DEAL BOOK

EDITION V

INCLUSIVE & SUSTAINABLE GROWTH

Private capital deal cases across Asia, Latin America, Africa, CEE and the Middle East

GPCA

Global Private Capital Association

The Global Private Capital Association (GPCA) is a non-profit, independent membership organization representing private capital investors who manage more than USD2t in assets across Asia, Latin America, Africa, Central & Eastern Europe and the Middle East.

Our mission is to connect and influence key market participants by promoting the sectors, strategies and deals that will drive investment returns and meet societal needs. With headquarters in New York and Singapore, GPCA includes LAVCA, the Association for Private Capital Investment in Latin America.

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DEAL BOOK EDITION V

The GPCA Deal Book illustrates in practical terms the real impact of exemplary private capital investment in Asia, Latin America, Africa, Central & Eastern Europe and the Middle East. Eleven cases from GPCA Member firms showcase impact across GPCA's global markets.

The Investor

Actis is a global sustainable infrastructure investor focused on growth markets across Asia, Latin America, the Middle East, Africa and Central and Eastern Europe. Founded in 2004, Actis has raised approximately USD25b since inception, investing in energy infrastructure, long life infrastructure, digital infrastructure, real estate and private equity. In October 2024, Actis was acquired by global growth equity investor General Atlantic, creating a platform with approximately USD97b in combined assets under management.

FUND NAME
Neoma Africa Fund III

FUND SIZE
Confidential

TOTAL AUM
USD14.1b

The Company

Octotel operates the largest open-access fiber network in South Africa's Western Cape region, passing 350,000 homes and businesses as of October 2024. Founded in 2016, the company allows internet service providers (ISPs) to use its network—on a vendor-neutral basis—to provide customers with high-speed data connectivity. Octotel was acquired by a consortium of investors including African Infrastructure Investment Managers (AIIM), STOA and Thebe Investment Corporation in 2024.

LOCATION
South Africa

SECTOR
Digital Infrastructure

WEBSITE
octotel.co.za

DATE OF INVESTMENT	AMOUNT	STAKE	DATE OF EXIT
OCT '20	USD167M	85%	SEPT '24

Digital inclusion is a key investment theme for sustainable infrastructure investor Actis. The firm's Africa team identified a gap in the South African market for fast and reliable fiber-to-the-home services as the country's aging, low-quality copper infrastructure-run ADSL technology was failing to meet soaring demand for internet access. In 2019, the Actis team undertook an exhaustive market mapping exercise to better understand the most prominent players in the sector and, in the process, found Cape Town-based fiber network operator Octotel.

Unlike many of its competitors, which were spreading resources to build infrastructure across the entire country, Octotel had concentrated its rollout efforts in the Western Cape, resulting in significant economies of scale. The Actis team was also impressed by the extent to which Octotel's leadership was focused on efficiencies, cost control and capturing the highest return on investment. In turn, Octotel's team took comfort in the fact that Actis had already done over 30 deals in South Africa and knew the industry well.

Just as the two parties entered investment discussions, the COVID-19 pandemic led to global lockdowns. Despite a challenging due diligence process, Actis acquired an 85% stake in Octotel for approximately USD167m in October 2020. Octotel's founders stayed onboard as shareholders, benefitting the company with their historical perspective and insight.

The Deal

Octotel's growth strategy centered around increasing the number of homes passed with a fiber line as quickly as possible, in addition to working with ISPs to drive take-up rates on its network. With Actis' capital, the company set out to capture the remaining available market in the Western Cape. Post-investment, Actis had helped Octotel institutionalize the business, which included establishing management incentives tied to growth.

In November 2022, Actis led lending discussions between Octotel and African corporate and investment bank RMB, resulting in the company securing one of the first social loans in South Africa. The five-year ZAR2bn facility enabled Octotel to refinance existing debt as well as fund new capital expenditures at more favorable terms than the market interest rate. RMB recognized the positive social impact that Octotel's expanding network would have in low-income areas by enabling greater and more affordable internet access, and consequently connectivity to essential services such as education and healthcare.

Octotel's network grew significantly under Actis ownership. Between October 2020 and March 2024, the number of homes and businesses passed with fiber rose from 195,000 to 350,000, while the number of customers connected increased from 56,000 to 110,000. As of October 2024, Octotel remains the largest fiber network operator in Cape Town and the sixth largest in South Africa. It provides line rental services on its open-access network to approximately 60 ISPs. As a result of these growth initiatives, Octotel's EBITDA grew at a 27% CAGR during the investment period.

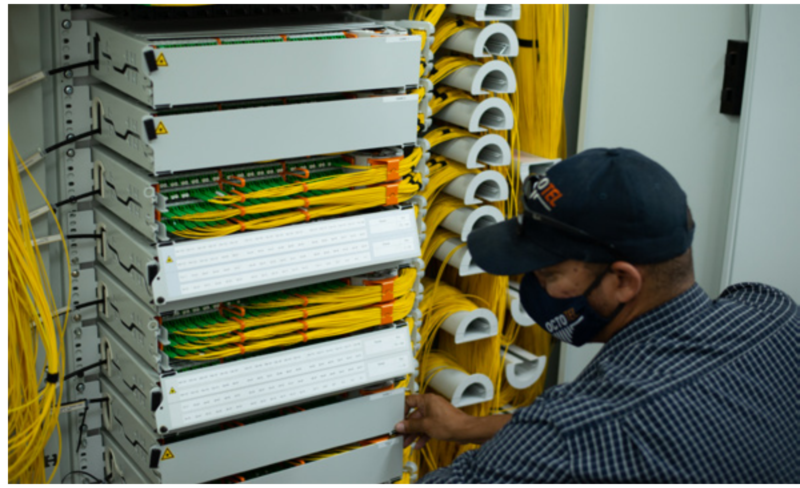
As Octotel expanded, so did its workforce—the number of full-time employees nearly doubled from 100 at the time of Actis' investment to 199 as of December 2023. During this period, the percentage of female employees rose from 12% to 20%. Actis also worked closely with the company to increase socio-economic diversity, targeting a minimum recruitment of 30% of local community-based workers for its construction and installation project teams. However, local workers have represented, on average, between 50% and 60% of most of Octotel's project teams.

Inclusive & Sustainable Growth

Sustainability was at the forefront of Actis' value creation agenda when it invested in Octotel. While the company's management team had already been thinking about ESG issues, Actis encouraged it to formally embed sustainability throughout its policies and procedures. Actis established a Social and Ethics Committee to oversee social benefits to local communities and appointed an ESG Officer.

Providing affordable high-speed connectivity to underserved markets is a priority for both Actis and Octotel. Approximately 20% of Octotel's fiber network passes through low-income areas, reaching roughly 70,000 homes. The company has also recently begun rolling out a lower cost prepaid fiber offering that better serves customers who are unbanked or receive irregular income than traditional post-paid subscription models. The product features a new payment method that will enable users to opt in and out.

Octotel connects any school located near its fiber network at no cost. As of October 2024, the company gives 1GB of fiber broadband to



over 150 primary and high schools, providing students with quick and reliable internet access. Seeking to evaluate the impact of this policy, the company's management team surveyed local schools and discovered that those without fiber saw a drop in exam pass rates from 82.3% to 79.9% during the COVID-19 pandemic, while those connected to Octotel were able to maintain pass rates of 89%.

Taking a holistic approach to sustainability, Octotel's management team has also implemented several environmental initiatives. Over the course of Actis' investment, the company converted its fleet of approximately 150 vehicles to LPG hybrids, reducing both its carbon footprint and fuel costs. Octotel has partnered with an electronic waste company to safely recycle and dispose of e-waste, including batteries, which has resulted in roughly 7,000 kilograms of waste being recycled in 2023. In addition, the company's access termination boxes—with approximately 2,800 units installed monthly—are all made from recycled plastic.

> "We are proud of the role Octotel has played in bridging South Africa's digital divide. For many South Africans living in underinvested areas, their only means of accessing the internet has been through a prepaid mobile product—and they would scrape together every cent they could find for it because connectivity is so high in the hierarchy of needs. Octotel's fiber offering is up to four times more affordable, is uncapped and can benefit everyone in a household."
>
> —Matthew McCollum, Director, Actis

Outcome

In March 2024, Actis signed an agreement to sell Octotel to a consortium of investors led by private equity infrastructure investor African Infrastructure Investment Managers (AIIM) with participation from impact fund STOA and South African investment company Thebe Investment Corporation. At the time of its investment, Actis had anticipated that market consolidation would eventually create exit opportunities—and both AIIM and STOA hold an investment stake in Metrofiber, the third-largest fiber network operator in South Africa at the time of the sale. The undisclosed exit value of the transaction exceeded Actis' expectations and is one of the best return outcomes for the fund. ●

The Investor

Alta Growth Capital is a Mexico-focused private equity investor that targets middle-market companies. With a typical ticket size of between USD10m and USD30m, Alta Growth Capital invests in businesses operating in sectors such as consumer goods, retail, financial services, housing, healthcare, education, entertainment and manufacturing. As of October 2024, the firm has raised three private equity funds and invested in 21 companies.

FUND NAME
Alta Growth Capital Mexico Fund II

FUND SIZE
USD152m

TOTAL AUM
USD300m

The Company

Headquartered in León, Grupo Industrial Artes Graficas (AGH) is a manufacturer of labels for consumer-packaged goods for the food and beverage, personal care and wine and spirits industries. The company—whose primary products include paper, flexible and pressure-sensitive labels—offers clients an integrated service that encompasses design, production and delivery. AGH was acquired by global multi-packaging supplier SigmaQ Packaging in February 2024.

LOCATION
Mexico, United States

SECTOR
Manufacturing

WEBSITE
aghlabels.pro

DATE OF INVESTMENT	AMOUNT	STAKE	DATE OF EXIT
JUL '16	CONFIDENTIAL	SLIGHT MAJORITY (SIGNIFICANT MINORITY OF VOTING STOCK)	FEB '24

In 1977, the Hinojosa family founded Grupo Industrial Artes Graficas (AGH) in Mexico City as a traditional printing house. A few years later, the company's CEO Gerardo Hinojosa Senior transitioned AGH into a label printing business that became a market-leading producer of paper and flexible labels in Mexico. However, after nearly four decades of operations, competition had intensified—large local groups had consolidated while international suppliers were entering the market. Recognizing the need for additional capital to scale without taking on new debt, AGH's founders agreed to talk to private equity investors.

Upon the first meeting between AGH and local investor Alta Growth Capital, both parties felt aligned on a vision and strategic growth plan for the company. The Alta Growth Capital team was impressed by AGH's leadership, strong financial health, product diversity and ability to efficiently service clients that already included the likes of Nestlé, PepsiCo, Coca-Cola, Niagara Bottling and more. Alta Growth Capital invested in AGH in July 2016.

The Deal

AGH faced several challenging market conditions almost immediately following Alta Growth Capital's investment. High inflation, consistent increases in the price of raw materials and ongoing volatility in the Mexican peso resulted in the company's working capital levels running low. A few years later, the emergence of the global COVID-19 pandemic wreaked additional havoc on the company's supply chain.

Alta Growth Capital worked with AGH's management team to optimize its manufacturing processes and improve product quality. Approximately 70% of the private equity firm's funding went toward purchasing new equipment and upgrading existing infrastructure. Alta Growth Capital helped AGH launch several additional products—including shrink sleeves and labels with special finishes—and implemented a revised pricing structure to increase profitability. It also provided AGH with a line of credit to stabilize working capital.

Exchange rate fluctuations remained an ongoing problem for AGH. The company was purchasing a significant portion of raw materials from the United States but selling the final product in Mexico, and the depreciation in the peso was shrinking the company's profit margin. Alta Growth Capital encouraged AGH to create a natural hedge by entering the U.S. market. The company established a representative office in Texas in 2017. As of October 2024, the United States represents approximately 15% of the company's total revenue and is anticipated to reach 20% by 2025. As part of its hedging strategy, AGH has also developed more relationships with Mexico-based suppliers.

By early 2019, the Alta Growth Capital team proposed Gerardo Hinojosa Junior take over the reins. When Hinojosa Junior transitioned to the CEO role in May, Hinojosa Senior became Chairman of the Board, providing continuity. Alta Growth Capital supported AGH with several additional organizational changes, including recruiting a new CFO, strengthening the human resources department and establishing a new customer services department to increase sales.

AGH's operations improved as a result of these efforts. During Alta Growth Capital's investment, the company's revenue and EBITDA increased by a CAGR of 15% and 37%, respectively, from 2016 to 2024. As of October 2024, AGH is the market leader in both cut-and-stack and roll-fed labels and is about to break ground on its third plant—a USD10m facility located in León.

> "Alta Growth Capital gave us the tools to make better decisions. For example, its team helped us redesign our commercial strategy—instead of going after 25 clients at a time, we began to focus on just five, tailoring our offering to meet each of their specific needs. It was tough at first to make this switch but, after a few years, we found that we had built such a strong pipeline that growth became easy."
>
> —Gerardo Hinojosa Junior, CEO, AGH

Inclusive & Sustainable Growth

Following Alta Growth Capital's investment, AGH implemented several environmental initiatives including:

- Installing solar panels in its factories at León (complete) and Mexico City (in process) in 2024, which will enable 30% of AGH's energy consumption to be generated by renewable sources;
- Building a wastewater treatment plant to purify contaminated water in 2024, which can process 5,000 liters per day;
- Recycling all scrap materials, including 1,400 tons of paper and 1,000 tons of biaxially oriented polypropylene (BOPP) plastic annually;
- Achieving FSC certification, ensuring all sourced paper comes from well-managed forests; and,
- Engaging Ecovadis, a platform that rates the sustainability performance of companies. AGH achieved a silver rating in 2022 (top 15% of rated companies) and is on track to achieve a gold rating (top 5% of rated companies) in 2024.

AGH is also exploring new initiatives to assist its rapidly growing base of clients who want to integrate more sustainable packaging materials into their operations. For example, the company has incorporated sustainable inks—which are fully biodegradable and reduce the use of toxic materials in the printing process—at one of its factories. AGH is additionally selling 24 million labels per month for use on returnable bottles as of October 2024.

Under the company's Printing a Better World program, AGH's workforce engages in weekly community service activities such as planting trees, picking up trash or collecting food for homeless shelters. During the COVID-19 pandemic, AGH worked with several of its clients to supply food for nearly six months to the communities living near its factories. In cases of hurricanes or other natural weather disasters, the company will often directly purchase and distribute goods or alternately give labels to its clients at no cost so they can then charge less for products sold in affected areas.

In 2024, AGH was recognized by Deloitte as part of its Best Managed Companies program. With 420 employees as of October 2024, the company helps every staff member finish high school. In addition to offering financial support, AGH has provided approximately USD150k in scholarships over the past five years. Each executive at AGH is also eligible to obtain a master's degree in their specialty fully paid for by the company.

Outcome

As sales continued to surge, AGH needed to outsource some of its production. In 2021, AGH partnered with multi-packaging supplier SigmaQ, which was operating facilities across Central America, Mexico, the United States and Asia. By working together, two entities discovered that there could be significant synergies in combining operations.

In February 2024, Alta Growth Capital exited its holding in AGH via a strategic sale to SigmaQ for an undisclosed amount. The private equity firm realized a multiple on invested capital of more than 3x. Looking forward, AGH and SigmaQ are working together toward a common goal of growing capacity, acquiring more customers and developing new products, while seeking to further expand into Central America, the Caribbean and the United States' West Coast. ●

The Investor

Eversource Capital is a climate-focused investment firm based in Mumbai. The impact investor was founded in 2018 as a joint venture between India- and Southeast Asia-focused private equity firm Everstone Group and founders of London-headquartered solar developer Lightsource BP. As of October 2024, Eversource has invested in eight companies operating in sectors such as renewable energy generation, electric mobility, green finance, water treatment, waste management and energy efficiency.

FUND NAME
Green Growth Equity Fund (GGEF)

FUND SIZE
USD741m

TOTAL AUM
USD7.5b (Everstone Group)

The Company

Founded in 2019, GreenCell Mobility is a provider of intracity and intercity electric bus transportation services across India. The company operates over 1,150 buses in 14 states, serving 105,000 customers daily as of October 2024. In addition, it has constructed bus depots and charging infrastructure with more than 270 superfast direct current charging stations as of June 2024. For the year ending in March 2024, GreenCell shuttled over 78 million customers.

LOCATION
India

SECTOR
Electric Mobility

WEBSITE
greencellmobility.com

DATES OF INVESTMENT	AMOUNT	STAKE
FOURTEEN TRANCHES BETWEEN OCT '19-OCT '24	USD131M	100%

Investment manager Eversource Capital's USD741m maiden fund—which held a final close in December 2021—was the largest climate-focused vehicle raised at the time with a single country focus in emerging markets. Seeing an absence of fundable green business platforms in India large enough to support an investment of over USD50m outside of renewable energy, the Eversource team identified an opportunity in the country's nascent electric bus (e-bus) market.

The Indian government's Faster Adoption and Manufacturing of Electric Vehicles (FAME-II) program sought to accelerate the transition to a more sustainable public transportation industry by providing incentives and subsidies through long-term contracts to manufacturers and operators of e-buses. At the time, bus travel in India was plagued by limited options, undependable schedules and overcrowding. Eversource believed it could offer Indians a better travel experience while also generating a significant reduction in carbon emissions by enticing people to choose e-buses over scooters, motorcycles, cars and other forms of transportation.

Eversource incubated GreenCell Mobility in September 2019. In 2020, GreenCell acquired its first contract to deploy electric buses in 14 cities in the state of Uttar Pradesh, thereby embarking upon its mission to become the largest pan-Indian shared electric mobility player.

The Deal

Shortly after commencing operations, GreenCell began working with several bus manufacturers to diversify its supplier base and product portfolio. In 2020, Eversource structured a joint venture between GreenCell and zero-emission commercial vehicle manufacturer PMI Electro Mobility Solutions. PMI had won four bids in the state of Uttar Pradesh for 700 buses but was unable to execute the project due to COVID-19-related financial constraints. Under this partnership, PMI would manufacture e-buses while GreenCell would own, operate and maintain them. GreenCell has continued to expand its business-to-government (B2G) services, winning additional tenders including 50 e-buses in Maharashtra in 2021 for intercity travel, 150 e-buses in Surat in 2022 and 570 e-buses in Delhi in 2023.

In addition to the B2G business, GreenCell was keen to develop a direct business-to-consumer (B2C) offering for intercity travel. In May 2022, the company launched its premium intercity transportation services under the brand name NueGo. The NueGo e-buses were designed with features such as air conditioning, WiFi, CCTV, smart air filtration, speed limiters and driver monitoring systems. As of September 2024, GreenCell has deployed more than 250 electric buses connecting over 100 cities in markets such as Andhra Pradesh, Chandigarh, Delhi, Karnataka, Madhya Pradesh, Puducherry, Punjab, Rajasthan, Tamil Nadu, Telangana Uttarakhand and Uttar Pradesh.

GreenCell faced numerous challenges in launching its B2C operations. Unlike the B2G contracts that provided subsidies as well as land for the bus depots, GreenCell built each B2C route from scratch, taking into account the network, infrastructure, branding and scale. One key hurdle was designing the digital infrastructure to ensure customers could easily view schedules and book their tickets online. At the time, the government did not have a process for registering e-buses for intercity travel, so the Eversource team spent six months coordinating with various agencies to secure the first All India Tourist Permit (AITP) for an e-bus.

GreenCell's efforts have resulted in substantial growth in both the B2G and B2C service lines. The company's revenue rose from INR594m (~USD7.5m) in fiscal year 2022 to INR5.1b (~USD60m) in fiscal year 2024.

Inclusive & Sustainable Growth

As of September 2024, GreenCell is the only pure-play operator of e-buses in India with over 1,150 vehicles. These e-buses have collectively driven in excess of 182 million kilometers, resulting in more than 64 million liters of diesel not consumed and 94,000 tonnes of CO_2e greenhouse gas emissions avoided.

Safety is a primary concern for GreenCell. It is the first transportation company to install training simulators at bus depots and to develop daily scorecards for drivers that are automatically generated based on factors such as harsh braking, speeding, distraction and fatigue. In addition, all drivers are required to take a breathalyzer test at the beginning and end of each shift. Focusing on mental stress, GreenCell collaborates with local nonprofit organizations including Brahma Kumaris and Isha Foundation to provide meditation services and counseling to drivers. The company actively shares its unique standard operating procedures and lessons learned with other bus operators.

In May 2023, GreenCell launched India's first women-only electric intercity bus route—an accomplishment recognized in both the Asia Book of Records and the India Book of Records. Driven by a female coach captain, the bus ferries women between Delhi to Agra and features several safety measures including cameras and panic buttons. As of September 2024, GreenCell boasts the highest number of women passengers in India, accounting for ~30% of all customers.

India's transportation industry is historically male-dominated with women accounting for less than 1% of the total workforce. In partnership with Eversource, GreenCell is striving to create opportunities at equal pay for women and frequently holds gender-awareness trainings to foster a culture of respect and inclusivity. Women at GreenCell hold positions as drivers, cabin hosts, depot heads, senior managers and board members. As of September 2024, GreenCell employs 4,744 off-roll personnel, including contractors and service providers, of which 220 are women and nine are transgender. Thirty-two of the company's 337 direct employees are women.

> "GreenCell's environmental impact in India is huge with its 100% electric fleet providing no tail-pipe emissions, zero noise pollution and reduced traffic on the roads. However, the company's social impact is just as important as people living in many of India's smaller cities and rural areas are now able to access shared bus services for the first time. GreenCell is enabling access to education, healthcare, employment and more by providing a safe, clean and reliable means of transportation."
>
> —Satish Mandhana, Senior Managing Director and Chief Investment Officer, Eversource

Outlook

Eversource is supporting GreenCell's expansion efforts, which include scaling its fleet to over 7,500 buses covering both intercity and intracity demand within the next five years. The company is seeking to service more than 25 states by 2025—penetrating deeper into Tier 2 and Tier 3 cities—and is exploring longer routes as it has recently begun deploying sleeper buses as a viable alternative to India's frequently overbooked trains. Looking forward, a priority for the Eversource team is helping GreenCell achieve its goal of becoming India's first end-to-end net zero mobility business by integrating low-cost renewable power at each of its charging stations. ●

The Investor

Foursan Group is an Amman-headquartered private equity investor focused primarily on the Levant and North Africa. Founded in 2000, the firm invests in mid-size growth companies operating in sectors such as aviation, education, financial services, food and beverage, hospitality, logistics, manufacturing, pharmaceuticals and renewable energy. Foursan has raised three vehicles and funded 21 companies as of October 2024.

FUND NAME
Foursan Capital Partners II

FUND SIZE
USD102m

TOTAL AUM
USD112m

The Company

Jo Academy is an online learning platform in Jordan that offers both live and pre-recorded classes. Students from first grade through university can access a variety of courses through an electronic portal accompanied by books, supplemental educational materials and technical assistance. As of October 2024, the company has supported the education of over two million students through more than 13,000 courses.

LOCATION
Jordan

SECTOR
Educational Technology

WEBSITE
joacademy.com

DATE OF INVESTMENT	AMOUNT	STAKE
NOV '21	CONFIDENTIAL	53%

Telecommunications specialist Ala Jarrar launched Jo Academy in 2014 as one of Jordan's first e-learning platforms. With approximately 40% of Jordan's population being under the age of 18, Jarrar's goal was to provide accessible and high-quality education to the country's youth. When the global COVID-19 pandemic forced schools to shut down, Jo Academy began to flourish. The company played a critical role in helping the Ministry of Education provide and disseminate content to the country's more than two million students as they transitioned to online learning, producing 5,000 educational videos in 100 days.

Jarrar wanted to expand Jo Academy's offering while incorporating advanced technology—including high quality visuals and interactive learning tools—into its platform. Seeking a partner that shared its vision, Jarrar and his management team met with several investors. They connected with regional private equity firm Foursan Group, which had already made several investments in the education sector.

Although the Foursan team was initially skeptical that online learning would continue to grow at the same pace once schools reopened, it was impressed by Jo Academy's management team and product offering. Deciding to take the risk, Foursan invested in the company in November 2021. The bet proved successful—the number of students on Jo Academy's platform has grown by a compound annual growth rate of 60% between the time of investment and October 2024.

The Deal

Prior to Foursan's investment, Jo Academy was focused exclusively on courses for Jordanian students taking the national examination program known as Tawjihi. These exams are critically important in determining the course of one's future—the score determines not only if a student is eligible to go to university but also the type of graduate program he or she may attend. Jo Academy's Tawjihi program offering continued to surge in popularity following the end of the COVID-19 pandemic largely due to organic growth. As of October 2024, Jo Academy boasts a 65% market share in this niche, supporting over 130,000 students.

Foursan encouraged Jo Academy to provide additional content for students in the first to eleventh grade, as well as university and international courses. These efforts have diversified the company's revenue streams—as of October 2024, over 20% of the students on the platform are taking courses outside of the Tawjihi curriculum. With the company's expanded and continually innovative offering, Jo Academy's revenues have grown by a factor of four and net income by five over the last three years.

Jo Academy's management team worked closely with Foursan to differentiate the company from its competitors through technology. The private equity firm led recruitment efforts for a new Chief Technology Officer and Chief Information Officer, in addition to onboarding dozens of employees with expertise in artificial intelligence (AI), virtual reality and learning analytics. In 2024, Jo Academy entered into a partnership agreement with a regional animation company to develop better interactive visuals for content geared toward younger children.

> "With Foursan's support, Jo Academy is providing hundreds of thousands of students with access to excellent educational content in a highly interactive format while leveraging the latest adaptive learning and AI tools. By merging technology with education, we are creating a content-centric platform that connects learners with educators and offers parents a full assessment of their child's strengths and weaknesses. In the future, we will offer one-on-one private tutoring sessions for every student through AI and machine learning to optimize learning paths, enhance engagement and improve academic performance."
>
> —Ala Jarrar, Founder and CEO, Jo Academy

Jo Academy's workforce—with an average age of 26—has grown rapidly since Foursan's investment from 83 employees at entry to 478 employees as of October 2024. The percentage of women in the company also rose during this period from 30% to 43%. The company pays competitive salaries well above the minimum wage across all positions and prioritizes continuous education, training and internal promotions. At Foursan's recommendation, Jo Academy's management team decreased the company's work week from six to five days, which reduced individual workloads, boosted employee morale and increased productivity.

Inclusive & Sustainable Growth

Because the Tawjihi is considered a "make it or break it" exam, parents are often willing to spend substantial financial resources to improve their child's odds of achieving a higher score. Jo Academy offers a flexible alternative to expensive in-person educational centers, allowing students to learn from the comfort of their homes, study at times that work best for them and avoid rush-hour traffic. In addition, teachers have been able to generate significantly more income with Jo Academy by reaching thousands of students through an online platform, as opposed to the limited capacity of a classroom or learning center.

Most of Jo Academy's students come from low- to middle-income families. One 40-hour course costs approximately 50 Jordanian dinars (~USD70) as of October 2024, which is equal to the cost of two hours of private tutoring. Adding more courses reduces the cost per course—for example, a student can access four courses for USD200. In addition to offering installment payment plans, Jo Academy provides grants to gifted students in need—as of October 2024, 8,000 students are studying on the platform at no cost.

Advancing education access—particularly to underserved populations—is a priority for Jo Academy's leadership team. A few examples of the company's work with vulnerable communities include collaborating with the King Hussein Cancer Center in Amman, which receives 200 free accounts at the beginning of each term. Jo Academy has also partnered with refugee camps, local orphanages and SOS Children's Villages, providing fully equipped educational labs, student accounts and scholarships with the goal of helping local youth improve academic performance despite facing challenging circumstances. Over 27,000 children in Jordan have been positively impacted by these programs.

Outlook

Foursan and Jo Academy anticipate growing the company in the coming years through several channels. In addition to continuing to build on its success with the Tawjihi program, they believe significant market share remains to be captured in the first- to eleventh-grade segment in Jordan. Jo Academy is additionally expanding its roster of brand-name teachers and has begun partnering with several of them to acquire and build schools to further develop Jordan's education ecosystem.

The Foursan team believes, however, that the primary driver of growth will come from transforming Jo Academy from a national leader into a regional champion. Following the raising of a Series B from Jordanian and Saudi Arabian investors, including Foursan, the company has commenced operations in Saudi Arabia, targeting its significantly larger population and greater disposable income. In the future, it expects to further expand its footprint to the GCC, Iraq and North Africa. Jo Academy is also making significant investments in technology to substantially improve student engagement and academic performance through AI and machine learning. ●

The Investor

idacapital

Founded in 2013, idacapital is an investment management firm funding early-stage businesses in Turkey and neighboring regions. The investor's target sectors include fintech and digital inclusion, health technology, education technology, climate technology and agrotechnology. Its impact-focused idacapital Acceleration Fund has invested over USD20m in more than ten companies as of November 2024.

FUND NAME
idacapital Acceleration Fund

FUND SIZE
USD20m

TOTAL AUM
USD40m

The Company

WorqCompany

WorqCompany is an Istanbul-headquartered revenue sharing e-commerce services firm that purchases goods on behalf of merchants in exchange for a portion of future revenue. The company positions itself as a growth partner to merchants through inventory purchases and sales, as well as data insights derived from its artificial intelligence-driven proprietary technology. As of November 2024, WorqCompany has active relationships with over 500 merchants.

LOCATION
Turkey

SECTOR
Fintech

WEBSITE
worqcompany.com

DATES OF INVESTMENT	AMOUNT	STAKE
SEPT '19-OCT '22 (MULTIPLE INVENTSMENTS)	USD2.2M	CONFIDENTIAL

Venture capital investors Cem Baytok and Anıl Gökçen Körpınar had each seen thousands of Turkish startups struggle to scale and reach their full potential for more than a decade. Having identified the root cause as a lack of access to capital and support services, Baytok and Gökçen Körpınar—both Managing Partners at Turkey-focused impact fund idacapital—began searching for an investment opportunity. Failing to find an entrepreneur trying to address this gap in market, they decided to solve the problem themselves and co-founded WorqCompany in 2019.

V. Emre Özdemir—who had spent 15 years in Silicon Valley working with technology startups—had returned to Turkey and was considering launching a hedge fund. He had set up a meeting with Baytok and Gökçen Körpınar to seek advice, during which the conversation turned to their vision of creating a business model that would eliminate barriers to growth for small and microenterprises in Turkey. Excited about the prospect of making a meaningful impact, Özdemir joined WorqCompany as its third co-founder and agreed to take on the role of CEO.

The Deal

idacapital and WorqCompany experimented with different ways to support Turkish entrepreneurs and lower the cost of essential services before landing on an e-commerce focus. With approximately 85% of digital sellers being small and microenterprises, they conceived the idea of a revenue-based financing model that would enable startups to grow without giving up equity or weakening balance sheets with debt. Under the slogan 'We Buy, You Sell,' WorqCompany would purchase inventory wholesale for online merchants operating on the main e-trading platforms—such as Trendyol and Amazon—and collect a portion of the revenue at pre-agreed terms. To mitigate risk, WorqCompany's share is collected on a weekly basis directly from a joint bank account.

The idacapital team knew technology would play a critical role in calculating risk and generating actionable insights that could help merchants spend their capital more efficiently. It invested in the creation of an artificial intelligence-driven technology, called AiDA, that could analyze market trends, sales, financial performance, competitors, marketing strategies and more. This technology enables WorqCompany to develop tailored financing plans and make purchasing recommendations. The platform's ability to assess the credit risk of merchants and determine the best strategies for growth has resulted in WorqCompany's non-performing loans standing at just 0.6% as of November 2024.

Because WorqCompany's approach is non-interest bearing, idacapital believed that it was uniquely suited for sukuk financing. It helped the company issue an Islamic financial certificate through Emlak Katilim Bank with technical assistance from the Global Islamic Finance and Impact Investing Platform (GIFIIP)—an initiative supported by the UNDP's Istanbul International Center for Private Sector in Development and the Islamic Development Bank. In February 2024, WorqCompany was issued the first private sector social sukuk bond within Turkey, valued at TRY100m (~USD3.5m). To fund growing client demand, the company was approved for a second round, which is slated to be issued in December 2024 for TRY500m (~USD14.8m).

With idacapital's support, WorqCompany has benefited from a first-mover advantage in Turkey. While the global COVID-19 pandemic delayed initial progress, WorqCompany earned USD38,000 in its first month of sales in August 2022 with four clients. By December 2024, it surpassed USD7m in monthly revenues with over 500 merchants and predicted reaching USD36m in total sales by the end of December. Fueling its growth, more than 60% of WorqCompany's merchants are repeat customers—with many engaging in more than five transactions per year and progressively increasing the volume of each order.

Inclusive & Sustainable Growth

WorqCompany is providing greater working capital relief to Turkish merchants than local banks. While the banking sector provided an average of approximately TRY776k for each SME client in April 2024 (according to Turkey's Banking Regulation and Supervision Agency), the company's e-commerce partnerships were valued at TRY1.96m per client. Beyond addressing access-to-capital challenges, WorqCompany endeavors to foster the long-term success of entrepreneurs in myriad ways. It helps with inventory management, including eliminating stockout problems—WorqCompany can respond to client requests quickly, stocking essential products in a matter of hours. The company can also procure products at lower costs due to large purchasing volumes, which results in higher margins for merchants or the ability to sell items at a lower price than competitors.

WorqCompany has prioritized structuring transparent agreements with a flat monthly take rate of 8% and no additional fees. As of October 2024, WorqCompany's clients have experienced an aggregate growth rate of 152.8% in sales (in USD). Based on internal 2023 data, WorqCompany concluded that the merchants who frequently use its services have generated four times the volume of sales in comparison to companies that have only engaged with it once or not at all.

The idacapital team is working with WorqCompany to promote more inclusive entrepreneurship. The company's merchants, all of which are SMEs, operate across 31 distinct cities and regions. As of October 2024, 35% of WorqCompany's client portfolio is represented by female entrepreneurs—higher than Turkey's national average of 17.4%. Committed to working with more young entrepreneurs, WorqCompany has set a goal to increase the percentage of its clients under the age of 30 from 19% to 25%.

> "There is a very low barrier to entry in e-commerce, which means WorqCompany can support entrepreneurs from a wide range of demographic and social backgrounds. In Turkey, approximately 85% of small businesses are unbankable, so it's encouraging to watch women, immigrants and youth succeed. Broadly we see ourselves as Turkey's e-commerce growth partner—we are supporting our customers, but we are also helping their suppliers and online marketplaces make more money at the same time."
>
> —V. Emre Özdemir, CEO, WorqCompany

Outlook

While WorqCompany plans to remain focused primarily on the Turkish market, it is evaluating opportunities for international expansion. Following an analysis of which countries were purchasing the greatest volume of products from Turkish e-commerce merchants, the company decided to establish a foothold in the United Kingdom. In April 2024, it partnered with its first UK merchant on a transaction for GBP11k and has since been steadily expanding its presence.

Within Turkey, WorqCompany and idacapital foresee the company's largely organic growth trajectory continuing with plans to reach over 4,200 merchants and more than USD500m in total sales by the end of 2028. In addition to purchasing goods, WorqCompany's leadership team anticipates expanding its offering to include services—such as logistics or marketing services—in the next few years. While the company currently shares its technology-driven insights with merchants verbally, an additional near-term priority is to give clients the ability to view relevant data on products, customer experiences and financials directly on the WorqCompany platform. ●

The Investor

Lightrock is an impact-focused global investment platform operating across private and public markets. Its funds have invested in more than 90 companies throughout Europe, North America, Latin America, India and Africa since 2021. Lightrock is a certified B Corporation with a team of over 120 professionals working across six offices.

FUND NAME
Lightrock Latin America Fund I

FUND SIZE
USD300m (includes co-investments)

TOTAL AUM & AUA
USD5.5b

The Company

Founded in 2008, ComBio Energia develops and operates biomass-fired boilers that convert organic materials—such as sugar cane, açaí seed husks, rice husks, orange tree chips, wood chips and sawdust—into thermal energy. The company partners with Brazilian corporations on steam generation projects, taking full responsibility for initial capital expenditures, construction, biomass sourcing, maintenance, environmental licensing and more. ComBio is the first Brazilian manufacturing company to earn B Corporation certification.

LOCATION
Brazil

SECTOR
Renewable Energy

WEBSITE
combioenergia.com.br

DATE OF INVESTMENT	AMOUNT	STAKE
JUL '23	~USD45M	MINORITY

Lightrock's Latin American private equity team initially evaluated an investment in renewable thermal energy generator ComBio in 2019. ComBio had spent a decade steadily growing its business of helping Brazilian companies in the industrial sector decarbonize their operations through the burning of biomass rather than fossil fuels. Although the impact-focused investor liked ComBio's business model along with its predictable long-term contracts, high margins and limited competition, it chose to wait and continue tracking the company's performance.

A few years later, ComBio had signed contracts with large clients including Ingredion, a global food and beverage ingredient manufacturer, which required significant capital to execute. Lightrock was one of ComBio's top choices in its search for a financial partner as the two parties had stayed in close contact. In July 2023, Lightrock co-led a USD90m investment in ComBio alongside global alternative asset manager SPX Capital—the first institutional round raised by the company.

The Deal

Lightrock's capital enabled ComBio to open two new facilities in partnership with Ingredion in the third quarter of 2023. In August 2023, the company started operations in the São Paulo municipality of Mogi Guaçu. The unit features two boilers, each capable of producing 100 tons of steam per hour. The following month, ComBio opened a facility in Paraná municipality Balsa Nova with two boilers that can each produce 50 tons of steam per hour. Collectively these plants will prevent the emission of approximately 280,000 tons of carbon dioxide annually. Lightrock's funding is also being used to finance boilers for Italian tire manufacturer Pirelli.

The Lightrock team identified several gaps in human capital, particularly at the senior level. Estêvão Mestres, a Vice President at Lightrock, was seconded to ComBio to serve as Director of the company's Financial Planning & Analysis (FP&A) and Business Development divisions. Lightrock additionally helped recruit the company's CFO and COO. Within ComBio, it created several new committees, including ones focused on biomass, financial auditing, risks and human resources.

As an active board member, Lightrock assisted in the implementation of a strategic consultancy project aimed at identifying operational inefficiencies and revamping the organizational structure. The project resulted in ComBio improving its corporate governance standards, enhancing internal communication channels and upgrading its employee training processes. These developments also supported an increase in lead generations and contracts signed over several consecutive quarters as of October 2024.

Since Lightrock's investment and the resulting onboarding of new facilities, ComBio has substantially increased EBITDA with 100% year-over-year growth predicted by the end of 2024. As of October 2024, the company employs approximately 480 people and has added new jobs at its plants. Each new site has a multiplier effect on job creation—while a typical fossil fuel-powered boiler needs an average of three to four operators, ComBio's biomass-powered boilers require 30 to 40.

Inclusive & Sustainable Growth

As of October 2024, ComBio is the market leader in biomass-produced steam in Brazil. The company operates 13 boilers across the country, which have the capacity to aggregately produce over 750 tons of steam per hour. In 2024, ComBio expects to generate more than 3.9 million tons of steam—a 40% increase over the prior year.

ComBio's steam generation capabilities directly reduce greenhouse gas emissions by decreasing fossil fuel dependence. The company estimates that its clients have slashed carbon dioxide emissions by an average of 90% with over 2.7 million tons of emissions avoided between 2012 and 2023. The increase in ComBio's production capacity since Lightrock's investment has equated to the elimination of more than an additional 600,000 tons of carbon dioxide emissions.

While biomass boilers are traditionally designed to burn only one type of feedstock, such as woodchip residue, ComBio's boilers have been modified to burn multiple types of biomasses. This competitive advantage enables the company to operate in disparate geographies, optimize pricing and availability of raw materials in each region and

ultimately guarantee a stable and high-quality supply. As part of this process, ComBio is actively concentrating its efforts to source biomass that is largely regarded as residues and only using forest biomass as a last resort. As of October 2024, approximately 64% of ComBio's biomass source is residual waste.

Lightrock's impact team has been working closely with ComBio to align its operations with international sustainability standards. The company recently implemented a national biomass traceability program to ensure the sustainability of its supply chain from cultivation, production, processing and transportation—and 100% of its biomass was traced as of year-end 2023. In 2024, ComBio partnered with global auditing company DNV to undertake additional due diligence and auditing. The program allows ComBio to rank its suppliers based on ESG metrics and offer incentives to those classified as the highest.

> "It's not every day that you find a company whose revenue model is so intrinsically linked with its ability to generate a positive environmental impact. ComBio is not only reducing carbon emissions but, in many cases, it is giving productive use to resources that would otherwise be discarded. For example, the company actively searches for waste—such as açaí seeds or tree stumps that are unusable for the pulp and paper industry—and turns it into an energy source that can generate steam."
>
> —Gustavo Verdelli, Partner, Lightrock

Outlook

Organic growth is the Lightrock team's primary goal as it plans for the next five years of its partnership with ComBio. To fund this growth, Lightrock is working with ComBio to source new credit lines—particularly ones tied to addressing climate change. For example, the company signed a contract for a long-term loan valued at up to BRL450m (~USD82m) from the development finance institution IFC in July 2024.

Lightrock anticipates continuing to support ComBio's pipeline expansion. The Lightrock team is evaluating how growing regulatory requirements for greenhouse gas emissions disclosure—such as the European Union's Carbon Border Adjustment Mechanism (CBAM)—might motivate businesses to partner with the company. Several new initiatives, including the addition of electric and hybrid boilers, are also being considered to provide greater flexibility for ComBio's clients and help them reach their net-zero goals. ●

The Investor

Founded in 2013, Mediterrania Capital Partners invests in SMEs and mid-cap companies across Africa. The private equity firm targets businesses with an annual turnover of EUR20m to EUR300m and typically invests between EUR10m and EUR30m per project. Mediterrania has 25 investment professionals across offices in Malta, Abidjan, Barcelona, Casablanca, Cairo and Mauritius.

FUND NAME
Mediterrania Capital III

FUND SIZE
USD308m

TOTAL AUM
USD800m

The Company

Akdital is the largest private hospital group in Africa (excluding South Africa) with 27 multidisciplinary state-of-the-art healthcare facilities in Morocco—including general and specialty hospitals, outpatient clinics and long-term treatment centers—as of October 2024. Headquartered in Casablanca, Akdital offers services such as cardiology, cardiac surgery, neurosurgery, oncology, radiotherapy, intensive care and neonatal care. In 2023, Akdital treated more than 400,000 patients.

LOCATION
Morocco

SECTOR
Healthcare

WEBSITE
akdital.ma

DATE OF INVESTMENT	AMOUNT	STAKE	DATE OF IPO
MAR '20	CONFIDENTIAL	MINORITY	DEC '22

Anaesthesiologist and intensive care specialist Dr. Rochdi Talib founded Akdital in 2011 to provide quality healthcare to all Moroccans. Within ten years, he had built four hospitals across Casablanca but was struggling to obtain additional bank financing to further expand. The country's regulatory framework had recently evolved to allow nonphysicians to own assets in medical institutions, so Talib approached Africa-focused private equity firm Mediterrania Capital Partners for advice on how to grow the company's investor base.

The Mediterrania team agreed that Africa desperately needed healthcare infrastructure that could provide a higher standard of care—in its own research, it had discovered that there was less than one bed for every 1,000 people across much of the continent versus more than six beds per 1,000 people in OECD countries. In addition, favorable trends, such as a growing middle class, greater use of private insurance, an aging population and rising medical tourism, persuaded the firm to invest. Mediterrania acquired a minority stake in Akdital in March 2020.

The Deal

Immediately following its investment, the Mediterrania team created a blueprint that would allow Akdital to quickly build new hospitals and expand across Morocco. Mediterrania and Akdital worked with engineers and architects to design an easily replicated state-of-the-art hospital that could accommodate specialties such as cardiology, oncology and intensive care. Mediterrania facilitated a partnership between Akdital and another of its portfolio companies Travaux Généraux de Construction de Casablanca (TGCC)—a general contractor specializing in construction and public works—to build the hospitals. In parallel, Mediterrania implemented a process of reaching out to municipalities, obtaining relevant permits, and hiring and training staff so that each new hospital could become operational on opening day.

Since Mediterrania's investment, Akdital has opened 22 new hospitals, with one opening monthly between June 2024 and October 2024. In addition to launching new medical services in each of its Casablanca hospitals, Akdital has entered new markets such as Agadir, Beni Mellal, Bouskoura, El Jadida, Fes, Mohamedia, Safi, Salé, Tangiers and Tetouan. During Mediterrania's investment period, Akdital has increased its total bed capacity from 550 to over 3,700 beds. Annual revenue has grown from USD43m in 2020 to a projected USD300m by the end of 2024, while EBITDA rose from USD11m to a projected USD85.6m over the same period.

Akdital prioritized integrating IT systems into each location's operations, enhancing the patient experience through benefits such as digital health records and telemedicine services. Akdital's advanced technical platform for neonatal care also led to the Malian government selecting its Ain Borja Clinic as the safest place for 26-year-old Halime Cisse to deliver her nine babies. Born in May 2021, Cisse's five girls and four boys are the first nonuplets known to have survived birth .

Inclusive & Sustainable Growth

Akdital and Mediterrania both wanted to ensure that the group's healthcare facilities would be available to all Moroccans regardless of income and social class. In addition to opening small satellite hospitals in underserved areas, Akdital benefited from the Moroccan government's initiative to provide citizens access to free and subsidized healthcare through its universal social security scheme.

As the number of hospitals grew, Akdital had to prioritize staffing each building with doctors, nurses, paramedics, administrators, cleaners and more. Akdital forged partnerships with paramedical schools in the region, such as Hassan II University of Casablanca, providing funding and enabling these institutions to increase the number of students enrolled annually. It has also engaged with the youth unemployment-focused association EFE-Maroc and the Moroccan government's Awrach 2 program—which aims to create 250,000 direct jobs for the country's most vulnerable populations—to address skills gaps in the local labor market and gain access to a broader talent pool. In 2023, Akdital spent USD191k on training initiatives.

Over 2,800 jobs have been created at Akdital since Mediterrania's investment. As of October 2024, the company has more than 4,000 employees, 76% of whom are under the age of 25. With Mediterrania's guidance, Akdital has advocated for greater female participation in leadership positions. Women represent nearly 43% of all senior roles, 63% of management positions and 44% of the company's board, in addition to accounting for 80% of the total workforce.

> "Akdital's expansion of its hospital network enhances healthcare accessibility, improves medical services in underserved regions, creates new jobs and boosts local economies. Akdital not only raises healthcare standards but also contributes to overall social development and public health improvement in Morocco."
>
> —Albert Alsina, CEO and Founder, Mediterrania Capital Partners

Outlook

In December 2022, Akdital raised MAD1.2b (~USD113m) on the Casablanca Stock Exchange—its largest IPO since 2008. The Mediterrania team believes that Akdital's growth trajectory, excess liquidity in the market following the COVID-19 pandemic and a dearth of publicly listed healthcare assets in Morocco contributed to the IPO being 3.8x oversubscribed. The company successfully issued a second capital raise totalizing MAD1b (~USD101m) in July 2024, which was oversubscribed by 29x. By October 2024, Akdital had reached a market capitalization of USD1.4b.

After selling a portion of its stake in the IPO process, Mediterrania retains just under a 10% shareholding in Akdital as of October 2024. The Mediterrania team plans to continue helping Akdital build a conglomerate of hospitals that can reach all Moroccans, with the company on pace to open one hospital per month over the next year. Akdital is striving to establish over 50 hospitals and 5,700 beds in 31 Moroccan cities by 2026. Looking forward, Akdital is also evaluating a handful of countries outside of Morocco for potential future expansion opportunities. ●

The Investor

Founded in 2014, Monk's Hill Ventures (MHV) is a venture capital firm that has partnered with over 50 startups across Southeast Asia. MHV invests in early-stage technology companies, primarily through seed and Series A rounds, with commitments typically between USD2m and USD8m. As of October 2024, the firm has approximately 29 employees located across offices in Singapore, Indonesia and Vietnam.

FUND NAME
Monk's Hill Ventures Fund I and Fund II

FUND SIZE
Confidential

TOTAL AUM
~USD505m

The Company

ErudiFi is a Jakarta-headquartered financial technology company that offers educational loans and installment-based payment plans to students in Southeast Asia. The company partners with universities and vocational schools through its Bukas platform in the Philippines and the Danacita platform in Indonesia. As of October 2024, ErudiFi has provided funding to just under 50,000 students, enabling them to pursue tertiary education while building a credit history.

LOCATION
Indonesia, Philippines

SECTOR
Fintech

WEBSITE
erudifi.com

DATES OF INVESTMENT	AMOUNT	STAKE
APR '18, FEB '21	CONFIDENTIAL	MINORITY

Peng T. Ong, Co-Founder and Managing Partner at Southeast Asia-focused venture capital firm Monk's Hill Ventures (MHV), first met Naga Tan during a United States tour to meet with young business students pursuing careers in technology. After graduating from the University of Pennsylvania's Wharton School, Tan and co-founder Susli Lie launched ErudiFi in 2017 with the goal of making higher education more accessible to Southeast Asian students. Ong and Tan continued to stay in touch.

Although MHV doesn't typically fund seed investments, Ong and his team found ErudiFi's mission compelling—at the time, tertiary enrollment rates in Indonesia and the Philippines were less than 30% largely due to prohibitive education costs that were nearly double the average GDP per capita. The MHV team believed that ErudiFi could narrow the region's education financing gap by leveraging technology to offer affordable and flexible financing options.

In 2018, ErudiFi received USD120k in startup capital from Silicon Valley accelerator Y Combinator and shortly thereafter MHV participated in a USD1.7m seed round for the company. MHV continued to support the company as it grew, co-leading its USD5m Series A in 2021 alongside Singapore-based venture capital fund Qualgro.

The Deal

ErudiFi began operations employing a business-to-consumer (B2C) model, providing loans directly to students. However, the management team quickly realized this strategy was unsustainable—it was spending more money to acquire customers than it was generating revenue from them. With less than a year of runway, MHV's Ong advised the company to find a way to make its product scalable in a sustainable manner. Following the difficult decision to lay off two-thirds of its workforce in 2019, ErudiFi pivoted the business to focus on building partnerships with educational institutions to increase the number of students on the platform via a B2B2C approach.

Starting with one university near Jakarta, ErudiFi's proposition was to integrate its platform within each school's online enrollment system, so that when a student logs in to view the tuition fee, he or she can opt to apply for an installment plan. Having the ability to spread education costs over an extended period and via manageable monthly payments would enable more students to register. ErudiFi extended its reach across Indonesia and expanded into the Philippines in 2019. As of October 2024, ErudiFi's network includes 150 educational institutions with over one million students across both markets.

MHV has worked closely with ErudiFi to diversify its funding sources, playing a key role in facilitating introductions to prospective investors. Between 2019 and 2023, the company closed several equity and debt rounds to fund working capital and grow its loan book, respectively. In January 2022, it secured a USD15m debt facility from Singapore-based fintech investment platform Helicap. ErudiFi most recently raised a USD5.9m convertible note from existing supporters MHV, Qualgro and Y Combinator, as well as new investors.

As of October 2024, ErudiFi—with a rebuilt team of 110 employees—is leveraging its in-house loan management system and predictive analytics-based credit scoring model to process roughly 10,000 applications per month. Since MHV's Series A investment, the number of borrowers at ErudiFi has increased 10x from 5,000 students in 2021 to over 50,000 students by November 2024. Between the first quarter of 2021 and the third quarter of 2024, disbursements also grew over 10x to approximately USD50m. In May 2024, the Philippines division recorded pre-provision operating profit.

Inclusive & Sustainable Growth

Financial literacy remains low in both Indonesia and the Philippines. With 99% of Filipino students and 64% of Indonesian students on ErudiFi's platforms being first-time borrowers, the company is helping them—and their parents—build credit history at affordable rates. In 2023, approximately half the interest income ErudiFi generated was subsidized by its partner schools, resulting in many students paying close to 0% interest.

ErudiFi is helping families develop financial management skills. Its Sahabat Danacit program, which is active across 46 schools in Indonesia, provides training in financial literacy through workshops and individual coaching sessions. The company ensures its application process is simple—consuming limited data for those with smartphones or tablets and accepting paper applications for those who don't. It has also recently launched an artificial intelligence-powered chatbot called Jared to serve as its frontline customer assistance. As of October 2024, Jared has been effective at answering over 70% of questions, helping students better understand their loans while also reducing overall operating expenses.

To drive inclusive growth in Southeast Asia, ErudiFi is striving to ensure marginalized and disadvantaged groups are well represented within its pool of borrowers. As of October 2024, approximately 60% and 50% of borrowers in the Philippines and Indonesia, respectively, are female. In addition, between 80% and 90% of borrowers across both markets come from lower-income households. ErudiFi's partner schools in Indonesia report that new graduates earn at least double the monthly average income of their peers who haven't attained education beyond high school.

> "Many talented young people across Southeast Asia face barriers to reaching their full potential due to limited access to funding. Without solutions like Bukas and Danacita, countless students are forced to forgo their higher education because they cannot afford the relatively high upfront fees. By breaking tuition payments into manageable monthly installments, ErudiFi is easing this financial burden, enabling schools to enroll and retain more students. These students will ultimately graduate to become the consumer class of the future."
>
> —Naga Tan, CEO and Co-Founder, ErudiFi

Outlook

MHV plans to continue supporting ErudiFi—including participating in its upcoming Series B round—as the company expands its reach both deeper in education financing and eventually into new market segments. Over the next five years, the company intends to implement a risk-sharing arrangement with select schools that will allow it to fund higher-risk students who are less likely to be approved under its normal underwriting standards. With many schools experiencing up to 15% annual dropout rates due primarily to financial difficulties, several institutions are willing to work with ErudiFi by taking first losses and creating additional downside protections.

While educational loans would remain the flagship product, ErudiFi sees an opportunity to work with banking and insurance partners to provide students with, for example, debit and savings accounts or personal liability insurance bundled into tuition installment plans. In the future, ErudiFi's management team believes the company could become a trusted advisor to its clients over their lifespan by helping with their needs post-graduation, from purchasing cars and homes to funding weddings, business ventures and more. ●

The Investor

Quadria Capital is a South Asia and Southeast Asia-focused private equity firm that was founded in 2012. It invests growth capital in healthcare delivery, life sciences, medical technology and associated healthcare services businesses. Since its inception, Quadria estimates that its portfolio companies have provided access to healthcare services to over 45 million patients and created more than 55,000 jobs.

FUND NAME
Quadria Capital Fund I

FUND SIZE
USD540.4m

TOTAL AUM
USD3.5b

The Company

Founded in 2003, FV Hospital is a private healthcare facility located in Ho Chi Minh City. The 220-bed hospital has over 1,600 employees, including more than 200 doctors, and provides access to 36 medical and surgical specialties in areas such as oncology, cardiology and gastroenterology as of October 2024. In January 2024, FV Hospital was acquired by Singapore Exchange-listed healthcare services provider Thomson Medical Group.

LOCATION
Vietnam

SECTOR
Healthcare

WEBSITE
fvhospital.com

DATE OF INVESTMENT	AMOUNT	STAKE	DATE OF EXIT
JUL ’17	USD40M	SIGNIFICANT MINORITY	JAN ’24

Founded more than 20 years ago on the former outskirts of Ho Chi Minh City, FV Hospital had developed into an important community fixture, providing essential medical services for Vietnamese nationals and expatriates. After more than a decade of operations, FV’s management team was ready to expand into new specialty areas to better treat chronic illnesses such as cancer and cardiovascular diseases. It wasn’t seeking just capital—the team wanted a partner that could help it transform its healthcare platform to provide affordable, high-quality services while also growing revenues and enhancing EBITDA margins.

Healthcare-focused investor Quadria Capital was a natural fit given its experience working with similar providers across India and Southeast Asia. The Quadria team was impressed by FV’s commitment to quality care and patient safety—as reflected by it being the first hospital in South Vietnam to receive Joint Commission International (JCI) accreditation in 2016—and shared the desire to tackle Vietnam’s largest disease burdens. In July 2017, Quadria and two institutional investors—US investment management firm Neuberger Berman and German development finance institution DEG—acquired a significant minority stake in the organization.

The Deal

Quadria's priority post-investment was to help FV build several best-in-class Centers of Excellence. The private equity firm leveraged its regional healthcare network to facilitate strategic clinical partnerships. These collaborations involved several regional players such as Indian oncology provider HCG, gastroenterology and cardiology provider Asian Institute of Gastroenterology (AIG) Hospitals and nephrology specialist NephroPlus.

HCG—also a Quadria portfolio company—had pioneered the delivery of affordable, high-end cancer care in India and was the first to use non-invasive radiosurgery CyberKnife treatment in the market. Believing that there were a lot of similarities between the Indian and Vietnamese markets, Quadria encouraged HCG to work with FV by sharing knowledge, training doctors and technicians and providing second opinions on treatment plans. Quadria additionally fostered a strategic partnership between FV and AIG, which included training FV's doctors in gastric sciences.

FV upgraded its Hy Vong Cancer Center with the goal of establishing a leading oncology facility in Southeast Asia. Since 2018, the center has treated over 35,000 patients. Quadria helped equip the Cardiology Center's catheterization lab and, in 2022, it supported FV's expansion through the acquisition of ACC Chiropractic Clinic—integrating conventional and alternative therapies to improve standards of care.

In parallel with strengthening FV's capabilities, Quadria instilled a rigorous, third-party verified impact and ESG framework throughout the organization as it committed to upholding international standards of quality care. In 2022, FV achieved its third consecutive JCI Quality Gold Seal certification. During Quadria's investment period, the organization's patient volume increased by 20% and its bed capacity by nearly 30%, while revenue and EBITDA grew by 15% and 19%, respectively. At the time of exit, FV was treating more than 250,000 patients annually from Vietnam as well as nearby emerging countries such as Cambodia, Laos and Myanmar that lack local access to the same quality of healthcare.

Inclusive & Sustainable Growth

FV is providing vital services for women in its community through its Department of Obstetrics and Gynecology and Breast Care Clinic. In 2022, it upgraded the maternity ward to accommodate up to nearly 1,000 births annually, with a short-term goal to increase its capacity to support 1,500 births. Mothers are provided with around-the-clock access to skilled midwives and the department is staffed with over 15 doctors trained in providing comprehensive delivery and postpartum services, including for high-risk pregnancies. These initiatives contributed to FV being the only private hospital in its district certified by the Ministry of Health as a Mother-and-Baby-Friendly Hospital.

Within the workforce, FV's leadership considers gender and diversity to be important components of its ESG action plan. At the time of Quadria's exit, women represented over 70% of all employees and 65% of FV's senior management, including the COO and CFO. FV policies include six-month maternity leave and additional financial support to new mothers, regular breaks for mothers with children under 12 months and access to daycare facilities. The organization also

developed a comprehensive sexual harassment policy that exceeds local compliance regulations.

During Quadria's investment period, the total number of employees at FV had increased from just over 1,000 to more than 1,600. Quadria focused on recruiting local and regional talent—at the time of its exit, almost 90% of FV's doctors were from Vietnam. Supported by its Education and Training Committee, FV also prioritized continuous professional development with the average number of training hours per employee increasing by a factor of four between 2020 and 2023. To develop the medical talent ecosystem, FV partners with local universities to offer internship programs that provide financial support and practical training to around 120 medical undergraduates each year.

> "FV Hospital provides patients with access to the highest levels of quality care in modern, state-of-the-art facilities featuring cutting-edge technologies. Importantly, they are providing care at affordable prices. With the vast majority in Vietnam still paying healthcare expenses out of pocket, the FV team strives to keep treatment costs competitively priced, ensuring they remain within a reasonable margin compared to major public hospitals—many of which are overcrowded and underinvested. We are exceptionally proud of the FV team and have no doubt they will continue to redefine and elevate healthcare standards in Vietnam."
>
> —Ewan Davis, Partner and Head of Southeast Asia, Quadria Capital

Outcome

Six years after Quadria's initial investment, FV had transformed from a secondary hospital into a tertiary multi-specialty healthcare provider. Ready to consider exit routes, the Quadria team ran a competitive auction process, which generated significant interest from private equity firms and regional hospital groups looking to enter the Vietnamese market. Thomson Medical Group—one of Singapore's largest providers of healthcare services for women and children—emerged as a leading contender due to a strong alignment in values between the two entities. In January 2024, Thomson Medical finalized its acquisition of FV Hospital at a valuation of USD381m—the largest private healthcare transaction in Vietnam's history at the time. ●

The Investor

Verod is a Lagos-headquartered investment management firm that provides growth equity capital to companies in Anglophone and Francophone West Africa. Founded in 2008, the firm has invested in over 25 companies with a target deal size between USD15m and USD30m. Verod was the first private equity fund globally to achieve Best-in-Class 2X Certification for its gender-lens investment strategy.

FUND NAME
Verod Capital Growth Fund II

FUND SIZE
USD115m

TOTAL AUM
USD364m

The Company

Daystar Power is an Africa-focused developer of hybrid solar power solutions. The company installs, operates and maintains captive power systems—integrating solar panels, battery storage and backup generators—for commercial and industrial clients, enabling them to reduce electricity costs and carbon dioxide emissions. As of November 2024, Daystar Power runs over 400 power installations in seven countries with an installed capacity of 53 megawatts of direct current.

LOCATION
West Africa, South Africa

SECTOR
Renewable Energy

WEBSITE
daystar-power.com

DATE OF INVESTMENT	AMOUNT	STAKE	DATE OF EXIT
MAR '19	USD10M (INCLUDING CO-INVESTMENTS)	MINORITY	DEC '22

In 2017, Jasper Graf von Hardenberg and Christian Wessels founded Daystar Power in Nigeria after watching businesses across West Africa struggle to meet their energy needs. Lacking a stable grid, corporations across the region were forced to run expensive diesel and gas generators that were emitting significant amounts of carbon dioxide. With the price of solar panels steadily declining, Daystar Power's co-founders believed they could help these companies incorporate solar power into their operations and reduce overall energy costs.

Around the same time, the private equity team at West Africa-focused investment firm Verod began analyzing the impact solar power could have on extending energy access and reliability across the continent. The firm determined it wanted to invest in a commercial and industrial (C&I) solar business given the ability to scale quickly while engaging with blue-chip clients posing minimal credit risk. It analyzed over 100 companies and found Daystar Power.

In its research, the Verod team read several white papers—produced by African venture capital firm Persistent Energy Capital—focused on C&I solar deployment strategies. Verod asked the Persistent team if it would be interested in partnering on a deal. The two firms jointly invested USD10m in Daystar Power in March 2019. In December 2022, the company was acquired by global petroleum corporation Shell.

The Deal

Daystar Power's customers can choose to lease solar panels for a monthly fee or, alternately, have the solar power developer conduct a comprehensive power audit of their business, develop a plan to integrate solar into the existing power infrastructure and subsequently take over management responsibilities. Following its investment, Verod worked with Daystar Power to identify and engage prospective C&I customers to deploy more solar power projects in Nigeria. Over the following three years, the company expanded its client base to Ghana, Togo, Senegal and Côte d'Ivoire.

Verod recruited a team to support the co-founders, including hiring a new CFO and several finance and operations specialists. It also made several changes to Daystar Power's occupational health and safety department—with new hires and policies—to better protect on-site workers, more than 70% of which are third-party contractors. The investment firm additionally assisted the sales team by leading contract negotiations and restructuring Daystar Power's pricing strategy to make it more responsive to macroeconomic changes such as fluctuations in diesel prices, rising inflation and currency depreciation.

The capital-intensive nature of Daystar Power's business required constant fundraising efforts. Verod leveraged its network to introduce the company to prospective investors, highlighting for them the company's impact story around sustainable energy and emissions reduction. Daystar Power raised a USD38m round in January 2021—with participation from Danish and French development finance institutions IFU and Proparco, impact fund STOA and Morgan Stanley Investment Management. Verod was instrumental in the company securing a seven-year USD20m debt facility from the development finance institution IFC in July 2021, which had followed a USD4m financing from the German development finance institution DEG for its expansion efforts in Ghana.

Between the time of Verod's initial investment and its exit to Shell, the number of deployed sites managed by Daystar Power grew from 39 to 320, while total generating capacity rose from one megawatt to 39 megawatts of renewable power. The company's revenue also increased from USD80k in 2018 to USD9m in 2022, while full-time employee headcount grew from 60 to 163.

Inclusive & Sustainable Growth

Daystar Power's solar power installations were offsetting an estimated 40,000 tonnes of carbon dioxide annually at the time of Verod's exit. The company's clients are also benefitting from a more reliable power supply with an aggregate system uptime of 99%—the result of battery and panel supplier changes initiated by Verod. As part of its goal to be a regional leader in solar education, Daystar Power estimates that over 50,000 people across West Africa have gained new knowledge of solar power through its projects.

Seeking to minimize the large quantities of e-waste that were being generated at project sites, Daystar Power made the commitment to achieve zero-waste-to-landfill status by the end of 2022. In 2021, it launched its Smart E-waste Management initiative. Verod helped the company identify and audit licensed waste recycling vendors, insisting on regular tracking and reporting practices from those who were

onboarded as partners. By the third quarter of 2022, the company's goal of not having any e-waste in a public landfill was achieved with 24 tons of e-waste recycled or reused.

In collaboration with Verod, the company launched the Daystar Women in Power Training program to increase the number of women working in the renewable energy sector. It partners with several universities in Nigeria to recruit female engineering students into an eight-month intensive training program that includes both classroom experience and fieldwork at no cost to them. Upon completion, these students are then eligible for full-time employment at Daystar Power. At the time of Verod's exit, women represented 35% of the company's engineering team.

> "Daystar Power's landmark gender initiatives are empowering women in a market where they represent less than 10% of all engineering students. By training and hiring up to 15 women annually, the Daystar Women in Power Training Program—which has continued following our exit—is responsible for the gradual buildup of a workforce of female engineers with expertise in the solar power industry."
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> —Chigozie Ejimogu, Sustainability & Impact Senior Manager, Verod

Outcome

Verod had identified Shell as a potential strategic buyer early in its investment holding. Many of the large oil and gas players had made commitments to reduce their greenhouse gas emissions and were acquiring renewable energy operators around the globe. Verod wanted to ensure Daystar Power—with corporate governance and ESG standards backed by numerous development finance institutions—was on the list of considerations in Africa. Verod had introduced the two parties a few years prior to the transaction and provided regular updates to Shell on business performance.

As of October 2024, Daystar Power continues to operate as a wholly owned subsidiary under Shell's Renewable and Energy Solutions division. With co-founders Graf von Hardenberg and Wessels remaining at the helm, the company is striving to increase its installed solar capacity to 400 megawatts by 2025. It is working with C&I businesses in West Africa and beyond to generate clean, affordable and sustainable solar power, while providing valuable training and employment opportunities for women in a male-dominated industry. ●

The Investor

Warburg Pincus

Warburg Pincus is a private equity global growth investor. Founded as a private partnership in 1966, the firm has more than 230 companies in its active portfolio, diversified across stages, sectors and geographies, as of October 2024. Warburg Pincus has invested in more than 1,000 businesses through its private equity, real estate and capital solutions strategies.

FUND NAME
Warburg Pincus Private Equity XI (WP XI)

FUND SIZE
USD11.2b

TOTAL AUM
USD86b

The Company

IDFC FIRST Bank
ALWAYS YOU FIRST

IDFC First Bank is a pan-Indian private sector bank that was created in December 2018 through the merger of the non-bank financial institution Capital First and the banking arm of Infrastructure Development Finance Company (IDFC). The financial institution offers a wide range of personal banking, business banking, wholesale banking and wealth management solutions with over 40,000 employees and approximately 1,000 branches and offices. IDFC First Bank is publicly listed on India's NSE and BSE.

LOCATION
India

SECTOR
Financial Services

WEBSITE
idfcfirstbank.com

DATE OF INITIAL INVESTMENT	AMOUNT	STAKE	DATE OF FINAL EXIT
SEPT '12 (CAPITAL FIRST)	~USD189M (INITIAL COMMITMENTS)	~70%	MAR '24

V. Vaidyanathan, IDFC First Bank's Managing Director and CEO, had already spent 25 years in India's retail financial services industry when he decided to focus on lending to entrepreneurs and underserved individuals and communities. He acquired a stake in a Mumbai-headquartered non-bank financial institution that became known as Capital First. At the time, the specialty finance company, which offered small business and consumer loans, was generating year-over-year losses. After spending a few years scaling Capital First's loan book and developing a proof of concept, Vaidyanathan began thinking through the business' future trajectory and met with numerous investors to raise equity.

Global private equity firm Warburg Pincus was intrigued by the opportunity. Capital First had built a solid foundation of clients and branches under Vaidyanathan's leadership and, more importantly, Vaidyanathan's vision to target India's underserved population resonated with the firm. While many global and regional private equity funds were backing India-based financial institutions lending primarily to big corporations, Warburg Pincus believed that small enterprise finance was a large, untapped market opportunity with significant growth potential.

Warburg Pincus acquired a majority stake in Capital First in September 2012 and committed approximately USD189m in a series of early financing rounds through March 2014. A few years later, the private equity firm facilitated a merger between Capital First and IDFC Bank, resulting in the creation of IDFC First Bank in December 2018.

The Deal

When Warburg Pincus initially invested in Capital First in 2012, India was facing several macroeconomic challenges, including rising inflation and currency depreciation. The private equity firm worked with management to restructure the business and focus operations on providing credit to microenterprises and SMEs, developing its retail business and mobilizing a high-quality team to lead the implementation of its strategic growth plans.

Warburg Pincus recognized that building new divisions and products aligned with Capital First's long-term priorities would likely negatively impact short-term profits. The private equity firm led multiple additional fundraising rounds between 2014 and 2017 to provide stability and ensure that Capital First maintained a healthy balance sheet while growing. To achieve differentiation and accelerate product adoption, Warburg Pincus leveraged its global technology capabilities and insights learned from other portfolio companies, enabling Capital First to fully digitize operations and build a better experience for its customers.

With Warburg Pincus' support, Capital First's loan book grew at a five-year CAGR of 29%, reaching nearly USD4b by March 2018, while the share price increased by 7x. At that time, an opportunity arose to merge with IDFC Bank, which was seeking to partner with a retail-focused financial institution to diversify its infrastructure-heavy portfolio. The Warburg Pincus team encouraged Capital First to act—merging operations would enable it to convert to a full-service bank and meaningfully expand its ability to raise money.

In the five years following the creation of IDFC First Bank, retail deposits and total customer deposits increased by a CAGR of 63% and 36%, respectively. By March 2024, the bank's loan book had reached USD24b, supported by a full suite of products targeting SMEs, retail and rural customers. Aided by technology, well-structured underwriting processes and flexible repayment plans, IDFC First Bank's ratio of net non-performing assets was less than 0.5%.

Inclusive & Sustainable Growth

Approximately 83% of IDFC First Bank's loan book is allocated to underserved market segments. As of March 2024, nearly 40 million retail customers and small businesses have received loans, including ones focused on education, sanitation and productivity—representing essential items at scale, such as washing machines, air conditioning units, laptops and mobile phones. In addition, the bank also provides microfinance loans (loans less than USD500), as well as home, car, two-wheeler and electric vehicle loans. Further, to enhance demand and comprehensibility of its various offerings, IDFC First Bank has intentionally designed products with terminology and usability features that can easily be understood.

Historically in India, the primary financing option available to early-stage startups was a local money lender, known for charging extremely high interest rates to borrow funds. Through its FIRST WINGS startup banking program, IDFC First Bank works closely with enterprises, such as mom-and-pop shops (known as kirana stores), family-owned restaurants, salons and auto mechanics, by offering affordable loans while providing essential support through various phases of growth. IDFC First Bank has also created a digital platform

for new ventures, called Leap-to-Unicorn, which offers networking, mentoring and fundraising opportunities. Run in partnership with Indian media conglomerate Network18, Leap-to-Unicorn has attracted more than 11,000 applications as of September 2024 across two rounds.

The bank's innovative sanitation loans play an important role in improving the health of those living in impoverished areas. IDFC First Bank's WASH program enables customers to finance the purchase of new toilets, the renovation of existing toilets, the installation of septic tanks, sewerage network connections, underground drainage systems, rainwater harvesting, water purifying systems and other related needs. As of October 2024, over 350,000 sanitation loans have been underwritten, benefitting an estimated 1.4 million individuals.

IDFC First Bank has significantly deepened its reach into India's rural communities, with an active presence in more than 80,000 villages as of October 2024. Several rural branches focus specifically on the needs of small farmers to whom the bank has provided an aggregate of nearly three million loans for tractors and livestock purchases. Additionally, approximately 60% of the clients across IDFC First Bank's lending portfolio are rural females, and the bank estimates that over 1,000 of them have built self-reliant businesses.

> "We are the first bank in India to focus on SMEs and rural customers at scale. Warburg Pincus has been a strategic, value-added partner in helping us leverage technology and volume to reduce our costs in offering small ticket loans. When we started, we were lending at a little over 22% and borrowing at 13%. Today our cost of funds is approximately 6.4% and these savings are being passed on directly to the customer."
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> —V. Vaidyanathan, Managing Director and CEO, IDFC First Bank

Outcome

Warburg Pincus gradually reduced its stake in IDFC First Bank through a series of open market trades beginning in 2017. In March 2024, the private equity firm fully exited its position, selling its remaining shares through a block trade on the BSE. At the time, the bank's market capitalization was over USD6.3b. IDFC First Bank's management team intends to continue driving financial inclusion across rural India in the years to come—with plans to increase its branches to 1,700 and grow its retail, rural and SME loan book up to USD60b by early 2029. ●

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