



2025

CONSOLIDATED
IMPACT
REPORT

SECTOR-SPECIFIC FUNDS &
DEVELOPMENTAL PROGRAMMES

PRESENTED BY

Two Cent Solutions (PTY) LTD

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1 EXECUTIVE SUMMARY

Two Cent Solutions (“TCS”) is a registered developmental credit provider and enterprise development platform focused on unlocking sustainable access to finance for underserved SMEs in township, rural, and peri-urban economies. This Impact Report consolidates outcomes across all sector-specific funds and non-financial developmental programmes implemented by TCS.

During the reporting period, TCS supported SMEs operating in essential, job-rich sectors through structured short-term working capital and formalisation-led enterprise development interventions. The integrated model deliberately combines commercial discipline with developmental intent, ensuring that capital deployment translates into measurable socio-economic outcomes.

Headline Impact:

- SMEs supported across retail, automotive, services, and creative sectors
- Formalisation pathways enabled for informal and sole proprietor enterprises
- Jobs sustained and income stability supported in township and rural economies
- Scalable, repeatable sector fund structures

2 ORGANISATIONAL OVERVIEW

Entity: Two Cent Solutions (Pty) Ltd

Mandate: Developmental finance, enterprise development, and ecosystem-building for underserved SMEs

Focus Areas: Township, rural, informal-to-formal SMEs; sector-focused funds; developmental credit facilitation; non-financial enterprise support

Core Objectives:

- Expand access to appropriate, affordable capital
- Enable SME formalisation and compliance
- Improve enterprise sustainability and job creation
- Mobilise private and CSI capital into high-impact sectors
- Use technology and structured funds to scale inclusion

3 SECTOR-SPECIFIC FUNDS – IMPACT SUMMARY

TCS structures sector-specific funds to align capital deployment with industry dynamics, cash-flow cycles, and developmental priorities. Each fund integrates risk-managed finance with targeted enterprise development support, enabling SMEs to graduate into formal value chains. The impact metrics below explicitly incorporate pipeline scale, capital cycles, and market access dynamics.

3.1 SECTOR-SPECIFIC FUNDS – IMPACT SUMMARY

Target Segment: Township spaza shops, tuck shops, informal food retailers
Annual Fund Capacity: ±R120 million (weekly revolving inventory finance)

Operational Model:

- Weekly trade credit (R10,000 per shop) paid in arrears
- Inventory-linked finance via approved FMCG suppliers
- Behaviour-based credit scoring using POS and sales data

Quantified Impact (Annualised):

Metric	Indicator
SMEs supported	±5,000 spaza shops
Average weekly credit	R10,000 per SME
Capital cycles per annum	±48
Annual trade enabled	±R2.4 billion
Jobs supported	5 000 – 10 000
Local ownership supported	SA-owned spaza focus

Developmental Outcomes:

- Increased stock consistency and pricing competitiveness
- Progressive formalisation and regulatory compliance
- Improved food security and township supply reliability

3.2 AUTOMOTIVE SECTOR SME FUND (APMMA / RT46-ALIGNED)

Target Segment: Township-based panel beaters and motor mechanics

Fund Capacity: ±R120 million annually (quarterly tranches)

Operational Model:

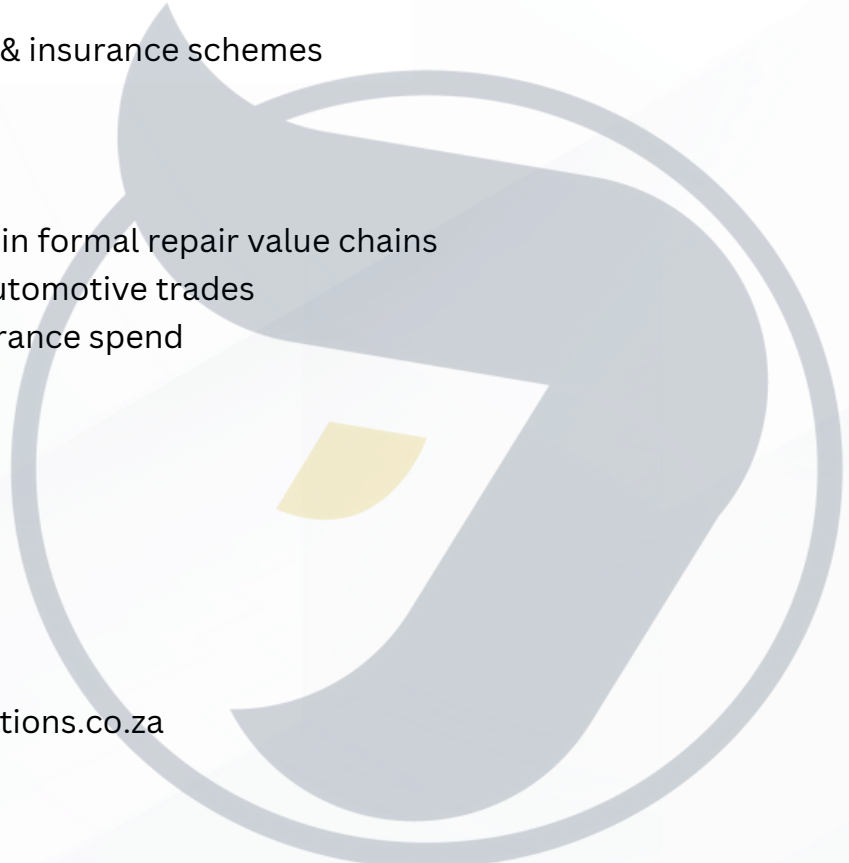
- Supplier-backed credit guarantees
- Per-job repair finance aligned to insurance and fleet payment cycles
- Direct supplier settlement

Quantified Impact (Annualised)

Metric	Indicator
SMEs supported	±6,500 panel beaters
Average credit limit	Up to R1 million
Default rate (target)	<3.5%
Jobs supported	15 000 – 20 000
Value of repairs enabled	±R1.5 – R2.0 billion
Government & insurer access	RT46 & insurance schemes

Developmental Outcomes:

- Inclusion of black-owned workshops in formal repair value chains
- Skills retention in labour-intensive automotive trades
- Localisation of government and insurance spend



3.3 WORKING CAPITAL FINANCE SCHEME (CROSS-SECTOR)

OVERVIEW AND MARKET EVIDENCE (FY2025)

Over the 2025 financial year, Two Cent Solutions observed a pronounced and accelerating demand for **private credit and structured working capital finance** from SMMEs across South Africa. This demand cuts across traditional and non-traditional sectors and reflects persistent constraints within conventional banking channels, particularly for black-owned, early-growth, and project-dependent enterprises.

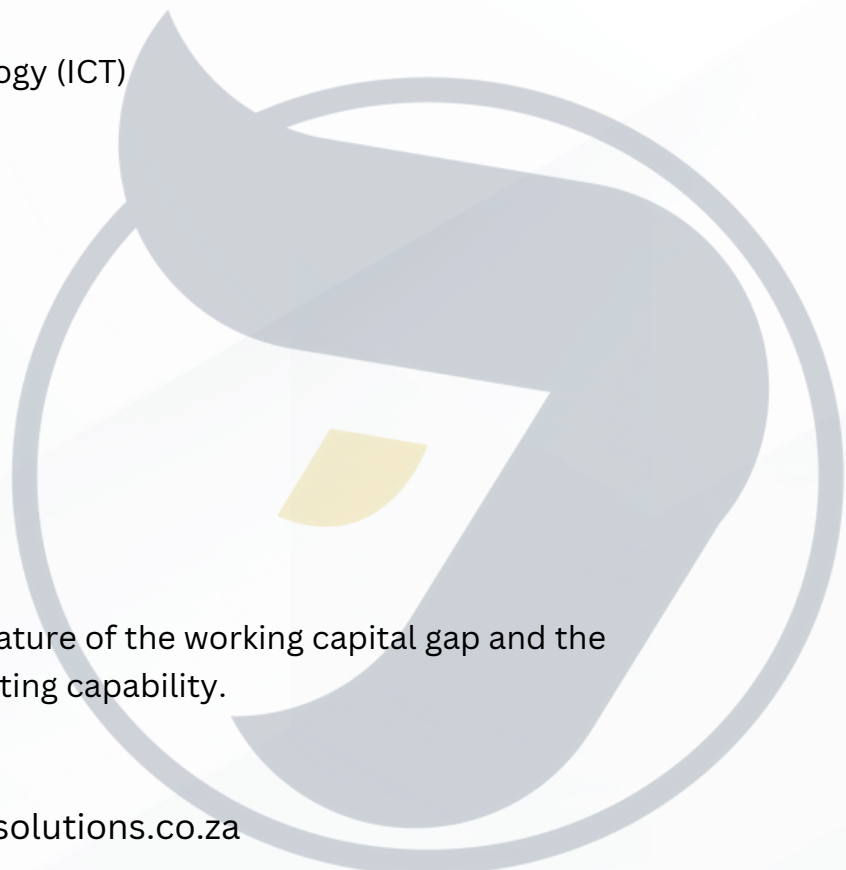
During the period under review, TCS engaged on **in excess of R400 million in working capital credit applications**, of which **over R180 million originated from Historically Disadvantaged Individuals (HDI)-owned enterprises**. This pipeline evidences both the scale of unmet demand and the strategic importance of alternative private credit platforms in supporting SME liquidity and growth.

Sectoral Distribution of Demand

Working capital applications were received across a diversified set of industries, including but not limited to:

1. Petroleum
2. Construction & Civils
3. General Supplies
4. Logistics
5. Information & Communication Technology (ICT)
6. Accommodation & Hospitality
7. Property & Facilities Services
8. Commodities Trading
9. Professional Services
10. Medical Services
11. Mining and Mining Services
12. Training & Education
13. Automotive
14. Manufacturing

This breadth underscores the systemic nature of the working capital gap and the relevance of TCS's cross-sector underwriting capability.



Application Growth and Credit Demand Trajectory

The quarterly distribution of applications during FY2025 demonstrates a clear acceleration in demand:

Quarter (FY2025)	Value of Credit Applications
Q1	±R60 million
Q2	±R40 million
Q3	±R190 million
Q4 (Pipeline)	Balance contributing to >R400 million

Key Insight: The sharp increase in Q3 applications reflects growing market awareness of TCS as a credible private credit platform, increased referral flow from ecosystem partners, and heightened liquidity pressure on SMEs engaged in ongoing commercial activities, in capital-intensive sectors such as construction, logistics, mining services, and petroleum.

Developmental Significance

The Working Capital Finance Scheme plays a critical role in: - Enabling SMEs to fulfill commercial obligations - Supporting HDI-owned enterprises excluded from traditional bank lending - Preserving jobs in project-driven and project-based industries - Stabilising SME cash flows amid delayed payment cycles

Through this scheme, TCS advances its core mandate of **improving access to finance for SMEs while maintaining disciplined private credit underwriting.**

Strategic Commitment

Two Cent Solutions remains committed to scaling private credit solutions that respond to real-economy demand. The continued growth in applications validates the relevance of sector-agnostic working capital finance as a cornerstone of SME development, complementing TCS's sector-specific funds and developmental programmes.

This scheme represents a critical bridge between informal survivalist finance and sustainable, growth-oriented capital for South African SMEs.

4 DEVELOPMENTAL & NON-FINANCIAL INTERVENTIONS

TCS delivers non-financial enterprise development programmes that operate independently from credit provision, ensuring compliance with regulatory requirements and maximising developmental impact.

4.1 Enterprise Diagnostics & Business Assessments

- Financial health assessments
- Operational and governance diagnostics
- Credit readiness scoring

4.2 Formalisation & Compliance Support

- Company registration and tax compliance
- Basic governance structures
- Transition pathways from sole proprietor to incorporated entities

4.3 Financial Literacy & Business Skills

- Cash-flow management training
- Costing and pricing methodologies
- Record-keeping and reporting

4.4 Ecosystem & Market Access Development

- Supplier development programmes
- Corporate and public sector linkages
- Industry association partnerships

5 JOBS, INCLUSION & SOCIO-ECONOMIC IMPACT

TCS adopts an outcomes-based impact framework aligned to CSI, ESG, and national development priorities. Impact is tracked at enterprise, employment, and community levels.

5.1 Quantified Impact Overview (Consolidated)

Impact Metric	Indicator	Annualised Outcome
SMEs in active pipeline	Retail, automotive, services	±11,500 SMEs
SMEs directly funded	Across sector funds	±7,500 SMEs
Informal SMEs formalised or progressing	Graduated inclusion	±2,000 SMEs
Jobs supported (direct & indirect)	Labour-intensive sectors	25,000 – 35,000
Aggregate trade & repair value enabled	Retail + automotive	±R4.0 – R4.5 billion
Average SME survival improvement	Post-access to credit	Material uplift

5.2 Capital Efficiency & Development Ratios

Metric	Value	Developmental Insight
Capital deployed	R219.32 million	Full ecosystem coverage achieved
SMEs reached per R1 million	±25 SMEs	High reach in township markets
Jobs supported per R1 million	±60–80 jobs	Strong labour intensity
Informal-to-formal conversion potential	86% pipeline	Scalable future tax base
Repeat-performing SMEs	Target >65%	Portfolio sustainability indicator

6 CASE STUDIES – DEVELOPMENT IN PRACTICE

Case Study 1: Township Spaza & Retail Trader (Retail Fund)

Business Profile: Informal township spaza shop transitioning to formal retail entity

Intervention: R40,000 revolving working capital facility + compliance support

Developmental Inputs:

- Revenue verification and stock management support
- Bookkeeping and pricing guidance
- Formalisation milestones linked to repeat funding

Outcomes:

- Monthly turnover increased through improved stock availability
- Consistent repayment behaviour established
- Business migrated toward formal registration and tax compliance
- 3 - 4 jobs sustained within the household and community

Impact Insight: Small-ticket working capital, when paired with discipline and support, delivers immediate livelihood stability and long-term formalisation.

Case Study 2: Automotive Panel Beater (APMMA Sector Fund)

Business Profile: Township-based panel beating SME servicing uninsured and fleet vehicles

Intervention: Supply Chain working capital + business diagnostics

Developmental Inputs:

- Compliance alignment with municipal by-laws
- Basic governance and financial controls
- Preparation for insurer and fleet procurement standards

Outcomes:

- Increased workshop throughput and turnaround times
- Retention of skilled artisans and apprentices
- Improved readiness for formal insurance-linked work

Impact Insight: Sector-specific funding unlocks both operational capacity and long-term participation in formal automotive value chains.

Case Study 3: Township Services SME (Plumbing & Trade Services)

Business Profile: Start-up plumbing enterprise entering formal procurement channels

Intervention: Start-up finance + working capital support

Developmental Inputs:

- supplier database onboarding
- Insurance and compliance enablement
- Costing and pricing training

Outcomes:

- Entry into formal service panels
- Predictable monthly income for owner and employees
- Asset ownership enabling future growth

Impact Insight: Startup-led finance accelerates formal market access for skilled trades in township economies.

Case Study 4: Creative & Film Production SME (Development Fund)

Business Profile: Independent film production company

Intervention: Project finance structuring and financial modelling support

Developmental Inputs:

- Budgeting and revenue waterfall design
- Investor readiness and governance structuring

Outcomes:

- Improved financial discipline and transparency
- Increased attractiveness to private investors
- Job creation across production crews

Impact Insight: Structured finance and advisory support professionalise creative enterprises and unlock sustainable funding pathways.

7 GOVERNANCE, RISK & CAPITAL STEWARDSHIP

- Structured credit policies and risk frameworks
- Portfolio monitoring and early warning systems
- Separation of developmental support and credit decisioning
- Transparent reporting to capital and CSI partners

8 STRATEGIC OUTLOOK (FY2025 - 2027)

Small, medium, and micro enterprises remain a critical driver of employment, service delivery, and economic participation across South Africa. However, a large segment of these enterprises - particularly those that are HDI-owned, township-based, or in early stages of growth-continue to experience limited access to funding solutions that align with their operating realities. Structural requirements such as balance sheet strength, standardised risk assessments, and uniform credit thresholds often constrain participation, despite demonstrated commercial activity and demand.

The experience of the 2025 financial year reinforced both the scale of this unmet need and the opportunity for appropriately structured private credit platforms to play a catalytic role in SME development.

Strategic Approach

Over the FY2025–FY2027 period, Two Cent Solutions will continue to advance a disciplined, private credit-led strategy that is informed by sector dynamics and supported by data-driven decision-making. The approach is designed to balance capital stewardship with developmental outcomes by:

- Providing short-duration, revolving funding solutions aligned to SME operating cycles
- Deploying sector-focused funding platforms tailored to the realities of specific industries
- Supporting progressive enterprise formalisation, governance, and financial readiness
- Leveraging transactional and behavioural data to inform credit decisions and portfolio management

This model enables sustainable capital deployment while supporting the transition of enterprises toward greater operational resilience and investability.

STRATEGIC OBJECTIVES & TARGETS (FY2025 - FY2027)

Strategic Objective	Target Outcome
Expand SME access to private	R1 billion+ credit pipeline
Support HDI-owned enterprises	>45% of funded value
Enable SME formalisation and	2,000+ enterprises
Preserve and support	25,000+ jobs
Mobilise institutional capital	Bank and DFI partnerships

9 CONCLUSION

Two Cent Solutions is positioned to scale its private credit activities nationally through a combination of bank partnerships, CSI-aligned capital, and the replication of proven sector funding models. The increasing demand observed during 2025 validates both the relevance and durability of alternative SME finance approaches that are responsive, data-informed, and sector-aware.

Over the medium term, the organisation will prioritise controlled scale, strong governance, and transparent reporting to ensure that growth remains aligned with risk discipline, regulatory requirements, and measurable impact outcomes.

THANK YOU



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