

ADAP FUND 2 SUMMARY REPORT: A DIFFERENT APPROACH TO POVERTY DECEMBER 2020

THE IMPACT OF 2020:
“POWER, PRIVILEGE, AND POVERTY”



ADAP



FOUNDER'S EXECUTIVE SUMMARY

Dear ADAP investors (and curious observers),

Investments take faith. In 2007, I was working with a well known business executive, advising him and his family in making their first ever impact investment. Five years after I moved to lead a new organization, I received a call to say that thousands of lives had been impacted by that one individual's investment at the same time that the investment had been fully paid back with great returns.


As I sit down to write this newsletter, I have received another email updating me on yet another deal that I had led pre-ADAP. Eight years after I led the investment, the deal has provided a solid cash exit for its investors - again, thousands of lives have been impacted and expectations for investor returns were far exceeded. This is the third such email I've received this year, updating me on deals I led years ago, all of which included some amount of risk.

Progress momentum and lots to be happy about:

So today I am reminded that impact investments take faith and that, while there are bound to be some losses on the journey, the opportunity exists to make significant, real-world impact and generate returns.

ADAP Fund 2 has continued to make similar investments following that model because it is working, and working very effectively. In this most incredible of years filled with so much chaos, fear and uncertainty, I wanted to send out our 2020 Summary Report early in order to share updates of hope and optimism over the festive season.

On the last couple of Fund 2 investor update calls, it has been exciting to connect you more directly with some of these tenacious entrepreneurs, and to help foster a



community of trust where you can hear from them first-hand as they share openly about their successes and challenges.

This report will highlight more examples of some of the entrepreneurs who have been successful in raising more capital, reflect on some of the entrepreneurs who have successfully undertaken substantial pivots, and update you on our latest deal - #9 - to join the Fund 2 portfolio. In spite of all the challenges that 2020 has presented, I hope you'll feel positive and encouraged by these businesses that are truly changing the world.

Inclusivity:

At the end of last year, we made a couple of substantial changes to the ADAP structure, specifically focused on improving our investment process and our advisory support. It proved to be a timely adjustment, because while ADAP has always been structured to function best in a virtual world, the increased intentionality to our inclusivity design has led to great results in both the deals that we are seeing, as well as in the way that we are able to support the entrepreneurs that we invest in.

We continue to look for the best deals that we believe have the potential for both massive social impact while also generating acceptable financial returns, and remain aware of natural biases and the varying challenges that exist for entrepreneurs to cross the pioneer gap. ADAP has always been committed to being inclusive, and applying these lessons has led to us having a portfolio of very diverse entrepreneurs.

Sixty-seven percent of Fund 2 Founders are women and eighty percent of all the deals done by ADAP are investing in women or men of colour. We have designed our process to both find the best entrepreneurs and then to support them in ways that add the most value for them to fulfill their mission.



Core Values:

The critical importance of empathy has remained clear this past year. The diverse experiences of the global pandemic on those who have and those who have not has presented conflicting realities and barriers that only empathy allows us to cross. We continue to try to act with integrity and hold ourselves accountable to our mission. This has led to many incredible conversations with members of the ADAP Guidance Council, who have thoughtfully challenged and supported the ADAP journey. We have also tried to be focused on our implementation of business ideas that impact extreme poverty, maintaining our belief that innovation is critical to have a different approach to poverty.

Thank you for your support!

While it has been shocking to see numerous impact investors in this space disappear or hide from this work, leaving it for others to ride out the storm of 2020, it was been vastly encouraging to work with each of you who have not only maintained existing commitments, but who have actively stepped out in hope and faith to invest more and provide more support for the portfolio companies.

When we send out your K1s in the New Year we will incorporate the NAV and financial reports from our back office support partner HC Global. In the meantime, thank you!

While I fully expect much of 2021 to be as challenging as 2020, we are entering this New Year with great optimism because of the incredible entrepreneurs we work with as well as the incredible investors! With appreciation, and excitement for the year ahead: here's to an impactful 2021.

Cheers,



Andy Lower

New Deals

GRASSLANDS

Over the course of 2020, we've outlined on our blog some of the new deals that we've been able to close. Deal #8 was in Grasslands Africa. Grasslands improves the livelihoods of small-holder farmers in Cameroon by increasing their yield with healthier, better-quality food while simultaneously reducing post-harvest waste. Grasslands' integrated approach works with each farmer to get them the necessary asset-based credit in the form of inputs, access to machinery and fair purchase price, thereby substantially changing the power dynamics in the supply chain.

“As an American of Cameroonian heritage, I am passionate about local African food supply chains and have seen the impact on small-holder farmers in my family directly” said Grasslands Founder Manka Angwafo,



“We are delighted to have ADAP on board as a long term partner because of their hands on approach in providing advisory services; we think their commitment validates our hard work, and provides both financial and strategic support to navigate these uncertain economic times.”





8B EDUCATION INVESTMENTS

8B Education Investments (8B) is the first fintech company to use innovative guarantees and income-share agreements to facilitate affordable financing for African students attending leading global universities.

By aligning incentives for investors, donors and universities, 8B enables students to obtain a world-class education they otherwise could not afford. The company's goal is to ensure that African countries have access to future leaders equipped to innovate, compete, and thrive in the knowledge economy of the 21st century.

“I was fortunate to access the type of education that millions of my fellow Kenyans dream of, but which remains out of reach for so many on the African continent.”

We want to create more opportunities for all students who grew up in a similar background to mine but haven't been as lucky to win the scholarship 'lottery' as I was, **”** said 8B Founder & CEO Dr. Lydiah Kemunto Bosire.

“My experience of working at the UN and the World Bank showed me the importance of building an Africa fit for purpose in a world whose demographic dynamics will be dominated by the continent into the foreseeable future. It also gave me an appreciation of the critical role that innovative financing can play to help scale the supply of capital required to meet the demand.”



Pivots

A lot of time and effort from ADAP Advisory has been spent supporting companies across the portfolio to make the necessary pivots to ride out and prosper in the storm of 2020.

AGUNITY

“2020 has not only changed the world, but has been a pivotal year for AgUnity’s growth as we adapted our model for COVID-19. We have a deep gratitude to be able to rely on our partnership with ADAP in helping provide us with sound advice as we pivoted and adapted.” David Davies, CEO.

AgUnity is an award-winning Australian company that enables low-income farmers to lift themselves out of poverty, with a mobile and blockchain platform that improves communication, trust, and efficiency of food supply chains.

The AgUnity platform has been developed over four years and deployed in seven countries in partnership with the world’s largest NGOs and ethical corporations. Understanding the enormous strain on supply chains through the COVID crisis, Agunity have utilized the Agunity App to support a contactless exchange so that its ‘digital handshake’ protocol could enable more social distancing during the purchasing and ordering process.



The new version of their existing app has been part of their Agunity COVID 19 response which has been well received and led to a huge number of people joining their subsidiary organization to work in return for equity compensation.



NEOPENDA

“ADAP provided critical and consistent support as we navigated through our strategic pivot over the last year. We appreciated their empathetic forwarding-thinking approach as we implemented an adjusted plan to hit milestones and make continued progress to rolling our neoguard product.”

Sona Shah, Co-Founder & CEO
Neopenda

Neopenda innovates needs-based medical technologies for emerging markets. As we entered the start of the first lockdown of 2020, Neopenda had invested heavily in working towards hitting critical milestones ahead of their next funding close and needed to make some adjustments to their business model in light of the new reality that COVID brought. After a lot of grit, determination and wise pivots, Neopenda have both raised additional investment capital as well as generating strong revenues.



Additionally, the recent regulatory approval means that 2021 looks incredibly promising for their next roll out in East Africa.

Raised Funds

GOOD NATURE AGRO

“In spite of all the COVID challenges, it's been a big year for Good Nature Agro. We hit significant revenue benchmarks and impact goals, as well as closed on our Series A.

The support of our investors and advisors has been invaluable. ADAP has always been by our side for candid conversations and encouragement - especially around inclusion, stakeholder engagement, and building our team.” Kellan Hays, Co-Founder & Board Chair.

Good Nature Agro helps African small-scale farmers reach the middle-class by growing high-value legumes for premium markets.

Through human-centered design, they have managed to co-create an easy model that answers the farmers most pressing questions. 2020 has been pivotal for them as they closed on a \$2.1 Series A while supporting over 10,000 farmers.





SHYFT POWER SOLUTIONS

“Our partnership with ADAP was incredibly helpful for us to lay foundations to achieve critical milestones over the last year, specifically in terms of fundraising and personnel development” Ugwem Eneyo, Co-Founder and CEO, SHYFT Power Solutions.

Shyft Power Solutions is developing IoT technology that will transform how we use energy, using data-driven approaches and a connected platform to support effective integration of solar and storage systems. Shyft is designed to support grid-edge mini grid or off-grid energy systems. In spite of all the COVID-challenges and civil unrest in both USA and Nigeria, Shyft have managed to remain focused on installing more hardware and worked hard to close out the year with an oversubscribed investment round including a number of strategic investors.





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