

2021

IMPACT REPORT

M-KOPA
POWER TO OWN



Contents

- 04 Our Mission
- 06 Foreword from our CEO and Board Chair
- 08 By The Numbers
- 10 Why Unlocking Access to Credit Matters
- 13 Scaling Across Africa
- 14 Pillars of Impact
 - 16 — Prosperous
 - 18 — Healthy
 - 22 — Connected
 - 24 — Green
- 27 Change Agents
- 28 Reaching 20 Million
- 30 Our People
- 34 Inclusive Credit Principles
- 35 Acknowledgements & Assurance





Who we are

M-KOPA offers millions of underbanked customers access to **life-enhancing products and services by unlocking affordable credit.**





Our Mission

We exist to make everyday essentials **accessible to everyone.**

We do this by offering access to credit so that people can **achieve progress in their lives.**

Foreword from our CEO and Board Chair

We are delighted and proud to celebrate M-KOPA's growth and impact to date with the publication of this 2021 Impact Report.

As a mission-driven company, M-KOPA's tremendous growth is rooted in commitment to both commercial and social goals. Here are some of the highlights of M-KOPA's social and environmental impact at the end of 2021:

- \$600 million of credit unlocked for our customers;
- 4.5 million lives improved;
- Over 1 million solar home systems sold, avoiding 2 million tonnes of CO2 emissions;
- Over 1 million individuals accessing high quality smartphones, enabling access to information and earning opportunities online;
- And 86% of customers saying that the quality of their lives has improved because of M-KOPA.

While much of this impact has been realized in East Africa, we are encouraged by the rapid growth in our newer businesses in West Africa over 2020/21, a region that holds tremendous promise.

Despite the whirlwinds of economic uncertainty caused by COVID-19, over the course of 2020 and 2021 M-KOPA defied global trends and created significant, high-quality employment:

- Full time staff more than doubled from 2019 to 2021 with 944 additional jobs created
- M-KOPA expanded its sales force 4x from 2,500 to 10,000 income earning agents

As M-KOPA strives to increase number of customers served by 10x over the next five years, impact and inclusion will remain core to our success. To guide us on this journey, we undertook an independent assessment and measurement of our impact led by 60 Decibels, a leading impact measurement company. Their findings are shared throughout this report.

It is the voices and stories of our customers that, more than anything else, makes us so proud to be part of the M-KOPA team. Our thanks go out to M-KOPA management, the M-KOPA team which is now 2,000 strong, to more than 10,000 sales agents who work with us day-in and day-out, and most of all to the over 2 million customers whom we are so proud to serve.



Prior to M-KOPA, Elizabeth served as the Chairman, President, and CEO of the Overseas Private Investment Corporation (OPIC), now re-named the U.S. International Development Finance Corporation (USIDFC), during the Obama Administration. She also served as the CEO of the Consultative Group to Assist the Poor (CGAP) and as a Director at the World Bank. She began her career at JPMorgan, and was the Managing Director for Emerging Markets Capital Markets there.

Jesse Moore
— CEO

Elizabeth Littlefield
— Chair



I use the M-KOPA phone to promote my business through digital marketing, and as a result my business income has increased. I stay in touch with family too.

Jonathan Antwi, Customer
Accra, Ghana

By The Numbers



\$600m
Credit unlocked



2.2m
Tonnes of CO2 avoided



40%
M-KOPA products are primarily used by women





265
Tonnes of e-waste recycled



75%
Customers earning more income from business



3.7m
Lives impacted with clean energy and health services



2.3m
Credit lines unlocked for the underbanked



222k
First-time internet users



What does Unlocking Access to Credit Mean for Customers?

In Sub-Saharan Africa, 85% of adults live on less than \$5.50 per day¹ and earn variable, daily or weekly, incomes working in the ‘informal economy’.

Without a steady flow of fixed, monthly salaries, any purchase of over \$100 represents over 60% of monthly outlay and requires savings or credit. Beyond major purchases, lumpy monthly bills or subscriptions simply don’t match how households earn and spend money.

The Financially Excluded

Less than half the adults in Sub-Saharan Africa currently have access to an account at a financial institution, severely limiting their ability to engage in the formal economy. Despite 56% of adults saving money annually, just 16% do so at a bank, and even fewer - 14% - borrow from banks.

There are gaps in the financial system preventing low-income households from progressing in their lives, investing in their children’s futures and weathering emergencies, as well as forcing them to pay more for inferior products.

A New Form of Credit

Unlocking credit for the underbanked ushers in a new wave of financial inclusion by purposefully designing credit solutions around the ebbs and flows of those accustomed to daily earning and spending.

Part marketplace, part credit platform, part analytics engine, M-KOPA lays the foundation for an inclusive financial ecosystem where the underserved – despite limited formal credit history and employment – are able to unlock capital and productive tools.

By paying the cost of an essential product in daily, pay-as-you-go (PAYG) instalments, customers access



Across Africa, only 40% of adults have a bank account,



Only 16% can save money at a bank,



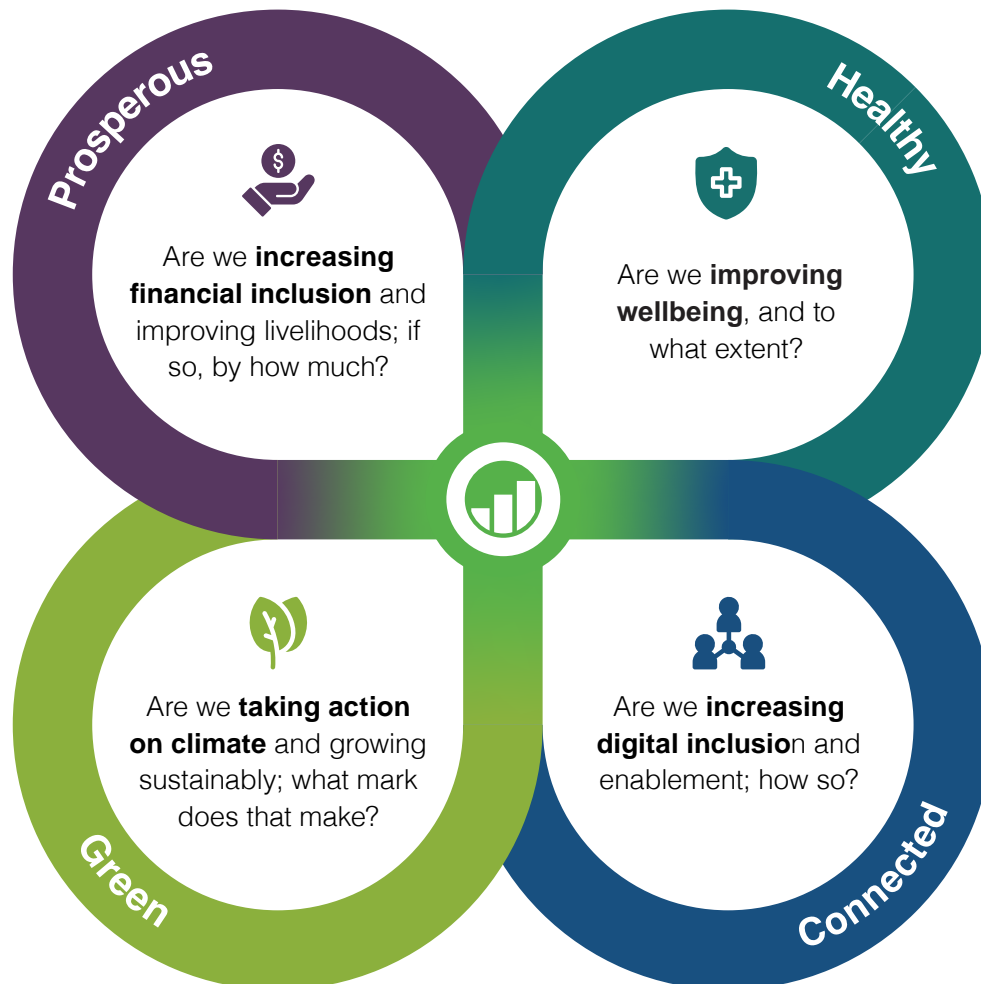
And just 14% can access loans from financial institutions².

goods and services otherwise unaffordable as a lump sum purchase. In fact, less than 1 in 5 customers have access to good alternatives for their M-KOPA products. For those that can access alternatives, nearly two-thirds says that M-KOPA is better.

As our platform has progressed beyond solar lights, TVs, and fridges to cash loans, smartphones, health insurance, and more, we reconsidered how we measure impact and what matters most to customers.

Rooted in Four Pillars of Impact

Our impact model seeks to answer the meaningful questions as to how customers become more prosperous, healthy, connected and green.



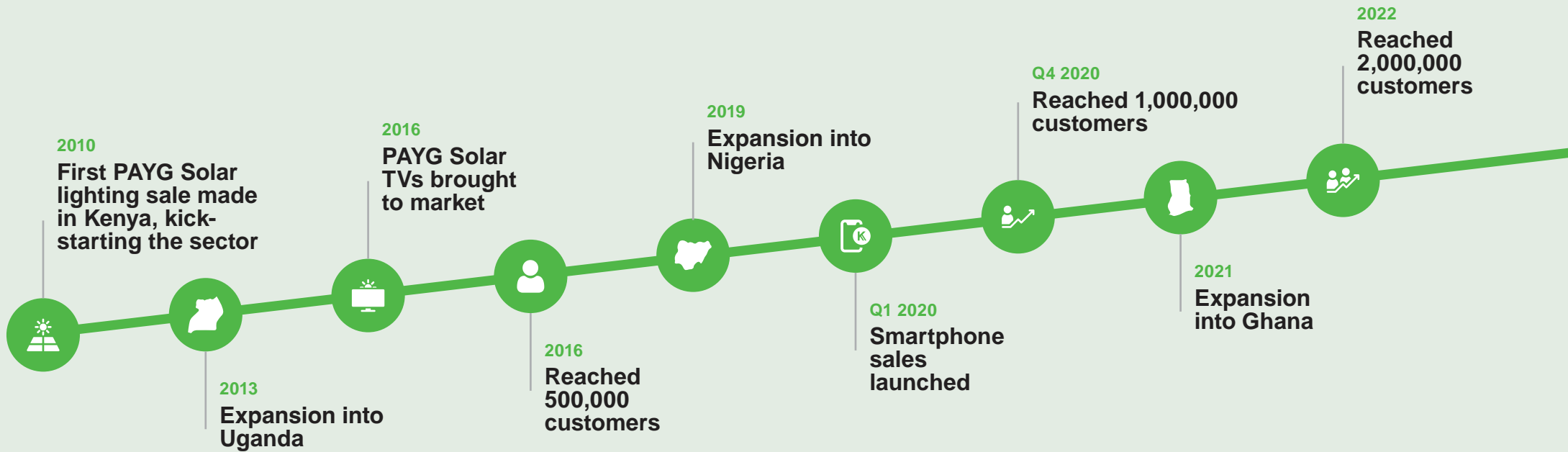
Today

M-KOPA has unlocked over \$600 million in credit, improving more than 4.5 million lives.

Looking forward to 2026

Our goal is to reach over 20 million customers in Africa and unlock over \$7 billion of credit to support their progress.

Our Journey to 2 Million Customers

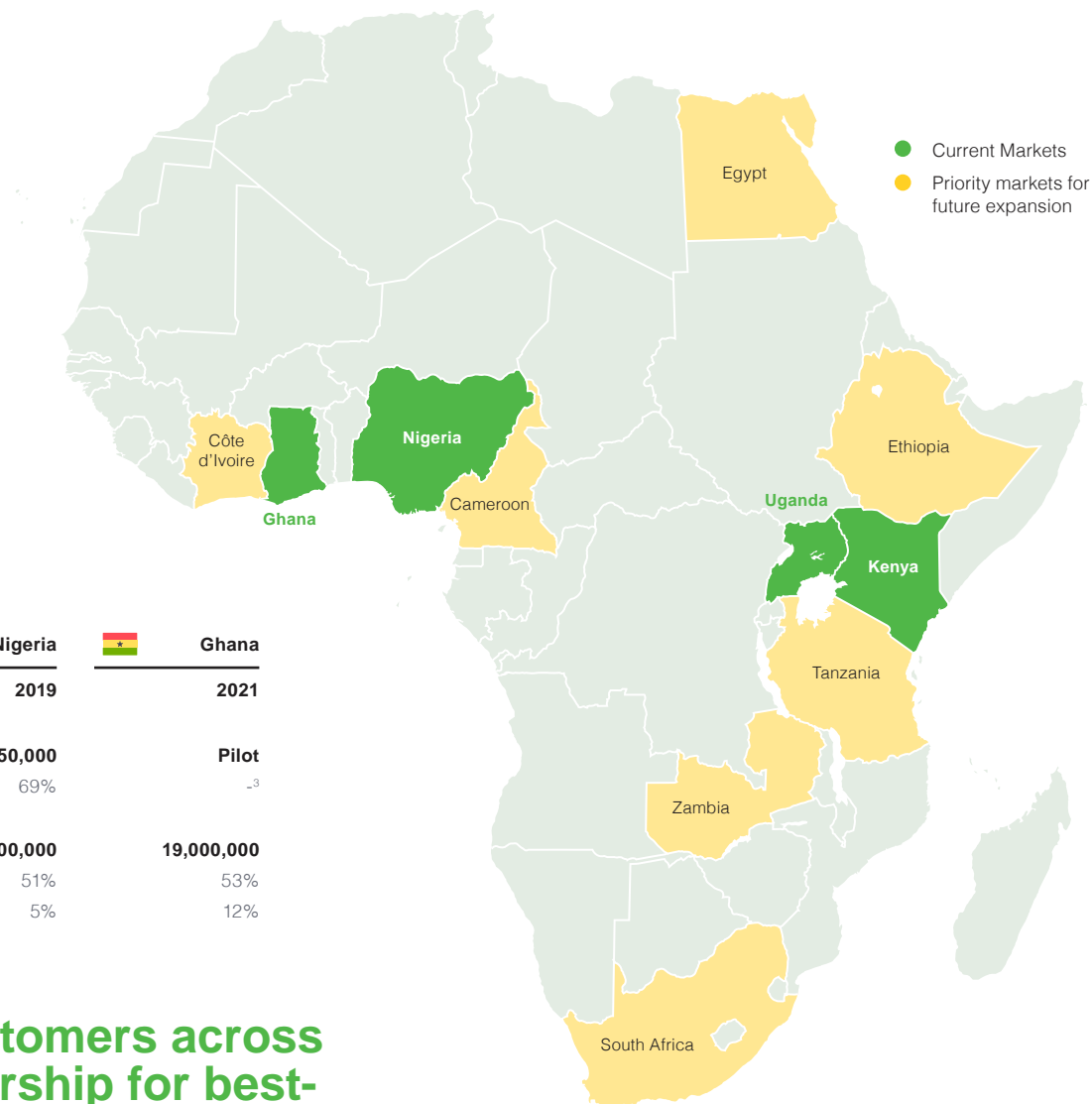






Scaling Across Africa

Solar was only the beginning. Kenya was just the start.

Following the rapid adoption of PAYG Solar in East Africa, we introduced credit for high-quality smartphones in Kenya and Uganda in 2020, and later expanded into Nigeria and Ghana.

With 60% of Africans left underbanked and only 14% accessing credit from financial institutions², the need – and opportunity – to gain affordable access to tools that bring prosperity, connectivity, and health benefits is high. Our reach to date has only scratched the surface.



	 Kenya	 Uganda	 Nigeria	 Ghana
Year Launched	2011	2013	2019	2021
Cumulative Customers at 31 Dec 2021	> 1,000,000	> 250,000	> 50,000	Pilot
% living on \$5.50 / day	68%	61%	69%	⁻³
Adult Population⁴	32,000,000	24,000,000	111,000,000	19,000,000
% internet access ⁵	42%	29%	51%	53%
% accessing formal credit ⁶	19%	15%	5%	12%

By 2026, we aim to reach 20 million customers across Africa for whom M-KOPA unlocks ownership for best-in-class products and services that create direct and lasting impact in their lives.

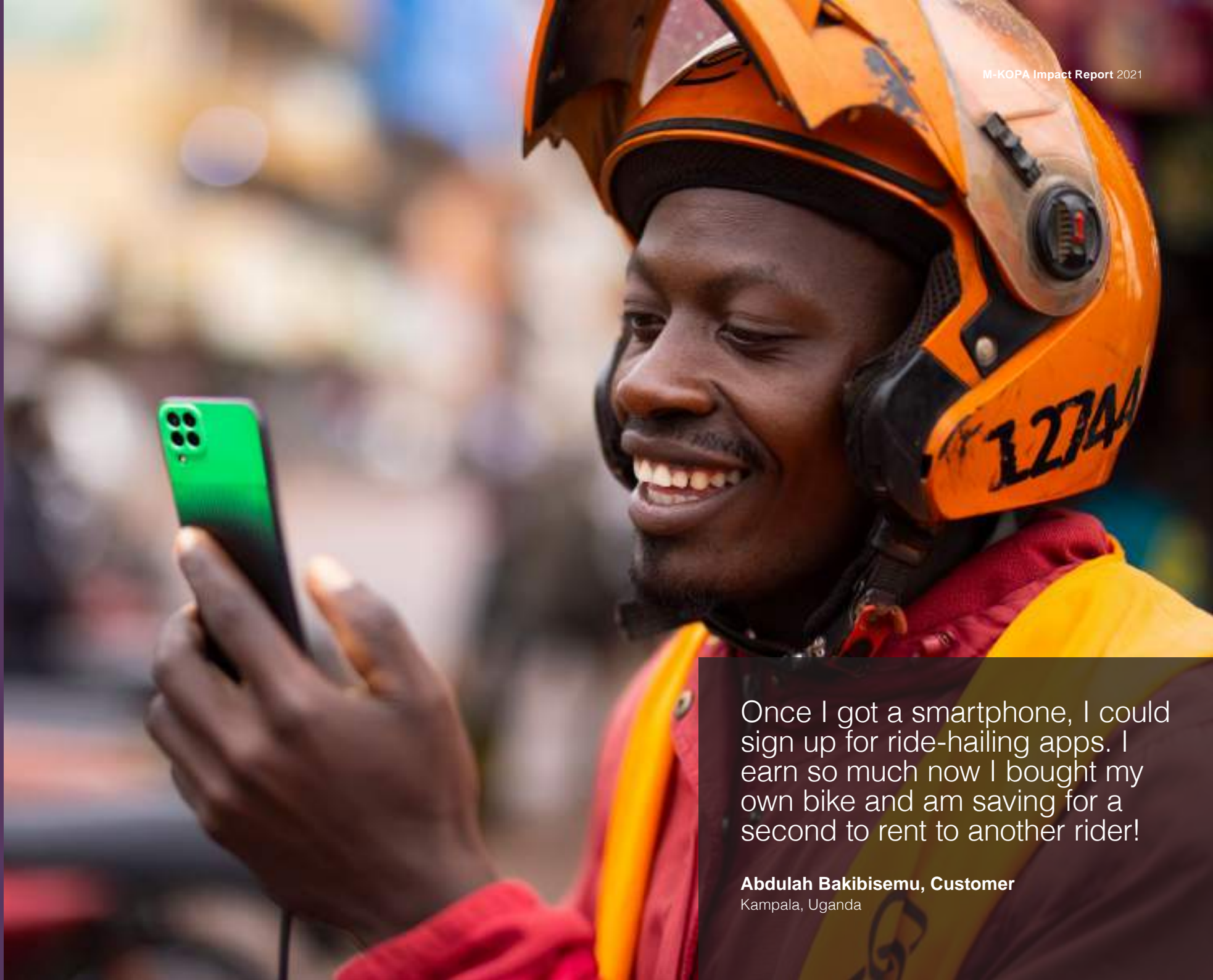
We measure how customers become:

-  Prosperous
-  Healthy
-  Connected
-  Green





Prosperous

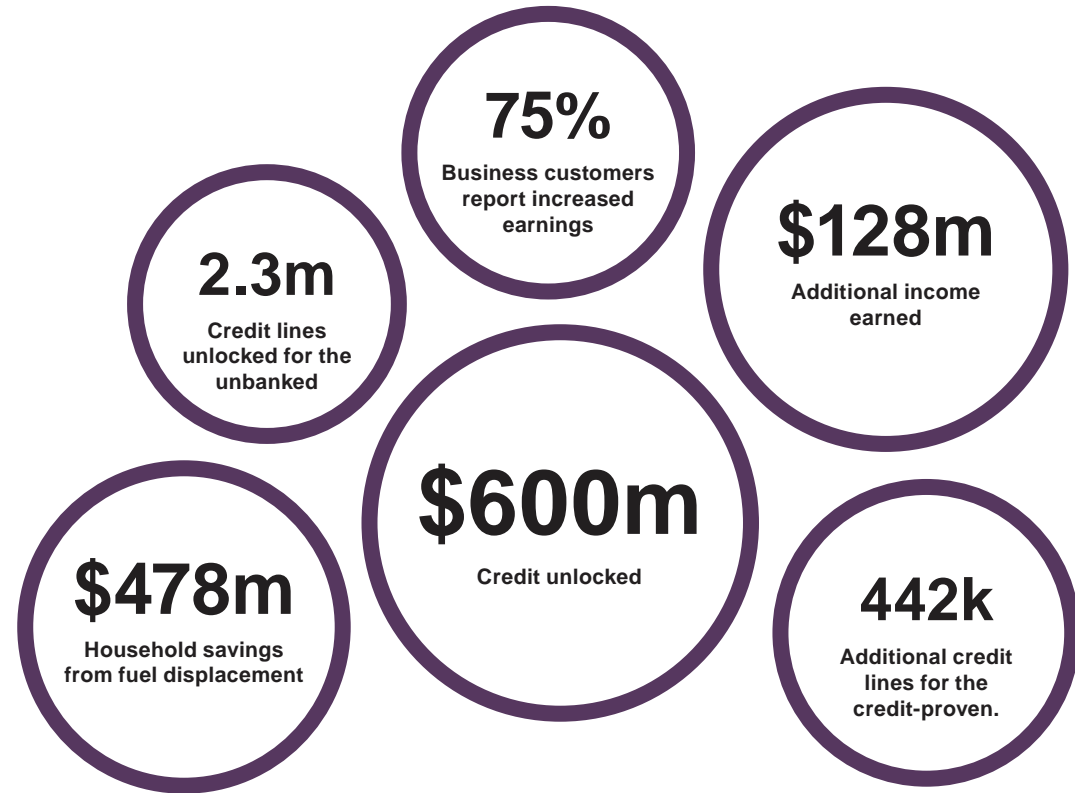


Once I got a smartphone, I could sign up for ride-hailing apps. I earn so much now I bought my own bike and am saving for a second to rent to another rider!

Abdulah Bakibisemu, Customer
Kampala, Uganda

Prosperous

More than 40% of M-KOPA customers live on \$3.20 or less each day. Nearly all are unbanked, owing to their informal employment and lack of credit history, and they struggle to save as their income is earmarked for essentials like food, rent and transport.



Unlock Incomes

More than half of smartphone and cash loan customers report using their product to support income generating activities.

Of those, 75% earn additional income when they use their M-KOPA product for business, generating \$128 million in additional value.

Unlock Savings

Stuck in a 'sachet' economy, customers pay more for less, only able to afford cheaper, low-end products that must be replaced frequently or purchased in smaller, more expensive units – such as a week's worth of kerosene for lighting.

Our inclusive credit model enables customers to afford higher-value essentials, paid daily and fully theirs at the end of the payment period. For solar customers, this translates to an extra \$650 saved by shifting daily spend on kerosene for LED lights that last up to seven years.

Unlock Access to Progressive Credit

Once customers step onto the PAYG pathway, they own their progress. More than 440,000 additional credit lines have been made to customers following payment of their first product.

Many of these are direct cash loans, with 9-in-10 recipients reporting first-time ability to borrow and more 50% harnessing this capital to start or support a business.

Healthy



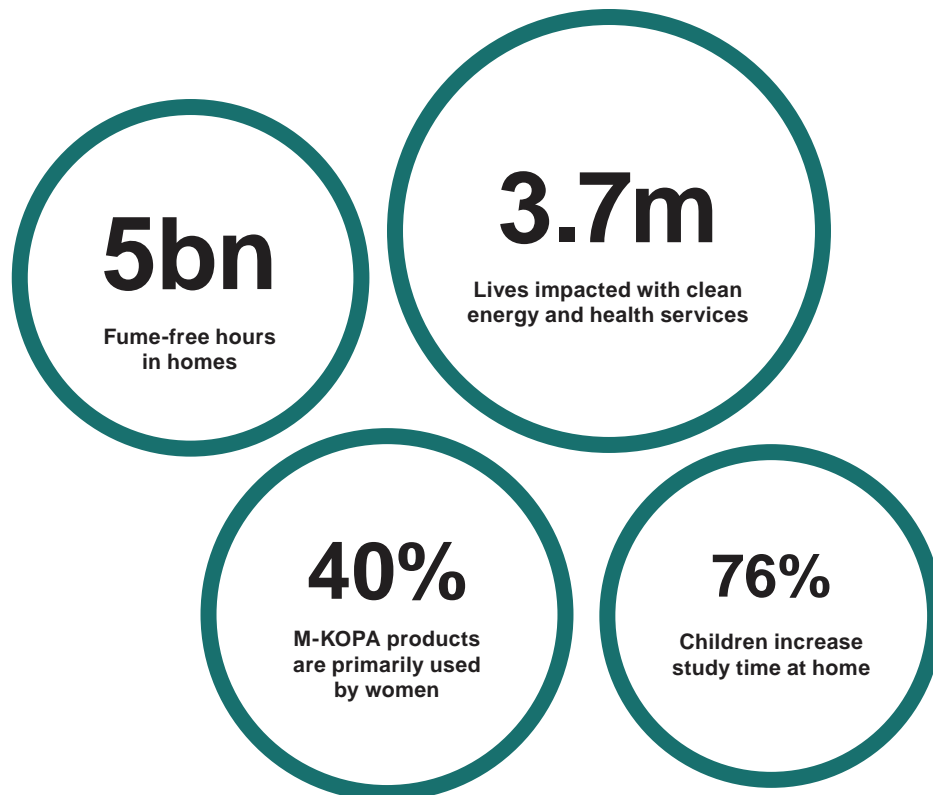
When I got COVID, I was forced to borrow money from friends to access treatment. Because of my hospicash cover, I was able to pay back the borrowed money and get medication.

Derek Lubowa, Sales Agent
Kampala, Uganda

Healthy

Our approach to credit is proving it can provide safety nets for customers and agents where few existed before.

No episode in our history has tested our potential to provide protection from shocks more than the COVID-19 pandemic.



Access to health information

When we launched smartphone sales in 2020, we knew the ability to deliver health care and education services would shift. Increased access to health information, including related to COVID, has empowered hundreds of thousands to protect themselves and family members and stay aware.

Access to health services

In early 2020, we launched and distributed a new Hospital Cash and Life Insurance product that customers could access by simply adding 15-40¢ per day to their asset payments. The cash payout from this product provides customers cash to cover unexpected medical expenses and mitigate income loss due to hospitalisation.

We are encouraged to see our model accelerating the adoption of micro-insurance, now impacting nearly 150,000 lives.

Access enabling improved health

Nearly 4 million people no longer breathe toxin-laden air from open-flame kerosene lanterns, instead enjoying bright solar LED lights. This has improved lung and eye health and mitigated against the risks of fire and poisoning.

Access for women and children

As the home caretaker, women are unburdened from fetching kerosene fuel and find comfort in knowing children no longer sleep next to highly flammable, open-flame lanterns. Parents share their pride in seeing children increase study-hours with bright lighting at home or better access to educational content through mobile internet access.

Healthy in the Time of COVID-19

The COVID-19 pandemic starkly reminded us of customers and agents' vulnerability.

When we went on lockdown I was so worried I wouldn't be able to support my family because I could not work. M-KOPA provided me with wages even when I couldn't make sales. They helped me survive when I wasn't working.

Nassasira Obed, Sales Agent
Kampala, Uganda

Between April and June, we surveyed customers to ascertain their awareness of the pandemic, its immediate effects, and preparedness to cope.

Customers told us:

- **60+%** worried over the significant health effects of COVID-19, with **70%** voicing they had no form of health or life insurance policy;
- **90%** saw incomes decrease by more than half, with **40%** seeing a spike in expenses too; and
- Median weeks for households to maintain consumption after loss of income dropped from **2 weeks to 1.**

For agents, the inability to safely meet face-to-face for sales engagements represented a significant risk to their earnings.

Guided by their voices, we expanded our digital product offering to support the needs of the millions who use M-KOPA services to access electricity and connectivity.



When we started the vaccine roll-out, we knew it had to be far-reaching and inclusive. We started in Nairobi and extended the campaign to 30 counties in Kenya to make vaccines available to any M-KOPA community member.”

Desmond Mukolwe, Head of HR
Kenya

Customers

We introduced a Hospital Cash & Life insurance product, whereby customers and agents would receive cashback in case of hospital admission and payouts to next of kin in the unfortunate event that the insured passed away.

In addition, we expanded our offering of customer-centric payment options, allowing customers greater flexibility given the challenging circumstances.

Agents

Social restrictions and lockdowns posed dire economic challenges for the 10,000 agents whose livelihoods were primarily supported by the sale of M-KOPA products.

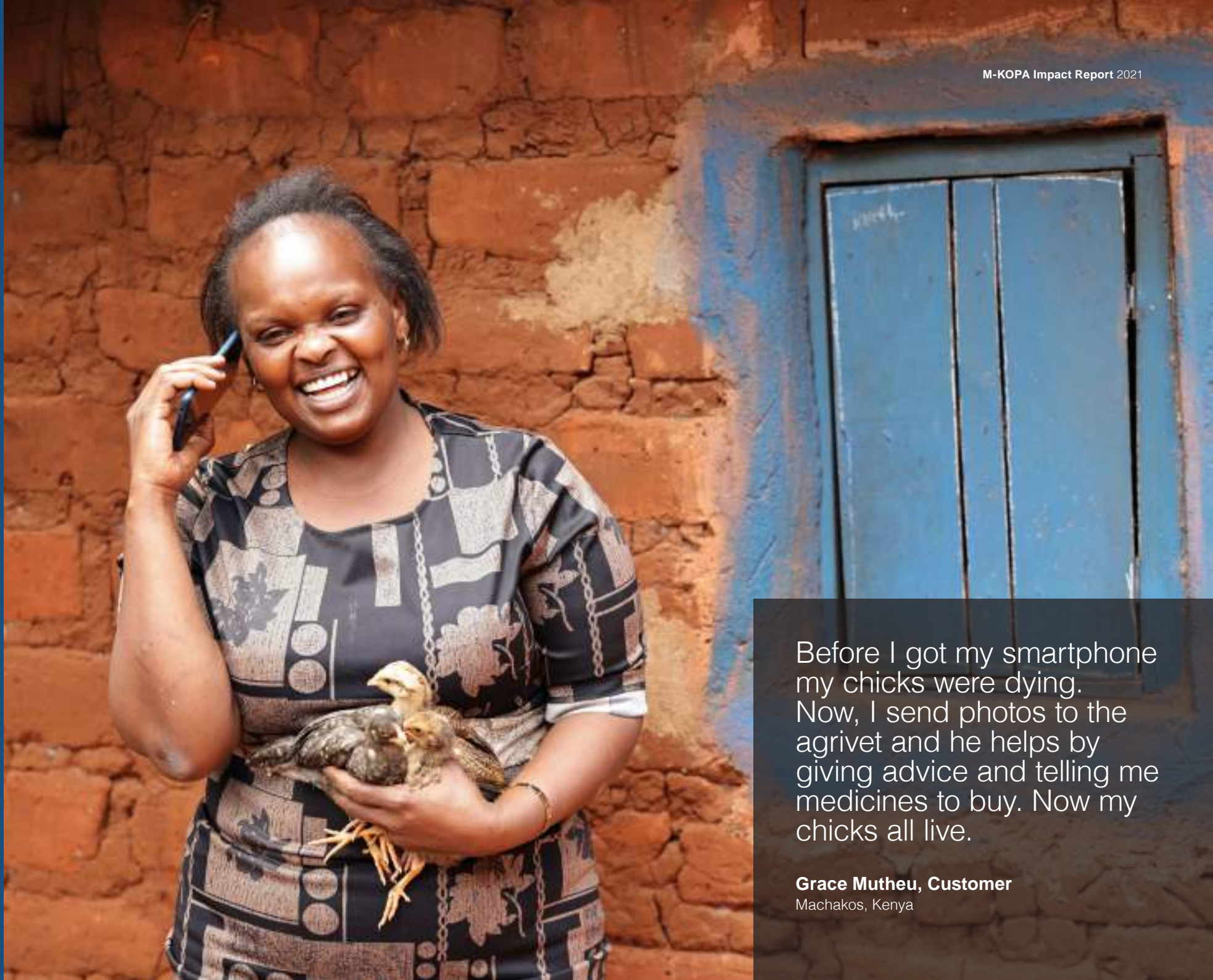
M-KOPA staff members contributed \$150,000 as income relief for these frontline community members, matched by a contribution from M-KOPA and partners. Beyond living wage assistance for basic needs, we also provided – at no cost – Hospital Cash & Life insurance as a formal benefit, in addition to equipping our agents with free masks and sanitizers at no cost throughout the pandemic.

Staff & Community

We procured 10,000 vaccines for staff members, their dependents, and agents who struggled to obtain one locally in Kenya. Across Uganda, Nigeria and Ghana, we collaborated with national governments to dispense vaccines and support public awareness campaigns to encourage social distancing and prevention.

In total, we contributed over \$260,000 to our vaccine campaigns. M-KOPA also purchased more than \$550,000 for mobile data for staff and 600 new laptops to support remote-working.

Connected



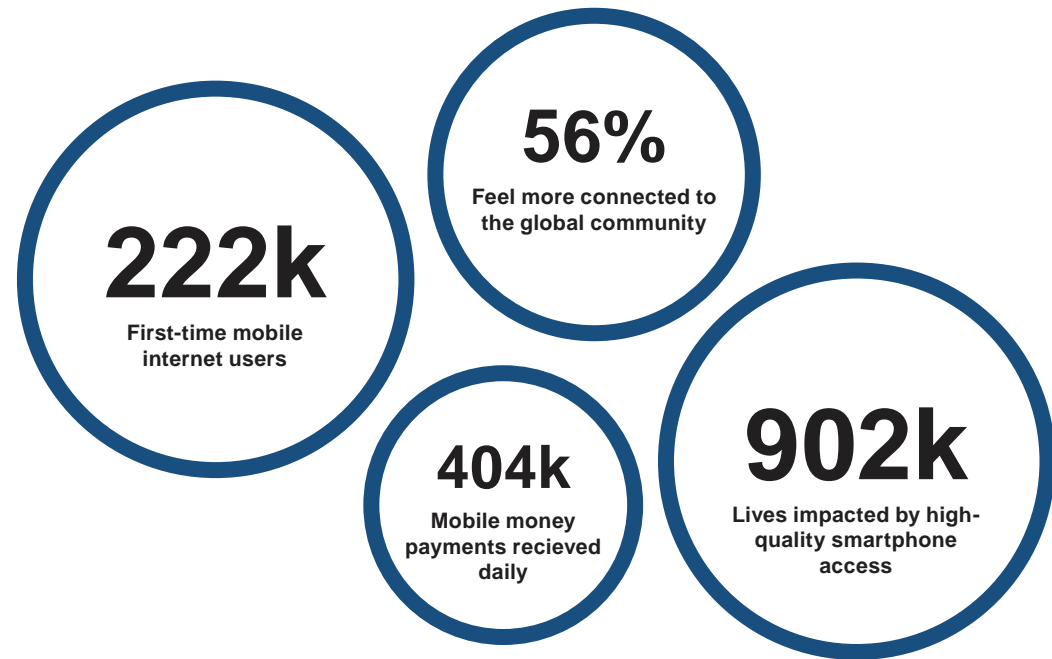
Before I got my smartphone my chicks were dying. Now, I send photos to the agrivet and he helps by giving advice and telling me medicines to buy. Now my chicks all live.

Grace Mutheu, Customer
Machakos, Kenya

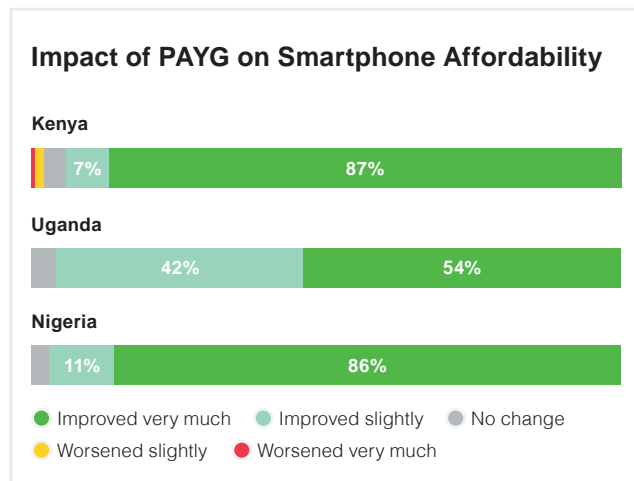
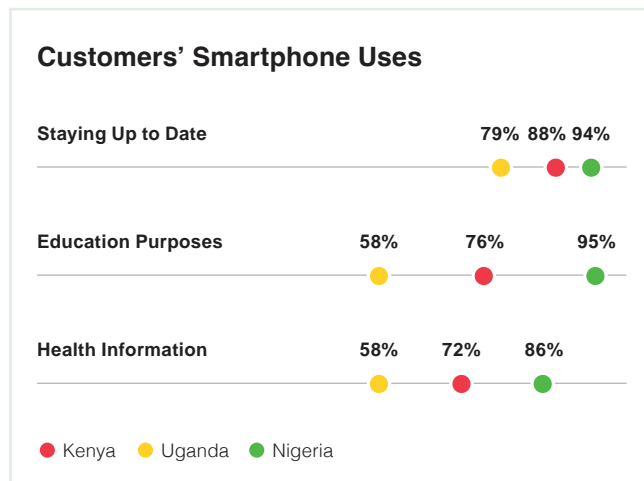
Connected

Sub-Saharan Africa has the lowest internet adoption rate in the world. Currently, **72% of the continent (or 1 billion people)** are excluded from tapping into its economic opportunities⁷.

The number one reason: **Affordability**



M-KOPA’s credit model removes this barrier and has enabled more than 1,000,000 entrepreneurs, students and business owners to harness mobile internet as their springboard into the digital economy. In fact, for every four smartphones sold, one individual is accessing the internet for the first-time.



The magnitude of internet impact is difficult to quantify. One thing is clear, as the sole device for connectivity, smartphones represent a lifeline – a critical gateway for customers to access information and the digital economy. More than two-thirds use their phone to stay up-to-date, access education content, and obtain health information.

In addition, nearly 250,000 families across Kenya and Uganda living without electricity rely on their M-KOPA solar-powered TV to access critical content, like national news. Nearly all of them say that this has improved their feelings of connectedness with the global community.

⁷ GSMA, State of Mobile Internet Coverage 2021



I started working for M-KOPA when I left college. Through this job, I have had the advantage of learning the full assembly of a solar TV and how to repair and re-use smartphones so they don't go to waste.

Maureen Mokaya, M-KOPA Production Operator
Nairobi, Kenya

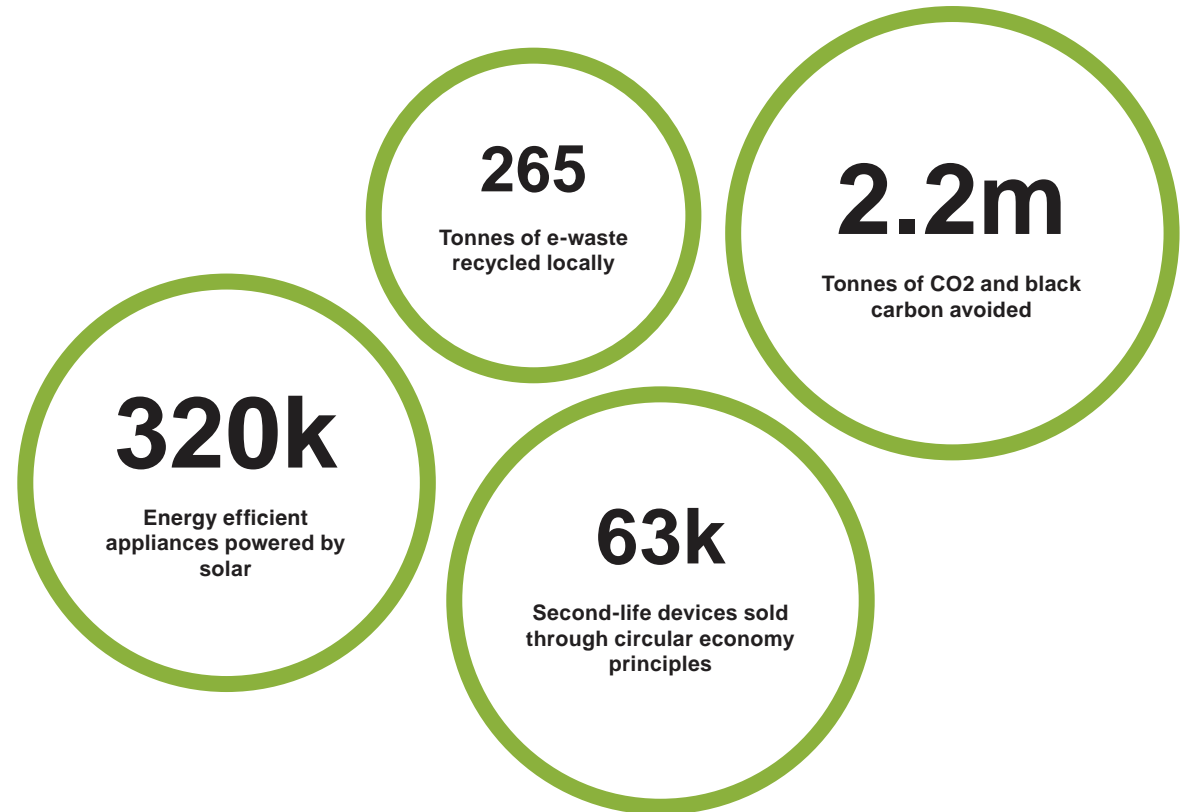
Green



Green

Despite contributing the least to climate change, **people in the developing world are feeling its impact the most** — exposed to intensifying heat, disrupted rain cycles, and resulting economic shocks.

At M-KOPA, we see two drivers of our ability to support an inclusive economy and sustainable transition for the planet.



Pro-Climate Products

Kerosene lanterns emit potent greenhouse gases. Just one lantern burns the equivalent of nearly 500 pounds of coal per year, or 50 gallons of gasoline⁸. Scaling that across more than 1,000,000 homes, customers’ switch to solar amounts to over 2,000,000 cumulative metric tonnes of carbon dioxide and black carbon avoided.

Even more, our solar systems currently power more than 320,000 TVs and Fridges, representing a step-change in customers’ quality of life and use of modern energy services.

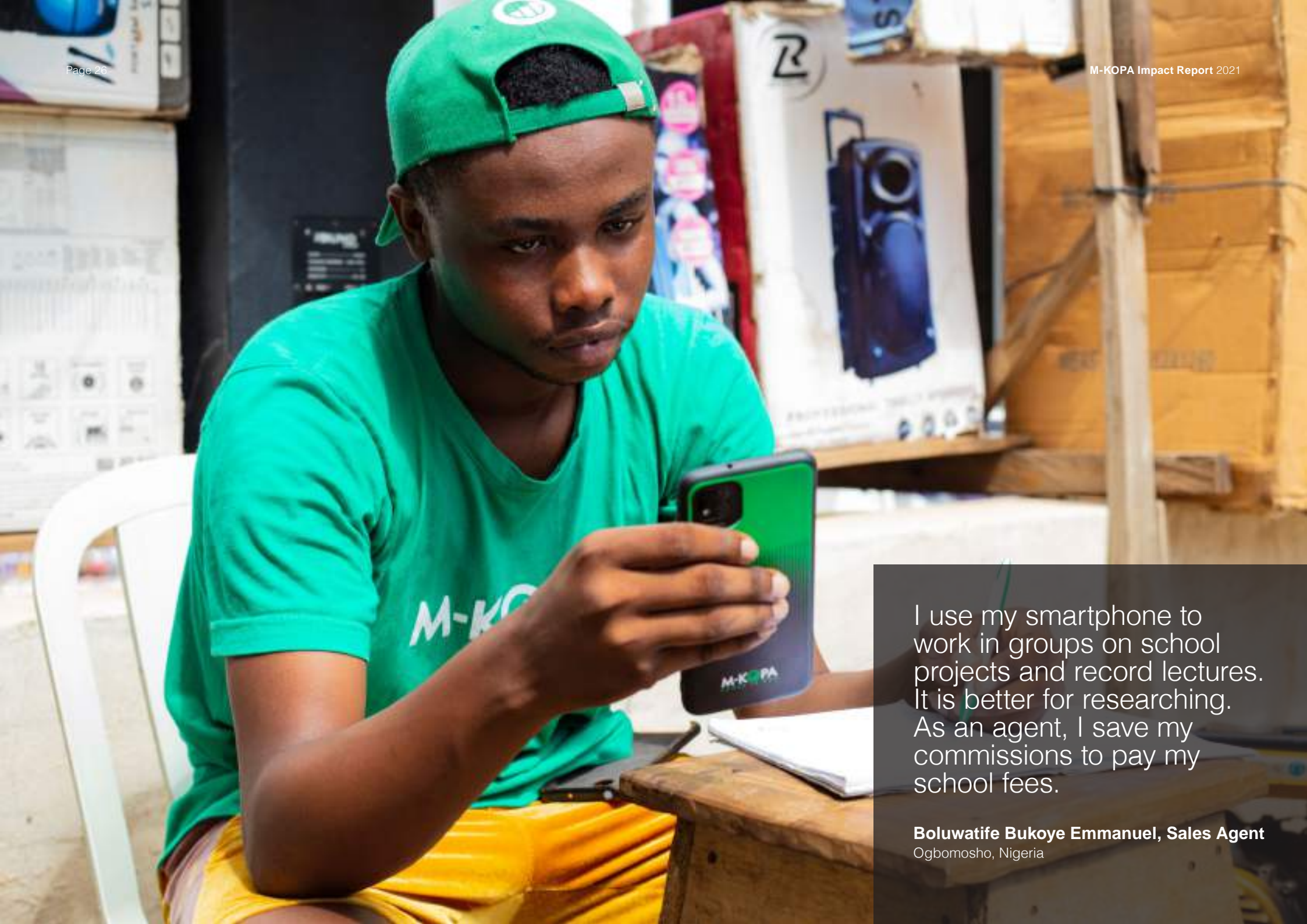


Responsible Consumption

M-KOPA has been at the forefront leading the sector to prioritize e-waste recovery and mitigation initiatives. We have invested in a local refurbishment facility and employ over 30 technicians to produce second-life devices true to circular economy principles. M-KOPA has also invested in repair and refurbishment capability of other products like smartphones.

For materials that cannot be restored, we partner with local e-waste recyclers, who have collectively recycled 265 tonnes of recoverable materials. We are encouraged to see these practices support job creation further along the sustainability value chain, too.

⁸ EPA Greenhouse Gas Equivalencies Calculator



I use my smartphone to work in groups on school projects and record lectures. It is better for researching. As an agent, I save my commissions to pay my school fees.

Boluwatife Bukoye Emmanuel, Sales Agent
Ogbomosh, Nigeria

Change Agents

Africa has the world's youngest population, with 420 million able to contribute to the continent's growth. Regrettably, only 15% will access a formal job.⁹



New Form of Livelihood

Challenged by access to education, vocational training, and even location, aspiring entrepreneurs are gravitating to M-KOPA for stable incomes generated through sales of smartphones, solar lighting systems, and TVs.

Our direct sales representatives (DSRs) have proven to be a force for good. They have impacted more than 4.5 million lives with life-changing products and serve as community coaches, guiding on the benefits of the pay-as-you-go model and how to navigate basic smartphone apps.

Put simply, they are on the front lines changing customers' lives, and their very own.

Gaining Momentum

The transformation is booming. By the end of 2021, some 10,000 agents were actively reaching community members across Kenya, Uganda, Nigeria and Ghana - double the number in 2020 and quadruple that for 2019.

Opportunity for Anyone, Anytime

Each month, more than 1,000 individuals come to M-KOPA as either un- or under-employed seeking a new prospect to support livelihoods. Agents undergo a training and buddy program and get immediate access to products for selling, without any need to purchase up-front. They often choose to access a smartphone at subsidized rates from M-KOPA for continuing education, too.

Through this 'anyone, anytime' model, we have dispensed \$40 million in commissions to agents since 2017.

Agents are:

Young, with 60% being 30 years or younger



Rural or urban poor, with deep social networks in hard-to-reach areas



Of any background, with no barriers based on prior education or employment.



Reaching 20 Million

By 2026, M-KOPA will serve the credit needs of 20,000,000 customers across Africa.

On this journey, we are tracking our performance relative to the United Nation's Sustainable Development Goals, a cornerstone set of seventeen goals aimed at transforming our world by 2030.

The myriad of financial benefits tied to credit provision to the underbanked have linkages with a wide spectrum of SDGs.

At the core of our strategy, we focus on select initiatives for which we strongly believe responsible credit provision can create long-lasting impact toward a more sustainable, inclusive future.





Priority Goals and Targets



20 million customers



\$7 billion credit unlocked



100,000 active agents in the market



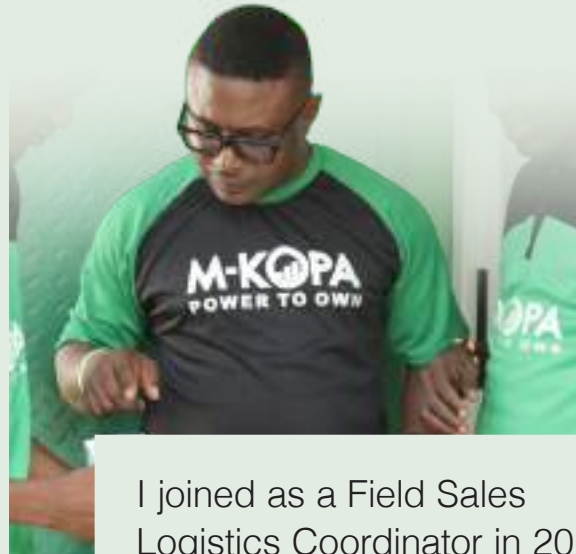
2.5 million metric tonnes of CO2 avoided

M-KOPA Stories



I joined M-KOPA as an engineering intern and have risen to Engineering Manager. With support from the company, I have been **able to access platforms and information** that challenged me to step outside my comfort zone and I have upskilled through the education benefit.

Berita Nduvya, Engineering Test Manager
Nairobi, Kenya



I joined as a Field Sales Logistics Coordinator in 2019. As a High Flyer **I gained certifications in supply chain management** that have helped to improve the efficiency and results of my job. This helps our team achieve more sales.

Femi Okoro, West Africa Retail Coordinator
Lagos, Nigeria



Never did I believe when joining M-KOPA 6 years ago as a customer care agent that I would be able to receive the **coaching and support to become manager** of the whole team.

Hakah Ayesiza, Sr. Manager, Customer Care
Kampala, Uganda

Our People

Since 2019, we have grown from 822 people to over 2,000. We have welcomed colleagues across Nigeria, Ghana, Poland, Ireland, Botswana, and elsewhere, bringing expertise and a diverse range of skills including app development, data engineering, consumer data protection management, supply chain optimization, and more.

Much of this growth occurred in 2020 and 2021 as M-KOPA significantly increased employment, despite trying economic conditions. In fact, the years of COVID alone account for 75% of growth, with the number of full-time jobs in Africa doubling over that period.

In that time, M-KOPA boldly embraced the global shift to remote working – putting in place systems, tools and infrastructure to enable everyone to be able to work from home and continue to impact customers' lives.

Diversity & Inclusion

Inclusion is a journey driven by company leaders, and that is why we committed to increase representation and diversity at the top. We have nearly doubled diversity in our senior management since 2018, and are actively working to continue this trend.

At the core of this pledge sit three initiatives to balance our workforce and embed equitable growth measures for all.

01. Development & Progression

The first initiative creates growth pathways and support systems for women and other underrepresented groups to step into management and senior management positions.

In 2019, we kick-started a High Flyer program to support enterprising employees with a personal Learning & Development allowance for which we have invested over \$650,000 of funds. Crucially, more than 15% of Highflyers have progressed to a higher-level position in 2021, and nearly 50% of participants are women.

In response to employee feedback, in 2020, we launched CROME, a cross-mentoring program to share and build skills throughout the organization. In its first two years, 245 staff members received training for 33 different skills, ranging from Excel hacks, public speaking, statistical programming and more.

02. Engagement

We view engagement as the best feedback that employees have found a home at M-KOPA.

In 2020 we invested in our listening channels to understand factors such as company confidence, quality of check-ins, culture and more. We are encouraged to see a >90% participation rate each year, with Engagement holding at 83% in 2020 and 2021, ranking us in the top 10% of companies globally.

03. Women's Initiative

We recognize that structural barriers at home and work negatively impact the number, success, and retention of talented women in workplaces around the world, including at M-KOPA.

To support women to succeed, grow and contribute more, we launched the Women's Initiative in 2018 with the aim to address women (and men's) needs through three programs:

- Women Connect to bridge women across offices to connect over shared experiences, build relationships, exchange advice, and give support.
- Women Lead to provide dedicated coaching and mentorship between female senior leaders and aspiring High-Flyer participants.
- Families Thrive to provide a safe space and dialogue about building and raising families while working. Thus far, we have hosted five speaker events covering mental health, domestic violence and raising children with special needs, with over 730 women and men taking part.

Across all these initiatives, we are listening, learning and taking action to support the people who support our customers.

	2019	2020	2021
Our People (Full Time Equivalents)	984	1,139	2,028
Kenya	692	777	1,305
Uganda	212	249	426
Nigeria	21	39	105
Ghana	-	-	16
Other markets	59	74	176
% women (all FTE)	50%	50%	48%
% women in leadership*	>20%	31%	34%
New jobs created	61	297	624
Employee Engagement	72%	83%	83%
High Flyer Inductees	47	81	76
% women	43%	49%	46%
% promoted thereafter	15%	7%	16%

*Permanent employees in leading positions, setting strategic goals and making decisions on M-KOPA operations



Inclusive Credit Principles

At M-KOPA, we believe everyone has the right to access financial services with fair and transparent pricing. That's why we focus on building a credit platform that meets customers' needs and simultaneously enhances lives.

Customer-Centric Approach

M-KOPA leverages the power of digital payments and IoT connectivity to make credit accessible to typically underserved customers, with a lending model that is specifically designed to suit their financial realities. The fundamentals underpinning our approach:

- 01. Inclusive:** Without a formal credit history or guarantor, any individual can take home an asset following payment of a modest deposit. This approach enables us to service customers that are typically excluded.
- 02. Flexible:** Customer can choose the size and frequency of their payments to best match their cashflow cycles. We understand that customers may miss payments occasionally. We do not burden them with exorbitant penalties and give them options to keep using their product while they get back on their feet.
- 03. Fair:** Customers who are unsatisfied with their product, struggling to keep up with payments or wish to cancel for any reason may return their device anytime for a full deposit refund thus releasing them from responsibility for further payments.

Fair & Transparent Pricing

Taking care to ensure customers can afford their asset, we provide detailed information on the product, service, and payment plan. What is advertised is what customers pay, always.

Consumer Data Privacy

Our sales and after-care processes are designed to ensure customers understand the payment terms, their rights and obligations, communicated multiple times in easy-to-understand language, particularly on the topic of data use and privacy.

All consumer protection and privacy policies adhere to leading industry standards and relevant laws and regulations governing customer data privacy. M-KOPA only collects, uses, retains and shares personal information that is necessary for the stated consumer service and legitimate interests of the business.

Assurance & Acknowledgements

M-KOPA is committed to a consistent, industry-aligned approach to impact measurement.

Approach

All impact estimates are based on the principles outlined in GOGLA's Standardized Impact Metrics for the Off-Grid Solar Energy Sector, aligned with the IRIS Metrics.

They have been calculated based on the distribution of M-KOPA products sold directly across East and West Africa, with underlying variables based on customer surveys from Kenya, Uganda and Nigeria and analytics gathered through our business intelligence platform.



<https://www.gogla.org>

Assurance

To hear customer voices in equal measure, we partnered with 60 Decibels, a leading impact measurement company. From a randomized sample, 60 Decibels conducted 916 phone-based surveys with M-KOPA smartphone, solar, and cash loan customers in Kenya, Uganda and Nigeria.

Survey insights form the basis for market-specific impact estimates, which were then weighted to account for portfolio-level figures.



<https://60decibels.com>



M-KOPA
POWER TO OWN

+254 (0) 707 333 222
info@m-kopa.com
www.m-kopa.com