

PatPat Completes the USD510-million Financing, Index Capital Continues to Be the Exclusive Financial Consultant | Index Transactions

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We have cooperated with Index Capital for nearly 4 years since 2017. Index Capital has helped PatPat complete multiple financings and locks up the competitive landscape. During such a long-term partnership, we have trusted Index Capital increasingly more as it has shown high-dimensional logical thinking in terms of storyline, strategic path, trading strategy and corporate operation. In the meantime, the efficient execution and target-stickiness of Index Capital have saved huge time of financing for the Company, making the Company focus on the most valuable business growth. I also have to thank Jianhua who has designed the long-run funding plan for PatPat, which will lay a robust foundation for PatPat's sustainable rapid growth.

By Albert WANG, Founder & CEO of PatPat

PatPat, the largest Kid's clothes DTC brand across the globe, announced to have completed the USD510-million Series C and D financings on July 19, **and Index Capital will continue to be its exclusive financial consultant.** Specifically, Series C financing was co-led by Capital Today, General Atlantic and CDH Investments and followed by SIG China, Ocean Link and Ince Capital; and Series D financing was led by DST Global and followed by General Atlantic, Ocean Link and GGV China.

Before, Index Capital had helped PatPat complete Series A+ and B financings in which Tier-1 institutional investors such as SIG China and Sequoia China were introduced.

Jianhua WANG, Founding Partner of Index Capital stated Index Capital had plenty of confidence in the opportunity in the cross-border e-commerce sector. Given the trend of fast-increasing e-commerce penetration worldwide, a number of excellent outbound DTC brands are expected to emerge structurally in the Chinese market which boasts of a world-leading advantage in supply chain and talents, and PatPat is one of the best among them. With the deep insight of global consumer demand for maternal and baby supplies as well as technically driven full supply chain operation, PatPat has continuously met its commitment to providing global customers with a safe and quality purchase experience. Luckily, Index Capital has accompanied PatPat through the financings along its evolution and has expected to continuously help PatPat become a leading brand in the global maternal and baby household consumption scenario to create value for consumers consistently.



About PatPat

User Understanding + Brand Operation + Digital Supply Chain

Building a Top Kid's clothes Cross-border Brand with Core

Competitiveness

Coming Top with regard to multiple indicators



Showing the outstanding international influence



Founded in Silicon Valley, the United States in 2014, PatPat is the largest and fastest-growing kid's clothes DTC brand worldwide, its users covering more than 100 countries and regions across the world.

PatPat came first among outbound e-commerce companies and 9th among all outbound companies only next to brands such as Tiktok, Huawei and Xiaomi in the 2020Q4 Brand OS Top100. PatPat is a Big V account with 6+ million fans on Facebook which is still growing rapidly and has achieved global partnerships with a number of global top star IPs, showing increasingly stronger international influence.

Another notable achievement is PatPat ranks top among all US kid's clothes brands in terms of user recommendation index according to a number of authoritative market surveys, which demonstrates its firm occupation of US consumers' mentality.

In its following strategic plan, PatPat will take advantage of its strong brand effect in western markets to penetrate into the Middle Eastern and South American markets.

Big data + AI

Building the strongest supply chain sector-wide

In the outbound sector, PatPat takes an absolute lead in terms of management and operation efficiency. It has built its own digital system that integrated the whole stream of the supply chain and has used big data and AI to identify the fashion and trend in time to conduct data collection and analysis, by which it has strengthened functions such as product development, style design and sales forecast to realize a closed-loop supply chain.

PatPat has also established a globalized consumer operation system with teams in both China and Overseas dedicated to consumer insight, which facilitates a deep understanding of global consumer demand. The number of users of its independent

website has been soaring over 300% YoY over the past couple of years.

Quality control is also a key to PatPat's success. In the clothing sector, the kid's clothes SKU imposes an exceptionally vigorous requirement on quality and safety. With extremely heavy emphasis on harsh control on clothing safety, PatPat has realized full inspection of products and has exceeded the local traditional brands in America and Europe in terms of quality.

In the future, PatPat aims to use its technical capability, which is scarce sector-wide, to lead the global kid's clothes sector to complete the restructuring of the supply chain and to realize the industrial upgrade.

Top-background international team

 **that constitutes its core competitiveness** 

Talents are the essential source of PatPat's core competitiveness. Founded in Mountain View, Silicon Valley, PatPat is born with an international gene. It has offices in Shenzhen, Guangzhou, Hangzhou, and Foshan, and has established branches in San Francisco, Los Angeles, Dublin, Manila, and London. The three partners of PatPat, Albert WANG, Ken GAO, and Meng HU, are all graduates from CMU with computing-related backgrounds, and have accumulated plenty of working experience in Oracle, Amazon, and whatsoever Hi-tech enterprises in Silicon Valley. With members who used to serve in the global management of World Top500 enterprises, PatPat's founding team is the only one that integrates top-class educational background, technical experience, international vision, and diversified management expertise.

PatPat's team mainly consists of post-90 internet practitioners. Its management members are young, pragmatic and constantly self-improving with a strong learning

capability. Attributable to its flat hierarchy and its full-stack development model that has no limitation on both front-end or back-end staff, it has formed and maintained a sustained attraction to excellent talents. In the future, PatPat will continuously use its strong employer brand influence to attract a large amount of outstanding young people to join its team, growing together with PatPat and mutually benefiting from each other.

Empowered by capital, PatPat plans to complete its strategic layout in the global kid's clothes market within 3-5 years, thus becoming a consumer goods brand with a world-class influence.



Investors' Views

Capital Today

Founder of Capital Today, Kathy XU has stated that those who overturn a sector are usually outsiders. The three founders of PatPat are computing majors from CMU without the least experience in the clothing business. They have used the algorithm to solve the most severe pain of the clothing sector that is earnings from a long time of hard work are all converted into the inventory due to the boss' lack of precise prediction capability. PatPat has solved the problem using the algorithm and digitalized operations.

Founder and CEO of PatPat, Albert WANG is an entrepreneur with patience, persistence, and craftsmanship spirit. He stays in the factory day and night and has turned himself into a “factory boy”. By digitalization, he has incredibly realized a 7-day reordering and has thus improved the efficiency considerably.

General Atlantic

Managing Director and Head of General Atlantic’s business in China, Eric ZHANG said: in the current time the cross-border e-commerce sector is facing a critical opportunity of development offered by the era. As a cross-border ecommerce brand that has rooted locally and has stretched straight to foreign customers, PatPat combines its insight of foreign buyers’ demand with its digitalization and intelligentization of the local supply chain in China to provide foreign buyers with unique value of product. Therefore, General Atlantic are confidently bullish of PatPat’s competitive edge and development prospect in the cross-border e-commerce sector.

CDH Investments

Managing Partner of CDH Investments, Wei YING have expressed their optimism in the “one-warehouse-for-the-globe” business model of clothing independent website which provides foreign consumers with irresistibly high cost-effectiveness and a good variety of merchandise options while maintaining an extremely high inventory turnover concurrently. It has resolved the inventory difficulty the clothing sector has suffered so long, thus launching an overwhelming strike on the traditional offline clothing brands.

SIG China

Managing Director and Managing Partner of SIG China, Tim GONG said as a global fund, SIG is consistently optimistic in the market opportunity for Chinese supply chain outbound and cross-border DTC. Since 2017 they have witnessed PatPat’s evolution and have made four consecutive re-investments. They fully recognize the team for PatPat’s outstanding data-driven operation as well as the

company's ever-improving supply chain and brand power. We expect PatPat to continue with its effort to become a world-leading kid's clothing brand.

GGV China

GGV is a team-oriented global fund that has always stared at, and made in-depth layouts in, cross-border and globalization sectors. Empowered by China's strong supply chain capability, we have witnessed B2C cross-border e-commerce growing unprecedentedly fast during the epidemic. PatPat is a team seeking perfection in respect of marketing, customer acquisition, product, supply chain and customer service. They have been insisting on what is difficult but right, with a focus on and a deep rooting in maternal and baby supplies as well as continuous effort in AI and big data for better efficiency. We believe PatPat will become a top-class DTC brand worldwide.

Ince Capital

Founding Partner of Ince Capital Stella ZHOU pointed out that kid's clothing is a large-scale market with a low concentration of brands, and the Chinese supply chain PatPat has built up satisfies the overseas consumer demand efficiently. PatPat has a strong team of its own and is on the whole capable enough in respect of outbound e-commerce, technology, supply chain and whole-stream operation. It has structured a business barrier in terms of proprietary brand operation and steadily increasing share of proprietary designs, with an expectable size in the global kid's clothes market. Ince Capital is confident that PatPat will maintain its leadership in the sector.

IDG Capital

Partner of IDG Capital Meng LIAN said PatPat, which had been founded in 2014 in Silicon Valley, the US, received millions of US dollars from IDG Capital in the Angel round fundraising when it was just founded. And in the following Series A and B financings IDG made consecutive re-investments. As PatPat's earliest investor, IDG Capital has accompanied PatPat for years, witnessing it doing the right thing consistently and providing consumers with better and safer products in a utilitarian environment.