 QUARTERLY REPORT
Livelihood Impact Fund, L.P.

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LETTER FROM THE PATAMAR PARTNERS

August 27, 2021

Dear Livelihood Impact Fund LPs,

Hope you and your families are safe and well.

Following our last quarterly update, the core geographies of the Fund have experienced new waves of COVID infections and governments have instituted varying levels of restrictions on movement and economic activity. Case reduction and vaccination trends are looking positive in Indonesia and India, while the impact of the Delta variant in Vietnam and the Philippines recently hit an apex. The next month of responses will be critical to stabilizing the situation. As a result, most international borders remain closed across South and Southeast Asia, and borders are unlikely to reopen to widespread business or leisure travel until late 2021 or early 2022 at the earliest, following a significant increase in vaccination rates. Nevertheless, there are signs of economic recovery and growth across our markets that are expected to get back on track by 2022. Investments in India and Southeast Asia startups have increased significantly despite headwinds from the coronavirus pandemic. These investments are led by tech startups gaining momentum as COVID reshaped how households and workplaces conducted economic activity. As a result, in 2021, local, regional and global VC firms have invested extraordinary amounts of capital in all our markets.

We are fortunate that our team remains healthy and is working closely with our portfolio companies. With our presence across the region, we are well placed to provide you with a concise, real-time update on each market.

MARKET UPDATES

India is recovering from a devastating second wave that caught the country off guard and laid bare the gaps in the public healthcare system. Due to the Delta variant, daily cases surged to 400,000 in May before dropping to less than 40,000 in August. The national vaccination program has ramped up to deliver nearly 580 million vaccines (~5 million per day) over the last few months, providing ~35% of the population with a first dose and ~11% with their second dose.

Economists believe that the impact on the economy from the second wave was not as severe as the first wave in 2020, due to the government's decision to impose selective district-wide lockdowns in 2021. During the first wave, the government imposed one of the strictest nationwide lockdowns in the world (from 24 March 2020 until 31 May 2020), resulting in a massive migration of low-income workers from urban areas back to their hometowns and villages. As a result, SMEs were hit the hardest and millions of migrant workers lost their jobs in the informal sector. Although annual gross domestic product (GDP) growth figures for April 2021–March 2022 have been reduced from the 10.3% estimate generated before the second wave, growth is still projected to reach 8% for the year.

Despite the impact of the second wave, 2021 should be a landmark year for venture capital and private equity (VC/PE) investments. In 2021, 23 new “unicorns” joined the USD 1 billion valuation club, raising the total to 44 and placing India at third place globally only behind the US and China. In the first six months of 2021, VC/PE investments increased 33% year-on-year from USD 20.4 billion in Q2 2020 to USD 27.1 billion at the end of Q2 2021. A major portion of investment activity focused on healthcare and Information Technology enabled services (ITeS), primarily driven by the (a) increased adoption of digital tools by consumers and companies and (b) the need for tech-driven healthcare tools and income-generating opportunities that could be distributed and accessed remotely.

In Southeast Asia, **Indonesia** was hardest hit by COVID over the last few months. As the third most populous democracy in the world and the world's largest Muslim population, Indonesia is our largest market in Southeast Asia and its economic strength is critical to Patamar's success. As daily new cases peaked at 56,700 in July 2021 – up from 20,000 cases at the end of June – the country's healthcare system was put under tremendous strain as hospitals ran out of beds and oxygen tanks. Emergency restrictions on community activities were imposed for nearly a full month in July 2021; luckily, new daily cases dropped back under 20,000 once this week, allowing for minor lightening of emergency restrictions on August 23.

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Vaccination rates have been steadily on the rise with 21.6% of the population receiving their first dose and 12.1% receiving both doses. Fortunately, Indonesia has secured a supply of 440 million vaccines, which should allow the country to fully vaccinate its entire eligible population by the end of the year.

Beyond COVID, the Indonesian economy posted year-on-year GDP growth in Q2 2021, beating estimates and marking the first expansion in five quarters. The technology and VC sectors have been on fire with increased investment activity and exits. In early August 2021, Bukalapak (an e-commerce platform) became the first local tech unicorn to IPO on the Indonesian Stock Exchange, raising USD 1.5 billion at a USD 6.0 billion valuation. Not only was Bukalapak the first tech company to IPO on the Indonesia Stock Exchange, but it was the largest IPO in the exchange's history. Additionally, Kredivo – the largest buy-now-pay-later (“BNPL”) fintech lending platform in Indonesia – announced its upcoming listing through a SPAC merger valued at USD 2.5 billion. These developments are on top of last quarter's announcements of Grab going public in a USD 40 billion SPAC merger and Gojek's USD 16 billion merger with Tokopedia. The Gojek-Tokopedia combined entity called GoTo is planning a local IPO next year, and possibly a dual-listing on NASDAQ.

The Philippines has been hit moderately hard by the new COVID variants since April 2021. Although new daily cases dropped to 3,966 on May 25 and again to 3,599 on July 13, cases have increased over the last month to reach 13,397 on August 25. The government hospitals are under more pressure as cases rise and several municipalities, including Metro Manila, have gone back to temporary two-week lockdowns to slow the spread of new variants. Approximately 17.1% of the population has been partially vaccinated and 11.5% has been fully vaccinated, with prioritization on Metro Manila to help restart the economy.

In Q2 2021, the Filipino economy emerged from 5 quarters of recession to grow 11.8%, the highest growth rate since 1988. This is encouraging news, but new Delta variant-linked lockdowns in Metro Manila may slow growth in Q3 2021.

From a VC/PE perspective, there was a significant increase in large Series B financing rounds in the Philippines. This is great news for the ecosystem as one of the largest challenges in recent years was an underdeveloped capital stack of growth investors able to invest in Filipino startups. Now that GrowSari has raised a Series B round of USD 17 million ([led by Pavilion Capital and Tencent](#)), Kumu has raised USD 15 million ([led by Openspace](#)), Tonik has raised USD 17 million ([led by iGlobe Partners](#)), and Great Deals has raised USD 30 million ([led by CVC and Navegar](#)), there are clear signals that larger regional and global growth equity players are comfortable making investments in the country. It also shows that entrepreneurs have more confidence that it is possible to scale companies in the Philippines without having to expand regionally.

Vietnam has experienced a particularly challenging Q2 2021 with a strong surge of COVID cases in Ho Chi Minh City (80% of the country's total cases) and surrounding cities in the South. Over the last two weeks (August 11–24), there were 136,330 new cases in Vietnam, bringing the total number of cases during the pandemic to nearly 370,000.

For a country that had been a model for containing COVID-spreading through most of the global pandemic with hardly any active cases and zero deaths, the surge from the Delta variant came as a shock and led the government to deploy troops in Ho Chi Minh City on August 20 to implement a full stay-at-home notice and deliver essential food and supplies to the city's nine million residents. Ho Chi Minh City and surrounding cities are currently under strict social distancing measures, with a limitation on all non-necessary activities including non-essential deliveries (including prepared meals), and all evening activities outside the home after 6.00 pm. As a result, the number of new daily cases has stabilized near 10,000 to 12,000 new cases per day.

Government officials are hopeful that the latest outbreak will be under control by early September after instituting stricter measures and rolling out a rigorous vaccination program for the first time. To date, 16.3% of the national population has received at least 1 dose of vaccine and 2.0% is fully vaccinated. Although Vietnam's vaccination rate is the lowest in Southeast Asia, the vaccination rate is expected to increase significantly in Q3 2021 with the newly secured access to vaccines. Vietnam obtained 12.8 million vaccine doses in July and expects 70 million doses to arrive over the next two quarters to cover all eligible recipients of its 98 million population. Initially, vaccines

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are being channeled to people living in key economic hubs such as Ho Chi Minh City based on the government's aggressive goal to fully vaccinate 70% of the city's population in the coming weeks to keep the economy on track.

After posting a 2.9% GDP growth in 2020, recent social distancing measures and economic restrictions have begun to significantly affect the country's supply chain and consumption patterns for the first time. This has been a big shift for Vietnam, as it benefitted from positive inflows of foreign direct investment and production orders in 2020 in the wake of the US-China trade war. With the majority of Vietnam's factories located in southern cities, factory production in Ho Chi Minh City and surrounding cities has dropped to approximately 60% of normal capacity. Until factories in the south can reopen in September, textile and garment manufacturing companies are temporarily collaborating with factories in the north to ensure they can fulfill major orders from Amazon, Adidas, Nike, and other European partners. In an attempt to help lessen the blow, the government rolled out a USD 1 billion stimulus package in July to support affected workers and vulnerable groups and maintain the level of private consumption at approximately 80% of normal.

Similar to trends in other Southeast Asian countries, COVID has accelerated the pace of digital adoption in Vietnam, with more than 70% of the population opting for online shopping in recent months. Tech companies riding this new shopping trend have witnessed impressive 200–400% monthly growth and raised millions in funding from both regional and domestic investors. Compared to Indonesia, regional investors have been more selective in funding companies in Vietnam, but continue to demonstrate a strong interest in Vietnamese start-ups by deploying larger amounts of capital in a smaller set of investments deals. Total investment in Vietnam start-ups in Q1 2021 picked up again to reach USD 100 million, and we strongly believe that the pace of investment will remain on a similar upward trajectory in H2 2021 and Q1 2022.

COVID RELIEF EFFORTS

If you would like to directly help with the efforts to combat COVID in our key markets, Patamar is actively working on critical healthcare donation campaigns in Indonesia and Vietnam with trusted partners.

In Indonesia, Oxygen for Indonesia¹ is addressing the critical need for oxygen concentrators at Indonesian hospitals, especially those located outside the big cities. Launched and spearheaded by Aldi Haryoprato (former Founder & CEO of Patamar portfolio company RUMA/ Mapan), the campaign has raised over USD 2.87 million to supply over 2,500 concentrators to hospitals and aims to raise enough funds to deliver another 10,000 concentrators by the end of September. Patamar has joined the effort with other Indonesian VC firms and health tech and logistics tech companies to establish an efficient and verified channel to drive real results.

Besides making donations of our time and money to the effort, we are also reaching out to our network. If you are in a position to give, and want to make sure that your donations are going to the right place, donations can be directed either (i) in Indonesian Rupiah via the Indonesian crowdfunding platform Kitabisa at <https://kitabisa.com/campaign/oksigendaripatamarcapital> or (ii) in USD via GoFundMe at <https://www.gofundme.com/f/oxygen-for-indonesia>

In Vietnam, our team has also partnered with the local VC and tech community to launch a similar relief effort for oxygen concentrators. Similar to the situation in Indonesia, the large influx of cases over the last few months has placed a tremendous strain on the healthcare system and government efforts alone are unable to meet the challenge. If you would like to contribute to the effort to raise the USD 1 million needed to secure and distribute 1,000 concentrators, please visit <https://oxygenforvietnam.com/> to donate. The campaign ends on September 5, 2021, at 11:59 pm Vietnam time.

¹ <https://oxygenforindonesia.com/>

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INVESTMENT TRENDS

In general, similar to investment trends across the world, tech companies in South and Southeast Asia are growing and attracting investment capital at unprecedented rates. COVID has accelerated the pace of digital adoption across all our markets and has even created a massive influx in VC funding from local, regional and global VC firms into frontier markets such as Pakistan. Valuations are increasing rapidly and we believe that it will be important to continue to counsel our portfolio companies to pursue intelligent growth strategies that consistently create value as well as raise money at attractive valuations.

ANNUAL LIMITED PARTNER MEETING

For planning purposes, we will be holding our annual Limited Partner meeting in early October 2021 over Zoom and will be reaching out with the finalized dates in the coming weeks.

Thank you again for all your support and we look forward to reconnecting with each of you soon,

The Patamar Capital Team



BIG TREE FARMS (BTF)

Q2 HIGHLIGHT

BTF finished H1 2021 with USD 7.3 million in net revenue. This is a 37% increase over net revenue for H1 2020.

COUNTRY Indonesia

SECTOR Agriculture

INVESTMENT LEAD Lee FitzGerald

COMPANY BACKGROUND

Big Tree Farms (BTF) is a vertically integrated supply chain company focused on producing products based on “neera” (coconut nectar). With office locations in Central Java, Indonesia, and Burlington, Vermont, USA, BTF procures, packages, and distributes certified organic products to Europe, Asia and the US. 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, and Kroger.

SOCIAL 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 level. BTF is the first organic-certified company to vertically integrate from tree to consumer and control for quality and livelihood improvement. The company currently works with around 10,348 coconut farmers and offers the farmers a 52% price premium 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%. They 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

BTF continued to grow the business and achieve operational success in Q2 2021, despite continued supply chain interruptions due to the COVID-19 pandemic. The company achieved a significant operational goal related to food safety, passing a BRC quality audit on its first attempt and receiving an “A” grade. This audit required two years of preparation and will open new revenue opportunities for selling to large ingredient buyers with high food safety requirements. COVID-related supply chain interruptions continued to push up prices of raw materials and significantly increased freight costs. The company has worked creatively with long-term shipping contacts to ensure that the BTF product is shipped out of Indonesia to global customers in a timely manner, although gross margin fell further from 33% in Q1 2021 to 28% in Q2 2021. Finally, BTF has begun running initial tests on its long-awaited “performance” coconut sugar machinery. It still anticipates shipping the product in Q3 2021.

FINANCIAL PERFORMANCE

BTF had a slight decrease from Q1 2021 revenue, finishing Q2 2021 with USD 3.5 million in revenue, USD 210,000 in EBITDA, and USD 235,000 in net loss. The company is in a decent cash position with USD 360,000 in cash, USD 1.6 million in receivables, and USD 2.8 million in inventory at the end of Q2 2021. Nevertheless, BTF is planning to raise an additional USD 500,000 in Q3 2021 from current shareholders to maintain rapid growth through the end of 2021. The company is slightly behind plan to achieve its 2021 financial goals of USD 16.3 million in net revenue (26% increase over 2020) and USD 1.5 million in EBITDA (16% increase over 2020), while maintaining a 37% gross margin.



JANA CARE

Q2 HIGHLIGHT

Jana Care made progress in the development of the NT-proBNP test, which it hopes to submit to clinical trials following the conclusion of the current fundraise.

COUNTRIES USA, India

SECTOR Healthcare

INVESTMENT LEAD Geoff Woolley

COMPANY BACKGROUND

Jana Care is a medical device manufacturing company that develops high-quality, low-cost testing products for developing countries and developed markets. Initially launched to provide smartphone-enabled low-cost diabetes testing and monitoring equipment for mass market customers in India, Jana Care has developed additional tests that are being used not only in India and the US, but also other developing markets. Jana Care's Aina device processes multiple lab tests that were previously unavailable outside full-service laboratories.

SOCIAL IMPACT

About 77 million cases of diabetes were reported in India in 2019. The IDF Diabetes Atlas projects that the number of diabetes patients in India will increase to 134 million over the next 25 years, amounting to the second largest number of diabetes patients in the world. Diabetes rates are also increasing rapidly in other emerging markets in SE Asia, which will eventually threaten the capacity of underfunded healthcare systems and reduce the productivity and well-being of their populations. Untreated diabetes has serious health risks that disproportionately impact low-income populations that cannot afford healthcare. Using public and private partnerships, Jana Care aims to reach and serve people with limited access to diabetes screening and care. Testing, detection, and education can reduce the number of diabetes cases, thus reducing lost worker productivity and the cost of lifelong care.

BUSINESS UPDATE

In 2020, the company focused on the development of the Serum Creatinine test and potassium test, closing an R&D services contract of USD 2.1 million with AstraZeneca. Jana Care believes that these tests can be submitted for clinical trials and launched in 2022. Furthermore, the company has also made progress in the development of the NT-proBNP test, which it hopes to submit to clinical trials following the conclusion of the current fundraise. The company believes that R&D will contribute a significant source of future revenue and plans to develop its R&D service channel using AstraZeneca as its key reference client.

FINANCIAL PERFORMANCE

Jana Care recorded a revenue of USD 173,000 in Q2 2021 compared to USD 338,500 in Q1 2021. The company is currently raising funds to extend its runway to 2022.

KINARA CAPITAL

Q2 HIGHLIGHT

Kinara Capital grew its gross loan portfolio from USD 110 million in H2 2020 to USD 125 million by H1 2021.

COUNTRY India

SECTOR Financial Services

INVESTMENT LEAD Geoff Woolley

COMPANY BACKGROUND

Kinara Capital provides working capital loans from USD 1,500 to USD 12,000 to small and medium enterprises (SMEs) in India, filling the gap between microfinance and bank financing. It focuses on industries such as small-scale manufacturing, rural franchises, and handicraft production.

SOCIAL IMPACT

SMEs who take loans from Kinara Capital expand their businesses through the purchase of additional machinery or raw materials, leading to an increase in the entrepreneur's business income. Additionally, as SMEs grow, they hire more employees from low-income communities. SMEs were hit hard and millions of migrant workers lost their jobs in the informal sector as a result of COVID. The company has continued to play an impactful role in lending to creditworthy SMEs, helping to stabilize the sector.

BUSINESS UPDATE

The lockdown in 2020 affected every business in India, with SMEs hit particularly hard. COVID struck India again in Q1 2021 while most companies were still getting ready to count their losses. As a result, financial lenders braced for a storm and India was devastated by a second wave of COVID. 'Respond, Recover, and Thrive' became the ethos of Kinara's leadership team. The timely decision to recalibrate its business model, reduce overhead expenses by restructuring the organization, and accelerate its planned digital strategy has helped the company to maintain profitability and set up the company for future growth. Kinara is in a strong position to facilitate

growth in the coming quarters supported by the debt and equity infusion earlier this year and the ongoing external equity fundraise. In Q1 2021, the company raised a total of USD 13.5 million in debt and equity, of which USD 10 million was from IndusInd Bank with a 100% guarantee from Development Finance Corporation (DFC). DFC is part of the US federal government and an emerging markets impact leader. Existing investors Gaja Capital, GAWA Capital, Michael & Susan Dell Foundation (MSDF), and Patamar Capital also participated in the round. The USD 10 million investment for onward lending to small business entrepreneurs will be disbursed over five years from IndusInd Bank's impact investing division with backing from DFC. This three-way partnership between Kinara Capital, IndusInd Bank, and DFC unites the organizations' shared goals to promote entrepreneurship, financial inclusion, and job creation.

FINANCIAL PERFORMANCE

Kinara Capital has grown its gross loan portfolio from USD 110 million at the end of 2020 to USD 125 million in Q2 2021. However, the company was forced to cut back on disbursements from USD 41 million in Q1 2021 to USD 11 million in Q2 2021 in response to the COVID outbreak in India. Collection efficiency of loans dropped from ~88% in Q1 2021 to ~80% in Q2 2021. The company recorded revenue of USD 8.5 million in Q2 2021 compared to the budgeted USD 9.7 million. Kinara's decision to recalibrate the business model led to the company making an EBITDA profit of USD 237,000 in Q1 2021 against a budget of USD 82,000 in Q2 2021. Kinara is in the process of raising an external equity capital round and we believe that the company will be able to close the current round of fundraising by the next quarter.



LAWRENCEDALE AGRO PROCESSING (LEAF)

Q2 HIGHLIGHT

LEAF onboards 54,000 farmers to its tech-based Farmer Network Platform launched in January.

COUNTRY India

SECTOR Agriculture

INVESTMENT LEAD Geoff Woolley

COMPANY BACKGROUND

Lawrencedale Agro Processing (LEAF) is a vertically integrated agriculture supply chain company designed to meet the growing demand for fresh, hygienic produce in India. The company sources high-quality vegetables directly from smallholder farmers; engages in grading, sorting, washing, and packaging of products; and sells the final products to a range of distribution partners that include large retail stores, e-commerce platforms, small retailers, and hospitality companies.

SOCIAL IMPACT

LEAF engages with farmers by providing soil testing, advice on farming techniques, and inputs such as seedlings of exotic vegetables that help farmers improve their yield and raise crops that command a premium. The company aggregates supply by winning over farmers through conveniently sourcing produce directly at each farmer's gate, saving them time and money on transportation costs and paying a small premium over market prices. As of June 2021, LEAF works with more than 54,000 farmers of whom 80% are smallholder farmers with less than three acres of land. Total revenues for farmers in the LEAF supply chain have increased by 60%. The company recently launched a pilot program providing USD 1,000 input finance loans to 800 farmers and is in the process of onboarding 200 new farmers to the program each month.

BUSINESS UPDATE

LEAF managed to successfully scale its new tech platform to onboard 54,000 farmers by the end of Q2 2021 despite the impact of the COVID-19 second wave. Prior to launching the

tech platform, the company operated on an offline business model with a network of 12,000 farmers in the last two years. LEAF finalized its partnership with MasterCard to launch the tech-based Farmer Network Platform in January 2021. Under the terms of the partnership, LEAF will be MasterCard's exclusive partner in India. The partnership will focus on bringing current LEAF farmers and new farmers to an integrated technology and payment platform (previously developed and deployed by MasterCard in other countries) to facilitate crop sales between farmers and vegetable distributors. The partnership also aims to establish a complete agriculture marketplace and ecosystem that will connect over 500,000 Indian farmers to traders, banks, input lenders, input suppliers, and crop insurers.

FINANCIAL PERFORMANCE

LEAF's quarterly revenue increased from USD 601,100 in Q1 2021 to USD 1.4 million in Q2 2021. EBITDA loss increased from USD 11,842 in Q1 2021 to USD 30,000 in Q2 2021 due to the second wave of COVID in India. LEAF expects EBITDA to turn positive by Q3 2021. The expected funding from the MasterCard partnership will allow the company to confidently pursue its growth plans in 2021.

FUNDRAISING

LEAF is currently raising external equity financing to match MasterCard's grant of USD 1.3 million to roll out the MasterCard Farmer Network Platform in India. The company has also received a debt capital of USD 40 million to expand its "farmer input lending" and "buy now pay later" programs that have been piloted successfully since 2020.



mCLINICA

Q2 HIGHLIGHT

mClinica continued to post strong growth in Thailand, growing 80% to 249 transacting pharmacies from the previous quarter.

COUNTRIES Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam

SECTOR Healthcare

INVESTMENT LEAD Beau Seil

COMPANY BACKGROUND

mClinica is the largest pharmacy network in SE Asia. It connects over 190,000 pharmacy professionals from 40,000 independent pharmacies to provide better access to medicines and healthcare for over 150 million people. mClinica generates unparalleled pharmacy insights, last-mile data, and engagement for ministries of health, global health researchers, NGOs, pharmaceutical companies, and consumer health manufacturers trying to reach small pharmacies and consumers with essential products.

SOCIAL IMPACT

mClinica generates its social impact by providing small, independent pharmacies with insights from the mClinica pharmacist community and continuing education modules from ministries of health and pharmaceutical companies. Its platform also aggregates the purchasing power of small pharmacies and provides them with quick, reliable, and affordable access to medicines along with low-cost inventory financing through the mClinica ordering and delivery platform. mClinica also improved health outcomes by working with national governments and large international health organizations to tackle public health challenges. In response to COVID-19 and the need for efficient vaccine delivery systems, mClinica has been in conversations with global and national health organizations to deliver COVID-19 vaccines through its pharmacy network.

BUSINESS UPDATE

mClinica continued its regional expansion efforts, significantly growing both the number of active pharmacies and gross transaction value (GTV) in Thailand. GTV for Thailand reached USD 350,000 for the quarter, an increase of 150% from the previous quarter. The combined number of monthly active pharmacies transacting on the mClinica platform grew to 3,573 in Indonesia and Thailand, which drove USD 3.9 million of total GTV in Q2 2021.

FINANCIAL PERFORMANCE

In Q2 2021, mClinica slightly increased its total revenues by 5% to USD 748,177 and Indonesia remained mClinica's largest market at 39% of total revenue. At the end of Q2 2021, revenue from mClinica's trading platform also remained at 12% of total revenue. The company's relatively stable financial performance was due to the limited financial resources available for customer growth in new markets and further expansion in existing markets. Following the close of its Series B financing round, we expect mClinica to drive strong customer and revenue growth in Indonesia and Thailand using its fully digital pharmacy acquisition model and low-cost, high-efficiency customer acquisition playbook developed during COVID.

FUNDRAISING

mClinica is currently working to close their Series B round and receive funding by Q4 2021.



MICRO BENEFITS

Q2 HIGHLIGHT

MB is working with the Responsible Business Alliance (RBA) to customize its survey and learning tool to be used by RBA's membership.

COUNTRIES China, Vietnam, Indonesia

SECTOR Human Resources/Employee Benefits

INVESTMENT LEAD Geoff Woolley

COMPANY BACKGROUND

Headquartered in Shanghai, MicroBenefits (MB) was launched as China's first blue-collar employee engagement company. MB enables factories to improve employee retention rates by enhancing loyalty, communication, and workplace engagement. Its customers include large electronics and apparel brands that rely on its "Company IQ" platform to deliver survey offerings and educational/training modules.

SOCIAL IMPACT

Nearly 150 million frontline factory workers in China lack access to employee benefits and training programs. MB provides a suite of previously inaccessible employee benefits to frontline workers, including educational and career advancement opportunities and improved worker voice and grievance channels. MB has expanded its reach to Vietnam and Indonesia, increasing its ability to positively impact the lives of frontline workers across its customers' global manufacturing operations. Currently, 200,000 frontline factory workers access the platform each month.

BUSINESS UPDATE

The company continued to successfully onboard members of the RBA to the custom-built MB app after it finalized a USD 1.5 million licensing agreement and long-term partnership with RBA in 2020. RBA is the world's largest industry coalition dedicated to corporate social responsibility in global supply chains. Its members include leading electronics companies and factories that collectively generate over USD 5 trillion in annual revenue. The company employs over 20 million people across the globe. MB is currently

working with RBA to customize its survey tool and develop new mobile learning courses to be used by RBA's members. MB believes that the new features developed will lead to incremental revenue sources for the company in the coming quarters incremental to its contract with RBA.

FINANCIAL PERFORMANCE

MB recorded a quarterly revenue of USD 431,542 in Q2 2021 compared to USD 507,156 in Q1 2021. The company recorded EBITDA of USD 8,497 in Q2 2021 in comparison to USD 55,900 in Q1 2021. MB ended Q2 2021 with USD 206,000 in hand and the company is projected to be cash-flow positive in 2021. We are encouraged because the company is on track to record a positive EBITDA for consecutive years from 2020. The company will now focus on attracting external investors into the company.



TOPICA

Q2 HIGHLIGHT

Northstar appoints new Vietnamese CEO, Phat Nguyen.

COUNTRIES Singapore (registration), Vietnam (HQ), Thailand

SECTOR Education

INVESTMENT LEAD Shuyin Tang

COMPANY BACKGROUND

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

LIVELIHOOD IMPACT

By providing high-quality, affordable Bachelor's degrees and English instruction, Topica provides its students access to 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, Topica Native has served 30,000+ students, and Topica Edumall has reached over 1 million students to date.

BUSINESS UPDATE

Over the past few months, it became evident that Steve Jones, who joined as CEO on January 1, 2021, was not a good fit for the role. He was not as hands-on as required for a business undergoing a turnaround and also failed to build a strong rapport with the local team. Northstar then appointed Phat Nguyen – an ex-PwC Vietnam Director – as CEO (Northstar is the majority shareholder of Topica). Phat had already been working with Topica for more than a year wearing his PwC 'hat', but will now be with Topica full time. Phat knows the business well and has a better relationship with the team. All of the direct reports to the CEO (CFO, CTO, Head of Marketing, Head of Content, Head of Product, Head of Uni,

Head of HR) stayed with the company after the CEO change and, in fact, seem more satisfied under Phat's leadership.

FINANCIAL PERFORMANCE

The company achieved USD 1.6 million in revenue (vs. USD 2 million in Q4 2020 and a USD 2 million budget). EBITDA loss was USD 1.4 million in Q2 2021. The company has runway through early 2022 and should be cash-flow breakeven by then.