

INNOVATIVE CREDIT FOR MSMEs

Moderator: Edmund Higenbottam - MD, Verdant Capital
Geoffrey Acini - Regional CEO, Flow Global
Rafiq Suleman - CFO, Watu Uganda
Manuela Böck -CFO, Altech

16 November 2022

16h45-18h00

Background on WATU as a Group

- Started operations in 2015 to create a solution for the challenges faced by Africans in accessing affordable and flexible financing
- One of Africa's fastest growing asset finance companies with operations in seven African countries and growing
- Headquartered in Mombasa, Kenya; 3,000+ employees
- 400,000+ loans disbursed

Background on WATU in Uganda



- Expanded to Uganda in 2019, the second market for Watu in Africa
- Focus on secured lending of two-wheeler motorcycles to borrowers who are typically boda-boda (motorcycle taxi) operators
- Currently have over 55,000 active loans with a portfolio value of over US\$50 million across 18 branches

Problems intended to resolve

- Loans were provided mostly by traditional financial institutions with very stringent measures
- Very hard to access asset finance for lower value assets; alternative was predominantly to rent informally
- Cash payments, with generally no pathway to asset ownership, economic independence, or financial history
- No emphasis on mechanical condition or road safety





Core product and how it is differentiated

- Watu leverages speed and technology to provide a continuously improving experience for our customers
- Issue motorbike loans in two hours or less, allowing borrowers to immediately start generating an income from the asset and fulfill their dreams of becoming entrepreneurs
- Full transparency in the loan issuance process and adequate customer support throughout loan duration

Core product and how it is differentiated



- Additionally, Watu uses alternative methods of assessing portfolio quality and client repayment performance, offering more flexibility to the customer and increased chances of asset ownership
- Building a mobility ecosystem that drives financial inclusion to the unbanked and underserved while promoting digital payments, financial literacy, and increasing regulatory and safety compliances



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connecting the inclusive finance world



altech
energie du moment

Altech Group

DRC's leading PAYGo energy company



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PLATFORM
NETWORKING WITH THE WORLD





Altech today

300k+ Products distributed

1.5m+ Lives improved

320k+ tCO2 avoided

3k+ Jobs created

\$10m+ Accumulated profits

Based on 5 key principles

1.

Best product offerings

2.

Best customer service

3.

Healthiest portfolio

4.

Highest revenues

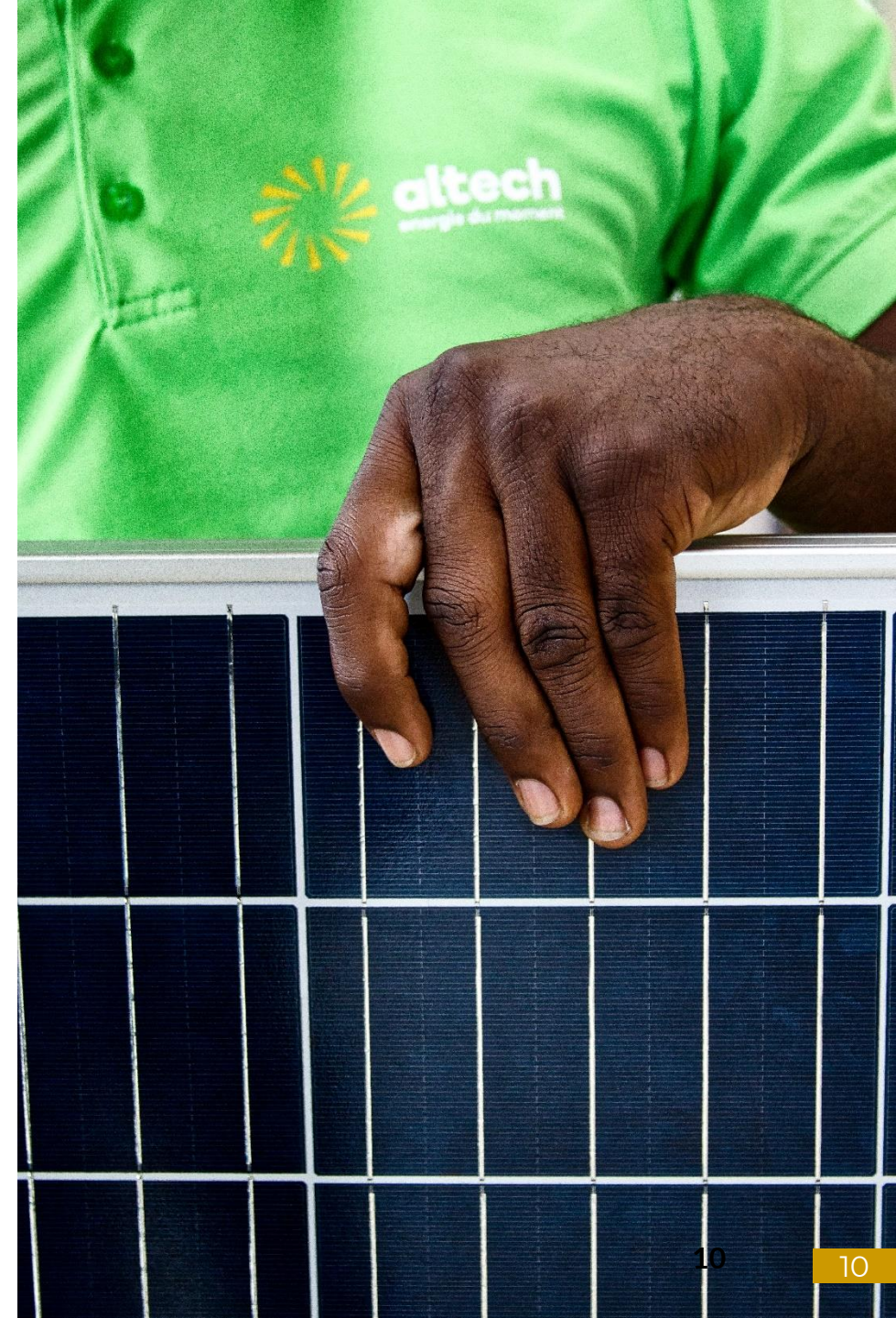
5.

Highest profit margins

Best product offerings

Giving customers a grid-like experience

- Only selling products of the highest quality
- Longest working hours
- Tailored configurations





Best Customer Service

- Multiple contact points
- Fastest response time
- Free product lifetime repairs

Healthiest Portfolio

- Selecting the right customers
- Building trust relationships
- Ensuring customer happiness





Highest revenues

Diverse product portfolio

- Having the right solution for every customer
- Serving customers across all income levels
- Unlocking additional services

Highest profit margins

To build a self-sustaining company that leads DRC`s green economy

- Focus on profitability from day one
- Gross margins of 60%+
- Lean operations that only grow in line with sales





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Exciting Times!

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NETWORKING WITH THE SOUTH

A man wearing a denim jacket and a camouflage-patterned cap is working in a mobile phone shop. He is surrounded by shelves filled with various mobile phone accessories, including cases and chargers. In the foreground, a hand is seen holding a stack of banknotes, likely a transaction.

FLOW

**CATALYSING SMALL
MERCHANT GROWTH
IN EAST AFRICA**

November 2022



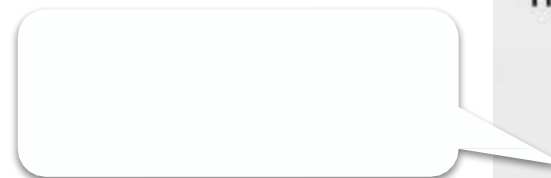
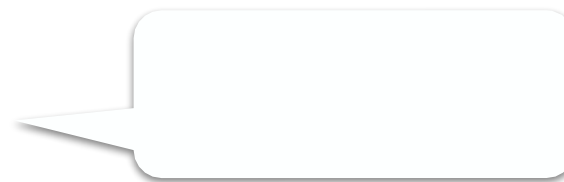
I make 10-15% per week, but I don't have collateral & you need collateral nor bank to come to a credit history

The Problem -

Retail merchants in emerging markets lack financing



>180 million micro and small retail merchants across the developing world distribute 80%+ of all goods and services.



Despite their central role and the **high margins** they achieve, **traditional banks neglect merchants**. As a result, retail merchants in East Africa are unable to achieve their full potential and the growth of the entire economy is constrained.



Massive Transformation - Merchants are digitizing across the globe

- Digitizing through digital payments, mobile money, e-commerce, inventory mgt. etc.
- Lots of tech companies focus on this digitization + have raised funding to further drive it.

Kenyan e-commerce company Copia Global raises \$50M to ramp up African expansion

Tage Kene-Okafor

@ulonnaya / 7:33 AM GMT • January 19, 2022



Sequoia Heritage, Stripe and others invest \$200M in African fintech Wave at \$1.7B valuation

The largest Series A in Africa by a long shot is geared toward taking on telecom-led mobile money

Tage Kene-Okafor @ulonnaya / 7:00 AM GMT+1 • September 7, 2021



>>> **Game changer** as this provides actionable data as well as instant digital payment rails

The Solution -
GROWTH financing for
digital business activities



Focus on **visible cash flows**
& **future potential**. We merge
cutting edge **FinTech** with a **human touch**.

Powered by
the **Flow**
Liquidity
Engine™

Scoring



Products



Field



Payments



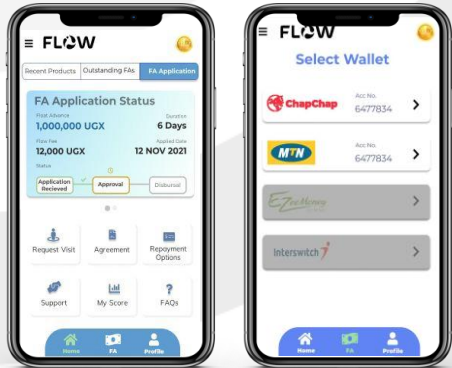
APIs, machine learning

Business model: flat fee
calculated as $\frac{1}{5}$ of the
marginal profits achieved
by merchant through
Flow liquidity.

Distribution Model -

Leveraging data, technology and targeted human touch

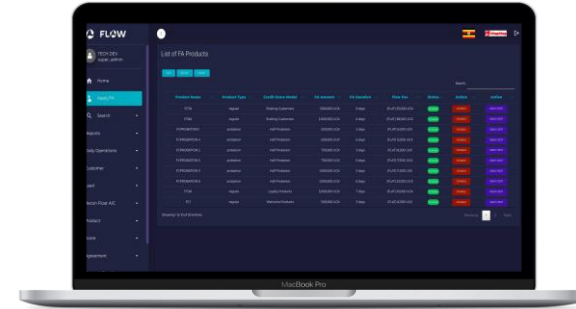
Digital
Engagement



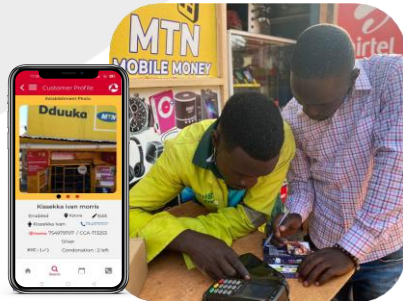
Raw Data
(mobile money transactions)



Flow
Liquidity Engine™



Credit Profile & Products



Physical Engagement

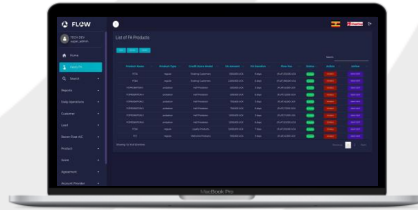


The Flow Liquidity Engine*

Unique technology platform for bringing growth to small merchants

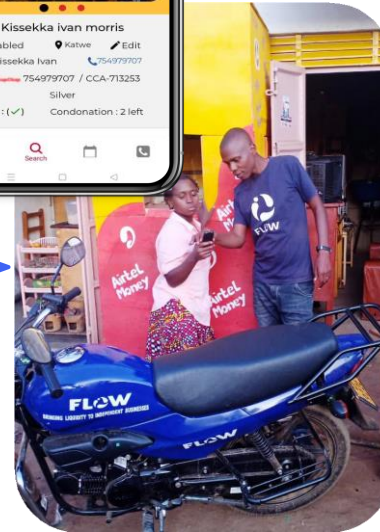
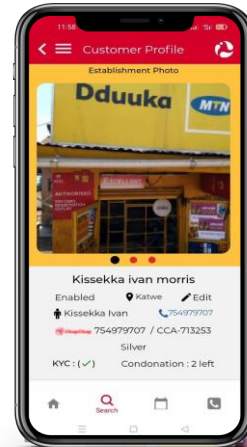
Backend

Digital lending platform: enabling financing of merchants at scale



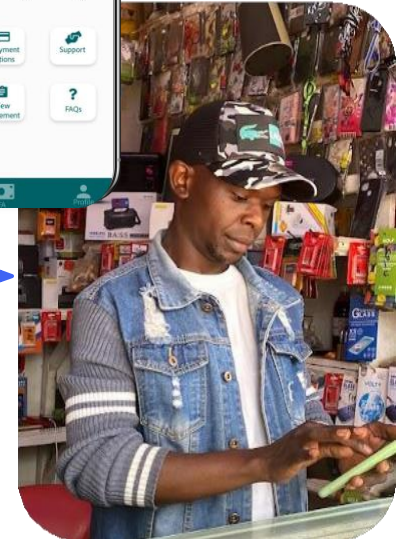
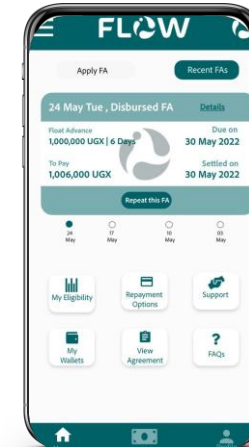
Field app

Powering field force to deliver targeted human touch



Front end

Smooth interaction in combination with human channel



Flow Ops entity



3rd parties:
lenders,
e-commerce
platforms

- KYC checks
- Analytics
- Product development
- Loan management
- Payments
- Risk management
- Scoring, decisioning



Traction

Disbursed >\$30M
of which 99.74%
recovered



Model proven in Uganda, now scaling
ARPU > \$245 per
year, CAC \$7



October 2022:
disbursed 11981
loans worth
\$3.24M of which
only 32 (0.24%)
were not repaid
on time

Live in major
ecosystems



>240k merchants

15% monthly
business growth



revenue grown
7x since Jan'22

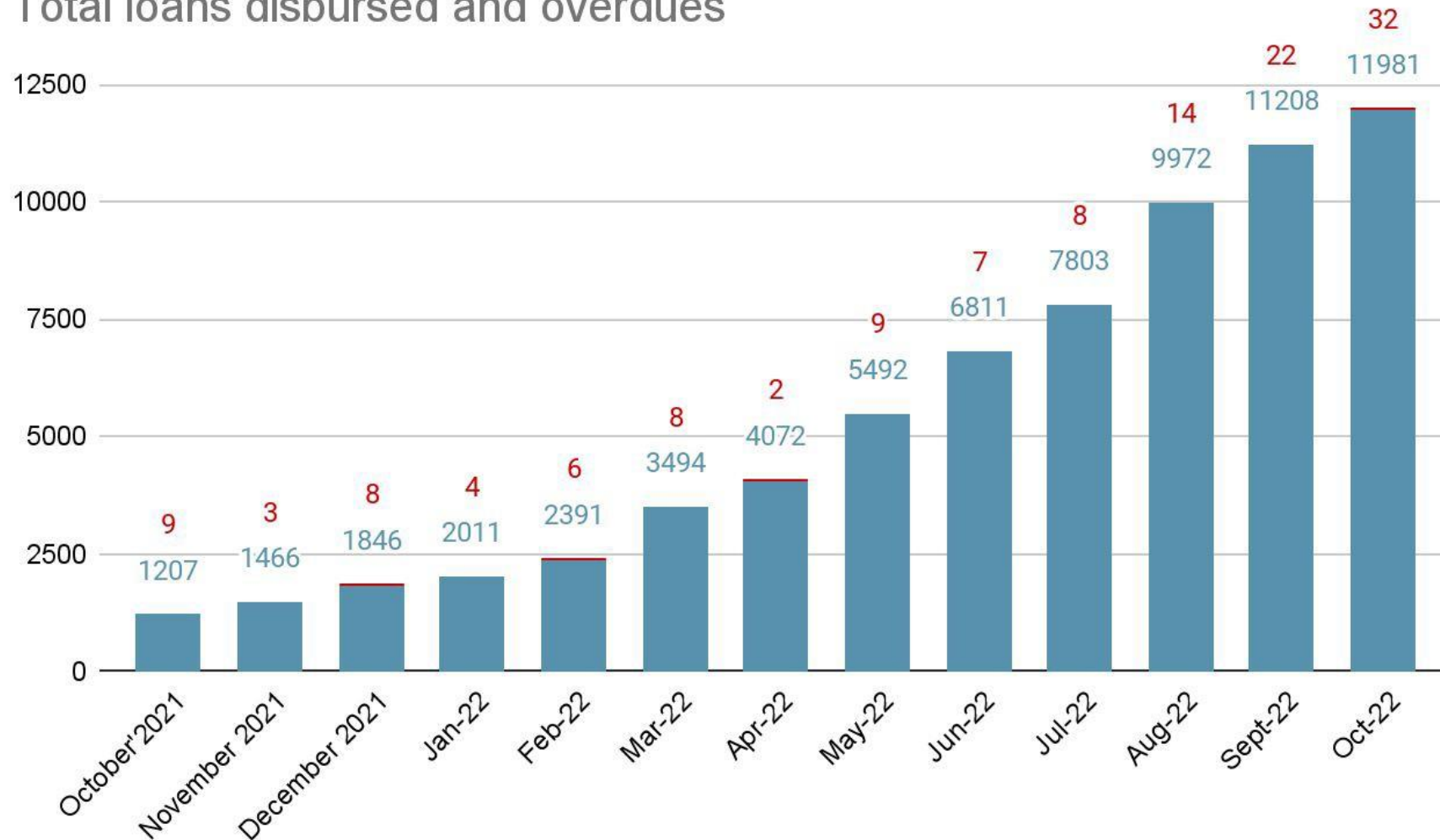
Microfinance
Licence Uganda



Central Bank
licence Rwanda



Total loans disbursed and overdues



New overdues consistently under 0.2%.
PAR > 90 of monthly cohorts under 1%.

Monthly cohort analysis

2022	PAR 30	PAR 90
January	0.46%	0.41%
February	0.33%	0.28%
March	0.56%	0.52%
April	0.07%	0.04%
May	0.23%	0.21%
June	0.19%	0.18%



I'm Phiona Amandrua,
I love how Flow
increases my business

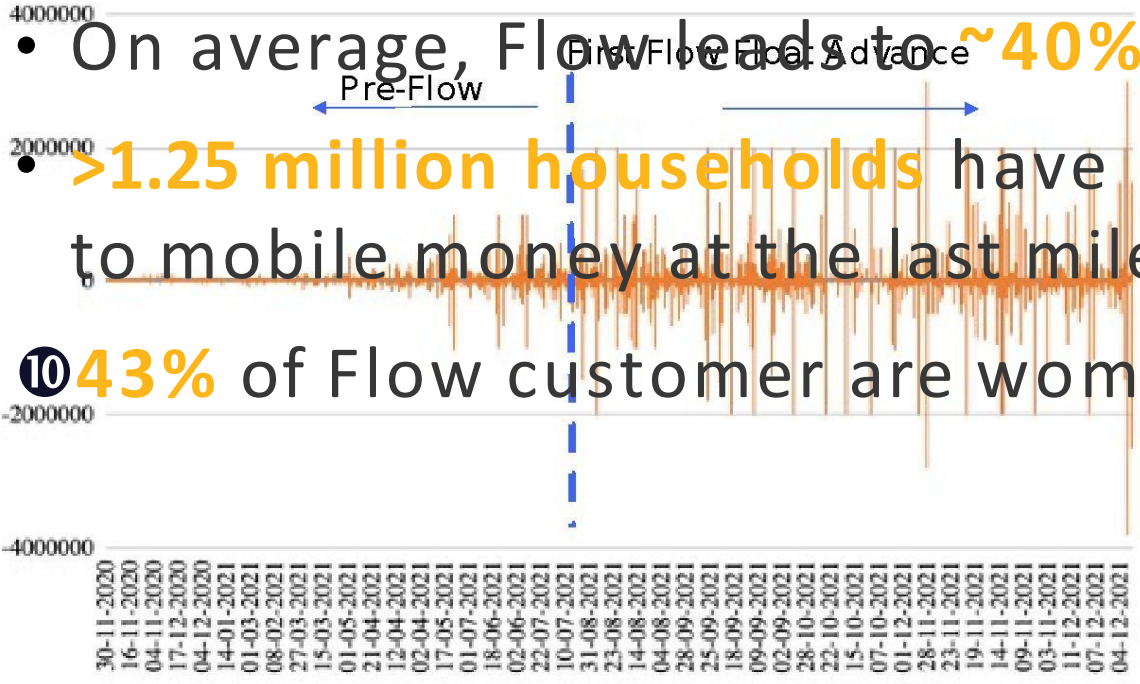
Impact (I) - Commercial and social objectives aligned

• For **every \$** invested in our portfolio, they generate **4\$ worth of income** over 12 months.

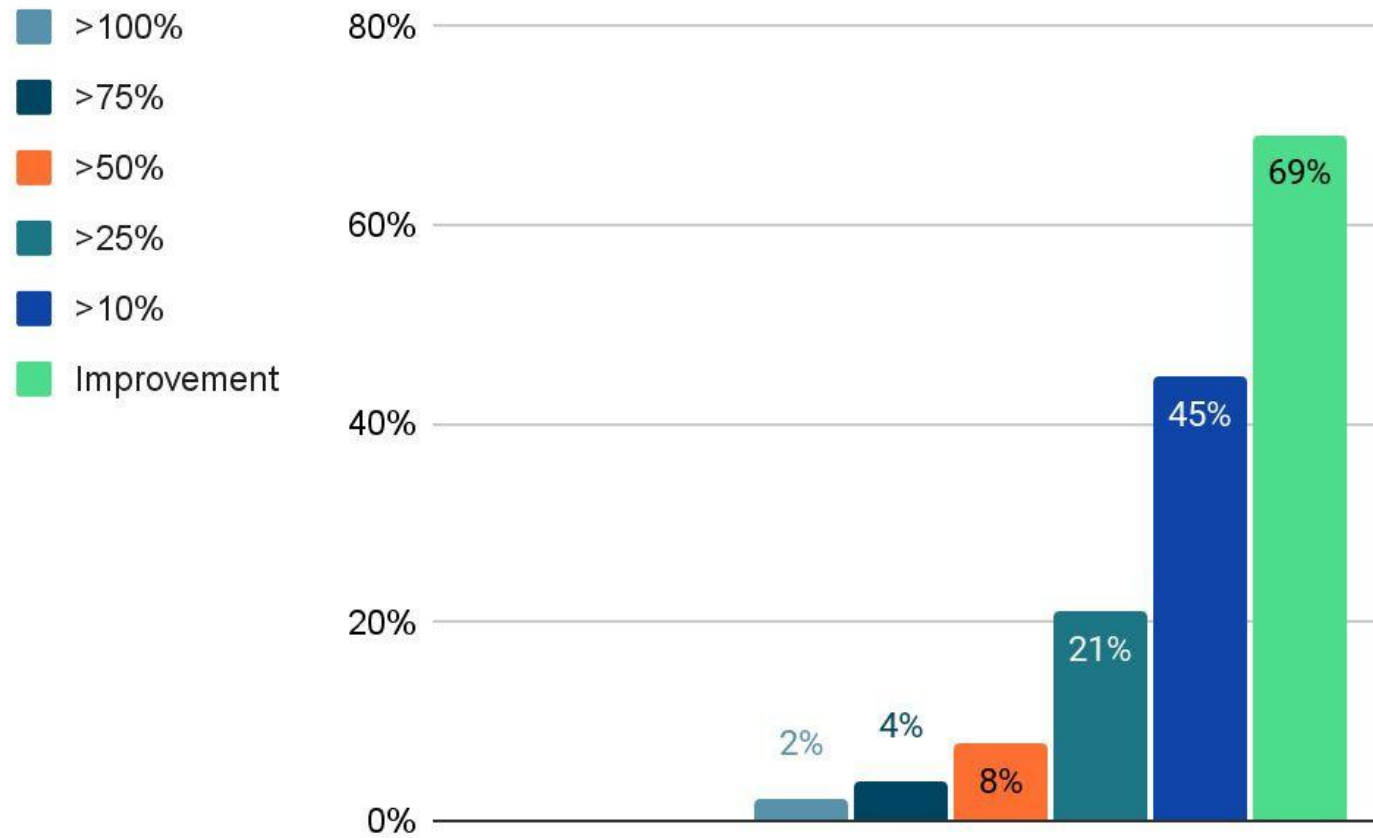
• On average, Flow leads to **~40% increase** in digital transactions.

• **>1.25 million households** have benefited through better access to mobile money at the last mile.

10 **43%** of Flow customer are women



Average increase in MM commissions





Customer retention - Our customers love us and stay with us

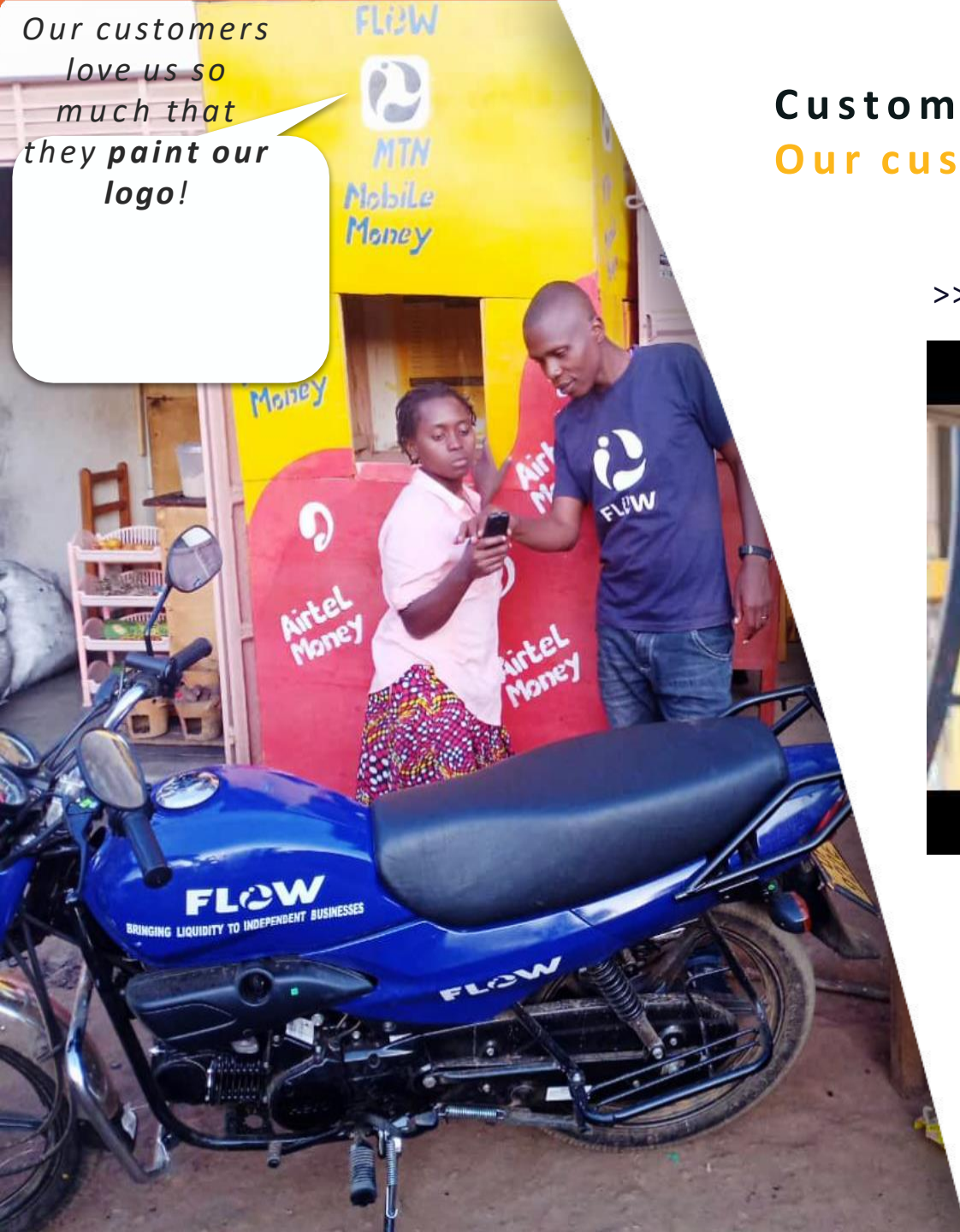
>>> Customer testimonial videos [click on image to play]



93%

active customers

[>1 or more loan(s) in
the last 30 days]



Our customers
love us so
much that
they **paint our
logo!**



The Team -

Passion for & track record in **small business finance**



Nitin Garg
Co-Founder

* >12 years driving FinTech for the masses innovations in emerging markets, advised 40+ banks (e.g. Standard Bank, Equity Bank) * MicroSave & The World Bank * endorsed by UK Gov as Exceptional Talent



Geoffrey Acini
Regional CEO

>10 years driving FinTech innovations in East Africa



Sateesh Kumar
CTO

Polyglot & diversified technology professional with >13 years of web & mobile app expertise



Daisy Atuhaire
Head of Risk

>10 years audit & risk in microfinance



Juliet Lucima
Head of Legal
>8 years legal practice in digital economy, including for Airtel Rwanda



Michael Rothe
Co-Founder

* previous FinTech in Uganda with 300,000 wallets, >3000 merchants * As Central Bank Adviser, helped lay foundations of FinTech in Uganda * started career at Citi Inclusive Finance *



Praveen Saldanha
COO

> 16+ years in mobile money distribution in East Africa

Affiliations



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