



Q3 2022 Impact Report

YTD as of September 30, 2022

Impact Overview

As of September 30, 2022 YTD

15

Total Loans Issued

15

Mentorship Sessions

22

Entrepreneurs Supported

971,000 KSH

Total Loan Volume

64,733 KSH

Avg. Size of Loan

47%

*of Loans to Female
Entrepreneurs*

11

Active Allies

**55,000 - 80,000
KSH ¹**

In Interest Saved

Note:

1. Reflects 20% - 30% interest rate range per annum; informed by discussions with entrepreneurs



Impact Summary

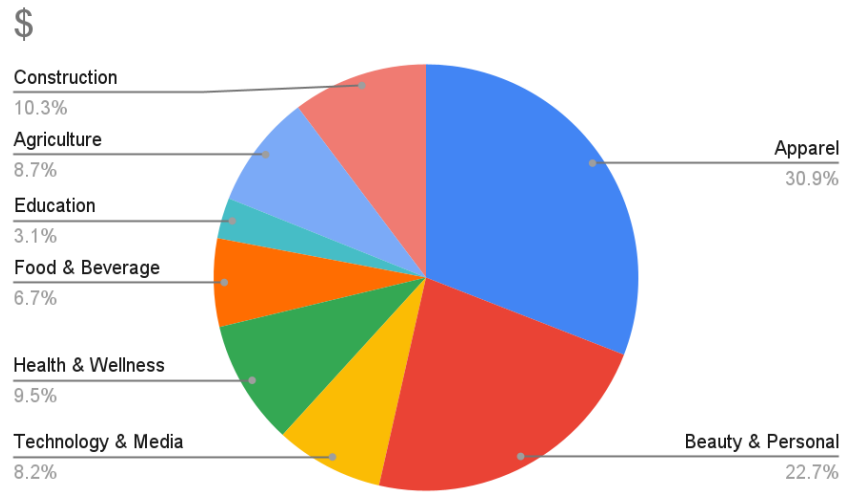
Mkono's Interest-free loans and insights continue to help entrepreneurs solve critical business needs through access to funds and mentorship. In the first nine months of 2022, Mkono issued 15 loans (totaling 971,000 KSH) and conducted 15 mentorship sessions. In interviews conducted over the past few months, we've continued to see several key themes as last year, namely

- 1. Strong loan use cases with tangible financial impacts,*
- 2. Repeat Mkono usership and continued satisfaction with our fast and easy lending process, and*
- 3. The lack of accessible alternative financing sources*

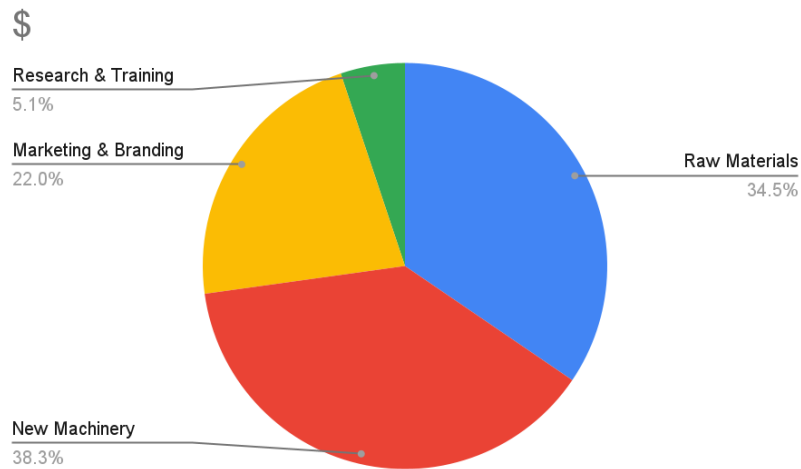
Additionally, we've noticed that Mkono's services have helped entrepreneurs prepare against current global economic headwinds such as high inflation and potential recessions. Lastly, in terms of constructive feedback, one entrepreneur expressed that they wished Mkono could scale as quickly as their business's financing needs, so that larger fast-growing businesses can continue to benefit from Mkono's interest-free loans. This reinforces the importance of our fundraising campaign as we look to continue our strong growth going forward.

Portfolio Breakdown

By Business Category (% of Total Loan Volume)



By Use of Proceeds (% of Total Loan Volume)



Success Stories

Alexis Juma – Kakia Oils

- Business Overview
 - Produces oil-based products for health and lifestyle



- Also partners with smallholder farmers (in Kenya and the surrounding region) to support market expansion for their plant-based oils
- Loan Use
 - Used a **40,000 KSH** loan to purchase a bulk-order of newly designed packaging from China, which was (i) much cheaper on a per-unit basis, (ii) offered a stronger and more consistent brand image and (iii) was smaller in size, which makes the product more attractive to first-time buyers
- Impact
 - Cost Savings
 - Packaging cost per unit fell **~65%** (100 KSH to 35 KSH)
 - Increased Sales
 - Experienced over **12%** growth in sales since implementing the new packaging
 - Attributes the increase in sales primarily to new packaging due to (i) much higher customer satisfaction (expressing their content with the new packaging) and (ii) increase in first-time customers (who cited the smaller packaging / cheaper units as a more attractive entry point to try the product)

Michael Kiwo – Pollucare Cleaners

- Business Overview
 - Provides door to door garbage collection services to residents, hotels and small businesses in Mombasa
- Loan Use
 - Used a **50,000 KSH loan** to modify and repurpose a recently acquired three wheeler (tuk tuk) to enable it to collect garbage
 - Rebrand existing tuk tuks
- Impact
 - Increased Customer-Base and Revenue



- These investments helped his business add **50 new clients** (now serving 200 total) and grow revenue by **30%** this year

Zia Brett – Zia Africa

- Business Overview
 - Zia Africa is a Kenyan-owned clothing brand for the modern woman looking for high-quality, unique and bespoke pieces
- Loan Use
 - Used a **200,000 KSH** loan to purchase of new machinery and fabric that would allow Zia to produce higher quality clothes and increase the variety of stock
- Impact
 - Increased Revenue
 - Machinery strongly improved products' finishing and overall quality, allowing Zia to charge higher prices for its clothing
 - Led to a **10%** increase in gross margin

Additional Themes and Insights

- ***Strong Repeat Usership: Mkono entrepreneurs are continuously returning to the platform for additional loans and mentorship sessions.***
 - *This proves out the value of the Mkono platform and our offerings, where entrepreneurs benefit from our financing and mentorship opportunities in a meaningful way*
 - Kakia Oils
 - "I've been working with Mkono for the last 2+ years, where I've taken out 3 loans and have had multiple mentorship sessions. They helped me navigate COVID-specific issues, implement new marketing



- strategies (i.e. smaller bottles to attract new customers) and exploring export strategies for my products”
 - “Mkono understands your goals and what you’re ultimately working towards... they are with you every step of the way, guiding you, supporting you and providing you with financing when needed”
- Pollucare Cleaners
 - “Over my 2 year relationship with Mkono, they’ve provided me with the capital and mentorship to help me work towards my long-term business objectives. Down the line, one of my main goals is to establish a recycling company alongside my waste collection business, and will count on Mkono’s support and financing to achieve that”
- Zia Africa
 - “I am extremely grateful for Mkono. When I took out my first loan, in April 2021, I was one employee. Now, I have 9 employees. Thanks to Mkono’s continuous mentorship and financing resources, I’ve experienced strong growth in a short period of time. Going forward, I am aiming for 100 employees, and will continue to have a great partnership with Mkono as I work towards that goal”
- **No Other Options: Alternative financing sources to Mkono are expensive, tedious and relatively inaccessible for most entrepreneurs in Kenya**
 - *This reinforces the fundamental issue that Mkono set out to address: that there is clear financing gap in the Kenyan market for entrepreneurs (especially for women)*
 - Kakia Oils
 - “Generally, banks and other traditional sources of financing are not receptive to small businesses in Kenya, which makes scaling your business as an entrepreneur quite challenging. I only know 1 or 2 entrepreneurs that might have access to bank loans here and there, but their



businesses are far more developed. For my business, it's impossible."

- "Sometimes, entrepreneurs (specifically women) can find money from informal communal savings groups. This is where 10/20 women pool money together and individuals can borrow from it. The rate is typically >10%, where you must bring back the amount of money you borrowed + 10%. This is what I used to start Kakia Oils. However, the issue is that the amount of money you can borrow is relatively small."
- "Some people use overdraft features on their mobile money platforms (SafariCom / M-Shwari) as a source of financing, but this is not very practical for small businesses because if you go into overdraft and someone else sends you money (unrelated to the loan) the system will automatically take that money from you in order to pay that overdraft"
- Pollucare Cleaners
 - "Apart from organizations like Mkono, the only real alternative for most businesses is to go to the bank for a loan. This is a very tedious process and interest rates are quite high (~15%). Moreover, with bank loans, you are subject to very strict repayment rules, where late repayment can result in the seizure of assets and no access to future capital"
- Zia Africa
 - "It's very difficult to find any sort of specific industry-focused loans, especially as a woman. The approval process is substantially longer and more rigorous, and you are subject to much stricter penalties. I have to avoid financing like this, because if I'm not careful, it can cripple my business"



- ***Economic Headwinds: Faced with high inflation and a rising threat of global recession, Mkono has helped entrepreneurs prepare and adapt to the changing economic landscape.***
 - *This highlights the value of Mkono's services in challenging economic conditions, especially when costs of capital are rising and demand is softening*
 - Kakia Oils
 - "The new smaller packaging that I funded with my Mkono loan has also helped prepare my business for an environment of high inflation and potential recession. In a recession, consumers are more hesitant to spend. Having smaller packaging and a lower entry price point is better for this. The packaging is also cheaper, which makes it easier for me to absorb other price increases"
 - Zia Africa
 - "Facing a potential global recession, my business is more at risk since clothing is more of a discretionary good. As part of my de-risking process, I have focused my attention more on existing customers and have adopted strategies like loyalty programs and discounts to better churn through excess inventory. Mkono's mentorship sessions initially helped me think through and establish these programs"
 - "With inflation drastically increasing the cost of sourcing fabric locally, I have begun to import cheaper fabrics from China and Indonesia. This way, I don't need to raise prices as much and risk potentially losing customers."