



IMPACT

REPORT / 2023



EDGE
G R O W T H

Leading **Growth.** Igniting **Impact.**



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What we do

Economic inequality is everywhere, and despite decades of democracy in South Africa, it's still one of the most unequal societies in the world. At Edge Growth, we are actively contributing to changing this. SMEs are the single most powerful source of job creation and upliftment. Yet, without help, most fail within the first two years. Our solutions-driven approach is designed to combat this. We give SME entrepreneurs the financial support and skills development they need to build sustainable thriving businesses, year after year.

We are:



SME development solutionists co-creating innovative solutions that combat business growth constraints and provide SMEs with skills development, funding and market access.



Architects of empowerment and transformation, always progressing and proud of our own transformation journey. We support black-owned businesses and partners to drive meaningful economic growth and truly measureable impact.



Seasoned SME supporters with many years of combined experience in investment, finance, management consulting and entrepreneurship.



Proven impact venture and ESD experts with an unmatched track record in designing and implementing one-of-a-kind solutions to scale small and growing businesses.



Experienced fund managers who have deployed more capital to early-stage SMEs than any other non-government SME fund in South Africa.

Why an Impact Report is Important?

This impact report is a significant and important initiative for our organisation. Impact is core to all we do and a business imperative for us. It reinforces our impact orientation through transparency and accountability. Impact reporting allows us to demonstrate the social and environmental effects of our investments and the activities beyond just financial returns.

Our report
is based on

5 Pillars

1

TRANSPARENCY AND ACCOUNTABILITY

Our impact report gives us the opportunity to provide transparency to our partners and stakeholders about the actual impact we are facilitating. By sharing this information, they can hold us accountable for delivering on our targets.

2

MEASURING AND SHARING SUCCESS

Many of our stakeholders, and potential stakeholders, are becoming increasingly focused on Environmental, Social and Governance (ESG) factors, transformation and impact investing. They are interested in knowing the societal and environmental outcomes of their investments and we fully support this stance.

3

LONG-TERM PERFORMANCE

By incorporating impact considerations into investment decisions, we contribute to the long-term sustainability and performance of a fund. Companies with a strong ESG practice have been shown to demonstrate resilience in the face of changing market dynamics.

4

ACHIEVING AND ALIGNING TO OUR MISSION

Our impact report helps us track our progress towards fulfilling our intended purpose. It gives us the opportunity to share our mission with our fellow impact visionaries.

5

ENGAGEMENT AND DIALOGUE

We believe our impact report will encourage engagement and dialogue with all stakeholders and through this we aim to achieve improved understanding and collaboration for the whole SME support ecosystem.

Message from the **CEO**



DANHATFIELD



Since inception 15-years ago we have always been an impact-centric business, this is our True North against which our philosophy, strategy and activities are calibrated.



Since our inception over 15-years ago, we have experienced significant growth and made a material impact on the local SME ecosystem. Close to 100% of the businesses we fund are black-owned. Most of our SMEs are early stage and start off with a turnover at inception of R0 to R50 million.

Some of our impact stats since inception

- ▲ We assisted in the creation of over 10 000 new jobs.
- ▲ 60% of our SMEs obtained or increased the value of their corporate contracts.
- ▲ We enabled SME annual revenue growth of over 18%.

Our key success drivers have been our ability to:

1. Attract, retain, and grow an EPIC team who care.
2. Scale processes, technology, and intellectual property to deliver “Edgecellently”.
3. Design and deliver innovative, bespoke and best-in-class solutions to our stakeholders.
4. Build a sustainable, profitable business, with robust liquidity and a healthy balance sheet.
5. Develop and execute on a clear, winning strategy with a resilient business model.
6. Maintain entrepreneurial passion and flexibility, with a clear purpose and in a value-centric manner.
7. Hold ourselves accountable to and measure our progress towards our impact-centric purpose.

Desired Tomorrow

Our Desired Tomorrow is inspired by the National Development Plan which articulates the aspiration that we, as South Africans, have for ourselves and our country. We see ourselves living and bringing our families up in a socially cohesive nation. A nation at peace with the world and itself, underpinned by a growing and transformed economy, a skilled and capable population led by values-based, competent leaders. As Edge Growth, we want to play an active part in supporting the realisation of this aspiration for the future of South Africa, but more broadly for our continent too.

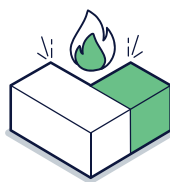
As an impact-focused business this serves as the True North against which our philosophy, strategy and activities are calibrated. It describes the social outcomes that we aspire towards through the impact of our contribution.

We achieve this through our highly engaged team, who are bound together and inspired by our mutual commitment to our EPIC values:

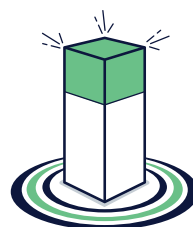
Our EPIC Values



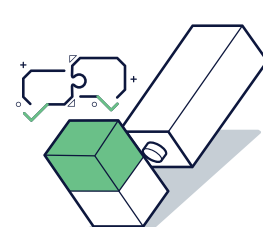
EDGECELLENCE
ENTREPRENEURIAL



PASSION
PARTNERING



IMPACT
INNOVATION



CONNECTEDNESS
COURAGE

We have delivered over 100 ‘Power’ SME development programmes, raised over R2 billion and deployed over R1,4 billion in funds with annual rates of return of around 10%. As a result of our ability to drive client and entrepreneurial impact, we have managed to

do **well** by doing **good**

Our Theory of Change



Our Theory of Change (ToC) is the basis of our impact focus. Our ToC focuses on three key impact areas:

SOCIAL UPLIFTMENT

1

This is a key concept for impact organisations. We focus on the upliftment of historically disadvantaged individuals and marginalised communities through entrepreneurship. We aim to create social value within the communities which our SMEs operate.



ECONOMIC EXPANSION

2

We seek to balance financial benefits with social goals by creating job opportunities through SME growth. We understand that SME growth is important and sustained growth is an imperative to achieve long-lasting economic expansion, inclusivity and stability.

DESIRED TOMORROW

3

The concept of the Desired Tomorrow is a vision of the future that guides our actions and decisions today. This concept helps us think about our current assumptions, emerging changes and helps us imagine what an ideal tomorrow is and what we can do to achieve this.



Our ToC also performs several practical functions:

1. Clarity of purpose

It gives a clear and concise description of the intended impact and the pathways through which we plan to achieve impact. This helps stakeholders, including partners, donors and the general public understand the organisations mission and objectives.

2. Accountability and transparency

Our ToC establishes a roadmap for us to track our progress and assess the effectiveness of our programmes and investments. It serves as a basis for evaluating whether we are achieving our intended outcomes and impact.

3. Alignment

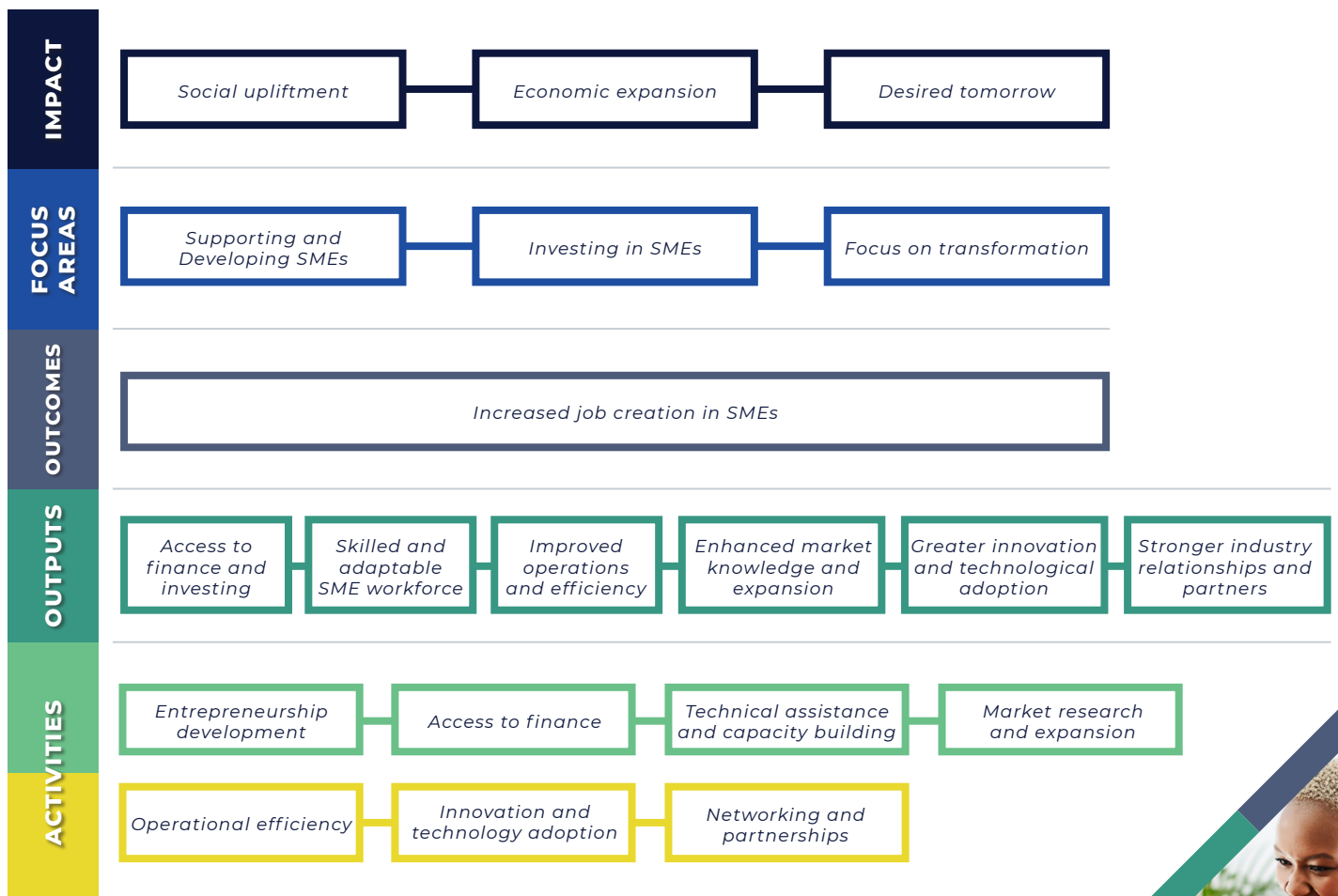
By outlining the steps and assumptions underlying our work, we can ensure that our activities are aligned with our mission and vision. This helps prevent mission drift and keeps us focused on our core goals.

4. Decision making

Our ToC guides our decision-making process by informing resource allocation, programmatic priorities and strategic planning by ensuring our decisions are aligned with our desired outcomes.

5. Learning from failures

Our ToC also acts to highlight areas where our strategies may not be effective. This leads to important discussions, course correction and improvement. We believe in learning from our failures.



Impact Statement

We aim to build the
DESIRED TOMORROW
through positive social and
economic upliftment by
**FACILITATING
AND ENHANCING
JOB CREATION.**

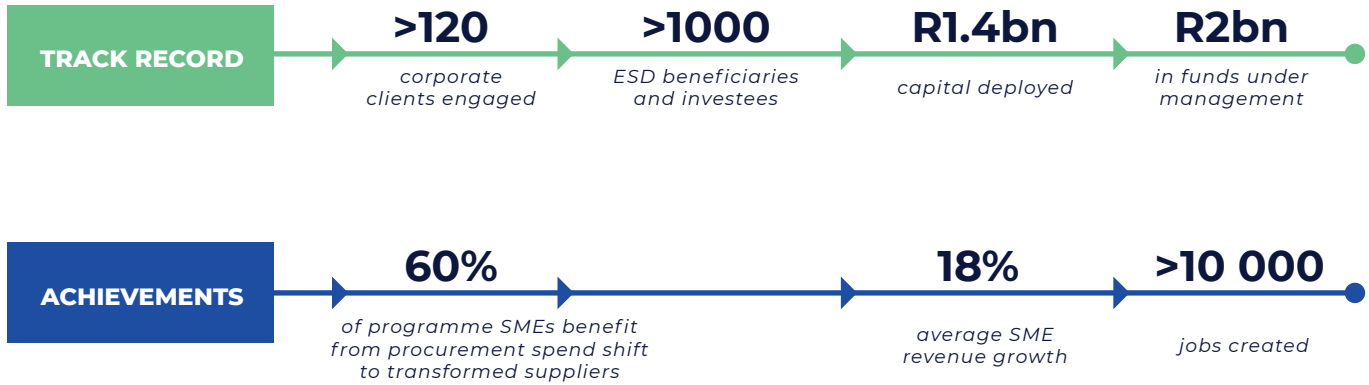
We achieve this by focusing on
**TRANSFORMATION
AND SUPPORTING
AND INVESTING** in SMEs



Our **Impact**



We are proud of our market leading results, particularly in job creation, contract spend shift and revenue growth.



Our Impact Metrics

Our focus is on Leading Growth, Igniting Impact and in line with this statement, we currently track these impact metrics.

- ▲ Net job creation, measured in terms of:
 - ▲ Permanent jobs (net and new)
 - ▲ Temporary jobs (net and new)
 - ▲ Job per capital invested
- ▲ SME revenue growth
 - ▲ Number of SMEs growing at >20%
 - ▲ Revenue growth % (on a revenue weighted basis)
- ▲ SME ownership (Black owned, Black-women owned etc)
- ▲ Business maturity index (SME development)
- ▲ Procurement spend shift (to transformed suppliers)



Our Impact Framework

The impact created through our investments is broad and aligned to the United Nations Sustainability Development Goals:

JOB CREATION



We have created and sustained
>10 000 jobs across our 125 SME investments

FINANCIAL INCLUSION



We have supported 16 fintechs and financial
SMEs that are driving financial inclusion in SA



DIVERSITY AND INCLUSION



For 10+ years, we have **supported under represented founders in SA** driving inclusion across all sectors of investment

ENVIRONMENTAL IMPACT



We have invested in 8 green ventures which are contributing significantly to the green economy in SA

HEALTHCARE



We have supported 4 healthtech startups which are rapidly increasing the accessibility and affordability of healthcare services in Africa

STRATEGIC PARTNERSHIPS



We have partnered with local and global development organisations in creating innovative blended finance structures to help catalyse further investments in impact sectors (e.g. Green Outcomes Fund), provide technical assistance (e.g. USAID) and mitigate risk (e.g. AFD)

Our
2023

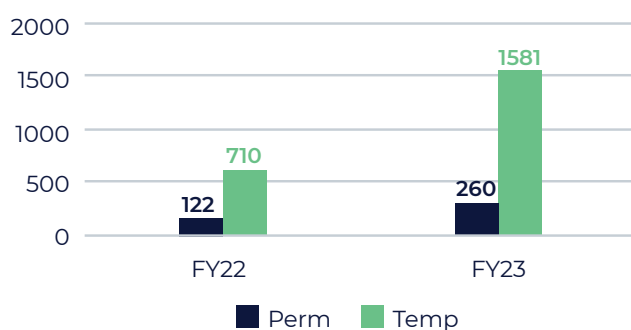
Impact

Job Creation

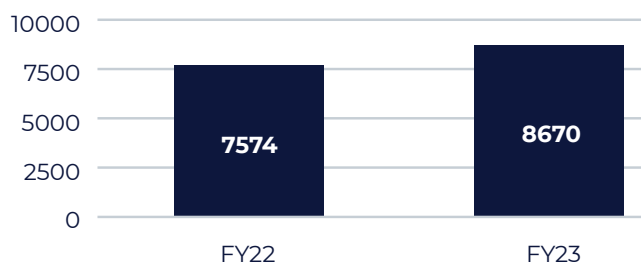
Our impact reporting figures are for the year ended 30 June 2023. The figures for the previous year, ending 30 June 2022, have been provided as a benchmark.

>1 800 jobs created in FY23
(FY22: 800)

Job Creation



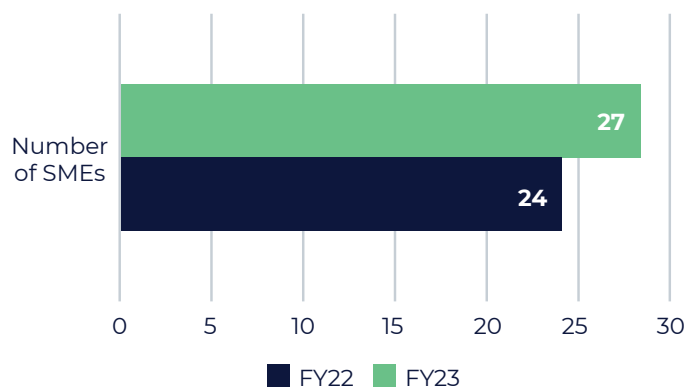
Headcount



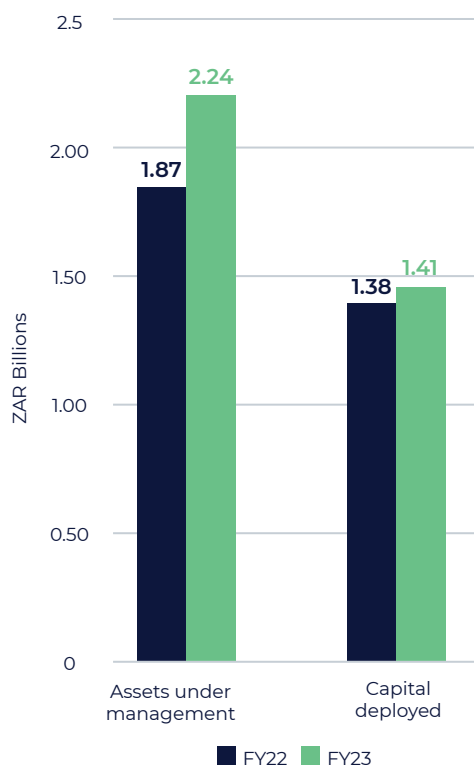
Headcount is number of employees each SME has at the end of our financial year

Revenue Growth

SME Revenue Growth - more than 20% per annum



Funds under Management



Ventures has consistently been growing funds under management for the past 13 years, from an initial amount of approximately R70 million to approximately R2,2 billion funds under management by the end of our financial year on 30 June 2023. This is a consequence of expanding our fund offerings and our investor base to about 149 corporate investors. It is also testament to forming long-term, mutually beneficial partnerships with our investors as most of them have reallocated and grown their contributions to our funds thereby enabling further funding and business development support to a growing number of SMEs.

SME Characteristics

Number of SMEs impacted



SMEs Black Ownership => 50%



Of the black owned SMEs, black women owned >50%



Business Maturity Index

The SMEs on our programmes had a 48% (2022: 42%) increase in their Business Maturity Indexes (BMI) because of our constructive interventions. Each SME's BMI is measured at the start of the intervention and then again at the conclusion. This tracks their growth overall as a business across various indicators, including sales growth, team structure and scalability, cash flow management and operations.

BMI is a measurement tool that assesses the maturity of an organisation in executing its business strategy. It is a valuable means for identifying areas of improvement and prioritising efforts to achieve higher levels of maturity.

Procurement Shift

Our procurement shift metric indicates the number of SMEs on our programmes who received contracts from the sponsoring company. This metric is self-reported by the individual SMEs on our various programmes. In the 2022, we saw an R36 million procurement shift. (Data for the 2023 financial year is not yet complete.)

Missing Middle Capital Deployed

We classify capital deployed as 'Missing Middle' capital if it is catalytic or additional in terms of enabling impact that otherwise would not have been achieved.

Catalytic capital requires four criteria to be met:

1. No or insufficient commercial capital available.
2. Investment attracted co-funders who would otherwise not have participated.
3. Preferential terms were not available in the commercial market.
4. The SME had no other offers from a capital provider.

Since inception 69% of our capital deployed can be classified as 'Missing Middle'



How we determine job creation

Measuring job creation can be a multifaceted process. The specific metrics used depend on the context, goals, and industry. The standard classification of temporary and permanent jobs is not always sufficient to cover the various parameters, particularly regarding the “Gig economy”.

For this reason, we measure job creation on various levels:

1. Permanent Job

Jobs whereby contracts are for more than 6 months and hours are more than 20 hours per week.

2. Temporary Job

Jobs whereby contracts are for less than 6 months and/or hours are less than 20 hours per week.

3. Full-Time Equivalent Job

Contract hours worked by part-time employees are converted into those worked by full-time employees.

Job creation is measured on a gross and a net basis:

▲ Gross jobs created

The increase in permanent and temporary jobs from the beginning of the period to the end of the period.

▲ Net jobs created

This metric calculates the number of jobs on a month-to-month basis. Given the fluid nature of employment, we cannot consider a “job” to be consistent for the entire period. This metric considers that fluidity.

Our full spectrum of
SME support services
is our **key value proposition**



How We Create Impact

The current macro-economic climate in South Africa is very challenging for any business, particularly SMEs. Interest rates, inflation and unemployment levels are high, exchange rates are volatile and economic growth rates are low. Depending on the size and stage of their business, most SMEs have a limited buffer to absorb these kinds of economic pressures. As an ecosystem, there is a need to ensure that SMEs are supported in all critical areas to enhance their growth and sustainability, including efficient working capital and financial management, access to markets and broader skills development.

Our approach is collaborating with our partners to design bespoke mandates that enable us to contribute towards transformation and shared-value objectives. The way we create impact is by focusing on giving SMEs access to three fundamental areas:

Access to
SKILLS

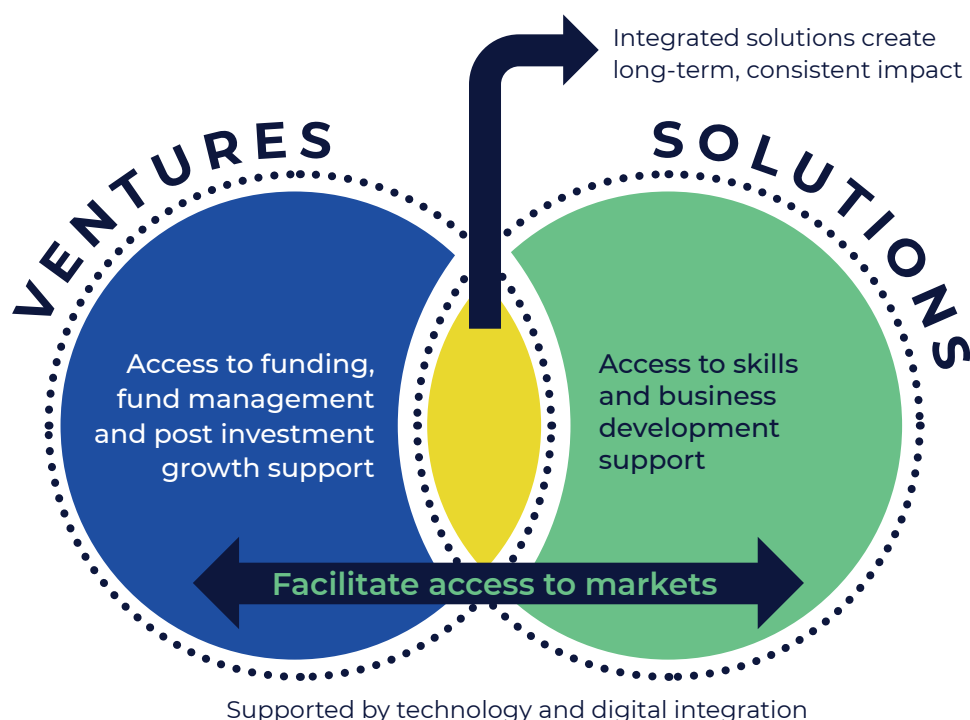
Access to
MARKET

Access to
FUNDING

Our key value proposition is that we are able to provide access to the full spectrum of SME support. Our Ventures business unit provides not only funding and fund management, but also post-investment growth support. While our Solutions business unit programmes include access to skills through dedicated business development support, whilst both facilitate access to markets as one of our key focus areas.

What differentiates us from our competitors is the ability to provide bespoke, integrated solutions from both business units to support long-term sustainable growth.

How We Create and Capture Value



Edge Growth Ventures

Edge Growth Ventures (Ventures) is currently one of the leading SME fund managers in the market, in terms of size, scope, impact and longevity. We conceptualised and established the first Enterprise and Supplier Development (ESD) fund in South Africa in 2009. We have since set up and managed six SME funds. We currently manage approximately R2 billion of ESD capital in five funds, from a wide range of South Africa's corporates and financial institutions with participation from local and international public development finance organisations.

Ventures provides broad spectrum funding to SMEs and our five different groupings of funds work across the capital readiness spectrum. We have significant experience and abilities in matching the optimal funding and deployment strategy with particular sector segments, or sub segments, within our funds. Several of our funds are customisable based on a solutions-driven approach to meet both investors' requirements and the needs of target SMEs.

The funds we co-created and currently manage are:

1. Vumela Fund

The Vumela Fund was established by FNB Business Bank and Ventures in 2009, with capital provided by the First Rand Group, to create an innovative model for investing in high growth SMMEs with sustainable economic and impact returns. Currently Vumela has approximately R500 million under management across four separate funds.

2. Edge Action Fund

The Edge Action Fund was established in 2011 as Edge Growth's in-house SME development solution, designed to enable Corporates to contribute and invest in SME development, particularly black-owned businesses in their supply chain. It currently has approximately R215 million funds under management.

3. ASISA ESD Fund

The ASISA ESD Fund was established in 2012 on behalf of The Association for Savings and Investment South Africa (ASISA), to benefit both investors and SMEs. It is a B-BBEE investment fund that provides SME development and funding solutions for ASISA SME suppliers and other high growth SMEs. It currently has approximately R700 million under management across two separate funds with key contributors from South Africa's leading insurance and investment companies.

4. SAB Thrive Fund

The SAB Thrive Fund was established in 2016 by South African Breweries (SAB) as a supplier development and transformation fund to provide equity funding to their suppliers, enabling majority black ownership, innovation and accelerated growth. It currently has R245 million funds under management and is managed on a post investment basis by Ventures.

5. Abadali Fund

The Abadali Fund was established in 2021 as part of J.P. Morgan's Equity Equivalent Investment Programme and is designed to extend debt financing on flexible terms to selected, eligible black enterprises, mainly operating in the industrial and green economy sectors of the South African economy. It currently has approximately R300 million funds under management.



JANICE JOHNSTON

Chief Executive: Edge Growth Ventures

We have made over 120 investments and are one of the few players in the SME ecosystem that provide both financial and non-financial growth support.

While we are focused on growing SMEs today, we acknowledge that to continue to accelerate impact, we need to plan for our Desired Tomorrow. The Businesses of Today play an important role in enabling us to make a socio-economic impact. However, our objective is to also grow Businesses of Tomorrow, requiring that we shift the mix of our portfolio to build sustainability in the Businesses of Today to achieve our Desired Tomorrow and optimise impact in the long term through mutually beneficial partnerships.

Impact-Orientated Investment Process

In Ventures, impact, and job creation in particular, is not just a by-product of our investment decisions. It is an intentional outcome as a result of the investment team incorporating job creation and other impact considerations into our SME sourcing, selecting and monitoring processes. For example, job creation targets are included in the investment thesis from inception and subsequently tracked in relation to these targets.

Over time, we have gained experience in evaluating which sectors and business models are likely to be high job creators in the current economic climate. We have adjusted our investment activities accordingly.

Number of SMEs impacted



SMEs Black Ownership => 50%

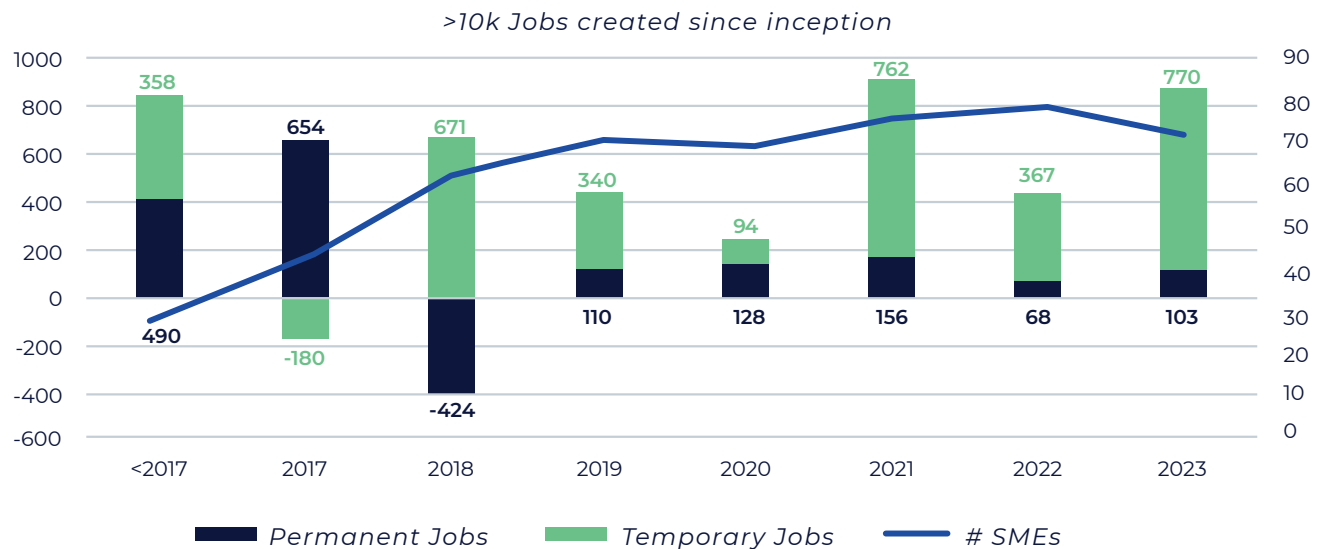


Of the black owned SMEs, black women owned >50%



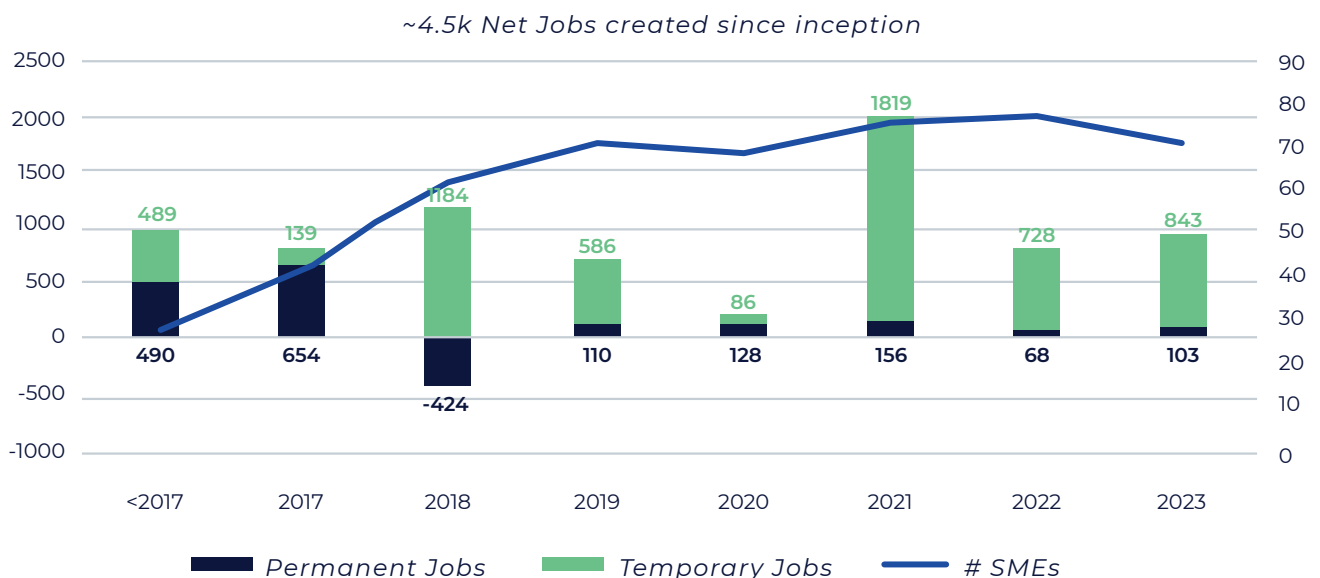
Job Creation

Job creation is a powerful measure of social upliftment and economic expansion. It is a critical impact metric. Since inception to financial year end on 30 June (FY23) more than 10 000 jobs have been created. Numbers fluctuate year on year as most of the increases related to SMEs with business models that provided significant temporary/full time equivalent jobs, such as online platforms. Unfortunately, the Covid-19 pandemic and tough economic conditions in more recent years resulted in decreased job creation, although in 2023, we started seeing signs of a recovery.



Net Job Creation

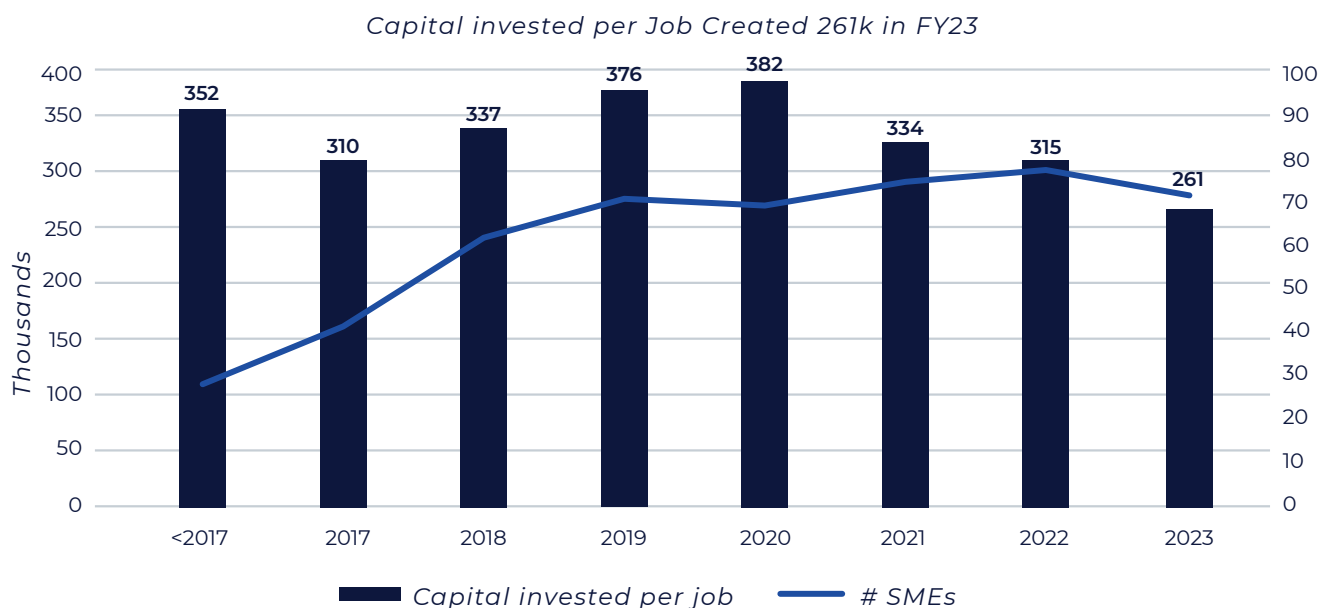
Net jobs as a metric provides a different perspective on job creation. It takes into account job creation and job reduction/losses. Since inception to FY23, all years have been positive on a combined permanent and temporary basis. Although 2018 was net negative in terms permanent jobs, we have none the less created almost 4 500 net jobs since inception.



Capital Invested Per Net Job Created

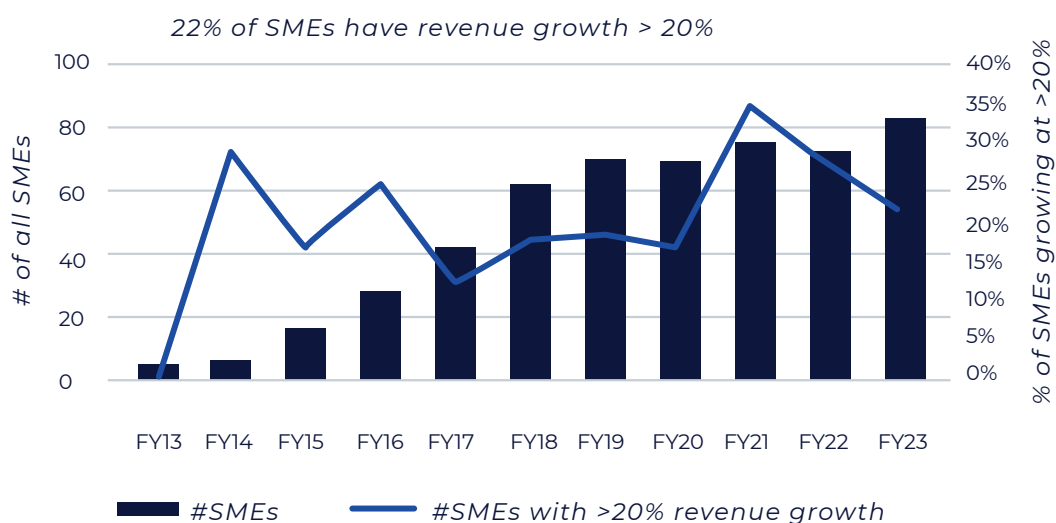
Cumulative capital invested per cumulative net job created has reduced to approximately R261 000 per job in FY23. This is a highly efficient cost per job ratio. This low number is largely due to strong provision of temporary/full time equivalent job creation. Capital invested per net job created is R163 000.

Capital invested per job, using all three job measurements, over time is reducing which is indicative of Ventures using capital more efficiently to create jobs and greater impact.



SME Revenue Growth

SME revenue has grown on average 17% per year since inception. At least 18 (FY22: 20) active SMEs have revenue growth greater than 20%.



Edge Growth Solutions

Ultimately, what we're here to do is to create sustainable livelihoods. This could be a solo entrepreneur building a lifestyle business or a business that employs people and creates jobs. The knock-on effect of building a sustainable livelihood is times six, because, on average, a breadwinner supports six people. That's why we focus so much on job creation, and sustaining jobs and livelihoods.

Solutions provides programmatic interventions to enable the growth of SMEs. We act as an advisory and implementation partner to build design and deliver programmes that go beyond compliance.

Based on this philosophy we have two main types of programme designs:



SUSAN MOLOISANE

Chief Executive: Edge Growth Solutions

	Multiply	Magnify
Description	Designed to provide support to improve capability and help with business challenges SMEs face. Programmes are typically characterised by 1-to-many touch points and large cohort sizes, 35 and up SMEs	A highly customised support programme for SMEs who have potential to integrate into corporate supply chains and need support to become better suppliers. Programmes are typically characterised by 1-to-1 touch points and smaller cohort sizes of 15 - 30 SMEs
Profile of Programme Participants	Post-startup/early growth stage	Growth/scale up stage
Size of Cohort	Up to 150 SMEs	Up to 30 SMEs
Typical Interventions		
- Business Diagnostic	✓ (light)	✓ (comprehensive)
- Bootcamps	✓	✓
- 1-on-1 Mentorship	n/a	✓
- Group Mentorship	✓	n/a
- Specialist Interventions	n/a	✓

In addition to Multiply and Magnify, we have also designed and launched over 50 niche programmes that support the transformation and growth of critical elements of the SME ecosystem. Some examples include:

- ▲ Short-term insurance: motor body repairers, plumbers, electricians, construction, towers
- ▲ Long-term insurance and financial intermediaries: brokers, IFAs, stockbrokers, asset managers, private equity managers
- ▲ Key financial and SME services: accountants, debt collection, IT
- ▲ Mining and industrial and Petrochemical supply chain

Interventions are designed around our three fundamental areas; access to skills, markets and funding. These are implemented through three vehicles:

1. Bootcamps

Customised bootcamps for a specific cohort to ensure we are addressing specific business development needs.

2. Specialist interventions

Projects in niche disciplines that the SMEs need to implement with the assistance of a specialist.

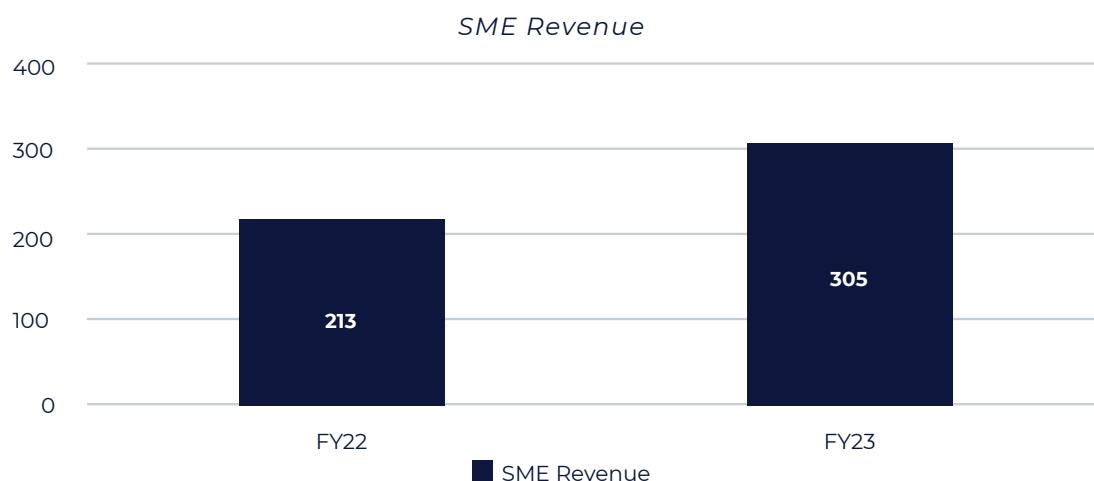
3. Mentorship

- ▲ Customised one-on-one mentorship aimed to provide a sustainable support structure (Magnify).
- ▲ Mentor-led group sessions and workshops to solve business challenges (Multiply).

For both our Multiply and Magnify participants, we review our impact on several levels:

1. SME revenue growth
2. Access to 'missing middle' funding
3. Access to markets
4. Job creation
5. Improvement in business maturity

In our 2023 financial year, we really saw the impact of the Covid-19 pandemic and the macro-economic impacts that occurred thereafter. Our current focus from a programmatic perspective is to get these businesses back to where they were pre-Covid. Many have had to pivot their strategies. Many have had to re-build their businesses. However, what we are seeing, is many of our partners looking for interventions that go beyond compliance. They want better designed and more innovative programmes that produce better outcomes. We believe this presents an exciting opportunity for us and our SMEs. We are always looking for opportunities to innovate our programmes without affecting the core value and what works.

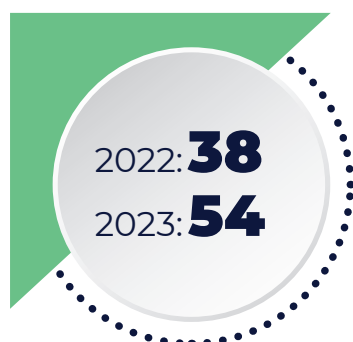


R213 million in FY22 to R305 million in FY23. At least 11 (FY22: 12) SMEs have revenue growth greater than 20%

Jobs Created

>74 jobs created in FY23 (FY22: 130)

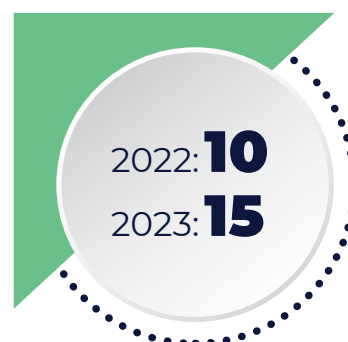
Number of SMEs impacted



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Of the black owned SMEs, black women owned >50%



Blue Skies

Blue Skies is a newly established business unit within Edge Growth. It serves as our own entrepreneurial venture and plays a crucial role in advancing our growth objectives, driving innovation, and diversifying our offering, while maintaining a clear focus on core values and mission. We have an ambitious goal to create impact at a scale exceeding our current capabilities, which have become limited within our core operations. Blue Skies serves as a platform to source, select, and scale Businesses of Tomorrow and develop the necessary capabilities to support them.

Strategically, we seek to attain critical mass, diversify away from ESD, and be at the forefront of innovation. We recognise that significant opportunities that don't always fit within the core business model. To effectively pursue these non-core ventures, we created Blue Skies as the dedicated and appropriately skilled capacity to achieve this.



JASON GOLDBERG

Director and Co-Founder Edge Growth

Anglo American – Impact Finance Network (IFN)

The purpose of IFN is to host regional development challenges by exploring ways we can partner and tap into a pool of private capital to achieve our sustainability objectives at scale. Together with Impact Capital Africa partners, we have identified innovative and impactful businesses across Southern Africa (South Africa, Namibia, Botswana, Zimbabwe and Zambia). These businesses are measured against key matrixes, e.g. supported livelihoods, number of previously disadvantaged people in management, women in management etc., and provided pre-investment technical assistance and matched with the right investors.

Total capital raised to date in the IFN:



Number of deals closed to date in the IFN:



Projected number of livelihoods supported:



Countries the IFN Africa team are currently supporting:



NXT-9

NXT-9 forms a key element in our overall digital strategy. It blends NXT Generation T.A. technology, process and coaches to scale growth SMEs in a scalable and cost-effective manner while addressing key business constraints. NXT-9 harnesses behavioural science, technology and proven challenge playbooks to build winning teams and improve individual habits, systems and culture. SMEs are able to leverage NXT-9 to execute their strategy objectives and overcome growth constraints.



GROWTH TRACKER

Growth Tracker forms a core part of our digital strategy from an impact measurement point of view. Growth Tracker is an end-to-end online SME portal that monitors all our SMEs in real time through a secure dashboard.

Clients have access to this database and are able to procure services from these vetted majority black owned SMEs. Subscribers to the system also qualify for Supplier Development recognition, enabling SD compliance.

Our Growth Tracker results speak for themselves.

800 SMEs

In our Procurement
Database across all sectors



R3 billion

Access to market
reported for supported SMEs



155 Clients

Corporate users from
SA's largest brands



11 000

New jobs reported
supported SMEs



100%

Immediate Supplier
Development points



54 Mentors

Appointed to
support listed SMEs



Case Studies



Case Study: Pineapple



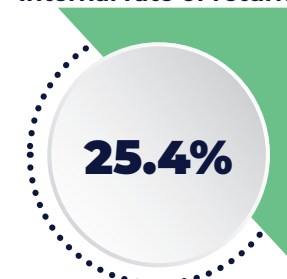
Investment date:



Sector:



Internal rate of return:



Total deployed:



Key impact metric:



Jobs created:



Overview

Pineapple, a majority black-owned insure-tech company, was created in 2017 by Matthew Smith, Ndabenhle Ngulube, Sizwe Ndlovu and Marnus van Heerden aimed at generating innovative models for the reinsurance and short-term insurance space. Two years later, in 2019, the Pineapple founding team, was ready to implement an ambitious growth strategy and required funding. The ASISA ESD Investment Committee approved an investment into Pineapple under the ASISA ESD Fund's Inclusive Innovation mandate, with Lireas Holdings as the second major investor.

Key Impact Metrics

Pineapple's key impact metric is financial inclusion. They have made large strides in making insurance more accessible. Digital solutions are bridging the accessibility gap for the lower-end market to access financial services. 46% of Pineapple's users are previously uninsured, Pineapple has been successful in finding product-market fit and is able to serve a previously uninsured market. Pineapple's product offers a simple, digital solution that overcomes the challenges many South African's face with traditional insurance such as needing to physically travel to a branch or needing to provide formal proof of address. Currently, 66% of Pineapple customers reside in townships or rural areas.

How was Impact Created

ASISA ESD has supported Pineapple by participating in future investment rounds. This created credibility within the market, demonstrating that Pineapple is worth backing. ASISA ESD provided funding for Pineapple's above-the-line marketing campaign of witty billboards across the Johannesburg region. The campaign sparked conversation and debate across the country with its humorous and honest billboard adverts and resulted in a more than 1500% increase in website traffic and a 3x acceleration in sales. In addition, representation from the ASISA ESD Funds on Pineapple's board has provided critical strategic guidance and input, particularly on their growth and fundraising efforts.

Case Study: Kusini Water



Investment date:



Sector:



Internal rate of return:



Total deployed:



Key impact metric:



Jobs created:



Brief Overview

Kusini is a 100% black-owned business founded in 2016 by Murendeni Mafumo. The company's main goal is to provide access to clean water in rural communities.

How was Impact Created

Since Vumela's investment, Kusini has provided 42 kiosks and 30 water boxes (and boreholes) to rural communities across various provinces in South Africa. Through its Water Champions programme 180 people have been trained with 85 jobs created for kiosk owners and their associates.

Through Google, the company mapped out "safe water stations" to enable people to find all Kusini's water box locations. This enables people in communities with unsafe water, to find the nearest source of clean water for their families and children as well as know the state of their water.

A total of 120 000 people across various rural communities in South Africa are gaining access to clean water and jobs (mostly women and the youth) through Kusini.



Case Study: Mpilenhle Recycling



Investment date:

December
2013

Sector:

Recycling

Internal rate of return:

25.4%

Total deployed:

R653 000

Key impact metric:

Recycling

Jobs created:

13

Overview

Mpilenhle Recycling is a 100% black-owned business founded in 2009 and Newcastle. Mpilenhle has subsequently expanded into Madadeni. Initially they focused on collection of waste and glass which amounted to about 13 tons per month. This has increased to 273 tons monthly and now includes cardboard, paper, tins and various plastic products from two buy-back centres. In 2022, they established a third buy-back centre in Dundee.

When we implemented growth support initiatives with Mr Gcina Makhoba, the entrepreneur, he engaged fully with the portfolio management team. We have seen significant growth in Mpilenhle's reporting, management and forecasting abilities.

Although the company was impacted by the Covid-19 pandemic and lockdowns, they stayed true to their social ethos of putting staff and community first. Mpilenhle retained as many staff as possible, thereby positively impacting their economic upliftment for themselves and those they support.



Case Study: G & T Autobody



THEMBI SITHOLE



I was given an opportunity, and I grabbed it with both hands. ”

Owner and General Manager of G & T Autobody in Johannesburg

G & T Autobody is one of the few Black-woman-owned panel beating shops in the country. G & T received early-stage business development support in 2016 and 2017 from the Sanlam Group Enterprise and Supplier Development Programme, managed by the ASISA ESD initiative, and implemented by Edge Growth Solutions.

G & T's turnover at the start of the programme was R4.9 million. With a year their revenue had grown exponentially to R7.2 million. In 2018, following their two-year business development journey, the ASISA ESD Investment Committee approved G & T Autobody for funding from the Motor Body Repair (MBR) funding facility. The funding was used to purchase a spray booth to ensure professional-quality spray painting of vehicles and for the working capital required to expand the workshop. This provided G & T Autobody with increased capacity for taking on additional work from short-term insurers.

Today, G & T Autobody is accredited as a leading Major Structural Repairer in Johannesburg with 22 employees and a turnover in excess of R21 million in 2022.





Looking Forward



There are vectors of change acting on our company, that have gained in strength. As such these require us to consider some fundamental changes to be made within our organisations. One of the major vectors affecting us is ESD budgets flattening off or coming down. The challenging economic environment is expected to result in reduced net profits after tax for our corporate clients, putting them under pressure to reduce their ESD budgets. In the short term there will likely be shrinkage of ESD spend in the existing client base

Changing Market Needs

Our ESD clients are looking for more than just scorecard compliance. We anticipate SME development spend is going to become more strategic in nature. The market is increasingly expecting better service and impact for reduced fees.

We are responding to these changing market needs by focusing more broadly on Environment, Social and Governance (ESG). We view these criteria as a set of non-financial factors that will impact both ours and our partners performance into the future. We believe that an ESG framework will assist us with:

- ▲ Building more robust solutions for our partners and SMEs
- ▲ Building trust and delivering more sustained business outcomes
- ▲ Build ESG aspect into our investment activities and encourage positive reform

We are moving towards upgrading our ESG framework with the assistance of external consultants to help us address this need.

However, while signs are unclear, there are indications that new sources of funding will be entering the African market (including South Africa). This funding would seek to address a different profile of SME development.

Technology and Innovation

The efficiency and effectiveness of all elements of the value chain is expected to assume greater significance. Effective use of technology is expected to become a dominant theme, creating new opportunities and solutions. We anticipate this will affect how we deliver our work and create impact.

Technology has always been at the centre of everything we do. We constantly review our digital strategy in all facets of our business. We apply a unique, digital approach to all our management processes. We use four primary platforms across our digital value chain to optimise process integration and enable our digital and impact strategy.



EDGE DIGITAL VALUE CHAIN

Edge applies a unique, digital approach to all its management processes. We use four primary platforms across our digital value chain to optimise process integration and enable Edge's digital and impact strategy.



Our Future Imperatives

We understand that shifts in the market are challenging, but we also see the opportunities these changes present. It is imperative for our future growth that we prioritise the following initiatives to maintain and enhance our growth trajectory.

1. Strategic partnership management and a solid investment track record

This will enable us to retain and grow our capability in the different business units. Our investment track record with our partners puts us in a strong position to mobilise new capital and pivot into adjacent SME development and explore opportunities beyond our borders.

2. Technology and digital transformation

This is central to all areas of our business and enables us to constantly innovate and deliver agile partner-centric solutions and build a strong growth engine set focused on new business opportunities.

Data measurement and analytics form a key component in driving our decision-making, performance differentiation and measuring our impact.



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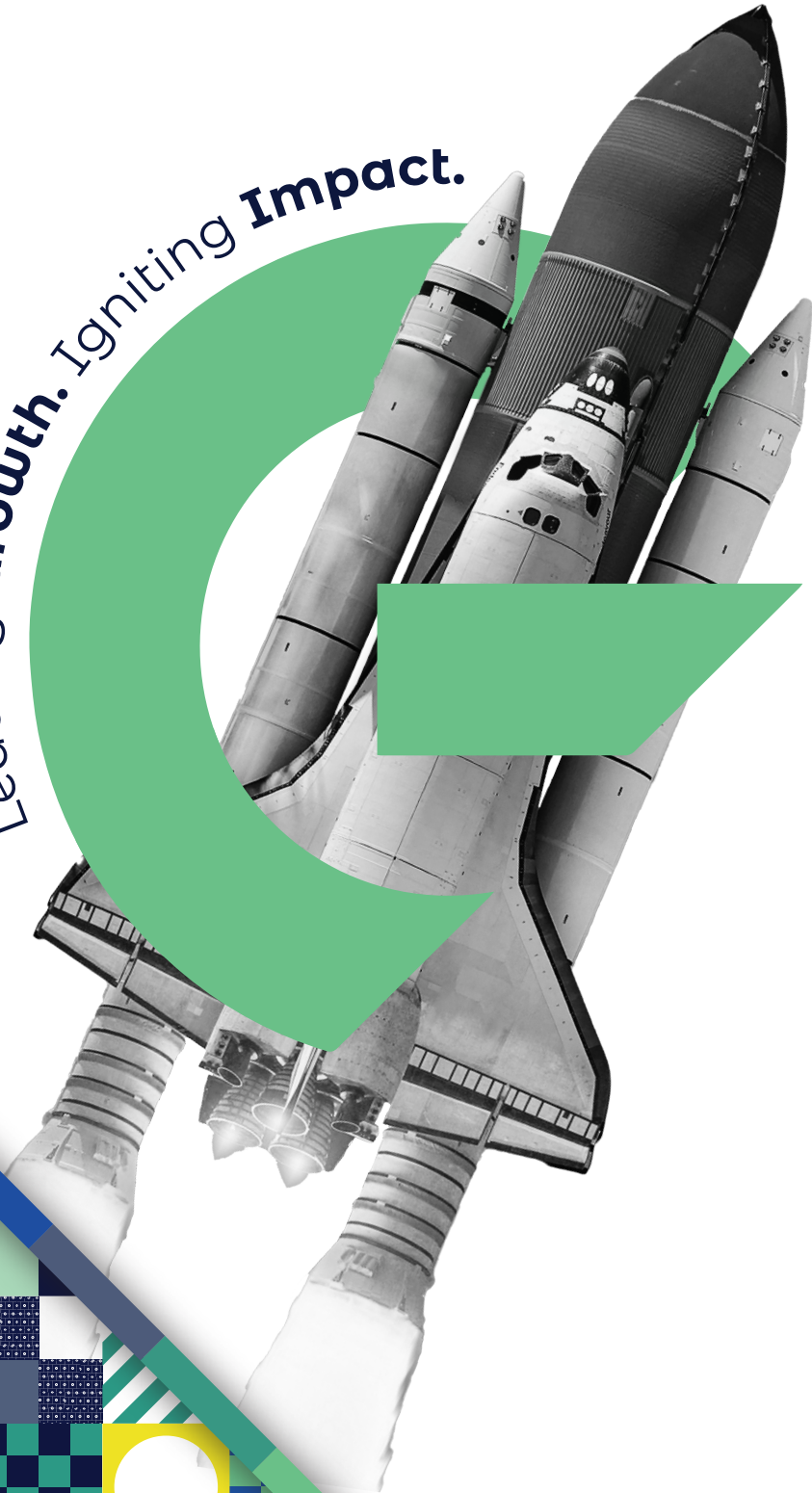
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