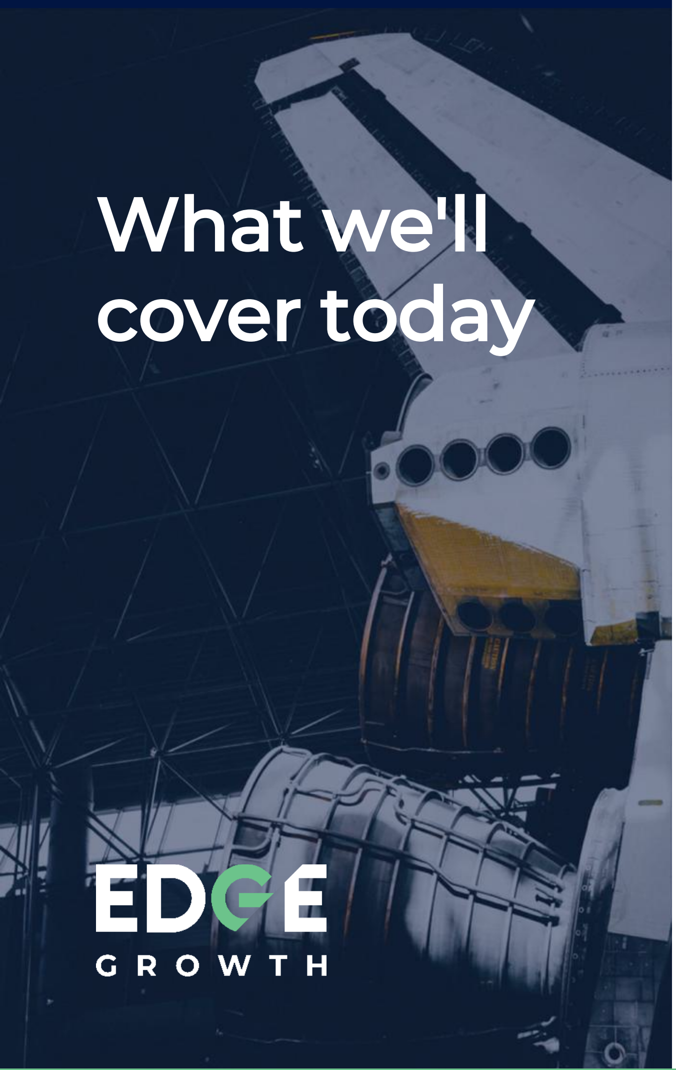
Fueling Success

Navigating Access to Funding for Next Level Growth

EDGE GROWTH



What we'll cover today

1. The Landscape
2. Choosing Your Path
3. Understanding Funders
4. Getting Investment Ready
5. Building Relationships
6. Taking Action

Fundraising Expectations vs Reality

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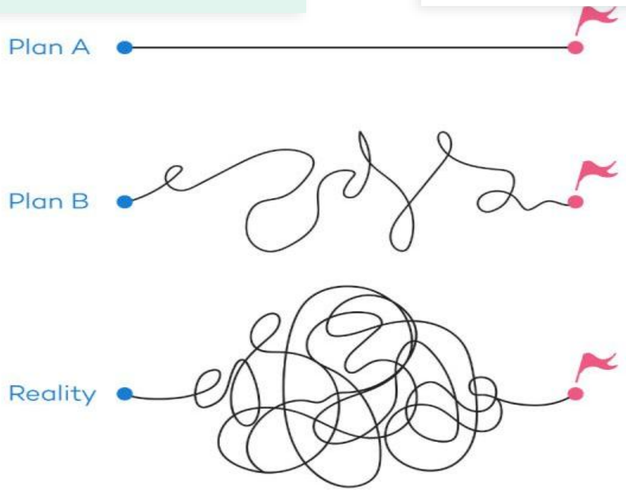
EXPECTATION

Smooth funding journey with quick approvals and eager investors

VS

REALITY

Complex process requiring deep preparation, patience, and strategic alignment



Most fundable SMEs fail to get funded — and it's rarely about the business

70%

of SMEs cite access to finance
as their biggest barrier to growth

Source: Edge Growth SME Survey

You've proven the model

The hard part is behind you.

You've survived the early stage

Traction exists. The story is real.

Can you prove you are ready to scale?

The business is not the problem. The preparation is.

Why You're Not Getting Funded

The uncomfortable truths founders rarely hear

01 — **You're talking to the wrong funder**

Mandate mismatch kills deals before they start. Sector, stage, ticket size, and instrument must all align.

02 — **Your numbers don't support your story**

Inconsistent financials, unexplained gaps, or projections with no basis erode confidence.

03 — **You're raising the wrong instrument**

Asking for equity when your cash flows suit debt — or asking for patient capital from a commercial bank. Know the fit.

04 — **Your governance signals risk**

Mixed personal and business finances, no shareholder agreements, unclear decision-making. These are red flags.

05 — **You're not actually scale-ready yet**

Traction exists but the systems, team, and structure to absorb capital safely are not yet in place.

Where you are vs what funders expect

Getting into the portfolio proves viability — the question now is readiness to receive capital

IDEA	START-UP	EARLY	GROWTH	SCALE UP
Concept validation	Early traction	Proving the model	You are here	Market position
R0 – 500K	R500K – R2m	R2m – R10m	R10m – R50m	R50m+

Founder mindset	Funder mindset
Survival metrics — "We haven't missed payroll" or "we're breaking even this month"	Scale metrics — gross margin trend, revenue growth rate, customer retention
Founder as operator — you're still doing sales, deliveries, marketing yourself	Founder as CEO — you have a team that runs without you being in every room
Vision-led story — "we just need the capital to unlock the opportunity"	Execution proof — contracts, repeat customers, 3 years of audited financials

You've already earned your place at the table

Not all capital is the same

Choosing the wrong instrument wastes time, burns relationships, and kills momentum

GRANTS

✦ **Best for:** Early-stage, specific mandates, non-dilutive

No repayment required — but competitive and conditional

DEBT

✦ **Best for:** Revenue-generating businesses with cash flow

Retain equity — but must service the debt

EQUITY

✦ **Best for:** High-growth, asset-light, long runway

Access to expertise & networks — but dilutes ownership

BLENDED

✦ **Best for:** Complex transactions, bridging risk gaps

Combines grant + debt + equity to de-risk deals

The instrument you choose signals how well you understand your own business

Match the instrument to the business reality

DEBT

CONSIDER WHEN:

- → Predictable, recurring cash flows
- → Asset-backed business
- → Already generating revenue
- → Want to retain full ownership

BE CAUTIOUS IF:

- ✕ Early-stage with no revenue
- ✕ Business is asset-light
- ✕ Negative DSCR / over-leveraged

EQUITY

CONSIDER WHEN:

- → High-growth trajectory
- → Long runway to profitability
- → Strategic value beyond capital needed
- → Scalable, asset-light model

BE CAUTIOUS IF:

- ✕ Stable, cash-generative SME
- ✕ Founder unwilling to dilute
- ✕ No clear exit pathway for investor

BLENDED

CONSIDER WHEN:

- → Too risky for pure debt
- → Too early for pure equity
- → Development mandate aligns
- → Sector-specific DFI interest

BE CAUTIOUS IF:

- ✕ Simple capital structures preferred
- ✕ No appetite for complex agreements

Funders read your instrument choice as a signal. Getting it wrong tells them you don't know your own business.

What does a capital stack actually look like?

A hypothetical SME at scale-up stage — R8m revenue, positive cash flow, R3m in assets

SME PROFILE	
Annual revenue	R8 million
Monthly cash flow	Positive (R180K avg)
Assets	R3M (equipment + stock)
Employees	22 permanent staff
B-BBEE level	Level 1, 100% black-owned
Sector	Light manufacturing
Stage	Scale-up (4 years trading)

DEBT

R4M facility

Edge Growth / Abadali Fund

Strong fit

Why it works

Positive cash flow covers debt service. Asset base provides security. Ownership retained in full.

Key terms

- Repayment over 48–60 months
- Secured against equipment
- DSCR of 1.4× at current revenue
- No equity dilution

Must maintain cash flow discipline throughout term

EQUITY

R5–8M raise

Growth PE / VC fund

Conditional fit

Why it works

Viable if founder is targeting aggressive expansion and willing to dilute 20–30% for strategic partnership.

Key terms

- 20–30% equity stake
- Board seat likely required
- Exit horizon 5–7 years
- Value-add beyond capital

Not ideal if business is stable — equity is expensive capital for steady SMEs

BLENDED

R4M (grant + debt combo)

NEF Blended / Jobs Fund

Strong fit

Why it works

B-BBEE profile + job creation metrics + sector align with DFI mandate. Grant component reduces cost of capital.

Key terms

- 30% grant / 70% loan structure
- Job creation covenant (10+ jobs)
- Sector & impact reporting req.
- Longer approval timeline

Requires patience — 3–6 month approval cycle and detailed impact reporting

The right answer for this SME today is debt. Capital strategy evolves — yours should too.

How funders actually read your deal

Most founders over-prepare for the financials. Almost none account for mandate fit.

1

Financial Viability

Can this business repay or return capital?

Revenue trends, margin quality, cash flow, debt service

2

Management Quality

Can this team execute?

Track record, sector expertise, governance, adaptability, bench strength.

3

Mandate Fit

Does this fit our box?

Sector, geography, stage, impact metrics, ownership profile, ticket size.

Most founders over-prepare for Lens 1. Almost none account for Lens 3.

What actually happens after you apply

Most founders underestimate how long this takes — and what's happening on the other side of the table

01 Initial Screen

⏱ 1–2 weeks

What's happening
Funder checks mandate fit: sector, stage, ticket size, ownership profile. Most rejections happen here — before anyone reads the deck.

What you need ready
Clear executive summary. Correct instrument requested. Mandate alignment obvious upfront.

INSIDE THE ROOM
If you're not in the right box on page one, the rest doesn't get read.

02 IC Memo Prep

⏱ 2–4 weeks

What's happening
Investment team builds the case internally. They stress-test your numbers, check references, model downside scenarios.

What you need ready
Clean financials. Defensible projections. Responsive to information requests — fast.

INSIDE THE ROOM
Delays in responding to DD requests are noticed. Slow founders signal operational weakness.

03 Due Diligence

⏱ 3–6 weeks

What's happening
Legal, financial, and operational verification. Third-party audits, site visits, management interviews, reference checks.

What you need ready
Data room ready. No surprises. Know where every number in your model comes from.

INSIDE THE ROOM
Funders expect to find issues — how you respond to them builds or destroys confidence.

04 IC Approval

⏱ 1–3 weeks

What's happening
Investment committee votes. Your deal is one of several on the agenda. The memo speaks for you — you're usually not in the room.

What you need ready
Everything consistent: memo matches deck matches financials matches what you said in meetings.

INSIDE THE ROOM
Inconsistencies between documents are red flags. The IC will find them.

05 Legal & Disbursement

⏱ 3–8 weeks

What's happening
Term sheet negotiation, legal drafting, conditions precedent. Capital only moves once all CPs are cleared.

What you need ready
Legal counsel. Shareholder agreements in order. Board resolutions ready. CPs understood upfront.

INSIDE THE ROOM
This stage kills more deals than any other. Governance gaps surface here

Total realistic timeline from first contact to disbursement: 3 – 4 months. If it moves faster, you're ahead

What funders respond to — and what they don't

WHAT FUNDERS RESPOND TO

Clarity of ask
State amount, purpose, and expected return in 2 sentences.

Evidence of traction
Revenue growth, customer retention, orders secured — show momentum.

Defensible projections
Base case, upside, downside. Show you've stress-tested your own numbers.

Honest risk acknowledgement
Name the risks — then tell us your mitigants. Shows sophistication.

WHAT FUNDERS DON'T RESPOND TO

Vague language
"We're disrupting the market" without data tells funders nothing.

Overinflated projections
5x growth with no explanation of how. Kills credibility instantly.

Can't answer follow-ups
Know your model. Funders will probe. Hesitation reads as uncertainty.

Treating it as a pitch
Come in to have a conversation, not to perform. Listen as much as you talk.

The relationship is the head start

By the time you submit an application, the funder should already know your name

YOUR FOCUS

01 **Map the landscape** -Identify 3–5 funders whose mandate matches your stage and sector. Research them deeply

02 **Initiate pipeline conversations** - Request an introductory meeting — not to raise capital, but to understand their focus and share your vision.

03 **Show up consistently** - Industry events, sector forums, DFI-hosted workshops. Be visible in the spaces funders occupy.

04 **Build through intermediaries** - Advisors, lawyers, other portfolio founders. Warm introductions move 10x faster than cold outreach

05 **Come in with context** - By the time you submit an application, the funder already knows your name, trajectory, and integrity

THE OUTCOME

When you enter a funder conversation already known to them — through an advisor, a shared event, or a portfolio peer — the friction drops significantly. The due diligence process still happens, but trust is already partially established.

Founders who build funder relationships before they need capital consistently report shorter timelines, better terms, and more candid feedback during the process. The relationship is the head start.

You can't build this relationship the week you need the money.

THANK YOU

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Philani Mzila

Investment Principal