DEAL BOOK

EDITION IV

INCLUSIVE & SUSTAINABLE GROWTH

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

GPCA

Global Private Capital Association

GPCA Global Private Capital Association

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DEAL BOOK EDITION IV

The Investor

Adenia Partners is a private equity firm that invests exclusively in controlling stakes in African businesses through seven offices across the continent. Since its founding in 2002, Adenia has raised five funds, made 32 investments and realized 17 exits as of September 2023. The firm invests in a wide range of sectors, including financial services, agribusiness, consumer goods, telecommunications, health care, education and light manufacturing.

FUND NAME
Adenia Capital (IV)

FUND SIZE
EUR230m

TOTAL AUM
USD768m

The Company

Founded in 1964, Herholdt's provides electrical, lighting and renewable energy solutions to customers in South Africa and bordering countries. The company originally sold only lighting and low-voltage electrical products, such as cables and wires, but expanded its operations in 2016 to begin offering residential and commercial solar installations, including inverters, batteries and photovoltaic (PV) modules. As of September 2023, Herholdt's operates nine branches across South Africa.

LOCATION
South Africa

SECTOR
Renewable Energy

WEBSITE
www.herholdts.co.za

DATE(S) OF INVESTMENT	AMOUNT	STAKE
JUNE '21	CONFIDENTIAL	78%

After becoming one of the youngest qualified electricians in South Africa at the age of 18, Bernard (Kiepie) Herholdt launched several businesses across the country focused on electrical contracting, lighting and renewable energy between 1964 and 2017. These companies, although operating as distinct entities in different provinces, were eventually lumped together and called the Herholdt's Group. Herholdt's youngest son, Heine, took over operations as CEO in 2018. A few years later, he was given the mandate to sell 100% of the business to a reputable owner.

A South African boutique investment bank specializing in helping local entrepreneurs with succession challenges contacted Adenia Partners. At the time, the private equity firm didn't have an office in South Africa and was not actively looking for investments there. However, the Adenia team found Herholdt's fast-growing and cash-positive business attractive. It also saw a tremendous growth opportunity in the country's solar energy market. State-owned utility Eskom had been steadily raising electricity costs, while widespread blackouts and rationing (known as load-shedding) were forcing people to spend up to six to 12 hours a day without electricity.

Adenia recognized that Herholdt's products could offer South African homes and businesses an alternative solution by providing access to cleaner and more reliable energy at lower rates than those of the national grid. Because of Herholdt's impact potential, Adenia's limited partners agreed to amend the fund's strategy to include South Africa, paving the way for an investment.

The Deal

Adenia agreed to purchase 78% of Herholdt's in June 2021. The Adenia team had been impressed by the second-generation owners and decided it wanted to form a partnership rather than fully acquire the company as originally envisioned.

Working with the CEO to professionalize the family business was Adenia's main priority, starting with merging what was a network of three branches and eight different legal structures across South Africa into one cohesive entity. Adenia also recruited several positions, including a new CFO, to round out the management team.

Given that Herholdt's operations were in secondary cities like Bloemfontein, Kimberley and George, Adenia pushed the company to launch new branches in metropolitan areas. The company opened six additional stores, including ones in Johannesburg and Cape Town in 2022 and 2023. The Adenia team also encouraged Herholdt's to grow its solar business. With Eskom increasing its rates, on average, by 15% per year and the price of solar equipment dropping by around 5% annually, by 2020, it was suddenly cheaper to be connected to solar than the national grid. Herholdt's management agreed to pivot toward this impending demand by substantially increasing inventory levels. By September 2023, solar products represented approximately 95% of the company's total sales, up from 40% at the time of acquisition.

With the opening of new stores and the push into renewables, Herholdt's growth took off. At the time of Adenia's investment, the firm had anticipated annual growth rates of around 30%; however, Herholdt's compound annual growth rate has been over 100% over the last two years as of September 2023. Over the same period, revenue has grown from EUR47 million to EUR450 million.

Inclusive & Sustainable Growth

With Adenia's support, Herholdt's solar business has become the company's primary business line, ranking among the top three solar product suppliers in South Africa as of September 2023. The company sold approximately 200,000 solar panels to wholesale customers across six South African provinces and bordering countries in 2022 alone. Through its distribution, Herholdt's has enabled the generation of approximately one terawatt hour (TWh) of renewable electricity since 2018, resulting in roughly one million tons of carbon dioxide equivalent emissions avoided (MTCO2e). Customers have also benefitted from lower electricity costs that are, on average, 30% to 50% cheaper than using grid power.

Internally, Adenia worked with Herholdt's team to ensure its stores were environmentally sustainable. Most of the electricity required for the company's main warehouses is supplied by solar PV panels fitted onto the rooftops. The company generated 306 megawatt hours (MWh) of its own solar renewable energy in 2022 and is expanding this capacity in 2023.

As Herholdt's opened more stores, its employee count grew from 150 at the time of Adenia's investment to 440 as of September 2023. The number of female employees at Herholdt's has grown to 25% of its total workforce and the number of female managers has risen by 50%. In addition, approximately 42% of Herholdt's Executive Committee are women, following the nomination of six female managers in 2022.

All Herholdt's employees are paid on average 2.7 times the legal minimum wage.

Training a highly knowledgeable staff and network is important to Herholdt's as the management team recognizes that poor equipment and installation could significantly damage the local solar market where product adoption remains nascent. In 2022 alone, approximately 2,800 hours of professional training were provided to Herholdt's employees on new benefits and specifications. In addition to its direct employees, Herholdt's is contributing to local employment by creating a network of trusted installers. More than 100 installers were provided with over 400 hours of training in 2022 at no cost.

Outlook

As of June 2023, the residential, commercial and industrial market in South Africa had adopted over 4.4 gigawatts (GW) of solar capacity. This is still only a fraction of the estimated 60GW the country needs to be powered effectively. To meet the market need, Herholdt's executive team plans to further expand its operations over the next few years, including opening new branches across South Africa. Adenia is prioritizing engaging with financial institutions to secure the bank debt and trade finance lines needed to finance this growth.

Florent de Boissieu, a Partner at Adenia Partners, states, "Given South Africa's dire energy crisis, we believe that nothing will slow down the demand for solar energy solutions as people need to find an affordable and reliable way to power their lives. We estimate that Herholdt's is currently reaching around 8% of the South African market but are committed to helping it find a way to reach even more customers through lower price points and better financing options without sacrificing product quality."

Adenia Partners and Herholdt's CEO recently partnered again in Enfin Energy Finance. Enfin will finance, build, operate and maintain small solar farms for residential and corporate customers in South Africa, who in turn will be charged less than Eskom's rates. This collaboration aims to eliminate a key hurdle to the greater adoption of solar power by providing the capital and knowledge needed to begin making the transition. ●

The Investor

Advent International is a global private equity firm focused on Europe, North America, Latin America and Asia. Founded in 1984, Advent has made more than 415 private equity investments in a range of sectors, including technology, business and financial services, health care, industrial and retail, as of September 2023. The firm invests between USD50 million and USD2 billion in companies with enterprise values of USD50 million to USD5 billion.

FUND NAME
Advent Latin American Private Equity Fund VII

FUND SIZE
USD2b

TOTAL AUM
USD95b

The Company

GHL Hotels is a third-party hotel operator with 62 properties in Colombia, Perú, Chile, Argentina, Ecuador, Central America and Spain. The Colombia-headquartered company has developed several hotel brands, including GHL Collection, GHL Relax and GHL Stye, and is authorized to operate hotels under international brands such as Marriott, Sonesta, Hyatt and Radisson. Each of GHL's properties offers accommodation, restaurants, entertainment and event space. As of September 2023, GHL has over 4,300 employees.

LOCATION
Andean Region and Central America

SECTOR
Hospitality

WEBSITE
en.ghlhoteles.com

DATE(S) OF INVESTMENT	AMOUNT	STAKE
SEPT '22	CONFIDENTIAL	MAJORITY

Global private equity firm Advent International first identified family-owned GHL Hotels as an ideal investment target in 2015. GHL, which started operations in 1964 with five hotels in the south of Colombia, had grown into one of the largest third-party hotel operators in the Andean region and Central America. The Advent team liked the company's asset-light business model, as GHL is primarily focused on managing the day-to-day operations of hotels held by independent owners, real estate investors and large brands. Advent also anticipates a significant shift in the region toward third-party operators, which had reached a market penetration of 19% in the United States, versus 14% in Latin America.

For years, the Advent team frequently reached out to GHL owner Jorge Londoño to track the company's progress. The conversation finally turned into an investment discussion in 2020 following the negative impact of the COVID-19 pandemic on the region's hospitality sector. After a nearly two-year due diligence process, Advent acquired a majority stake in GHL in September 2022 with a commitment to finance the company's growth over the following three years.

The Deal

Advent's initial priority was to strengthen GHL's management team and establish a transparent corporate governance structure. While Londoño retained a significant stake in GHL and would remain engaged through the board and various committees, Advent and Londoño recruited several new executives. The private equity firm also installed a Strategy & Transformation Officer and a Vice President of Investments who would craft and implement a strategy to accelerate growth.

GHL's Business Development team, alongside Advent, has defined a structured process to map and engage potential growth opportunities in the region. Between September 2022 and September 2023, GHL executed new contracts in Colombia, Peru and Chile.

In 2019, Advent acquired a majority stake in Texas-based third-party hotel management company Aimbridge Hospitality, which has a portfolio of 1,500 properties in 20 countries as of September 2023. The Advent team has been working with GHL to implement Aimbridge's best practices. Key initiatives include improving revenue management, procurement and centralization.

GHL's management team has delivered above-market occupancy rates and revenue per room. As of September 2023, GHL's occupancy rates are higher than 65%, on average, versus less than 60% across Colombia's hotel industry per the Colombian Hotel and Tourism Association. The company has also achieved higher revenues per available room (RevPAR) than competitor hotels operating in the same geographies and targeting a similar customer base. Calculated as total revenue divided by the total number of available rooms, GHL's RevPAR is USD70.71 for 2023, as of September, versus an average of USD57.77 for its competitors. This is also an improvement from GHL's 2022 RevPAR of USD58.32.

Inclusive & Sustainable Growth

While GHL has a presence in Bogotá, Lima and Santiago, most of its hotels are in secondary cities and smaller markets. The company prioritizes working with local communities and requires that 70% of the staff at each location be from that area. GHL has created local development initiatives that also serve as a screening process for employment. For example, GHL provides cooking classes for single mothers and young adults and uses the program to provide an entry point to potentially work with GHL's food and beverage team. Many of these initiatives target women as GHL strives for gender parity in its workforce. As of September 2023, 43% of its 4,300 employees identify as female.

GHL has an inclusive purchasing program that ensures a minimum percentage of procurements are sourced locally across all markets. Juliana Zapata Ramírez, Vice President at Advent International, explains, "GHL believes in taking care of the communities in which it operates. A substantial part of the hospitality experience comes from being able to provide an authentic and pleasant stay for hotel guests. This is accomplished by respecting local communities and providing long-term sustainable development through job creation and trainings."

To improve local operational and administrative skills related to the hospitality industry, GHL established the GHL Training School for both legacy and new employees. In 2022, nearly 650 employees participated in one or more of the 493 offered courses covering topics such as organizational culture, hotel security, the spirit of hospitality, biosecurity and more. GHL also operates an integrated training school for managerial skills in partnership with Colombia's Sergio Arboleda University, which requires 280 hours of education to receive certification. In 2022 and 2023, 150 and 123 GHL executives participated in the program, respectively.

From an environmental perspective, Advent worked with a sustainability consultancy firm to align environmental initiatives across GHL's portfolio and collect aggregate data. GHL is working to reduce single-use plastic bottles by 50%, eliminate plastic straws and ensure that 100% of the cleaners used by the company are biodegradable by 2024. It also introduced the *Blue Initiative Program*, which incentivizes guests to reuse bed linens and towels to reduce energy and water consumption. In 2022, GHL saved an additional 6% of energy and 7% of water consumed versus the prior year.

Outlook

The Advent team believes that GHL will continue to benefit from a pickup in tourism as the region recovers from disruptions related to the COVID-19 pandemic. To expand GHL's pipeline in Latin America, Advent conducted a systematic, bottom-up analysis in each market of interest to help the company identify and prioritize locations with which GHL could potentially execute long-term contracts to manage hotel operations. This initiative has resulted in the creation of a pipeline of over 20,000 additional rooms to add to GHL's existing portfolio of 7,300 rooms. Looking forward, Advent and GHL are seeking to secure over ten new contracts annually, as well as acquisitions of other third-party hotel operators. ●

The Investor

Affirma Capital is an emerging market private equity firm established through the spin-off of Standard Chartered Private Equity from Standard Chartered Bank in 2019. The team has deployed over USD6.5 billion in more than 100 companies across Asia, Africa and the Middle East. Affirma Capital has offices in Johannesburg, Dubai, Mumbai, Singapore, Shanghai and Seoul.

FUND NAME
Marina III

FUND SIZE
USD567m

TOTAL AUM
USD3b

The Company

yes we can

GZ Industries (GZI) is one of the largest manufacturers of premium-quality aluminum beverage cans in Africa. Founded in 2010, GZI operates two manufacturing facilities in Nigeria and one in South Africa, with a production capacity of three billion cans per year. GZI is a supplier to several multinational beverage companies, including Coca-Cola, Heineken, AB InBev and Diageo, as well as local brands such as Nigerian Breweries.

LOCATION
Nigeria and South Africa

SECTOR
Manufacturing

WEBSITE
www.gzican.com

DATE(S) OF INVESTMENT	AMOUNT	STAKE
MARCH '15	CONFIDENTIAL	MINORITY

Beverage producers across the globe have begun to prioritize putting their products in aluminum cans rather than glass and plastic containers. In addition to being indefinitely recyclable, cans are non-breakable, lighter than glass, enable a longer shelf life for beverages and offer companies a 360-degree branding opportunity. These benefits have accelerated the use of aluminum cans in emerging markets, including Sub-Saharan Africa.

In 2015, the local can manufacturing industry in Nigeria was still relatively nascent, forcing beverage companies to import most of their cans. This process was inefficient due to logistical bottlenecks, long delivery lead times and high costs. GZ Industries (GZI) was well situated to meet the region's unmet demand for locally produced cans. GZI opened a can manufacturing plant in Agbara, Nigeria in 2010 and had already secured relationships with several blue-chip beverage producers, including Coca-Cola and Heineken.

Private equity firm Affirma Capital saw an opportunity to help GZI transition from an owner-managed business and expand production capacity both within and beyond Nigeria. The Affirma team believed that aluminum cans would soon be the beverage packaging of choice in Sub-Saharan Africa based on similar industry dynamics in markets such as Latin America. Affirma's Marina Fund acquired a minority stake in the company in March 2015.

The Deal

Affirma's goal was to transition GZI from a single-plant, single-country operation into a multinational packaging business. With Affirma's support, GZI launched a second manufacturing facility in Aba, Nigeria in 2015. The company had ambitions to subsequently enter the Kenyan market in 2016 but ultimately abandoned this plan due to challenging market conditions.

Instead, Affirma helped GZI pivot its expansion strategy with the opening of a South African plant, backed by several anchor customers including Coca-Cola, in 2019. When GZI needed additional capital to fund commissioning-related costs beyond the already acquired plant and machinery, Affirma led a fundraising process that resulted in an investment from a financial sponsor. Affirma also recruited the management team for the South African business and put in place its governance structures.

GZI, like many businesses in Nigeria, has had to navigate the challenges of foreign exchange illiquidity and supply chain disruptions, particularly following the 2015 and 2020 decline in crude oil prices. The Affirma team helped GZI manage its balance sheet during these cycles, including leading a refinancing in 2019 to obtain better funding terms. In 2023, Affirma reshaped GZI's balance sheet by securing a multi-currency USD47 million debt funding package that will enable GZI to address macroeconomic volatility while providing flexibility to support growth.

Building local expertise around GZI's manufacturing processes is of utmost importance to the company. Nearly 12,000 training hours were completed across Nigeria and South Africa in 2022. GZI established a Can Academy in 2023 to create a systematic approach to training local engineers to make world-class cans. The company utilizes a hybrid training model that includes both in-person classes and online courses, and employees can be certified at four levels from novice to expert through the multi-year program.

> "GZI is accelerating the development of local industry in Africa by transferring the best technology in the world for manufacturing cans. Our highly integrated, high-speed beverage line starts with aluminum coil and ends with pallets of premium-quality printed cans. We are continuously innovating and training our workforce on the various complicated processes that happen in the middle. As a result, even our most experienced can-makers are still learning new skills daily."
>
> —Jim Judson, Group CEO of GZ Industries

Inclusive & Sustainable Growth

GZI implements international best practices for making cans as it is required to meet the global standards of its largest customers such as Coca-Cola, Guinness, Heineken and ABI InBev. In 2021, Affirma worked with GZI's management team to create a more systematic ESG management framework. An ESG consulting firm was appointed to assist with the project, with direct oversight and support from the board. Affirma also aligned GZI's executive KPIs with ESG outcomes.

In July 2023, GZI became the first can maker in Africa to receive the Aluminum Stewardship Initiative (ASI) certification. This global

framework focuses on fostering responsible production, sourcing and stewardship of aluminum across the value chain. GZI is one of a few companies to receive this certification upon first submission. Additional global certifications the company has received include ISO9001, ISO14001, ISO45001, SEDEX and FSSC22000.

Recycling aluminum can save up to 95% of the resources required to make new aluminum. GZI insists its aluminum coil suppliers maintain a high percentage of recycled content as part of its responsible sourcing policy and is encouraging them to join ASI. As of September 2023, GZI uses 84.2% and 56.1% recycled content in its Nigeria and South Africa operations, respectively. This is above the target of 50% set by the company's anchor customers.

GZI actively encourages local recycling, having funded several initiatives, including the *Used Aluminum Beverage Cans Recycling Scheme* for nearby schools. This program offers rewards, such as chairs, lockers, ceiling fans and projectors in exchange for used cans. In Nigeria, the company has launched a pilot to try to bring back two billion cans to create a closed loop in the supply chain and ensure all cans are 100% recycled. GZI has set a goal to collect the first 20 million cans by December 2023. In July 2023, GZI joined the Food and Beverage Recycling Alliance to brainstorm additional ways to recycle as an industry.

Outlook

The Affirma team believes that GZI has successfully transformed into a regional champion in Africa's beverage packaging industry. Since Affirma's investment in 2015, GZI has grown to employ 708 employees and 394 subcontractors across its operations, with customers based in over 12 countries across Sub-Saharan Africa in 2022. GZI has also performed well financially as revenues and EBITDA have both increased at a double-digit compound annual growth rate on a constant currency basis between December 2015 and December 2022. ●

The Investor

Beacon is a private debt fund focused on backing women-owned and women-led businesses. The fund targets companies that are underserved by banks and do not fit the traditional profile of microfinance, venture capital or private equity institutions. Beacon was seeded by Southeast Asian impact investing firm Patamar Capital in 2020.

FUND NAME
Beacon Fund

FUND SIZE
USD25m with a target of USD100m

TOTAL AUM
USD125m

The Company

MindX Technology School offers online and in-person courses to advance technology education for children and adults in Vietnam. The company's classes focus on subjects such as computer science, software development and data analytics from beginner to advanced levels. MindX also rents out classroom spaces during the workday to small businesses and runs a job-matching program. As of June 2023, MindX is the largest technology school in Vietnam, with 41 centers and approximately 9,557 enrolled students.

LOCATION
Vietnam

SECTOR
Technology Education

WEBSITE
www.mindx.edu.vn

DATE(S) OF INVESTMENT	AMOUNT
NOV '21, APRIL '23	CONFIDENTIAL

Husband-and-wife team Ha and Tung Nguyen founded MindX Technology School in 2015 to address the technology education gap in the Vietnamese market. With Vietnam emerging as a technology hub in Southeast Asia, MindX would prepare the country's upcoming generations for technology careers by providing high-quality education beyond basic coding and robotics skills.

One of MindX's earliest investors reached out to Beacon Fund, a Southeast Asia-focused investment firm, in 2021. MindX wanted to expand but couldn't access medium to long-term capital from banks given its lack of hard collateral, such as real estate. As a private debt and mezzanine fund, Beacon offered a unique option to finance the company's growth that would also be less dilutive than an equity investment.

As a debt investor, the Beacon team liked that MindX had healthy and consistent cash flow—partially due to its policy of collecting course fees at the time of registration. The company's EBITDA margins were negative due to its rapid growth, but it had weathered the pandemic, growing revenue by 22% and 46% in 2020 and 2021, respectively. Women represented 69% of all full-time employees, 50% of managers and just under 67% of the board, which the Beacon team valued given its gender-focused mandate. In addition, MindX was also committed to increasing the number of females enrolling in its technology courses.

The Deal

In November 2021, MindX became Beacon Fund's first portfolio company. Beacon provided the company with a mid-term loan to fund new centers. Warrants were attached to the loan to ensure economic alignment and reflect Beacon's commitment to the company.

Atypical for many debt investors, Beacon actively worked with the MindX management team on several fronts. Having seen other companies struggle after employing an aggressive growth-at-all-costs approach, Beacon challenged MindX to think more strategically about its expansion strategy. As part of its due diligence process, Beacon conducted a center profitability analysis and encouraged MindX to be disciplined in shutting down any sites that were not performing well.

With Beacon's support, MindX has been able to grow sustainably. In 2022, the company launched 18 new centers and grew revenue by 88% while remaining cash flow positive. In line with this expansion, enrolled students grew from 2,772 at the time of Beacon's initial investment to over 9,557 as of June 2023. Beacon also helped the company put in place a more robust financial management and reporting system—and provided technical assistance funding to pay for it—in addition to assisting in the recruitment process for a qualified CFO.

In April 2023, education-focused private equity investor Kaizenvest led MindX's USD15 million Series B round. Beacon's center profitability analysis and local market intelligence served as important resources to Kaizenvest during its review of the company. Beacon also participated in this round with a follow-on debt investment.

> "Beacon Fund's rigorous due diligence process helped us gear up for the larger funding round with Kaizenvest. The questions they asked throughout our partnership really challenged us to think about our business direction and strategy. Beacon provides hands-on fundraising, which is uncommon for traditional lenders."
>
> —Ha Nguyen, Co-Founder & COO, MindX

Inclusive & Sustainable Growth

Beacon's gender-focused due diligence process raised a lot of important questions for the MindX management team. The company began to evaluate how student needs differ based on gender, as well as how its product design and delivery affected women versus men. MindX initially tried to encourage women and girls to take its existing coding courses through targeted information sessions. But when that strategy failed to yield the desired results, it created a new curriculum of classes that were less heavily focused on pure coding skills. With guidance from Beacon, MindX developed new courses on multimedia, UI/UX design, digital art, graphic design and content creation, all of which don't require pre-existing technical knowledge. The company hopes that providing an alternative entry point will expose females to the notion that technology can be an enjoyable and lucrative career option.

However, this strategy hit a roadblock when female students did not actually enroll in the new classes and the MindX team had to go back to the drawing board. In taking a closer look, Beacon discovered that only male employees were part of MindX's product development team

and curriculum decisions were often based on their own preferences. For example, some courses incorporated combat or superhero gaming themes. The Beacon team also realized that the company's marketing and outreach materials did not include any visuals of females.

Based on Beacon's analysis and recommendations, MindX began to add women to the product development team and on all marketing collateral. These efforts resulted in a significant increase in female students taking the alternative courses. Female enrollments as a percentage of total enrollments increased from 13% in the fourth quarter of 2021 to 51% in the fourth quarter of 2022, and this parity has continued into 2023.

MindX also founded and sponsored the *Code for Vietnam Foundation* to bridge the technology gap faced by disadvantaged Vietnamese children. It provides scholarships to study at MindX that are largely supported by financial commitments from the founders as well as MindX's teacher and alumni base. Since its establishment, the *Code for Vietnam Foundation* has offered hundreds of scholarships to people from disadvantaged backgrounds.

Outlook

MindX plans to continue expanding across Vietnam over the next several years. In 2022, it opened several new centers in Tier 2 cities outside of Hanoi and Ho Chi Minh City to target a broader and lower-income population. The company hasn't had to drastically change its pricing model in these markets given that its products are relatively affordable. Once the company has achieved scale in Vietnam, MindX has ambitions to evaluate expansion into other markets in the region.

Reflecting on the investment, Shuyin Tang, co-founder and CEO of the Beacon Fund, notes, "We are incredibly proud of the MindX team, as this company with humble origins has rapidly grown into a world-class and well-governed private equity-backed market leader. As the company has evolved, so has our role, but as the only gender-focused investor at the table, we will continue to bring gender equity to the conversation. We believe MindX has tremendous potential to change perceptions of women in technology in Vietnam." ●

The Investor

Crescera Capital is a Brazil-based private equity and venture capital investment manager with a focus on midsize and emerging companies in the education, consumer, retail, services, health care, logistics, innovation and technology sectors. Crescera has invested in 72 businesses since 2008, including through its predecessors BR Investimentos and Bozano Investimentos.

FUND NAMES
Crescera Venture Capital III FIP Multiestratégia; Crescera Venture Capital III Co-Investimento I FIP

FUND SIZES
~USD53m; ~USD3.3m

TOTAL AUM
USD1.15b

The Company

Tembici operates a docked-based bike-sharing system in 11 cities across Brazil as well as the capital cities of Colombia, Argentina and Chile. As of the end of 2022, the company has over 1,100 employees and a fleet of more than 21,000 bikes and electric bikes (e-bikes) used for work, leisure and health. Approximately three million active users can borrow and return the bikes to specified docking locations by using a smartphone app. In 2022, Tembici became the largest bike-sharing company to become certified as a B Corporation.

LOCATION
Brazil, Colombia, Argentina and Chile

SECTOR
Urban Mobility

WEBSITE
www.tembici.com.br/en/

DATE(S) OF INVESTMENT	AMOUNT	STAKE
DEC '21, APRIL '22	CONFIDENTIAL	CONFIDENTIAL

Tomás Martins, CEO of Tembici, started the bike-sharing business in 2009 with cofounder Mauricio Villar while studying at the University of São Paulo. Martins had discovered the myriad benefits of biking during an exchange program in Holland, including improved physical and mental health, reduced transportation spending and the satisfaction of not contributing to greater pollution and traffic congestion. After proving the concept with 40 bikes in a small Brazilian beach town, Tembici has gradually grown into the largest micromobility player in Latin America, accounting for approximately 80% of the market as of September 2023.

Martins first met the Crescera Capital team when he was in the process of raising Tembici's Series B in 2019. The company needed additional capital to grow its e-bike offering and expand into new markets across Latin America. Both parties knew they wanted to work together; however, the private equity fund Crescera was investing in at the time was targeting larger deals.

When Crescera started fundraising for its third venture capital fund in August 2021, the team immediately contacted Martins, who was about to launch a new financing round. In December 2021, Crescera led Tembici's USD80 million Series C, bringing alongside Luxembourg-based investment fund Blue like an Orange Sustainable Capital, New York-based venture capital fund Endeavor Catalyst and Brazilian investment firm PIPO Capital. Crescera also did a follow-on financing through a co-investment fund in April 2022.

The Deal

Following its investment, the Crescera Capital team helped Tembici renew several contracts, including a 15-year deal with the city of Rio de Janeiro, while implementing new ones in the cities of Belo Horizonte, Curitiba and Florianópolis. In 2022, Crescera also supported Tembici's entry into Colombia, where the company deployed 3,000 mechanical bikes and e-bikes. With the goal of being more inclusive in Colombia, Tembici circulated 150 bikes that can connect to any wheelchair model, 150 bikes with cargo compartments and 150 attachable seats for children. In addition, the company is offering discounts to individuals who are classified as socially vulnerable per Colombian government records.

Sponsorship is a significant component of Tembici's revenue model, accounting for more than half of all earnings. Crescera supported the renegotiation of Tembici's contract with Itaú, one of the largest financial institutions in Latin America. Itaú, who uses the bikes as one of its primary marketing strategies, renewed its contract in 2022 for an additional ten years. In the same year, the company also developed a new sponsorship relationship with Latin American telecommunications player Claro.

Increasing the company's share of e-bike assets is important to Tembici's management team. The company first introduced e-bikes in 2020 and nearly 80% of the 9,000 bikes it plans to add to its fleet by the end of 2023 will be electric. Tembici is using a portion of Crescera's funding to build a manufacturing hub dedicated to producing e-bikes in Manaus, the capital of the Brazilian state of Amazonas. The Tembici team estimates that by producing bikes locally, the company will save up to 40% in capital expenditures over the next three years.

Since Crescera's investment, the number of rides taken on Tembici's bikes (based on 15-minute increments) has increased by 45%, while the number of users has grown 12% year-over-year. As of September 2023, Tembici's top-line revenue has grown around 40% year-over-year, and it has achieved a positive EBITDA for four consecutive quarters.

Inclusive & Sustainable Growth

One of Tembici's most impactful programs is its partnership with iFood, the largest food ordering and delivery platform in Latin America. At the start of the COVID-19 pandemic, the Tembici team realized that a growing number of customers—many of whom were young and from low-income populations—were renting bikes to make food deliveries. Bikes were less expensive than motorcycles, didn't require the bureaucratic challenge of getting a driver's license and eliminated the hassle of parking tickets.

The iFood Pedal project began in October 2020. In addition to offering delivery workers e-bikes at a discounted rate, the program gives them access to convenience areas equipped with bathrooms, kitchen appliances, water filters, charging stations and a resting lounge. It also offers free online training programs focused on traffic safety, customer communication and health. As of September 2023, iFood Pedal has been implemented in six cities and registered more than 20,000 workers who have delivered more than ten million orders.

In 2018, Tembici also became part of the *Bikes for the Planet* initiative, which was the first global project to generate carbon credits from bike rides. In partnership with the municipality of São Paulo, the project used United Nations methodology to quantify total CO2 emissions avoided through bike use. Through the program, Tembici has issued more than 2,400 carbon credits as certified by Verra, the world's most widely used greenhouse gas crediting program. In April 2022, Tembici promoted the first micromobility credit auction, offering carbon credits generated from a similar program with Rio de Janeiro. The event attracted interest from over 100 local and international companies.

Tembici's customers can directly see their impact on the environment. In addition to informing users of the kilometers traveled and calories burned during a bike ride, the company's app calculates carbon emissions potentially avoided. In 2022, Tembici's customers took 57.7 million rides, saving an estimated 10,000 tons of CO2 in greenhouse gas emissions. The Tembici team hopes that these metrics will motivate people to use bikes rather than fossil-fuel vehicles.

> "At the beginning of the pandemic, one could suddenly look out a city window and not see any pollution. With nearly 70% of commutes in urban areas being five miles or less, people can reduce emissions by using bikes or e-bikes for these trips, making these views more permanent."
>
> —Tomás Martins, CEO of Tembici

Outlook

Tembici is continuing to seek fresh capital, particularly to improve its balance sheet. The company's strong financial position allowed it to become the first company to access two favorably priced 12-year ESG credit lines from Brazil's National Bank for Economic and Social Development (BNDES) in 2022. The total amount provided by these loans is BRL160 million (approximately USD32 million).

The Crescera Capital team believes there is still significant room for Tembici to grow within Latin America and internationally, having already developed a plug-and-play strategy in several markets with complex regulations. Some municipal governments have even begun to request that Tembici consider starting operations in their cities. ●

The Investor

Gulf Capital is a private equity firm with a focus on health care, business services, consumer, technology/fintech and sustainability. Since 2006, Gulf Capital has made 37 investments and facilitated 21 bolt-on acquisitions, often employing a cross-border, buy-and-build strategy. The team's 47 employees operate out of offices in Abu Dhabi, Dubai, Riyadh, Cairo and Singapore.

FUND NAME
GC Equity Partners Fund III

FUND SIZE
USD750m

TOTAL AUM
USD2.4b

The Company

Founded in 2006, Cedar White Bradley (CWB) provides intellectual property services, such as trademark, copyright, patent and design, as well as media and entertainment law services, including contract drafting, review and advice. CWB's clients range from startups to Fortune 500 companies. In 2023, CWB Group merged with Eastern Europe and Central Asia-focused IP specialist PETOŠEVIĆ Group and African IP specialist Hahn & Hahn, resulting in the ability to provide services in over 100 countries through 27 offices.

LOCATION
Middle East, Central Europe and Africa

SECTOR
Business Services

WEBSITE
www.cwblegal.com

DATE(S) OF INVESTMENT	AMOUNT	STAKE
JAN '20	CONFIDENTIAL	MAJORITY

The Gulf Capital team had been closely analyzing the intellectual property (IP) protection and services landscape for several years when it approached Dubai-based Cedar White Bradley (CWB) in 2019. With IP assets quickly outpacing fixed assets as the most valuable component of most blue-chip company portfolios, the industry was poised for strong growth. However, multinational corporations were struggling to manage their trademark and patent registrations in emerging markets, where each nation has its own set of complex rules and regulations.

Gulf Capital wanted to create one firm where companies could outsource their IP protection across all of Africa, the Middle East, Central Asia and Eastern Europe. CWB had built a reputable brand in the Middle East and North Africa and had developed expertise in a range of industries, including technology, pharmaceuticals, oil and gas, media, transportation, entertainment, consumer electronics and property development. Gulf Capital believed it could turn the regional firm into a global leader in secondary markets through strategic acquisitions.

Although CWB's CEO Halim Shehadeh wasn't actively looking for a buyer, he was seeking a way to replicate his company's success in the MENA region abroad. He had previously explored debt financing options but didn't move forward due to bank requirements for personal guarantees and collateral. Aligned in their vision for CWB's growth, the parties agreed to partner. Gulf Capital acquired a majority stake in CWB in January 2020.

The Deal

Gulf Capital's first initiative post-acquisition was to form a new management team, freeing up Shehadeh to focus on business development. Several new roles were established, including a Chief Commercial Officer, a Chief Financial Officer and a Chief Technology Officer.

Gulf Capital worked with CWB to prioritize technology deployment and integration. The company wanted to create a single point of contact for its clients and a seamless user experience across all the jurisdictions in which they were seeking services. An ERP and integrated IP management system were deployed to improve CWB's day-to-day operations, facilitate the onboarding of new clients and develop an online portal to easily manage IP portfolios. This created new technology jobs throughout the company in the Middle East, Eastern Europe and Africa.

During the due diligence process, the Gulf Capital team identified several potential acquisition targets as part of its buy-and-build global expansion strategy. The private equity firm evaluated over 20 businesses in Eastern Europe to determine which would be the best strategic and cultural fit with CWB. In February 2023, Gulf Capital facilitated CWB's merger with Luxembourg-based PETOŠEVIĆ Group, expanding the company's reach into 28 countries in Eastern Europe and Central Asia.

Following the merger, Gulf Capital partnered with the CWB senior management team—in which PETOŠEVIĆ leadership had integrated—to conduct town halls as well as one-on-one sessions with employees to communicate the benefits and broader vision for the newly combined organization. A Management Incentive Program was also created to allow senior executives to share in the company's growth.

Gulf Capital additionally identified a few potential acquisitions in Africa. In August 2023, CWB partnered with South Africa-based IP firm Hahn & Hahn. This merger added approximately 50 employees and more than 50 countries to CWB's operations.

> "By enabling clients such as Microsoft, Apple and Google to protect their IP in challenging markets across Africa, the Middle East, Eastern Europe and Central Asia, we are directly contributing to social reform, technological advancement and economic prosperity in these countries. Because they know their rights can be enforced if needed, these global companies can safely invest in our regions and employ local people."
>
> —Halim Shehadeh, CEO of CWB

At the time of Gulf Capital's acquisition, CWB had a presence in 22 countries across the MENA region, through 100 employees across eight offices. By August 2023, its presence has grown to cover 100 countries throughout the Middle East, Africa, Eastern Europe and Central Asia, with nearly 280 employees across 27 offices. Between 2020 and 2022, CWB's revenue grew by 38%, while EBITDA growth increased by 264%.

Inclusive & Sustainable Growth

CWB strives to employ equitable hiring practices across the organization. Women represent 50% of employees and over 60% of senior management roles at CWB as of September 2023. Employees in all regions and at all levels benefit from a blanket policy promoting flexible working arrangements, including the ability to work from home. Working mothers are also given adjustable office hours and the opportunity to bring children on business travel.

Holding majority control of the board, Gulf Capital works closely with CWB to ensure diversity and inclusion are a priority for the company. With Gulf Capital's assistance, CWB implemented two initiatives to improve workplace culture. The CWB Way Survey is an annual anonymous survey that allows all employees to share feedback; while CWB Employee Focus Groups allow employees to connect and share suggestions in forums facilitated by an external consultant.

Since Gulf Capital's investment, CWB has been able to dedicate more resources to developing its staff and promoting talent from within the organization. The company implemented several new human resource policies to drive employee advancement, resulting in an annual average percentage of internal promotions of 17% between 2019 and 2022. CWB is developing more junior roles and supporting affirmative action policies put in place by governments, such as Saudi Arabia, to drive local hiring. In these markets, CWB is not only training new employees on the specifics of their jobs but also on the basic components of professional work life, such as how to use common office tools, the importance of working in teams, how to be a better leader and more.

Outlook

Gulf Capital and CWB remain aligned on the goal of building a super-regional emerging markets intellectual property firm. As the company continues to integrate and grow, seamlessly serving clients, while cross-selling services and regions are its priority. Technological and cultural integration are also a key focus for CWB. With new staff based in places as varied as Zimbabwe, Romania and Dubai, the CWB team is prioritizing honoring cultural differences while gradually creating a cohesive workplace culture operating under one set of values.

CWB currently works alongside universities and free zones in markets such as South Africa and the UAE to help new ventures become established and put in place relevant trademarks and patents, often at a subsidized rate. Looking forward, the company aims to play a greater role in supporting emerging market entrepreneurs, particularly once local governments develop broader funding initiatives. ●

The Investor

Innova Capital is a private equity firm focused on mid-market buyouts in Poland and Central Europe. Since its founding in 1994, the firm has raised seven funds and made 139 investments as of September 2023. Innova typically invests between EUR25 million and EUR40 million in companies operating in a variety of sectors, including business and financial services, technology, manufacturing, consumer, retail and health care.

FUND NAME
Innova/6

FUND SIZE
EUR271m

TOTAL AUM
USD1.5b

The Company

Founded in 2002, Inelo provides software and telematics solutions for the heavy fleet transportation industry. The company has partnered with over 10,000 transportation and logistics companies, the majority of which are small and medium enterprises operating less than 50 trucks. Inelo has over 600 employees and is active in 16 markets across Central and Eastern Europe.

LOCATION
Poland

SECTOR
Business Services

WEBSITE
www.inelo.pl

DATE(S) OF INVESTMENT	AMOUNT	STAKE
APRIL '18	USD27M	37%

Private equity firm Innova Capital began discussions with Poland-based fleet management solutions provider Inelo in 2017. An advisor had introduced the parties as Inelo's founders were interested in gradually phasing out their operating role in the business. Expanding regulations, including the upcoming Mobility Package—a set of rules governing the road transportation sector across the European Union—would increase operational complexities for transportation companies, who would need to rely even more on Inelo's products and services. The founders knew a new partner was needed to ensure the company reached the next stage of growth.

The Innova team was familiar with the industry, having previously invested in Polish transportation and logistics provider PEKAES. Innova understood that trucking companies would have to leverage technology such as Inelo's to respond to the impending surge in regulations. The company also fit Innova's preferred investment strategy of focusing on local companies with founder succession challenges and professionalizing them. In April 2018, Innova teamed up with one of its limited partners to collectively acquire 75% of the business, leaving the founders with the remaining 25%.

The Deal

Innova wanted Inelo to become a one-stop shop for independent trucking companies' technology needs. At the time of Innova's investment, Inelo's leading product was a work time management software with related outsourcing services that allowed businesses to manage country and EU-level regulations, such as the length of breaks a driver must take during a shift. This product can also assist trucking companies in calculating the minimum wage a driver must earn when entering and exiting various European Union countries. Inelo's second product, representing approximately one-third of the business, was a telematics solution that enabled businesses to track and communicate with their fleet.

When Innova came on board, these two business lines were poorly integrated and virtually operating as separate companies. Each product had its own sales team and customer base, with little intercommunication. Innova focused on fully integrating Inelo, rebuilding the sales and customer care departments and encouraging both to focus on cross-selling and offer bundling. The company also began to sell products online and via telephone, which accounted for 38% of new sales by 2022 versus none in 2018.

The Innova team believed that Inelo's pricing strategy could be adjusted to extract more value from different customer segments. Some of the company's customers—including its largest ones—hadn't seen an increase in monthly subscription prices for over ten years, which was limiting Inelo's profitability. Innova argued that the penalties associated with regulatory noncompliance—up to several thousand Euros for a single infraction—would convince customers to continue investing in Inelo's products. Inelo successfully optimized pricing without negatively impacting the customer base. In fact, the company's churn rate reduced by 50%.

Innova employed a heavy buy-and-build strategy, acquiring four businesses between 2019 and 2022. Two of these acquisitions—Polish transport management software manufacturers MarcosBIS and FireTMS—allowed Inelo to expand its product portfolio, while its takeover of telematics services provider CVS Mobile gave the company a presence in Slovenia and surrounding markets. Innova also oversaw investments in technology to improve products developed in-house. For instance, Inelo deployed an AI-based navigation solution that could factor in regulatory requirements, such as calculating the length of upcoming breaks a driver would have to take when estimating a truck's time of arrival.

To oversee all these initiatives, Innova recruited several new members of the management team, hiring a new CEO, CFO, CTO and Head of Customer Care, while the founders moved to a Supervisory Board. Inelo's full-time headcount grew from 431 in 2018 to 622 in 2022, with 66% of employees—including the CEO—being a female.

Under Innova's ownership, Inelo's revenues grew by EUR13 million at entry to EUR42 million at exit, while EBITDA rose from EUR5 million to EUR18 million. The percentage of revenues coming from outside Poland also rose from 7% to 30% over the same period.

Inclusive & Sustainable Growth

Inelo believes that it is substantially reducing its customers' carbon footprint by optimizing routes, properly matching loads with trucks and reducing empty freights. In 2020, the company introduced *Eco Driving* enhancements to its telematics systems. Developed in partnership with Poland's Silesian University of Technology, the *Eco Driving* algorithm promotes and incentivizes drivers to adopt eco-friendly and efficient driving styles.

Beyond the environment, Innova views one of Inelo's biggest impacts as protecting SMEs in the region. Andrzej Pietrzak, Partner at Innova Capital, notes, "In Central and Eastern Europe, most transportation operators are small enterprises with less than 20 trucks and the owner is often driving one of the vehicles. This is in sharp contrast to Western Europe, where large corporations have eliminated nearly all these family businesses. Inelo's customers must be efficient to simply stay afloat. Inelo provides an affordable solution that allows these companies to remain profitable while also complying with regulations."

Of note, Inelo's products are also intended for regulatory authorities, in addition to commercial transport operators. As of September 2022, the company's software was used by 42 administrative units across the European Union, including the French Ministry of Transport and the German BAG to verify compliance. Inelo can highlight any potential mismanagement to ensure that drivers and not overworked and creating any unnecessary dangers on the road.

Outlook

In March 2023, Innova sold 100% of its stake in Inelo to Eurowag, a Prague-headquartered European payments and mobility platform focused on the commercial road transportation industry. Eurowag was listed on the London Stock Exchange in October 2021, announcing at the time that it was aiming to create a fully integrated digital platform for its customers. As the largest operator of digital solutions in the Central and Eastern European region, Inelo was Eurowag's primary acquisition target.

The Innova team launched a competitive process in 2022 to evaluate all potential exit options. Despite the challenging macroeconomic environment in the region given the war in Ukraine, several strategic investors and financial sponsors expressed interest. Nonetheless, the strategic fit with Eurowag was compelling to all parties, and the company paid a premium for Inelo. The deal, which was valued at more than EUR300 million, netted Innova an IRR of approximately 27% and a multiple on invested capital of 3x. ●

The Investor

LeapFrog Investments is an impact-focused private equity firm that invests in health care, financial services and climate solutions businesses in South Asia, Southeast Asia and Africa. Founded in 2007, LeapFrog has raised three funds to date and invested in over 30 countries. The firm estimates that its portfolio companies have grown at an average annual rate of more than 24% since investment as of September 2023, reaching 451 million people and supporting 229,000 jobs.

FUND NAME
LeapFrog Emerging Consumer Fund III

FUND SIZE
USD743m

TOTAL AUM
USD2.5b

The Company

Founded in 1991, Ascent Meditech manufactures orthopedic medical devices. As of August 2023, the company produces over 400 health care products, including heat belts, braces, orthotics, bandages, wheelchairs, walkers, crutches and adult diapers. Products under Ascent's Flamingo, Florican, GoChamps and Zamst brands can be found across India, as well as in more than 55 countries throughout Africa, Southeast Asia and the Middle East.

LOCATION
India

SECTOR
Health Care

WEBSITE
www.ascentmeditech.com

DATE(S) OF INVESTMENT	AMOUNT	STAKE
JULY '18	CONFIDENTIAL	MAJORITY

Trained as an electrical engineer, Dr. Rajiv Mistry dreamed of helping people reduce joint pain in a safer and more consistent manner than traditionally used hot water bags. In 1991, Mistry co-founded Ascent Meditech, starting with a small manufacturing plant near Mumbai that produced heat belts under the Flamingo brand. Within a few years, the company's heat belts represented 70% of the Indian market and, over the next two decades, Ascent Meditech launched hundreds of products focused on pain management and rehabilitation.

By 2018, Mistry's co-founder was ready to part ways and start a new venture. LeapFrog Investments—a private equity firm with a focus on improving access to affordable health care—agreed to facilitate the separation process. The LeapFrog team had originally met Mistry through its network in 2014 and was impressed by how Ascent had grown over the following four years. Revenues had increased by 2.5 times and the company was beginning to expand throughout Asia, Africa and the Middle East. The LeapFrog health care team believed it could further deepen the company's distribution capabilities while improving production. In July 2018, LeapFrog acquired a majority stake in Ascent.

The Deal

The global COVID-19 pandemic halted Ascent's production during LeapFrog's second year of investment, as most of the company's products were deemed non-essential by the Indian government. LeapFrog worked closely with Ascent to ensure that employees continued to be paid and broadened the management team to support Mistry, who lost several members of his immediate family during the pandemic. New C-suite positions included a CEO, CFO, CMO and Head of Manufacturing.

LeapFrog helped the company launch several COVID-related personal protection products at the peak of the pandemic, including masks (FlamiMask and FlamiMask Plus) and sanitizers (Flamitizer) at an affordable price point. These products were distributed across India and exported internationally, helping to relieve pressure on supply chains.

During the due diligence process, the LeapFrog team identified that a new plant would be essential to increase Ascent's production capabilities and attract global partners. At the time of acquisition, none of Ascent's four manufacturing facilities met LeapFrog's ESG standards. The two teams worked together to make the most of the downtime, kickstarting plans for a state-of-the-art manufacturing facility. LeapFrog wanted the plant to embody global best practices, particularly around labor, fire safety and environmental conservation efforts.

In 2022, Ascent closed its existing plants and moved the entire operation to the new facility, located on 12 acres in the state of Gujarat. Later that year, the plant received UL-GMP (Good Manufacturing Process) certification, recognizing its quality control and assurance methods—an accomplishment none of Ascent's competitors had met. Some of the sustainability initiatives implemented onsite include a reduction in wastewater disposal, aided by an onsite sewage treatment plant, and energy conservation efforts such as replacing traditional lightbulbs with LED lights assembled in the facility.

The new plant's increased production capacity has contributed to growth in Ascent's total revenue from approximately USD16.5 million in 2018 to a projected USD35.5 million by the end of fiscal year 2024. The LeapFrog team estimates that production will increase threefold from 40,000 units per day to more than 120,000 units once the manufacturing facility reaches full production.

The new facility has allowed the company to move into new product categories, such as adult diapers, diabetes socks, mobility aids and post-pregnancy belts. Ascent is also launching several sports products in partnership with Japanese orthopedic support manufacturer Sigmax under the GoChamps brand. The LeapFrog team introduced the two businesses after learning that Sigmax was searching for an India-based partner to diversify its manufacturing base beyond China.

Inclusive & Sustainable Growth

As of August 2023, Ascent employs close to 1,700 people on a full-time basis, up from 603 full-time employees and 295 contractors at the time of LeapFrog's investment. Approximately 37% of these employees are female. LeapFrog worked with Ascent's management team to ensure that these women were comfortable in the facility, including building separate locker rooms and washrooms, hiring an on-site female doctor and staffing a daycare so that workers could

access childcare. Women at the plant receive equal pay to their male counterparts, while all employees are paid more than the minimum wage mandated by the Indian government.

Nearly 95% of Ascent's workers are from the local village of Dongri. During the plant's construction phase, Ascent implemented a recruitment policy that advocated for the hiring of local people in all cases where the requisite skills were met. The company developed several training programs to support employees during both the construction phase and for long-term employment, maximizing the benefit to the local region. Ascent has further engaged the community in a variety of ways, including prioritizing the procurement of local goods and services, organizing health camps, funding scholarships for local students and improving the cremation facilities in the area during the COVID-19 pandemic.

Ascent reaches over seven million customers through more than 140,000 retail pharmacies in India as of August 2023. Most of Ascent's products are sold at retail prices of between USD3 and USD12, which is approximately 30% cheaper than its largest competitor. To calculate its customer reach, Ascent tracks sales to suppliers and distributors. The company estimates that 90% of its sales are to low-income, emerging consumers who live on less than USD11.20 per day.

Outlook

LeapFrog plans to continue working with Ascent to expand its product offering and distribution capabilities in the short term. With LeapFrog's assistance, the number of Ascent's exclusive distributors has grown from 150 in 2018 to 900 as of August 2023. Many of the company's products are also now available on Amazon, contributing to exports rising from 20% to 33% of all sales between 2018 and 2023.

Ascent has been steadily growing the number of orders it receives from multinational corporations and is establishing several new partnerships to create white-label products. Vikram Popli, a Director with LeapFrog's Asia team, notes, "We are having lots of conversations with large retailers in the United States and the United Kingdom who are interested in relocating supply chains outside of China and diversifying their manufacturing base into India. The fact that Ascent operates its facility in line with international best practices has also enhanced the company's attractiveness to both local and international strategic players, which is important to us as we plan for the company's next stage of growth." ●

The Investor

Navis Capital Partners was founded in 1998 and manages both private and public equity funds focused on growth buyouts in Southeast Asia. As of September 2023, the Navis Asia Funds have completed more than 90 controlling private equity investments in addition to over 80 follow-on investments. Based in Kuala Lumpur, the company has 100 professionals working in six offices across the region.

FUND NAME
Navis Asia Fund VIII; Navis CLMV Co-Investment Fund

FUND SIZES
USD900m; USD150m

TOTAL AUM
USD5b

The Company

The IGC Group (originally known as Thanh Thanh Cong Education) is an integrated education platform located throughout six provinces in southern Vietnam. As of September 2023, IGC operates 22 campuses focused on preschool and K-12 education, as well as one college. The company has a base of over 20,000 students and offers both national and bilingual education programs.

LOCATION
Vietnam

SECTOR
Education

WEBSITE
www.igc.edu.vn

DATE(S) OF INVESTMENT	AMOUNT	STAKE
MAY ’19	CONFIDENTIAL	MAJORITY

TTC Group is one of Vietnam’s largest conglomerates with over 120 affiliated companies operating in industries as varied as agriculture, energy, real estate and hospitality. In 2019, the corporation was considering divesting a few non-core assets after struggling to refinance several existing loan facilities. Thanh Thanh Cong Education (TTCE), a private education platform in the southern region of Vietnam, fell into this category.

Southeast Asia-focused buyout firm Navis Capital Partners was interested in the deal. TTCE was filling a gap in the Vietnamese education market between high-priced premium private schools and an overcrowded public sector. The Navis team believed that favorable demographics in Vietnam—where 38% of the population was under the age of 25—as well as the cultural importance placed on education would fuel growing demand for more affordable private education options. In May 2019, Navis acquired a majority stake in TTCE and renamed it the IGC Group in recognition of its break with the conglomerate.

The Deal

Navis has led IGC's expansion in southern Vietnam both organically and through acquisitions. Since Navis' investment, the platform has acquired a school in Hanoi, expanded its presence in several Tier 2 cities and entered new markets such as Tay Ninh. The total number of schools IGC operates has grown from 17 to 23 as of September 2023

Several of the platform's existing facilities were renovated and upgraded to incorporate amenities such as swimming pools, soccer fields and additional rest areas. In a few locations, IGC reduced the number of students enrolled, believing the facilities to be too crowded. Although these schools met local capacity requirements, the Navis team wanted IGC to adhere to international standards. As of September 2023, current utilization across all IGC's schools is 86%.

Navis has improved IGC's business processes and captured efficiencies by centralizing procurement and implementing an ERP system across the entire platform. With Navis' support, IGC upgraded its governance practices and adopted anonymous whistleblowing and grievance policies. Navis also brought in a new CFO and is seeking to increase revenue per student by charging additional fees for new activities, such as English language courses, test preparation services and Japanese physical education classes.

Shortly after investing in IGC, Navis acquired other education assets in the region. It invested in Cambodia-based CIA First International School Company in 2020 and Thailand-based Ambassador Education in 2022. This regional education platform—called Indochina Academy—is dedicated to providing high-quality education at affordable prices. Navis hired a Group ESG Director and is installing best practices across all three institutions on a range of subjects, including best-in-class child safeguarding policies, cyber security and more. An additional benefit of the regional platform is that it creates opportunities for students to participate in exchange programs.

Since Navis' acquisition, IGC's revenue has doubled, while EBITDA has more than doubled as of September 2023. The number of students has grown from 15,000 to 20,000, while employee headcount has jumped from 1,100 to over 1,700 over the same period.

Inclusive & Sustainable Growth

Less than 15% of all students attend private schools in Vietnam, lagging other Southeast Asian markets such as Singapore, Malaysia and Thailand. In Vietnam, most private education institutions were started by individuals rather than corporations, which limits the ability to renovate and expand each school. Because the private sector hasn't been able to expand in line with the country's growing population, Vietnam's public schools are overcrowded.

Tabongkod Peunchob, a Partner at Navis Capital Partners, remarks, "There is a greater willingness to spend on education in Vietnam as household incomes rise, but private tuition fees remain out of reach for many families. On the other end, public schools have been put under pressure. Although the quality of education is reasonable, the Vietnamese government has a limited budget to expand the curriculum and improve aging facilities. We believe that IGC is providing a solution for the country's middle class."

Annual tuition at an IGC facility is between USD2,000 and USD4,000, while the premium private schools average more than USD10,000—and can cost as much as USD20,000. The Navis team believes that IGC also provides a better learning experience than public schools. For example, the average classroom size in Vietnam's public schools is between 50 and 60 students, while IGC's classrooms have between 20 to 40 students as of September 2023. IGC's high school graduation rate is 100%, and the company estimates that over 90% of its students attend college or university either in Vietnam or abroad.

IGC Group pays a great deal of attention to employee retention, in part to proactively address the region's qualified full-time teacher shortage. Navis has helped the company put in place social security benefits and long-term incentive programs, including bonuses, for the company's more than 1,000 teachers. For each campus, IGC's executive team does a comparative analysis of local wages every two years to make sure its salaries are competitive. IGC also promotes regular staff appreciation events. In both 2021 and 2022, IGC was recognized as one of the best companies to work for in Asia by regional human resources publication HR Asia based on its remuneration policies, human resource practices and working environment.

The scale of IGC's platform is also a benefit for local teachers. By offering 25 campuses in Vietnam—and more through the Indochina Academy—teachers have a greater comfort of job security that smaller platforms cannot offer. Teachers are also able to easily relocate. IGC's employee turnover rate has decreased from 20% at the time of Navis' acquisition to 12% as of September 2023.

Outlook

IGC has developed a pipeline that will increase its student capacity by another 5,000 to 10,000 through 2028 and plans to open one to two new schools per year. Some of the sites are already secured with the land, leases, necessary approvals and bank credit lines in place. Navis also intends to expand IGC into new cities—including in the northern region of Vietnam—and is exploring greenfield and brownfield sites, as well as new education partnerships. ●

The Investor

Seedstars Africa Ventures 1 is an early-stage venture capital fund focused on Sub-Saharan Africa. The fund was created in 2020 in partnership with LBO France and Seedstars Group, an investment firm specialized in private markets in emerging markets. Seedstars Africa Ventures has invested in five companies as of September 2023, with initial investments ranging from USD250,000 to USD2 million.

FUND NAME
Seedstars Africa Ventures Fund 1

FUND SIZE
USD80m

TOTAL AUM
USD80m

The Company

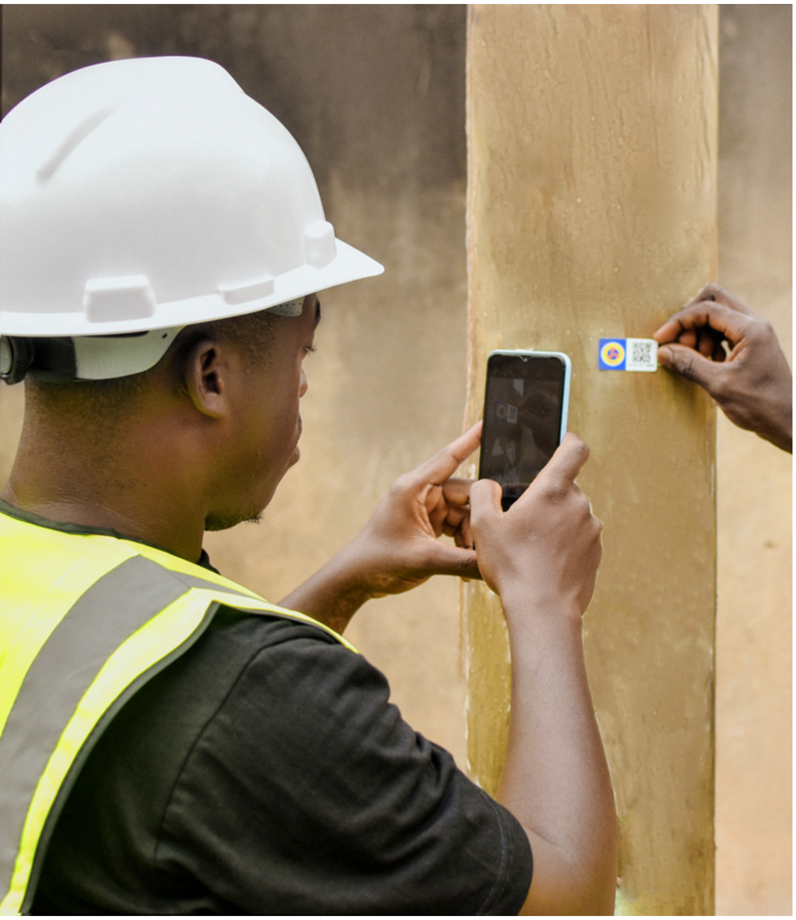
Based in Lagos, Beacon Power Services (BPS) has developed proprietary grid management software and data solutions for Africa's power industry. BPS seeks to improve the reliability and quality of the continent's energy supply through the creation of smart grids and by leveraging extensive data collected on the ground. As of September 2023, BPS works with four utility companies in Nigeria and Ghana that are connected to a population of over 60 million.

LOCATION
Nigeria and Ghana

SECTOR
Energy

WEBSITE
www.beaconpowerservices.com

DATE(S) OF INVESTMENT	AMOUNT	STAKE
JAN '22, OCT '22	USD2.5M	CONFIDENTIAL



Electricity shortages have plagued Africa for decades as aging infrastructure and booming populations put a strain on the region's utility grids. In 2014, Bim Adisa—a former aerospace engineer who had been investing in Nigeria's power sector for years—founded Beacon Power Services (BPS) to help local grids deliver more reliable access to energy. BPS began working closely with a utility company in Nigeria to develop a suite of software and data products for the industry.

BPS' Customer and Asset Information Management System (CAIMS) allows electricity distributors to digitize their operations by creating an accurate database of customers and assets, while its ADORA software provides real-time visibility on network performance. These products enable electric utilities to quickly identify network losses, respond to outages, prioritize asset replacements and increase customer revenue.

Early-stage investor Seedstars Africa Ventures was introduced to Adisa in 2021 through an advisory firm. Other venture capital firms had passed on the opportunity to invest in BPS—in part due to the long sales cycle associated with utilities and the substantial capital expenditures required for growth. The Seedstars team, however, believed BPS could significantly improve energy efficiency in Africa and wanted to back an African solution to the problem.

The Deal

In January 2022, Seedstars Africa Ventures led a USD2.7 million seed round for BPS, investing an initial USD500,000. Seedstars brought several other early-stage investors on board, including Persistent Energy and Factor[e] Ventures. At the time, BPS was working with one utility in Lagos and had just signed a contract with a second in the same city. The capital raised enabled the company to finalize contracts with two additional utilities: the Abuja Electricity Distribution Company and the Electricity Company of Ghana. However, the BPS management team and its investors quickly realized that this rapid expansion would require even more capital.

Seedstars was confident that BPS could manage this growth and proposed a new fundraising round. The fund made a follow-on investment of USD2 million in October 2022. BPS' other investors also committed additional capital to support the company's roll out in Abuja and Ghana. In total, Seedstars' investments triggered an additional USD5.7 million in funding for the company.

Seedstars has been actively working with BPS as it expands, including taking a seat on the board and holding weekly check-in calls with management. The investor has also played a leading role in refining BPS' business development and expansion strategy, encouraging the company to take a more structured—rather than opportunistic—approach to growth.

Since Seedstars' investment, the population that BPS reaches through its clients has grown from eight million in January 2022 to over 60 million as of September 2023. During this period, the company has grown revenue by a factor of ten, while achieving both profitability and positive cashflow. BPS' compound annual growth rate between 2021 and 2023 has been greater than 150%.

Inclusive & Sustainable Growth

In March 2023, Ghanaian President Nana Akufo-Addo credited BPS during a National Assembly with improving the national utility grid's finances. In the year since BPS began working with Ghana starting in August 2022, the national utility has earned an estimated 50% more in revenue per month. All of BPS' clients have increased revenue collection, on average, by 28% after integrating and leveraging the company's products.

> "While renewables will play an important role in Africa, it's impossible for the continent's largest economies, such as Lagos, Nairobi, Accra and Dakar, to fully develop when its grids are grossly underutilized. No local industry can be sustainable when one out of every third unit of electricity going into the grid is lost. Our goal is to plug this gap."
>
> —Bim Adisa, Founder and CEO of Beacon Power Services

A substantial portion of the energy generated by Africa's grids can be lost due to malfunctions, accidents, theft and more. The electricity distributors working with BPS have reduced grid energy losses by an average of 25%. In Nigeria, this has translated to three additional hours of energy daily per household. Better access to grid electricity also allows the homes and businesses connected to BPS' clients to

rely less on diesel generators, which the company estimates will save 1.7 million tons of carbon dioxide in 2023.

BPS is hiring and training over 3,000 graduate-level employees as it ramps up its customer data collection efforts in Ghana. These workers will rebuild the national grid's database by knocking on every door to verify customer information and create a QR code for each home. While most of these jobs are temporary positions, much of the company's full-time staff is recruited from this pool, as BPS strives to create a culture of upward mobility. Of BPS' current permanent employees, 24% started as temporary staff.

The number of BPS' full-time employees grew from 30 in January 2022 to 154 as of September 2023. Seedstars has pushed BPS to recruit more women across all levels of the company, recognizing that they are underrepresented in the energy industry. The company hired a female Director of Strategy and added a female board member in March 2023. Over 30% of the staff is female, and BPS is striving to integrate more women on both the accounting and technology sides of the business.

Outlook

Seedstars believes that BPS is poised to continue growing rapidly. The company intends to initially focus on further expanding its footprint in Nigeria while moving into East and Southern Africa. The Seedstars team has leveraged its network to help BPS develop relationships in new markets, including Kenya, Zambia, Cameroon, Ivory Coast, Benin and the DRC.

As BPS onboards new utilities, Seedstars will champion new fundraising rounds. Seedstars is also looking to play a role in improving the underlying infrastructure assets that the utility grids need to provide reliable energy. In cases where energy distributors are struggling to obtain lending directly, BPS and Seedstars are evaluating ways to work with local banks and new investors, including large infrastructure funds, to purchase assets that can then be leased to the client. This will give utilities a path to reinvest in their grids and further scale operations, including in more rural areas. ●

The Investor

Founded in 2009, Vinci Partners is a Brazil-focused alternative investment platform specializing in asset management, wealth management and financial advisory services. Vinci Partners' Impact and Return division has raised four funds and seeks minority stakes in growth equity investments. In 2021, Vinci Partners listed on the Nasdaq Stock Market.

FUND NAME
Vinci Impact and Return IV

FUND SIZE
~USD173m

TOTAL AUM
~USD12b

The Company

Pro Infusion provides pharmaceutical compounding services to hospitals, clinics and other health care providers in the Brazilian states of São Paulo, Rio de Janeiro, Paraná and Minas Gerais. Pro Infusion's primary business line is oncological medications, but it has also added parenteral nutrition and ophthalmology services. In 2022, Pro Infusion was acquired by Viveo, a Brazil-based manufacturer and distributor of health care materials and medicines.

LOCATION
Brazil

SECTOR
Health Care

WEBSITE
www.proinfusionpharma.com.br

DATE(S) OF INVESTMENT	AMOUNT	STAKE
NOV '20	CONFIDENTIAL	MINORITY

Founded in São Paulo, Pro Infusion began operations in 1989 to help hospitals and clinics customize drugs to treat cancer patients. The company purchases medicines from large pharmaceutical companies—such as Novartis, Roche and Pfizer—and manipulates them to meet the specific needs of individuals. Pro Infusion's operations are certified by the Brazilian Health Regulatory Agency (ANVISA) and Brazil's National Accreditation Organization (ONA), providing quality assurance to its clients.

In 2019, Pro Infusion's CEO Gilberto Schapira was introduced to alternative investment manager Vinci Partners. Schapira had recently been in discussions with a few strategic buyers but discovered that his company wasn't quite ready to take this step. Pro Infusion still had room to grow and needed stronger financial controls and governance structures.

Vinci Partners was impressed by Pro Infusions' management team, which had been running the business for over 20 years and delivering a consistent compound annual growth rate of 26% over the prior five years. It is also believed that demographic trends, including an aging population and increasing rates of cancer diagnoses, would support ongoing demand for the company's services. Vinci Partners invested in Pro Infusion for a significant minority stake in November 2020 and subsequently exited its position in September 2022, following the company's sale to Brazilian health care specialist Viveo.

The Deal

Post investment, Vinci Partners' priority was to help Pro Infusion expand both organically and inorganically while putting in place proper financial, governance and ESG processes. It was not seeking to change the company's day-to-day operations, believing that Pro Infusion's management team had already developed a proven business model.

The Vinci Partners team saw three key areas for growth: (1) expanding beyond São Paulo, (2) augmenting the product portfolio beyond oncology and (3) diversifying Pro Infusion's client base while servicing more profitable customers. To meet these goals, Vinci Partners assisted Pro Infusion in acquiring five facilities in 2021 and 2022. Some of the acquisitions, including Solus in the city of Curitiba and Seven in Ribeirão Preto, were designed to facilitate Pro Infusion's entry into new geographies. Other transactions, such as the purchase of Hosppharma, which focuses on nutrition, were to accelerate the company's growth in new services.

Vinci Partners supported these M&A activities by leading the analysis and due diligence processes, facilitating negotiations and supporting the execution of an integration plan for the businesses post-acquisition. No external advisors were hired. The Vinci team estimates that the multiple expansion of these acquisitions was approximately 1.5 times.

Through expansion and acquisitions, Pro Infusion was able to open new branches in Rio de Janeiro, Paraná, Minas Gerais and São Paulo´s countryside. Although oncology has remained the company's primary product—with 38,000 oncology bags delivered per month as of September 2022—its share of company revenues is declining. By the end of 2022, oncology represented 85% of the business versus 91% in 2020. Client concentration has also improved with Pro Infusion's largest client accounting for a decreasing percentage of all sales, moving to 34% from 46% over the same period.

Pro Infusion grew significantly during Vinci Partners' holding period. Between 2020 and 2022, Pro Infusion's revenues rose from BRL220 million (~USD43 million) to BRL440 million (~USD85 million) and EBITDA increased from BRL18 million (~USD3 million) to BRL47 million (~USD8 million). At the same time, the number of Pro Infusion's monthly patients rose from 4,000 to 7,600, while treatments conducted increased from 20,000 to 38,000.

> "The partnership with Vinci Partners has brought knowledge, governance and greater social responsibility to Pro Infusion. We were happy to be able to provide a growing number of quality treatments for an underserved population, improve efficiency in the supply chain and reduce losses, all while building a successful business together."
>
> —Gilberto Shapira, CEO and Founder of Pro Infusion

Inclusive & Sustainable Growth

Pro Infusion is making a significant impact in Brazil by providing treatments for the country's underserved population. Pro Infusion has partnered with several oncology units in small cities and non-profit hospitals under Brazil's publicly funded health care system, Public

Unified Health System (SUS), such as Santa Casa de São Gabriel. Approximately 12% of Pro Infusion's patients are treated through the philanthropic health sector or public system, which is free for any patient in need. The company is actively seeking to grow its partnerships with additional philanthropic and public facilities.

The company is also providing a benefit to Brazil's private health care sector by reducing waste and minimizing inefficiencies in the health care supply chain. Because Pro Infusion customizes medicine for individual patients, health care systems can reduce their costs, on average, by 20% to 30%.

Internally, Pro Infusion is striving to improve the working environment for its employees as its headcount grew from 101 to 149 between 2020 and 2022. Most notably, the company has raised wages for all staff by 10% annually. Through several ESG initiatives that Vinci Partners helped Pro Infusion put in place, the company now has a code of ethics, a Health, Safety and Environment Policy and reporting channels for employees. The Vinci Partners team has additionally played a role in increasing the number of women being hired. At the time of Vinci Partners' exit, 52% of the company's staff were female, compared to 38% in 2020.

Outlook

Twenty months after Vinci Partners' investment, Viveo—a Brazil-based health care manufacturer and distributor of disposable materials and medicines—made an offer to acquire 100% of Pro Infusion. The deal, finalized in September 2022, netted an IRR of 84.3% in U.S.-dollar terms for Vinci Partners.

Reflecting on the acquisition, Vinci Partners Principal Cezar Aragão notes, "Strategic buyers had previously looked at Pro Infusion before we came on board as they had an interest in entering the compounding services business. However, Pro Infusion's tax structure, as well as its limited geography and product offering, hindered its ability to negotiate. We are proud that we were able to support the company in organizing its house, doubling revenues over a short period of time and ultimately receiving an attractive offer." ●

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