



Edge Growth
Impact
Report
2024

Finding the Balance



Lead.



Grow.



Impact.

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Overview

EDGE GROWTH: WHAT WE DO



Small and Medium Enterprises (SMEs) are the shape of the future. They are the doorway to economic prosperity, employment, thriving communities and alleviating poverty. SMEs account for 40% of the world's gross domestic product (GDP) in emerging economies, they contribute to 50% of global employment and make up 90% of businesses. In South Africa, the SME comprises an estimated 20% of GDP and employs approximately 47% of the workforce.



We believe that these companies can change our world for the better and our purpose is to help them overcome their barriers to growth and provide entrepreneurs with innovative ideas with an opportunity to thrive. As expert solutionists in small business development, we combine passion, expertise, innovative approaches and a clear vision to deliver sustainable impact that is measurable and meaningful.



We need to measure things. We need to hold ourselves accountable. It needs to matter if you're delivering to a purpose outcome. We believe that if we're not measuring it, we're not managing it – insights, metrics and data ensure everyone has the tools they need to always improve, always get better at what they do.



– DANIEL HATFIELD, CHIEF EXECUTIVE OFFICER, EDGE GROWTH

Our commitment to sustainable SME growth and development reflects our commitment to change. Not just within communities and the economy, but in shifting the narrative of inequality. We are actively contributing to changing the fact that South Africa remains one of the most unequal societies in the world by giving SMEs – the single most effective source of job creation and upliftment – the chance to succeed.

With **our solutions-driven approach**, we actively combat the hard reality that most SMEs fail within the first two years. Our SME entrepreneurs receive the financial support and skills development they need to build sustainable, thriving businesses.



EDGE GROWTH: WHO WE ARE



R2,3bn

Total assets under management

>13,000 Jobs created



>100,000

Livelihoods affected

>1,000 SME beneficiaries



>20%

SME revenue growth

R1,5bn Funds deployed



>150

Corporate clients engaged

SME Development Solutionists – we co-create innovative solutions designed to provide SMEs with skills development, funding and market access while helping them overcome constraints to their business growth.

Architects of Empowerment – we are always progressing, prioritising transformation within our own business and across the continent. We support black-owned businesses and partnerships and prioritise meaningful economic growth alongside measurable impact.

SME Supporters – we are seasoned supporters of sustainable SME growth and development, providing more than 300 years of combined expertise across the core disciplines of investment, finance, management consulting and entrepreneurship.

Impact Venture and Enterprise Supplier Development (ESD) Experts – we have an unmatched track record in designing and implementing unique solutions designed to scale small and growing businesses.

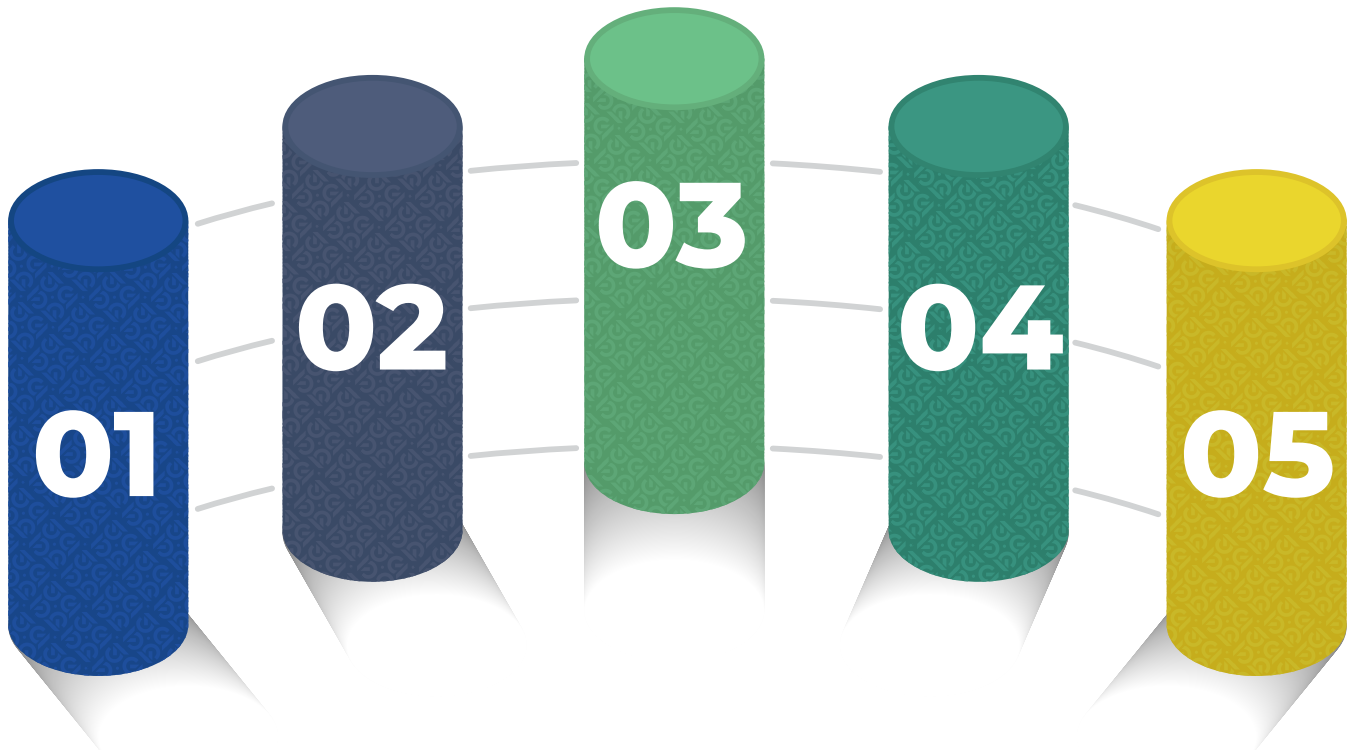
Experienced Fund Managers – we have deployed substantial capital to early-stage SMEs in the small business funding space in South Africa.

THE IMPACT REPORT

Impact is central to our business and our strategy which makes our Impact Report a significant and important part of our organisation. We recognise the importance of reinforcing our impact through transparency and accountability and this report holds us accountable while providing comprehensive transparency.

Impact reporting represents the social and environmental effects of our investments and how the impact of our activities goes beyond just financial returns. At our heart lies the commitment to growing SMEs in sustainable, impactful, and powerful ways – we want to be a part of changing the story – and this means measuring, testing and assessing our impact consistently.

The **5 Pillars** of **Impact**



01

Transparency and Accountability

Our Impact Report ensures we provide our partners and stakeholders with transparency and insightful information enabling them to hold us accountable.

02

Measuring Objectives

Many of our current and potential stakeholders are increasingly focused on Environmental, Social and Governance (ESG) objectives alongside transformation and impact investing. Our Impact Report is designed to support their requirements by providing visibility into the societal and environmental outcomes of their investments.

03

Long-Term Performance

We contribute to the long-term sustainability and performance of a fund because we incorporate impact considerations into our investment decision-making. Companies that prioritise ESG principles and practices are more resilient, agile and capable of adapting to volatile, disruptive, or complex market dynamics.

04

Mission Alignment

Our Impact Report ensures we track our progress and fulfil our intended purpose while giving us the opportunity to share our company mission with fellow impact visionaries, stakeholders, partners, and our SMEs.

05

Engagement and Dialogue

We want our Impact Report to encourage engagement and dialogue with all stakeholders, partners, and SMEs with the goal of improving understanding and enhancing collaboration throughout the SME support ecosystem.

Message from the **CEO**



DANIEL HATFIELD

Chief Executive Officer, Edge Growth





Seventeen years ago, we founded an organisation that prioritised change through action and impact. Jason Goldberg, Edge Growth Co-Founder, developed the original incubator model while doing missionary work in Africa, but early on we recognised that albeit impactful, a business incubator model was a difficult business model to scale. The people who can afford to pay for it, don't think they need it; and the people who need it, can't afford to pay for it. It took several years of working with SMEs in our local context to develop an incubator model capable of supporting a business to holistically remove growth constraints, while developing the capability required to achieve scale.

After a few years of operating the incubator, we realised that a key constraint the local SME ecosystem was facing, was the access to 'fit-for-purpose' funding. It was at this point that we partnered with FirstRand to start our fund management business with the goal of mobilising funds in a way that worked for the end beneficiaries – launching the first of its kind ESD Fund, Vumela. Both parties recognised that traditional banking and financial systems didn't work for small businesses – the terms and conditions didn't enable outcomes – and built a bespoke fund management capability. Since then, we've set up multiple funds with other corporates that has enabled us to do work with SMEs and implement different acceleration models on the back of well-funded businesses.

“
Our central purpose is growing small businesses to create employment and drive sustainable change. We were a social purpose before we were a company, giving small businesses the opportunities they needed to discover their immense potential. Today, that remains our True North and the foundation of our sustainability commitment and strategy.



– DANIEL HATFIELD, CHIEF EXECUTIVE OFFICER, EDGE GROWTH.

AN IMPACT-DRIVEN BALANCING ACT

One of the hardest things has been holding these two things in dynamic tension – growing a business with purpose at the centre, while doing so in a sustainable and scalable way. We have found a way of fulfilling our funders’ objectives and supporting SMEs optimally through the various growth phases, while in parallel building our own business in a sustainable, values orientated manner – a business that ideally could be a role model to the SMEs we support.

There is ongoing pressure from our funders to increase impact while decreasing the cost to do this. As much as Edge is pushing the boundaries of automation and digitisation to optimise impact, SMEs still need someone with specialist skills to provide support across many critical aspects of their business from setting up the financial system, to devising strategy, to managing human resources.



Growing and scaling a business with impact at the centre is a challenging balancing act.



– DANIEL HATFIELD, CHIEF EXECUTIVE OFFICER, EDGE GROWTH

Without these skills, you don't get the desired outcomes, and skilled people come at a cost; there is a real challenge to continually hold in tension your team's financial and career needs against the funder's objectives and Edge's sustainability. Growing and scaling a business with impact at the centre is a challenging balancing act.

We need to remain cognisant of the balance between what Edge wants to achieve in the SME ecosystem relative to what our funders require in terms of their mandates and objectives. These mandates can be limiting as based on legislation much of our funding has tight investment parameters. We must balance these requirements against our impact and work with our SMEs. Currently, we are establishing an Impact Fund across Africa which is designed to provide us with a bit more scope when it comes to how we drive SME growth, impact and sustainability. We have already embarked on more sustainability focused work with Anglo American in Africa and will continue with establishing new lines of funding to augment this impact.



DESIRED TOMORROW: CREATING CHANGE WITH INTENT


Edge Growth is committed to unlocking exponential SME growth in a way that drives positive socio-economic change on the continent – we call it our **'Desired Tomorrow'** and it formed an integral part of our FY21 to FY24 strategy when we developed our **DNA Charter**. This Charter established how we want to make an impact and answered one very simple question – what does the concept of Desired Tomorrow mean?

The answer lies in how we want to actively drive change for the country and the continent and align our goals with those within the United Nations Sustainable Development Goals (SDGs)


and the National Development Plan (NDP). Our DNA Charter highlights the impact we have had since our inception and our ability to drive client and entrepreneurial impact, and our Desired Tomorrow defines how we want to play an active role in creating a socially cohesive nation led by values-based, competent leaders.

This impact statement is our **True North**. It defines our active role in supporting the future of South Africa and the continent, and it describes the social outcomes we aspire to through our contributions.


Impact is in our DNA




We've created more than >14,000 new jobs




60% of our SMEs have increased or obtained the value of their corporate contracts



We exceeded our ambitious impact target of supporting SMEs in creating five million net job days



SME annual revenue growth of more than 20%



Grown the value of the business at a CAGR of 30-40% over 10 years

MEASURING SUCCESS: IMPACT AND DATA

The company started before there were best practice frameworks and so over the years, we have created our own. We've been pragmatic about what we have chosen to measure relating to SME impact, such as revenue growth, job creation, procurement spend, and supply chain mobilisation. Added to these, we've created a Business Maturity Index (BMI) which measures how our work has supported an SME to build the capabilities required for it to thrive as it grows. It was important to us that we develop frameworks that provide a real acid test around whether we are moving the performance needle for SMEs.

Our bespoke measurement system that allows us to accurately assess the impact we are having across multiple metrics and touchpoints within our SME ecosystem is called the Growth Tracker. It ensures we can be assessed against clear metrics and benchmarks which enables us funders to hold Edge accountable to the different theories of change we committed to, while also enabling us to learn and enhance how we support SMEs.

The way we treat diversity, our governance mandates, our management and decision-making – all these metrics are tied to our commitment to doing good business and being a business that people want to work with, and for. Our underlying values and behaviours are fundamental to our frameworks, methodologies and measurement practices.

It's important to remember here that collating data from SMEs is difficult. You need to incentivise the value chain, develop good systems and processes, and prioritise the time and energy it takes to source the data. There is also a lack of standardisation with different organisations measuring metrics in different ways. This makes it challenging to build a comparable set of metrics which allow the industry to understand and learn from best practice.

PRIORITISING IMPACT: TAKING CHANGE INTO THE FUTURE

Over the past year, to further our impact ambitions, we've started the **Impact Centre of Excellence project** to establish best practice within this space. The new impact measurements and frameworks established by this project will be completed by June 2025 as we are currently collating the data and evolving the solution to suit our impact requirements. We believe this will really enhance the narrative and further our impact and sustainability journey.

Throughout our FY21-24 strategy we set ourselves ambitious targets and now, with our FY25-FY27 strategic plan we are looking ahead at how we can have a powerful impact over the next three years. We have defined four resonant waves for this strategic cycle to ensure our impact is relevant and sustainable.

THE HEART OF IMPACT: PEOPLE

The people behind the Edge Growth success story are phenomenal. They could choose to take their skills anywhere but have opted into working for a company that's making a real difference. Every one of them believes in our purpose and values. Their commitment reminds me that our impact sits within the walls of our business just as much as it does out there, at the SME coalface. Their combination of talent, ingenuity and passion is what makes Edge Growth a success and is reflected in our exceptional results and ongoing growth.

Together, we are working towards changing lives for entrepreneurs, communities, and the country. We are always measuring our impact

and how we need to evolve and, as we embark on our next three-year strategy, we will continue to hold ourselves accountable. We must matter and deliver to a purpose-built outcome where we measure our impact, outcomes and value.

In 2024, we supported 298 SMEs by providing access to funds with R163.4 million in capital deployed. We also provided essential business support growth resulting in an average increase of 39% in BMI. This comprehensive assistance has been vital in helping SMEs create more than 2000 net jobs and all these metrics are a testament to our ability to drive client and entrepreneurial impact and to do well by doing good.



The combination of talent, ingenuity and passion of our people is what makes Edge Growth a success - we are doing well by doing good.

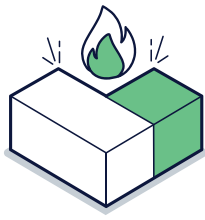


- DANIEL HATFIELD, CHIEF EXECUTIVE OFFICER, EDGE GROWTH.

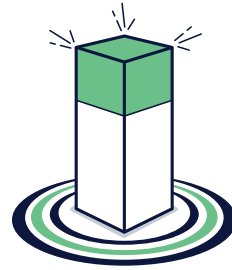
Our Epic Values



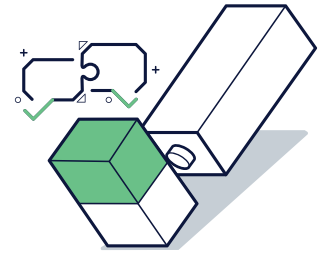
EDGECELLENCE
ENTREPRENEURIAL



PASSION
PARTNERING

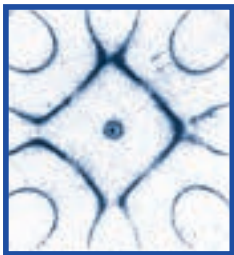


IMPACT
INNOVATION



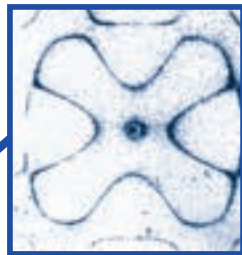
CONNECTEDNESS
COURAGE

Our Purpose Ambition



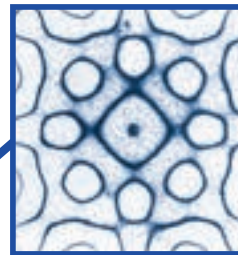
WAVE
1

EPIC people living our EPIC values



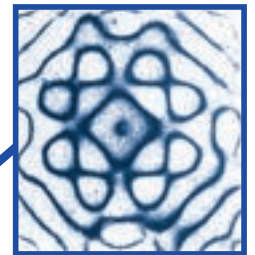
WAVE
2

Becoming Africa's leading SME impact pioneer partnering with leading investors and corporates



WAVE
3

Exponentially transforming job creation



WAVE
4

Shaping our Desired Tomorrow mapped to 10 Sustainable Development Goals





Our Theory of Change

Our Theory of Change (TOC) forms
the foundation of our impact focus



THE PRACTICAL IMPACT OF OUR THEORY OF CHANGE

The impact of our TOC is felt across five key areas:



Clarity of Purpose

A clear and concise definition of our intended impact and how we plan to achieve it. This clarity helps our stakeholders, partners, donors, SMEs and general public understand our mission and objectives



Accountability and Transparency

A roadmap that allows us to track our progress and assess the effectiveness of our programmes and investments. Accountability and transparency help us to evaluate whether or not we are achieving our intended outcomes and impact.



Alignment

We ensure our activities are aligned with our mission and goals through clearly defined steps and outlining the assumptions underlying our work. This alignment helps us to prevent mission drift and keeps us focused on our core goals.



Decision-Making

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



Learning from Failure

Understanding where our strategies may not be effective leads to important discussion, course corrections and improvements. We believe that failure is a lesson that builds success.

HOW WE DRIVE IMPACT: OUR THEORY OF CHANGE

IMPACT

WHAT IMPACT ARE WE AIMING FOR?

- ▲ A growing, inclusive, sustainable SME ecosystem led by skilled, values-driven entrepreneurs & teams

OUTCOMES

WHAT ARE THE RESULTS OF OUR ACTIVITIES?

- ▲ Diversity & inclusion in the SME ecosystem
- ▲ Improved environmental sustainability
- ▲ Jobs created and sustained in SMEs
- ▲ Enhanced SME governance
- ▲ Improved economic prosperity

OUTPUTS

HOW DO OUR ACTIVITIES DELIVER IMPACT IN SMES?

- ▲ Improved strategy, execution, governance, reporting & risk management
- ▲ Better market access & customer experience
- ▲ Enhanced financial resilience & performance
- ▲ Enhanced human capital & values-driven leadership
- ▲ Improved products, processes & technology
- ▲ Improved access to fit-for-purpose growth funding

ACTIVITIES

WHAT ACTIONS DO WE TAKE?

- ▲ Providing access to finance: Investing in SMEs across the capital spectrum
- ▲ Providing access to markets: Cultivating value chain linkages and integration for SMEs
- ▲ Cultivating teams of competent values-driven leaders
- ▲ Providing access to skills: Developing entrepreneurs and providing technical assistance and capacity building
- ▲ Cultivating partnerships and networks with leading corporates and capital providers
- ▲ Robust and rigorous measurement and reporting of our impacts

INPUTS

WHAT INPUTS DRIVE OUR ACTIVITIES?

- ▲ Expertise and experience in investing in and scaling SMEs
- ▲ Networks and partnerships
- ▲ Best practice governance and regulatory compliance
- ▲ Impact-orientated investment capital
- ▲ Proprietary tools and technologies to support SME growth



WE TRACK OUR IMPACT ACROSS FIVE CORE TARGET OUTCOMES

Jobs created and sustained within the SME:

SMEs are the single most powerful source of job creation and upliftment. Yet, without help, most fail within the first two years. Through our support of SMEs we ensure that jobs are sustainably created – providing livelihoods and economic opportunities across communities.

An example of how we measure our impact on jobs is through net job creation, which measures how the jobs profile of an SME changes during our support and interventions.



Improved economic prosperity:

Our SME support catalyses value creation and broader economic prosperity in our SMEs' communities. This includes wealth creation and financial benefits, balanced with social goals. We understand that sustained SME growth is imperative to achieve long-lasting economic expansion, inclusivity and stability.

This economic value creation has positive knock-on effects for all stakeholders: for SMEs' customers, for founders and leadership teams, for employees, and for Edge itself – and our set of measures for economic prosperity attempts to account for all of these beneficiaries.



Enhanced SME governance:

Improving the governance within SMEs is important to us not only because it enables greater business success, but because it supports the development of values-driven entrepreneurs that will continue to operate with integrity and accountability in our communities.

We use our Business Maturity Index to measure the improvement in the maturity of the SMEs we support in terms of governance and ability to execute business strategy effectively.



Improved environmental sustainability:

We are increasingly focused on the environmental practices of the SMEs we support, and in supporting and growing SMEs which contribute to the Green Economy. This includes supporting outright green economy SMEs to scale, and supporting SMEs outside the green economy to improve the environmental sustainability of their current operations in support of the transition.

Moving forward, we will be measuring the share of SMEs which we support that directly contribute to the green economy, and put in place targets to grow this share in the coming years.



Diversity & inclusion in the SME ecosystem:

We focus on the upliftment of historically disadvantaged individuals and marginalized communities through entrepreneurship. We aim to create social value within the communities which our SMEs operate.

Our measures of transformation include the share of majority black-owned and black women-owned businesses that we support. We continually strive to meet ambitious targets for transformation: for over 95% of the SMEs we support to be majority black-owned, and over 50% of the SMEs to be majority black women-owned.

Our **Impact Statement**

TOGETHER,
We shape the

**DESIRED
TOMORROW**

by investing in SMEs,
creating employment opportunities
and driving positive

SOCIAL

**& ECONOMIC
TRANSFORMATION**

2024 Highlights

SME Revenue Growth

All SME revenue earned cumulatively including FY24

R3,632bn



SME Revenue Growth

46 of our SMEs have grown revenue more than



20% in FY24. (FY23: 27)

SME Headcount

The number of employees our SMEs had during our financial year

12,280



Black-Owned SMEs

93%

of SMEs touched by Edge Growth are at least

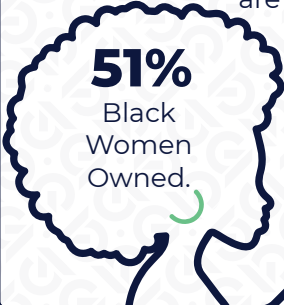


51%

Black owned.

Black Women-Owned SMEs

31% of SMEs touched by Edge Growth are at least



51%

Black Women Owned.

Net Jobs for 2024

Since inception of Edge Growth **8 517**

net jobs (jobs created after taking job reduction and losses into account) have been created



Jobs Created


Since inception of Edge Growth **13 399**

permanent and temporary jobs have been created





Edge Growth
Impact 2024



We are proud of our market-leading results that demonstrate clear impact across the key areas of job creation, contract spend shift and revenue growth.

OUR IMPACT METRICS

The metrics we use to assess our focus areas of Leading Growth and Igniting Impact are defined as:



Net Job Creation

This is measured across:

- ▲ Permanent jobs (net and new)
- ▲ Temporary jobs (net and new)
- ▲ Job per capital invested

SME Revenue Growth

This is measured across:

- ▲ Number of SMEs growing at more than 20%
- ▲ Revenue growth percentage on weighted average basis

SME Ownership

This is measured across:

- ▲ The number of at least 51% Black women-owned businesses
- ▲ The number of at least 51% Black-owned businesses

Business Maturity Index

This measures SME development across key business maturity metrics.

Procurement Spend Shift

This applies to transformed suppliers.



“
If we don't measure it, we can't manage it. Measurement leads to learnings that create an iterative cycle which allows us to always do better.”



— DANIEL HATFIELD, CHIEF EXECUTIVE OFFICER, EDGE GROWTH.

OUR IMPACT FRAMEWORK

Our impact is aligned to the United Nations SDGs and the NDP 2030 and prioritises the following critical areas:

JOB CREATION



We have created and sustained >13 000 jobs across our 167 SME investments

FINANCIAL INCLUSION



We have supported 16 FinTech's and financial SMEs that are driving financial inclusion in SA

DIVERSITY & 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 eight green ventures which are contributing significantly to the green economy.

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, for example the Green Outcomes Fund; provide technical assistance, for example USAID; and mitigate risk, for example AFD.



JOB CREATION

Measuring job creation is a multi-faceted process and 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 when taking factors such as the 'gig economy' into account.

MEASURING JOB CREATION

We measure job creation across the following levels:

1. Permanent Jobs

defined as jobs where contracts are for longer than six months and/or 20 hours per week.

2. Temporary Jobs

defined as jobs where contracts are for less than six months and/or hours are less than 20 per week.

3. Full-Time Equivalent Jobs

defined as contract hours worked by part-time employees

Our job creation is measured on a gross and net basis which is defined as:

▲ Gross Jobs Created

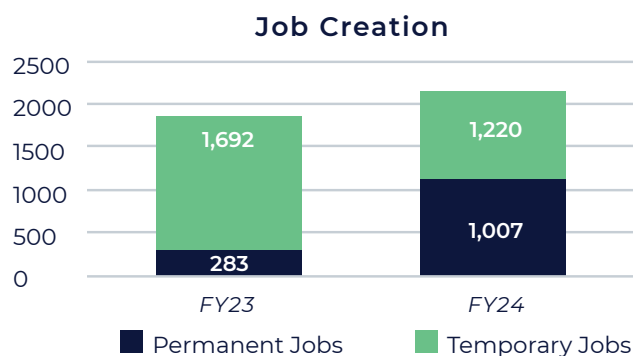
the increase in permanent and temporary jobs from the beginning of the period to the end of the period.

▲ 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, so this metric takes this fluidity into account.

We have exceptional impact reporting figures for the year ending 30 June 2024. The figures for the previous year which ended on 30 June 2023 have been included as a benchmark.

2,227 permanent and temporary jobs created in FY24 (>1,900 in FY23)

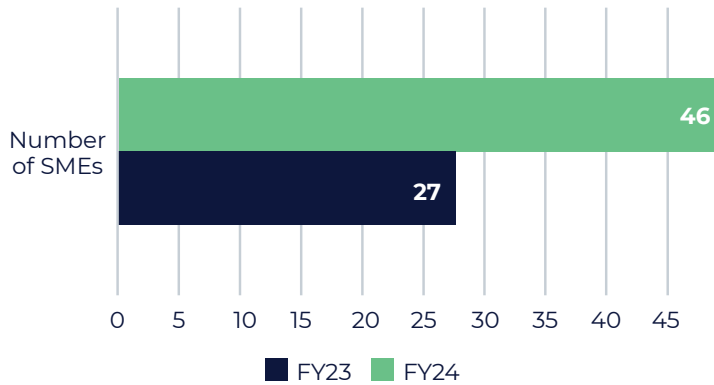


REVENUE GROWTH

The numbers below showcase SME revenue growth across a number of different impact metrics. We have included the FY23 data as a benchmark.

R3,632bn SME revenue in FY24 (R2,575bn in FY23)

SME Revenue Growth - more than 20% per annum



FUNDS UNDER MANAGEMENT

Edge Growth Ventures has consistently been growing funds under management for the past 14 years from an initial amount of approximately R70 million to c. R2,3 billion under management by the end of our financial year on 30 June 2024. This growth showcases the ongoing expansion of our fund offerings, and our investor base stands at 155, which includes our corporate investors.

Our growth is a testament to our commitment to establishing long-term, mutually beneficial partnerships with our investors as many have re-allocated and grown their contributions to our funds. This has allowed for richer business development support for our growing pool of SMEs.



SME CHARACTERISTICS

Number of SMEs impacted



Number of black-owned SMEs



Number of black women-owned SMEs



THE BUSINESS MATURITY INDEX

BMI measures the impact of our work on our SMEs against clearly benchmarked criteria. In 2024, the following numbers represent the significant impacts made on and by our SMEs when measured against specific metrics.

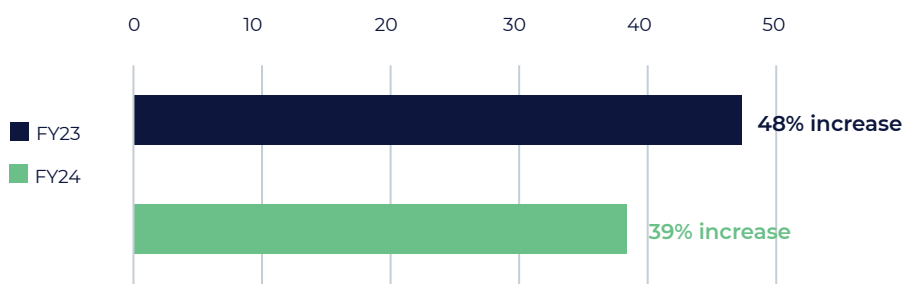
BMI METRICS

The metrics we use to measure SMEs and track their growth and maturity overall as a business includes:

- ▲ Sales growth
- ▲ Team structure
- ▲ Scalability
- ▲ Cash flow management
- ▲ Operations

Every SME has their BMI measured at the start of our intervention and then again at the end, allowing us to assess their maturity and the success of our interventions. The BMI tool provides a window into SME maturity when it comes to executing business strategy and shows areas of improvement and where they need to prioritise their efforts to achieve higher levels of maturity.

BMI Maturity FY24



The reason for the lower increase in FY24 is due to the increase in new SMEs that started new programmes in the Solutions space

THE PROCUREMENT SHIFT METRIC

Our Procurement Shift Metric indicates the number of SMEs on our programmes which have received contracts from a sponsoring company. This metric is self-reported by the SMEs across our programmes.

In 2023 we saw a R8 million procurement shift, down from R36 million in 2022. In 2024, the procurement shift increased to R81 million.

MISSING MIDDLE CAPITAL DEPLOYED

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

Catalytic capital needs to meet the following four criteria:

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

As of FY24 61% of our capital deployed is classified as the 'Missing Middle'.



How we Create Impact

The current macro-economic climate in South Africa is challenging for SMEs. Interest rates, inflation, and unemployment levels continue to fluctuate, and, because of global social and geopolitical uncertainty, exchange rates are volatile and economic growth rates remain variable to low.

Most SMEs have a limited ability to absorb the shocks from the wider economic environment and require an ecosystem designed to support them across critical areas designed to enhance their growth and sustainability. These support tools need to include efficient working capital, financial management, access to markets and broader skills development.

OUR APPROACH

We collaborate with partners to design bespoke mandates that enable us to contribute towards transformation and shared value objectives.

We create impact by providing SMEs with:



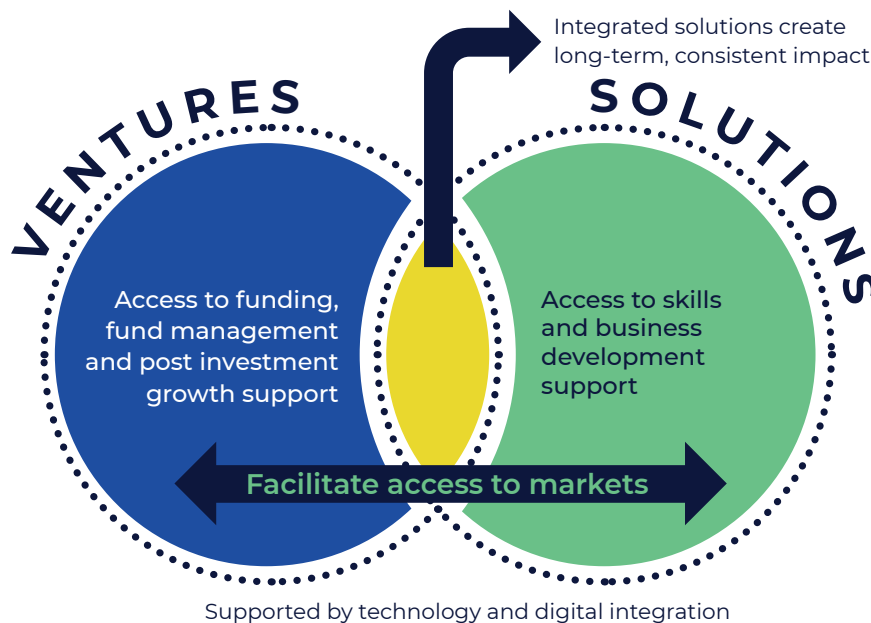
Access to
SKILLS



Access to
MARKET



Access to
FUNDING



We offer bespoke, integrated solutions which are designed to support long-term sustainable growth for SMEs



- JASON GOLDBERG, EDGE GROWTH CO-FOUNDER AND EXECUTIVE DIRECTOR.

Edge Growth **Ventures**

Message From The Chief Executive

Edge Growth Ventures is one of the leading SME investors in South Africa offering a range of funding instruments across the capital spectrum. It has reached significant size and scale over the past 14 years and is always building on its foundations to create new funds, new instruments and new collaborative initiatives.

JANICE JOHNSTON

Chief Executive: Edge Growth Ventures



NEW FUNDS

FY24 was a year of innovation and expansion where we launched two new funds, both with highly developmental and catalytic mandates.

IGNITE FUND

The Ignite Fund aims to fund early-stage deals which would typically not qualify for funding from Edge Ventures' other funds under management. It provides accessible funding to early-stage SMEs and therefore has a higher risk mandate. This fund offers smaller loans through a faster decision-making process, often to SMEs with secured opportunities, mainly situated in areas outside of key urban areas, such as mining communities. This fund has already been successfully deployed into 11 SMEs and started to create meaningful job creation in communities where job opportunities are particularly scarce. The Ignite Fund is set up as a multi-investor fund and currently has R90 million under management as of FY24.

FRANCHISE FUND

The Franchise Fund is a new solution launched in March 2024 as a collaboration between FNB (investor), Cash Converters (Franchisor) and Edge Growth Ventures to drive an increase in black-owned franchise owners in South Africa. The fund is currently in a pilot phase with the potential to grow with other franchisors over the next five years. It has made its first investments into first-time franchisees looking to open a new store and each investment is anticipated to create between eight and 10 new jobs. The Franchise Fund currently has R50m under management.

NEW INSTRUMENTS

In FY24 we also deployed new innovative instruments that included Accelerate Loans and Venture Debt through Vumela 4.

Accelerate Loans have unlocked highly catalytic funding for smaller SMEs participating on one our Programmes which provides business development support and mentorship.

The Venture Debt mandate focuses on providing investments into early-stage venture-capital-backed SMEs through a non-dilutive financing solution which has many benefits for the entrepreneur and the venture capital ecosystem. This has been utilised extensively globally but much less so in South Africa. Deals such as Rentoz and LulaLoop have proven the use case in South Africa.

NEW COLLABORATIVE INITIATIVES

We have continued to cultivate new collaboration initiatives that allow us to explore opportunities both within the organisation and the broader ecosystem. Our combination of programmatic support and funding solutions for SMEs is proving to be a winning formula that is reflected by our success stories. Pineapple and EM Guidance were nominated for the SAVCA Start-ups/Venture Capital Awards; co-investment between funds has proved invaluable for several investee companies including SeaMonster and LulaLoop; and understanding the SME context and challenges coupled with a supportive approach recently paid off with Maneli Pets who received a game-changing contract from Checkers after a challenging period.

We had our highest deployment year ever in FY24, providing funding across the capital spectrum of c.R260m to highly impactful SMEs. We are funding more SMEs than ever with strong job creation numbers and delivering on our mandates.



We have been reminded of the enduring value of collaborations and long-term partnerships which have been a specific feature of our positive performance and underline the importance of investing the time to understand relational context and opportunities with our key stakeholders.



- JANICE JOHNSTON, CHIEF EXECUTIVE: EDGE GROWTH VENTURES

EDGE GROWTH VENTURES: FUNDS

Edge Growth Ventures has co-created and manages seven funds that include:

1

The Vumela Fund

Established by FNB Business Bank and Ventures in 2009 with capital provided by the First Rand Group, the Vumela Fund is an innovative model for investing in high-growth SMEs with sustainable economic and impact returns.

The Vumela Fund has **R726 million**
under management across three separate funds as of FY24.

2

The Edge Action Fund

The Edge Action Fund was established in 2011 as our in-house SME development solution. It was designed to enable corporates to contribute and invest in SME development, particularly black-owned businesses in their supply chain.

The Edge Action Fund has **R189 million**
under management as of FY24.

3

The ASISA ESD Fund

In 2012, the ASISA ESD Fund was established on behalf the Association for Savings and Investment South Africa (ASISA) to benefit both investors and SMEs. It is a Broad-Based Black Economic Empowerment (B-BBEE) fund that provides SME development and funding for ASISA SME suppliers and for other high-growth SMEs.

The ASISA ESD Fund currently has **R706 million**
under management across two
separate funds as of FY24.

4

The SAB Thrive Fund

The SAB Thrive Fund was established in 2016 by South African Breweries (SAB) as a supplier development and transformation fund with the goal of providing equity to suppliers and enabling majority black ownership, innovation, and accelerated growth.

The SAB Thrive Fund currently has **R245 million**
under management as of FY24.



The Abadali Fund

5

In 2021, the Abadali Fund was established as part of J.P. Morgan's Equity Equivalent Investment Programme. It is designed to extend debt financing on flexible terms to selected, eligible, black enterprises primarily operating in the industrial and green economy sectors of South Africa.

The Abadali Fund currently has **R300 million** under management as of FY24.

EDGE GROWTH VENTURES ESTABLISHED TWO NEW FUNDS IN 2024 – THE IGNITE FUND AND THE FRANCHISE FUND

6

Ignite Fund

The Ignite Fund aims to fund early-stage deals which would typically not qualify for funding from Edge Ventures' other funds under management. It provides accessible funding to early-stage SMEs and therefore has a higher risk mandate.

The Ignite Fund is set up as a multi-investor fund and currently has **R90 million** under management as of FY24.

7

Franchise Fund

The Franchise Fund is a new solution launched in March 2024 as a collaboration between FNB (investor), Cash Converters (Franchisor) and Edge Growth Ventures to drive an increase in black-owned franchise owners in South Africa.

The Franchise Fund currently has **R50 million** under management as of 2024.

VENTURES IMPACT 2024

Over the past year, Ventures has managed a total of 112 active deals with a total number of 93 active investors – including Royal Bafokeng Holdings under the Edge Action Fund and Ignite – across all funds. We remain one of the few players in the SME ecosystem providing both financial and non-financial growth support to our SMEs and this is enhanced by our ongoing commitment to Desired Tomorrow.

We recognise how the SMEs of today are essential to enabling us to make a memorable socio-economic impact while equally paying attention to the needs of the business of tomorrow. To this end, we are consistently shifting the mix of our portfolio to build sustainability, achieve our Desired Tomorrow and optimise impact through mutually beneficial partnerships.

IMPACT ORIENTED INVESTMENT PROCESS

Impact and job creation are not by-products of Ventures’ funding – they are the intentional outcomes of our focused investment into job creation, SME sourcing, and support. Our job creation targets are included in our investment thesis from inception and are tracked in relation to these targets. We have, over time and through growing expertise, become adept at evaluating which sectors and business models are likely to become high job creators within the current economic climate and have adjusted our investment activities to match.

The below tables and numbers showcase how our expertise has enhanced our portfolio, supported our SMEs and returned value to investment for our corporates.

Number of SMEs impacted

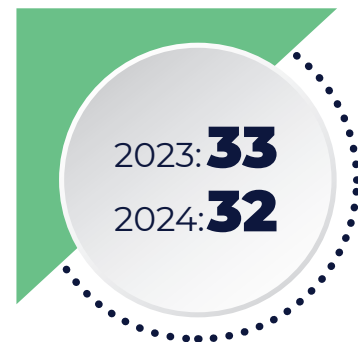
Number of SMEs impacted



Number of black-owned SMEs



Number of black women-owned SMEs



JOB CREATION

As one of the core tenets of the business and a powerful measure of social upliftment and social expansion, job creation remains a critical impact measurement for Ventures. Since inception to FY24, more than 2,562 permanent jobs and 6,643 temporary jobs have been created. These numbers fluctuate year-on-year (YoY) as most of the increases are related to SMEs with business models that provide significant temporary or full-time equivalent roles. While the pandemic and economic disruption affected these numbers, we saw signs of recovery in 2023 that have continued into 2024.

Jobs created since inception



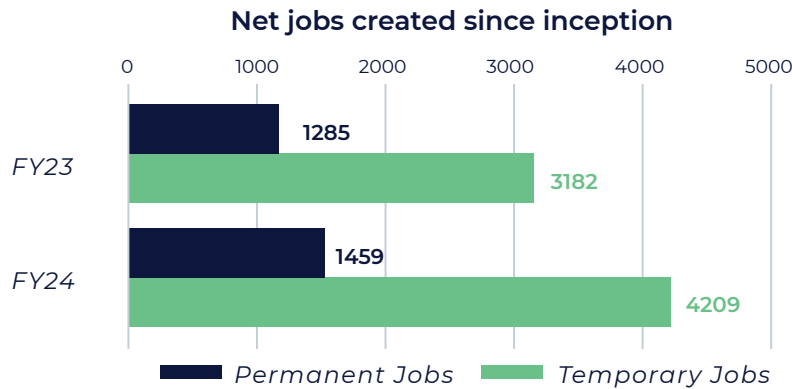
2562
Permanent Jobs



6643
Temporary Jobs

NET JOB CREATION

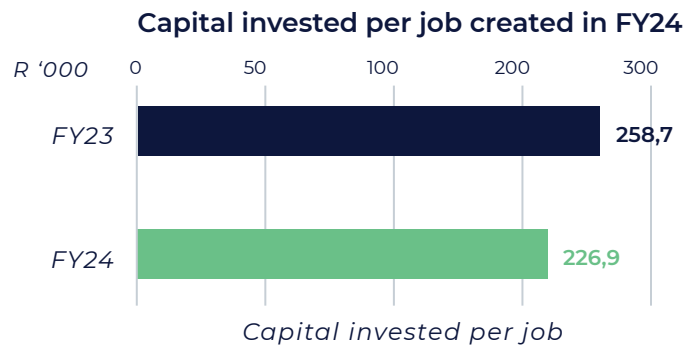
This metric provides a different perspective on job creation that takes both job creation and job reduction and losses into account. Since inception to FY24, the numbers have been positive across jobs that are permanent and temporary. In FY23, we created 1,285 permanent net jobs since inception and 3,182 temporary net jobs and these figures increased significantly in FY24 to 1,459 permanent net jobs since inception and 4,209 temporary jobs.



CAPITAL INVESTED PER NET JOB CREATED

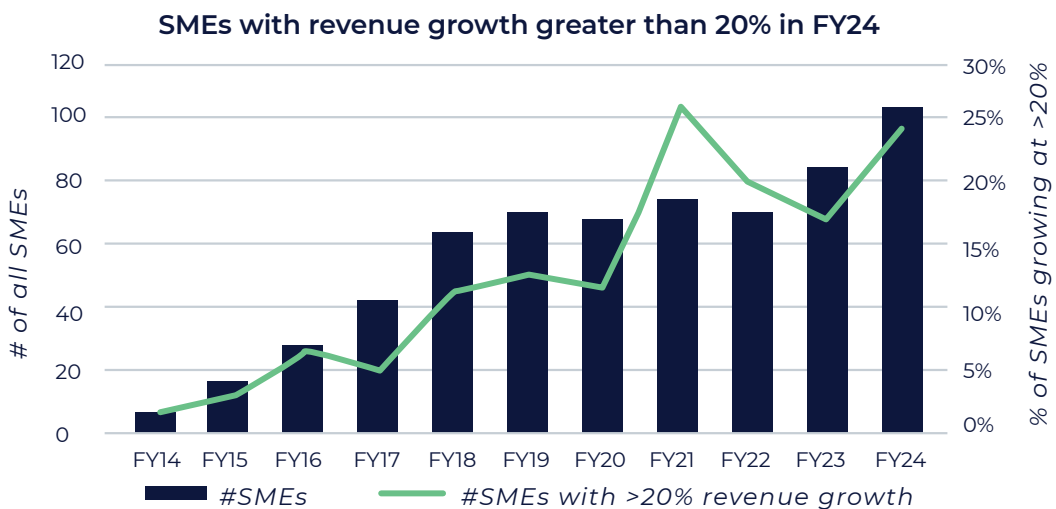
The metric of capital invested per net job created excludes Thrive and has decreased YoY from FY23. Last year the total was R258,7k and in FY24 it is R226,9k which is a highly efficient cost per job ratio. This steadily decreasing number is due to the strong provision of temporary and full-time equivalent job creation.

Our numbers show that the capital per job, using specific job measurements over time, is decreasing which is indicative of how we are using capital more efficiently to create jobs and make an impact.



SME REVENUE GROWTH

Since inception, our SME revenue growth has increased by an average of 19% at a revenue amount of R15,27 billion – a significant increase on the R12,7 billion for FY23. At least 24 SMEs have a revenue growth exceeding 20% in FY24 compared to 18 in FY23.





Edge Growth Solutions

Message From The Chief Executive

Our goal is to create sustainable livelihoods by supporting SMEs to grow and become sustainable. Whether the SME is a solopreneur building a lifestyle business or a high-growth SME employing people and creating jobs, their commitment to building a business has an impact.



SUSAN MOLOISANE

Chief Executive: Edge Growth Solutions



The impact of building a sustainable livelihood has a multiplier effect. In our country, many people benefit from the income of one. It is this reality, that keeps us focused on supporting SMEs and by doing so, enabling the creation of jobs. The Edge Growth Solutions business provides programmatic interventions designed to enable the growth of SMEs. Our role is to act as an advisory and implementation partner to our clients, resulting in us working with SMEs by designing and delivering programmes that go beyond compliance.

In FY23, we were coming off the back of a three-year period of massive instability. The pandemic had a significant impact on SMEs with many closing, shrinking their scope or still recovering. Last year's results reflected the tough period and highlighted how SMEs were focused on trying to keep the lights on.

Even though the context of the past few years has been tough, there is positivity ahead. The pandemic showed us what disruption truly meant and has given us all the opportunity to learn lessons that help us plan for any eventuality. This is what sustainability means today. SMEs have learnt strategies to keep their doors open regardless of instability or disruption.

The market context has required us to rethink some aspects of how we design our programmes. We have embraced a deeper understanding of the SME growth journey and what SMEs need at every phase of this journey. We've mapped out the growth curve from early stage to the point when they are considered a large company and assessed what is required from a support perspective to enable this growth throughout.

These insights have allowed us to match our programme designs to the specific needs of the SME at different points of the growth curve. Our Multiply and Magnify programmes have been significantly evolved and we've introduced a third programme type – Empower.

As we learn, we grow and now our programmes are adapting to what our SMEs really need. We walk a journey with the SME all the way from the early stage through to scaling up and have matched our programmes to suit this strategy.



1

MULTIPLY

– startup and early-stage SME

2

EMPOWER

– growing SME

3

MAGNIFY

– established and scaling SME

EDGE GROWTH SOLUTIONS: MULTIPLY

The Multiply programme applies to early-stage businesses. The goal at this phase of SME growth is to help them establish a product-market fit and stabilise their revenues.

EDGE GROWTH SOLUTIONS: EMPOWER

Once an SME has stabilised its income and has settled on a market, it graduates to the Empower programme which speaks to a different phase of the business. Here, the problem statement could involve improving operational efficiencies, improving profit margins, as well as preparing and assisting the business to access growth funding.

EDGE GROWTH SOLUTIONS: MAGNIFY

At this stage, the SME is supported to scale. The problem statement could involve team building and management, growth funding, product and/or market diversification.

We incorporate a variety of interventions to help SMEs at all stages of their growth that include a comprehensive business diagnostic, mentorship and coaching, bootcamps and specialist interventions.

Since inception, we've designed and launched different types of niche programmes designed to support the transformation and growth of critical elements within the SME ecosystem. These include programmes designed to provide support to the following types of SMEs:

- ✓ Short-term insurance – motor body repairers, plumbers and electricians
- ✓ Long-term insurance and financial intermediaries – brokers, IFAs, stockbrokers
- ✓ Financial services – accountants, debt collectors and tracers
- ✓ Mining, industrial and petrochemical - construction, engineering, health and safety

There are three core pillars that underpin the design of our programmes:



Bootcamps

Customised bootcamps curated for a specific cohort to address specific business development needs that apply to the entire cohort.



Specialist interventions

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



Mentorship

Customised one-on-one mentorship aimed at providing a sustainable support structure to SMEs as they work through their growth plans throughout the programme duration.

Mentor-led group sessions and workshops to solve business challenges experienced by a number of SMEs on the programme.



EDGE GROWTH SOLUTIONS IMPACT

In FY24 we have seen significant improvement across all of the key measures we track. This is the result of fruitful collaboration between the SMEs we work with, our business development support partners, our internal team and the clients that make this all possible. Using our learnings to evolve the way we support our SMEs has yielded results.

We measure our impact on several levels that include:



SME Revenue Growth



Improvement in Business Maturity



Job Creation



One-to-one mentorship is a powerful part of our programme and has made the biggest difference in terms of outcomes across all our programmes. This mentorship, particularly when it is of a technical, specialist nature, transforms the SME success story.



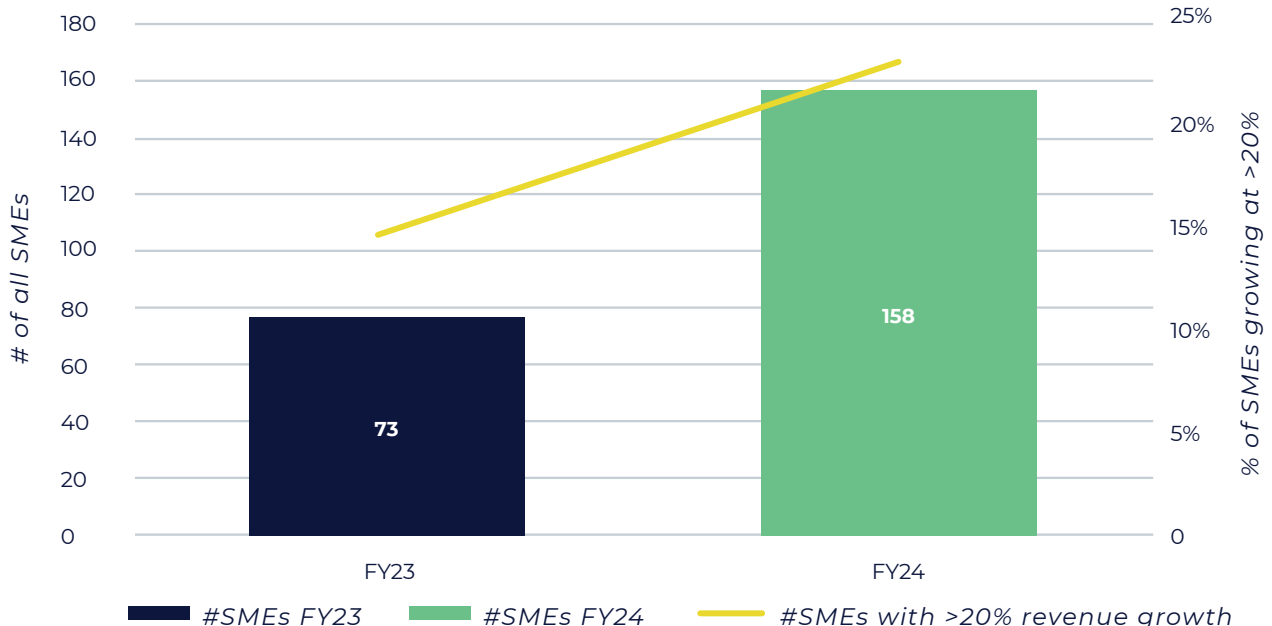
- SUSAN MOLOISANE, CHIEF EXECUTIVE AT EDGE GROWTH SOLUTIONS

SME REVENUE GROWTH

Total SME revenue grew from R305 million in FY23 to R722 million in FY24. We have seen the number of SMEs growing at more than 20%, increase in FY24 from 11 (~20%) to 36 (~23%). Average revenue growth across all SMEs supported in FY24 is 19%.

Of the 158 SMEs supported in FY24, only 111 saw growth in revenue. The balance (47) did not see any revenue growth. This is indicative of the inherent struggles faced by entrepreneurs as they try to build and grow their businesses. The ability to keep those businesses open and sustainable is still a win given the impact to the entrepreneur(s) and others dependent on the businesses.

SMEs with revenue growth greater than 20% in FY24



BUSINESS MATURITY IMPROVEMENT

Edge Growth Solutions supported 158 SMEs in FY24 with an average BMI improvement of 39%. This measure speaks to improvement in the sustainability of SMEs supported on our programmes.

Average BMI Improvement FY24



158
SMEs supported

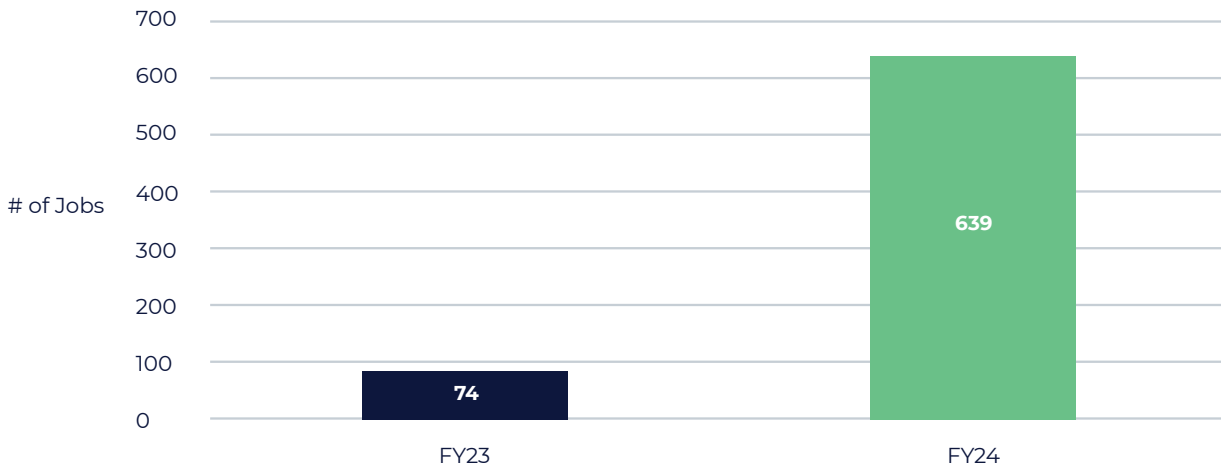


39%
Average BMI improvement

SME JOBS CREATED

Our efforts translated into the creation of 74 jobs in FY23 and has seen a positive increase over the past year to 639 in FY24. The net jobs created in FY24 was 353. Net jobs indicates the net outcome when considering jobs lost as well within the period of measurement.

Jobs created FY23 vs FY24



Number of SMEs impacted

Number of SMEs impacted



Number of black women-owned SMEs





Edge Growth
Blue Skies

MESSAGE FROM THE CHIEF EXECUTIVE



JASON GOLDBERG

Director and Co-Founder Edge Growth



Blue Skies is our innovative entrepreneurial division which we designed to expand our SME support horizons beyond traditional boundaries. It is a strategic business unit focused on identifying and developing high-potential ventures that complement our core operations while amplifying our impact on the market. We recognised that many compelling opportunities fall outside our established business framework and so, with Blue Skies, we have created the dedicated team, skills and resources required to transform these opportunities into successful ventures.



Every step we take with Blue Skies is another pathway for growth and impact. It is an approach that diversifies our portfolio and strengthens our ability to create meaningful impact at scale.



- JASON GOLDBERG, DIRECTOR AND CO-FOUNDER OF EDGE GROWTH

The Blue Skies vision is to dramatically scale our reach and influence beyond current operational constraints. Through Blue Skies we can discover, evaluate, and nurture the breakthrough businesses of tomorrow as we build the expertise and infrastructure needed to support their growth journey.

Our unit advances multiple strategic imperatives that include: achieving greater market presence and scale; reducing reliance on ESD-focused initiatives; and positioning Edge Growth at the edge of market innovation. We operate as an entrepreneurial engine within Edge Growth

so we have the agility needed to pursue opportunities while staying true to our core values and mission. It is a unique positioning that allows us to explore and develop new market segments that might otherwise have remained beyond our reach.

The Blue Skies focus on sourcing, selecting and scaling innovative businesses, positions us to capture emerging opportunities, and is reflected in our unique programmes and undertakings. We define these companies as the Businesses of Tomorrow and we've sourced, selected and scaled 21 businesses since inception.

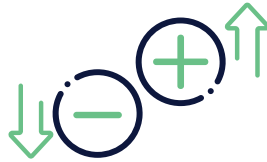
IMPACT FINANCE NETWORK

The Impact Finance Network (IFN), established in collaboration with Anglo American, is focused on hosting regional development challenges by exploring ways we can partner and tap into a pool of private capital to achieve our sustainability objectives at scale. We have identified innovative and impactful businesses across South Africa, Botswana, Namibia, Zimbabwe and Zambia, and are providing them with much needed support from our Impact Capital Africa partners. This support comes in the form of pre-investment technical assistance and matching with the right investors.

These businesses are measured against key metrics such as:



Supported livelihoods



Number of previously disadvantaged people in management



Women in management

As the business is currently collating the data for its FY24 impact, the below statistics reflect the FY23 results which were not available at the time of the Edge Growth Impact Report 2023 publishing date.

Number of SMEs impacted

Total capital raised to date with IFN



Total jobs created



Total Jobs maintained



Total jobs supported



Businesses receiving Technical Analysis (TA)



Livelihoods supported FY23



Percentage of Edge Growth revenue from Blue Skies initiatives



ART OF SCALE

The Art of Scale, formerly NXT-9, is a key component of our overall digital strategy. It combines next-generation technology and analytics with experienced coaching to help growth-stage SMEs scale effectively while managing costs and addressing critical business constraints.

We harness behavioural science, technology, and proven challenge playbooks to build high-performing teams and enhance individual habits, systems, and cultures. We are here to empower SMEs as they execute their strategic objectives and overcome their growth constraints with a structured and flexible approach.

Our advanced analytics combined with hands-on coaching gives our SMEs a powerful framework for sustainable business growth. They can leverage our solution to transform their operations and achieve their scaling ambitions while maintaining operational efficiencies.

Total SMEs scaled for growth FY24



Total coaches in Art of Scale network FY24



How do we measure our Impact?

Introducing Growthtracker, the easiest way to visualise your impact, track growth, performance, and connect with the SMEs that are making a positive difference in the world.

Whether you're an SME Investor, Accelerator, or Entrepreneur, GrowthTracker gives you the data-driven insights you need to manage your growth and impact-driven outcomes. With real-time metrics, customised reports, and a database of SMEs at your fingertips, it's never been easier to scale and ignite your impact.

For more information contact our team or log into GrowthTracker today.



TRACK YOUR IMPACT

Effortlessly monitor SME growth, performance and impact in real-time.



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Our customizable SME Database is easy to search, spans all sectors, and comprises >800 SMEs.



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Beyond The Eyes Network

(A Solutions Case Study)

Revenue growth:

25%
FY23/24

Sector:

Entertainment

Jobs created:

102

Investment date:

2023

Key impact metric:

50%
revenue
growth
FY21/22

Total loan:

R1.2
million



OVERVIEW

Beyond The Eyes Network is a majority black-owned media and film production company founded by Sammy Rabolele. Established to provide audiovisual solutions to corporate clients, the company focuses on providing organisations with innovative video content.

As the company grew, **Beyond The Eyes** expanded into film and TV production with the goal of licencing intellectual property to streaming platforms. Prior to joining the Edge Growth managed **Royal Bafokeng Nation (RBN) Kgolo Enterprise and Supplier Development Programme** in 2023, the company's growth was slow with minimal year-on-year increases in revenue, and it was struggling to break into the competitive film industry. Today, the company has achieved significant growth with increased revenue and job creation.

KEY IMPACT METRICS

RBN's Kgolo ESD Programme, managed by Edge Growth had a transformative impact on **Beyond The Eyes**. It provided the company with crucial resources to accelerate its growth. The programme also connected the company to **JCDecaux**, a key partner, enabling **Beyond The Eyes** to advertise their first film, **He's Not Ready**, on digital billboards. This exposure resulted in the film being screened at Ster-Kinekor and Nu Metro cinemas which was a major milestone for the business.

Since then, the company has employed six permanent staff, an increase from its original four, and provided temporary employment to nearly 100 people during its latest film production. Additionally, the company's revenue has seen significant growth over the three-year period – increasing by 50% between 2021 and 2022, and by 25% between 2023 and 2024.

While there is still a long way to go in ensuring that the **Beyond The Eyes Network** becomes a household name in the film and TV space, the day we lift up our Oscar, **Edge Growth** and the **RBN Kgolo ESD Programme** will be a big part of our story!



- SAMMY RABOLELE, FOUNDER, BEYOND THE EYES

IMPACT CREATION

The RBN ESD Kgolo ESD Programme provided **Beyond The Eyes** with a loan for R1.2 million through the **Ignite Fund** to purchase much needed equipment for content creation. This enabled the business to pursue high-quality film production, helping to establish their brand in the South African film industry. The exposure and credibility gained through the programme have also opened doors for future projects, positioning **Beyond The Eyes** as an emerging leader in media production.

Mobility for Africa

(A Blue Skies Case Study)

Revenue growth:

27%
FY23/24

Sector:

Logistics

Jobs created:

38

Key impact metric:

40%
women-
owned

Total loan:

\$2.5
million



OVERVIEW

Mobility for Africa based in Harare, Zimbabwe, is an innovative social enterprise dedicated to transforming transport accessibility across the African continent. The company provides sustainable, affordable and reliable mobility solutions designed to bridge the gap between rural and urban areas, enhancing economic opportunities and reimagining quality of life for underserved communities.

KEY IMPACT METRICS

Mobility for Africa, is a part of the Impact Finance Network, an Anglo-American programme. **Edge Growth's Blue Skies** is the preferred implementation partner, who provide more than 80 businesses in the programme with technical assistance, investor readiness and investor matching. **Edge Growth Blue Skies** also provides project management and operational management for the Impact Finance Network across Southern Africa. Through technical assistance from the IFN, Blue Skies assisted Mobility for Africa with raising \$2.5 million USD in capital with a split of \$2 million USD in equity and \$500k USD in convertible debt from 2022 to 2023 in third-party capital.

We strive to create lasting positive impacts in the communities we serve, fostering a more equitable and prosperous Africa for all.



– AMELIA WILSON

IMPACT CREATION

The development of **Mobility for Africa** had a measurable impact on the economic empowerment by providing an increase in access to markets and jobs for marginalised communities and a boost in local economies. The company promotes green transportation alternatives designed to combat climate change and reduce urban congestion, and it ensures equitable access to mobility, particularly for women, youth and low-income populations. Currently the company is 40% women-owned and continues to drive its commitment to sustainability and inclusivity.

Letsema Consulting and Advisory

(A Ventures Case Study)

Investment date:

2020

Sector:

Consulting

Jobs created:

37

Key impact metric:

100%
black-
owned

Total loan:

R10
million



OVERVIEW

Letsema Consulting and Advisory is a Level 1 B-BBEE, 100% black-owned consulting firm established in 1996. The company provides its' clients with strategic advisory, digital transformation, and supply chain optimisation, helping them to drive growth and operational efficiencies across multiple industries and communities.

KEY IMPACT METRICS

The Vumela Fund turned out to be critical for the company. It was facing a revenue decline due to reduced public spending and the after-effects of the pandemic. The investment enabled the company to pivot into new sectors and develop new lines of business. The investment of R10mn gave the company the working capital required to support strategic shifts and drive future growth.

“ Business can be a catalyst for positive change if business and society become interdependent, relying on one another to succeed. ”

IMPACT CREATION

The **Vumela Fund's** growth funding helped **Letsema Consulting** strengthen its operational capabilities and support its operations throughout the COVID-19 pandemic. The company was able to pursue key projects that led to a significant increase in both revenue and profitability alongside the creation of 37 jobs.

Massive Quantum

(A Ventures Case Study)

Revenue Growth:

20%
FY23/24

Sector:

Chemical
Suppliers

Investment date:

2019

Jobs created:

1

Key impact metric:

51%
women-
owned

Total loan:

R5
million in 2020
R3
million in 2024



OVERVIEW

Massive Quantum is a 51% women-owned and managed company supplying a range of chemicals and products to industries that include mining, energy, water, steel, and food and beverage. The company's products are sourced globally and often require upfront deposits which put the company under ongoing financial pressure. It needed an investment to improve cash flow and improve support, and growth.

KEY IMPACT METRICS

The **Action Fund** provided **Massive Quantum** with a facility specifically for working capital to assist with cash flow. Through the original four-year investment of R5 million, the company has also received growth support that included the implementation of customised HR policies, scorecards for business and employees, and the development of forward-looking strategies. The company has created one additional job as of May 2024, and received an additional R3 million in funding in December 2023 after completely paying off its original loan.

“ We prioritise quality, consistency and meeting the needs of our clients, ensuring all our products conform to the highest international standards. ”



– CHANTAL WINNAAR, CEO OF MASSIVE QUANTUM

IMPACT CREATION

The fund management team was impressed with the commitment and focus of the **Massive Quantum** team which led to a further R3 million investment. As a result of the company's hard work and the investment from the **Edge Action Fund**, **Massive Quantum** has received a full HR audit, refined its recruitment policy, developed a business scorecard linked to employee performance scorecards, and they have undertaken both business strategy and operational efficiency projects.

Massive Quantum won the Gold Winners Trophy in the Business Turnaround and Recovery Small Business Category 2023 in the National Productivity Awards, which is a testament to the company's growth and commitment.

Scarlet Capital

(A Solutions Case Study)

Premium
income growth

**R4m to
R6.7M**

annual premium
income collected
FY23/24

Sector:

Insurance

Jobs created:

13

Key impact metric:

R37K
to R700K
monthly
premium
increase



OVERVIEW

Scarlet Capital is a financial brokerage company based in Daveyton, Gauteng, founded by Xolani Buthelezi in 2017. After matriculating in the late '90s, he became intrigued by the insurance industry and its transformative impact. In 2006, Buthelezi was given the opportunity to work as a financial advisor at Old Mutual, where he gained valuable experience in short-term insurance. Establishing a sustainable brokerage was crucial for Buthelezi. The catalyst for **Scarlet Capital** came in 2020 when he obtained an underwriting license to distribute long-term insurance products such as funeral cover, retirement products, and life insurance. The company specialises in providing funeral cover for individuals, as well as group cover and insurance schemes for clients in Gauteng.

KEY IMPACT METRICS

In 2023, Buthelezi was selected to participate in the **INSETA Broker Development Programme**, through the **ASISA ESD Initiative**, which is managed by Edge Growth. This programme aims to foster the growth and advancement of black-owned SMEs in the insurance sector. Buthelezi found the mentorship element of the programme, as well as the business diagnostic conducted on his company, to be invaluable.

The business experienced significant growth with monthly premium increasing from R37k per month before the programme to R700k per month within 25 months of enrolment. Buthelezi's goal is to become the micro-insurer of choice for large distribution channels and to provide administration services and employee benefits to small businesses.

“
The practical experience, industry qualifications and knowledge we gained – from product expertise to business etiquette – has played a significant role in our growth.



– XOLANI BUTHELEZI, FOUNDER OF SCARLET CAPITAL

IMPACT CREATION

The company has seen an increase in annual premium income collected from R4 million to R6.7 million between 2023 and 2024. **Scarlet Capital** has since moved into larger premises and leverages the expertise gained through the programme to generate new business leads, educating clients, and creating relevant insurance solutions. In addition, **Scarlet Capital** has employed 13 people in peri-urban areas, invested in its salespeople by providing laptops for remote work, and built its client base.



Looking Ahead: Future Impact



Despite traditional funding constraints over the past few years, we can see new opportunities emerging in the African market. These present possibilities for differentiated SME development approaches and geographic expansion and our future-forward approach will be defined as one prioritising diversified impact while maintaining our established presence.

Looking ahead, we are balancing three priorities.

- 1** Strengthening our partnership management and investment excellence, building on our track record of mobilising new capital resources and exploring cross-border opportunities.
- 2** Advancing our digital transformation investments to maintain technological leadership and develop agile, partner-centric solutions.
- 3** Enhancing our data-driven decision-making capabilities to better measure and amplify our impact.

Our success in 2024 has been down to us maintaining equilibrium between tradition and innovation, efficiency and impact, local focus and regional expansion. In 2025, these balances will remain as we embrace these complementary forces and position ourselves for sustainable growth while delivering meaningful impact to our stakeholders. Through this balanced approach, we remain committed to our mission while adapting to the evolving needs of our SMEs, partners and communities.



Over the past year we have balanced the complexities of disruptive markets and economic volatility with building sustainable, impactful SME opportunities. The vectors of change affecting our business have intensified, requiring thoughtful adaptation while prioritising our True North and playing to our strengths.

As the landscape continues to evolve with budgets either stabilising or decreasing as our partners face increasing pressure to optimise their investments, we are prioritising comprehensive solutions that reimagine SME impact and sustainability. Moving into 2025, we will continue to prioritise strategic SME development and enhanced impact measurement while maintaining cost-efficiencies.

We remain committed to our strategy – one that has evolved alongside our frameworks and priorities to ensure we prioritise environmental sustainability, social impact and governance excellence. Our integrated approach, redefined and reshaped by our FY24-27 strategy, will continue to create resilient, balanced solutions for partners and SMEs while building lasting trust and sustainable outcomes. In 2025, we will maintain our momentum, strengthening our investment decisions and fostering positive reform across our operations.



Acronyms & Abbreviations

ASISA	Association for Savings and Investment South Africa
B-BBEE	Broad-Based Black Economic Empowerment
BMI	Business Maturity Index
CAGR	Compound Annual Growth Rate
DT	Desired Tomorrow
ESD	Enterprise and Supplier Development
IFN	Impact Finance Network
NDP	National Development Plan
RBN	Royal Bafokeng Nation
SAB	South African Breweries
SDG	Sustainable Development Goals
SME	Small and Medium Enterprises
TA	Technical Analysis
TOC	Theory of Change
YOY	Year-on-Year





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