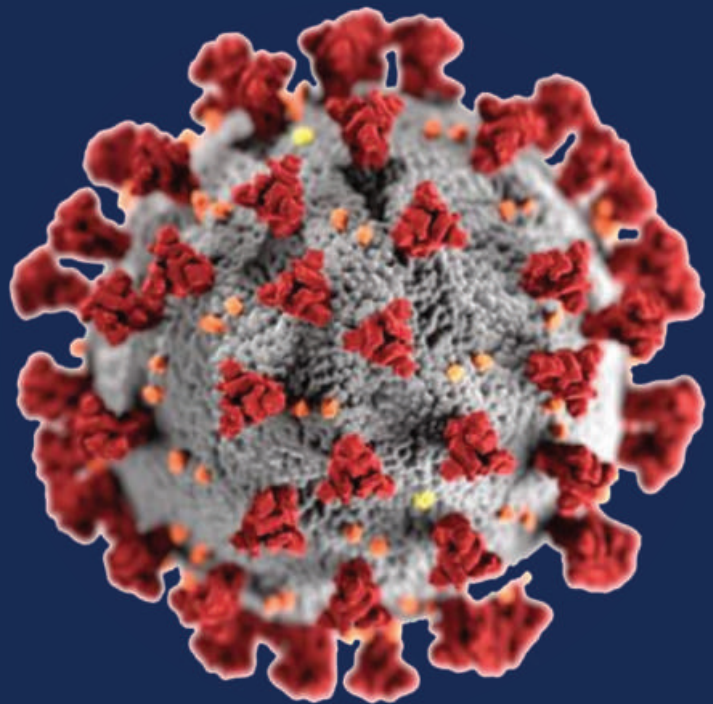


finfind[®]

THE SA SMME COVID-19 IMPACT REPORT

NOVEMBER 2020



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INTRODUCTION

The COVID-19 pandemic resulted in a lockdown that had a devastating impact on the livelihood of small businesses. According to the National Income Dynamics Study (Coronavirus Rapid Mobile Survey), a consumer study, South Africa has lost a decade's worth of jobs in less than half a year of lockdown and the economy slowed by 16.4% in the second quarter of 2020 compared with the first quarter of 2020.

In light of the above, Finfind and its partners, the Department of Small Business Development, Seda, Services SETA, Business Leadership SA, the Banking Association South Africa, the JSE, SAICA Enterprise Development, SAVCA, SAIPA, IBASA and E Squared Investments, conducted a study, to gauge the impact of lockdown on the vital SMME sector.

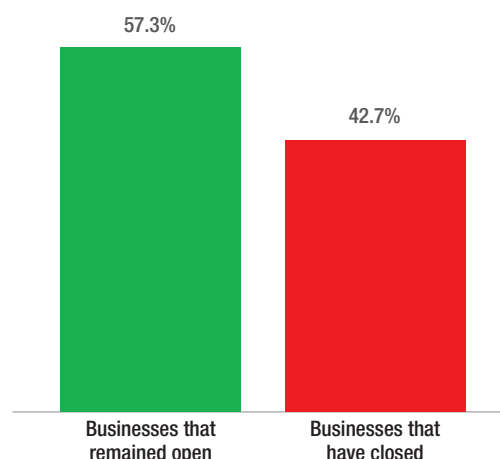
The SMME study included the following areas:

- Profile of the owners of these businesses
- Sector, location and other key business information
- Financials before and after the lockdown
- Online functioning before and after the lockdown
- COVID-19 relief funding applications and rejection rates
- Key challenges and future changes

The comprehensive survey mapped each SMME's situation prior to lockdown and then focused on the impact of lockdown over a 5-month period, commencing at the start of lockdown level 5.

A sample of 15,000 SMMEs across all sectors in all provinces were engaged with a response rate of almost 10%. 1489 businesses completed the survey providing more than 250,000 points of data.

WHAT PERCENTAGE OF BUSINESSES CLOSED DUE TO THE COVID-19 PANDEMIC AND LOCKDOWN?



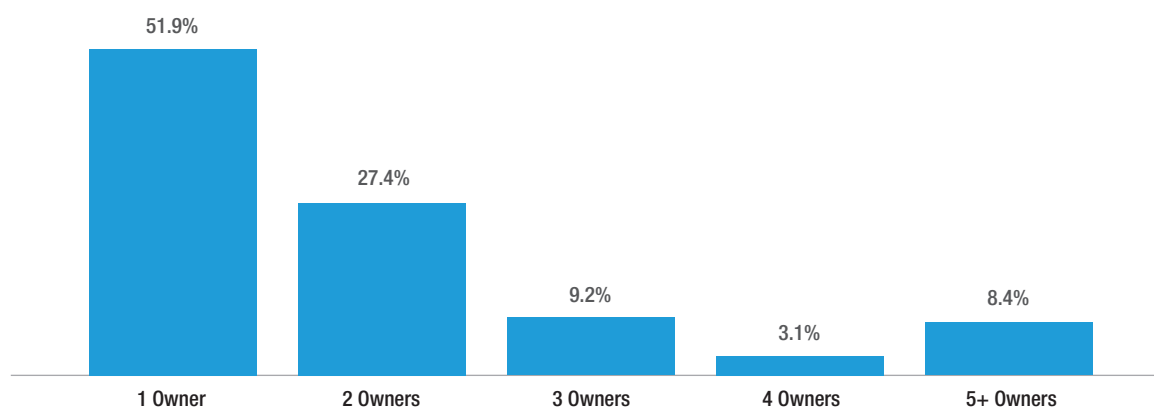
THE BUSINESS OWNERS

The survey findings show that 51.9% of the businesses had one owner, 27.4% had two owners and the remainder (20.7%) had three or more owners.

It is encouraging to note that 81.5% of the businesses had one or more owners who were previously disadvantaged individuals (i.e. Black, Coloured, Indian) with 59.9% having at least one Black owner.

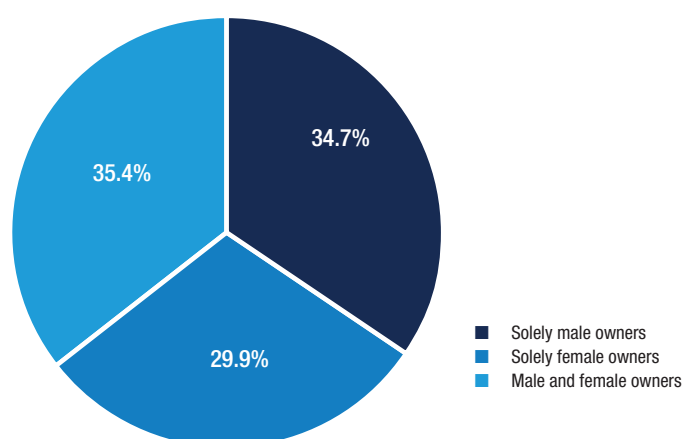
More than 65% of the businesses had women owners, with 29.9% of the total being solely women-owned.

HOW MANY BUSINESS OWNERS DID EACH BUSINESS HAVE PRIOR TO LOCKDOWN?



More than half of the SMMEs only have one owner.

FEMALE AND MALE OWNERSHIP REPRESENTATION

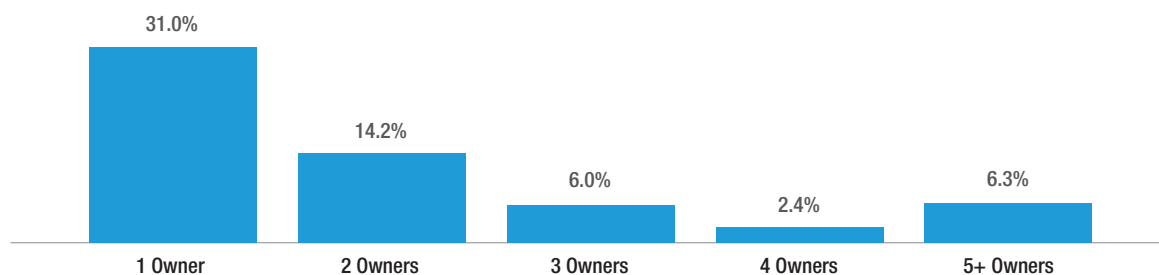


Whilst women-owned businesses are still under-represented in the small business sector, it is good to see that 65.3% of the businesses have at least one woman owner.



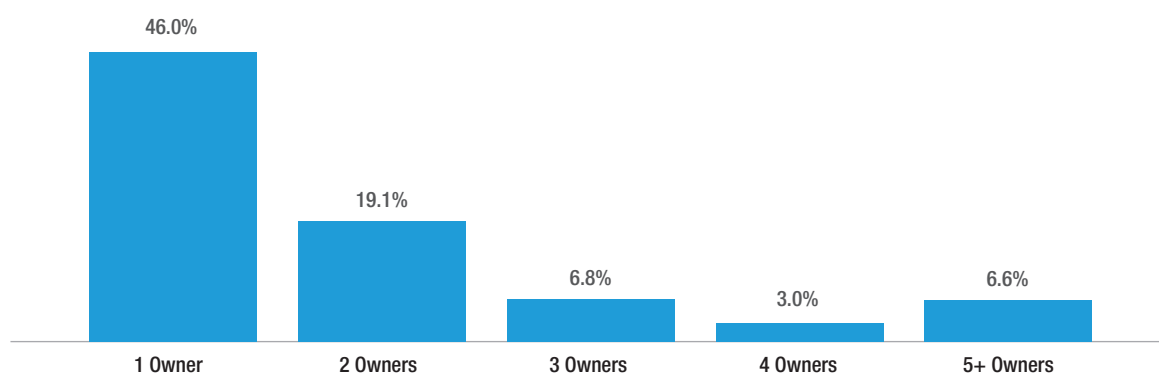
THE BUSINESS OWNERS

HOW MANY OF THE BUSINESSES HAD BLACK OWNERS?



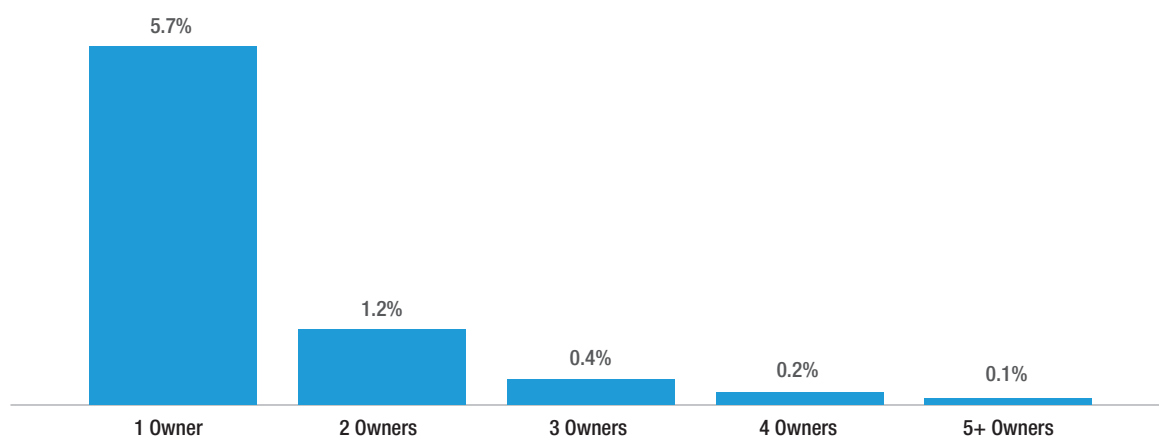
59.9% of the businesses had Black owners.

HOW MANY BUSINESSES HAD OWNERS WHO WERE PREVIOUSLY DISADVANTAGED INDIVIDUALS (I.E. BLACK, COLOURED OR INDIAN)?



81.5% had at least one owner who was previously disadvantaged.

HOW MANY BUSINESSES HAD OWNERS THAT WERE DISABLED?

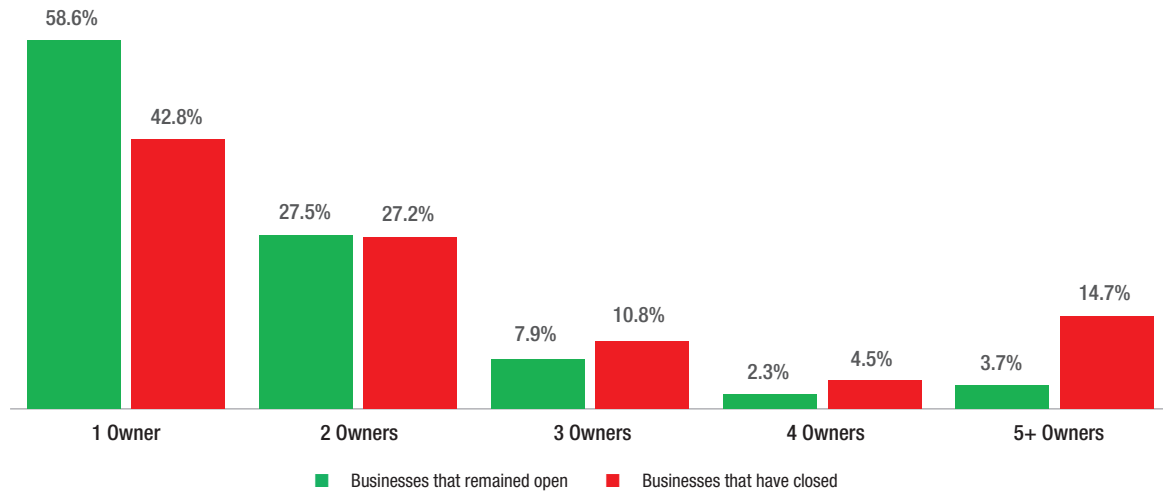


7.6% of businesses had owners who were disabled.

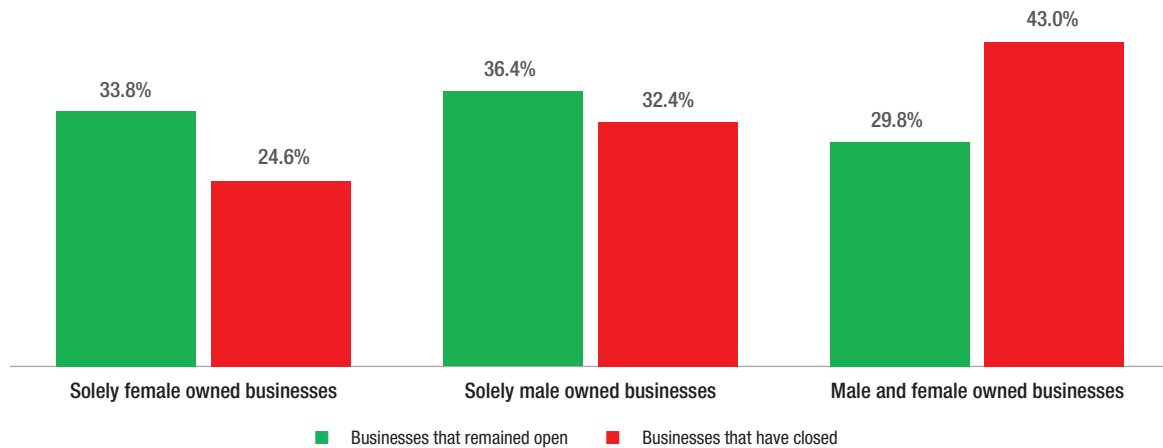


COMPARISON BETWEEN THE OWNERSHIP OF BUSINESSES THAT REMAINED OPEN AND THOSE THAT CLOSED

NUMBER OF BUSINESS OWNERS

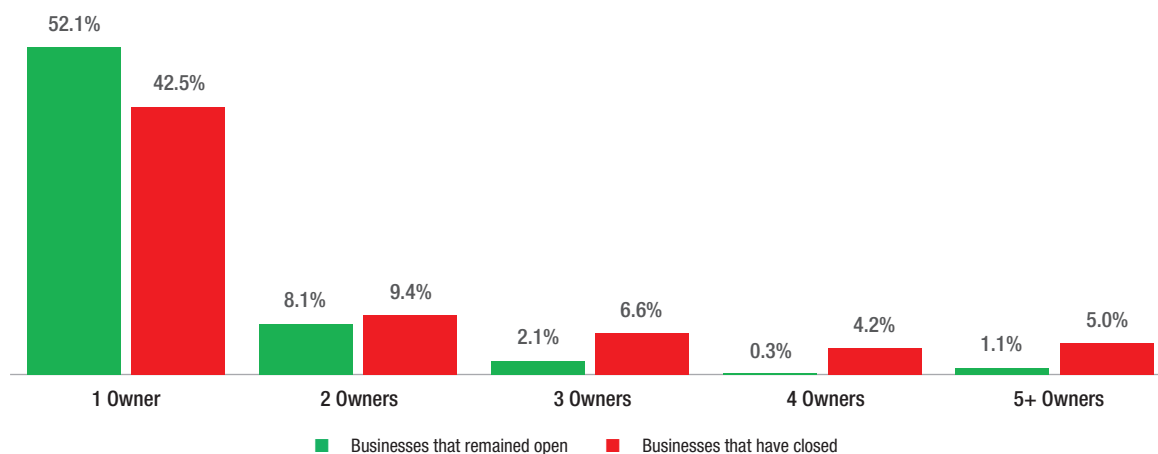


OWNERSHIP BY GENDER

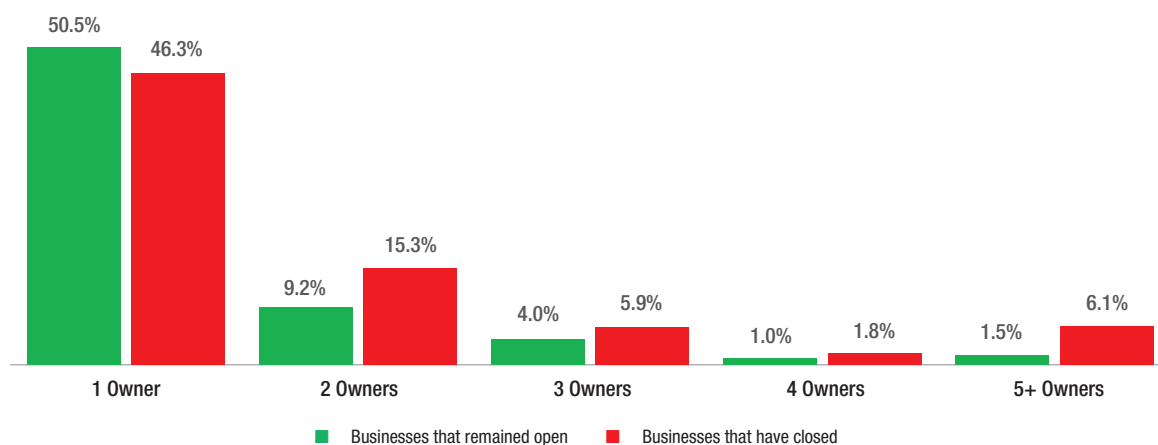


COMPARISON BETWEEN THE OWNERSHIP OF BUSINESSES THAT REMAINED OPEN AND THOSE THAT CLOSED

FEMALE OWNERSHIP

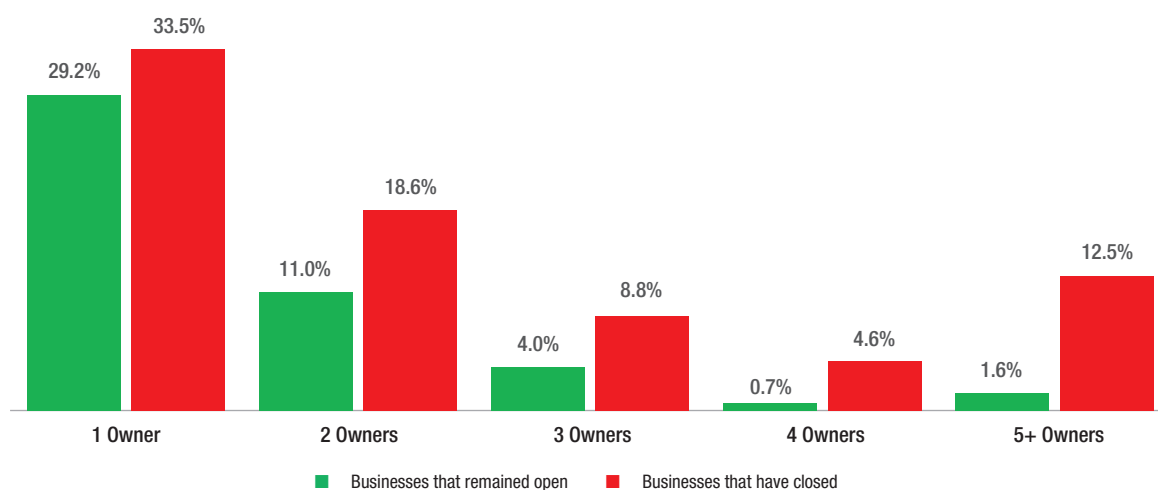


MALE OWNERSHIP

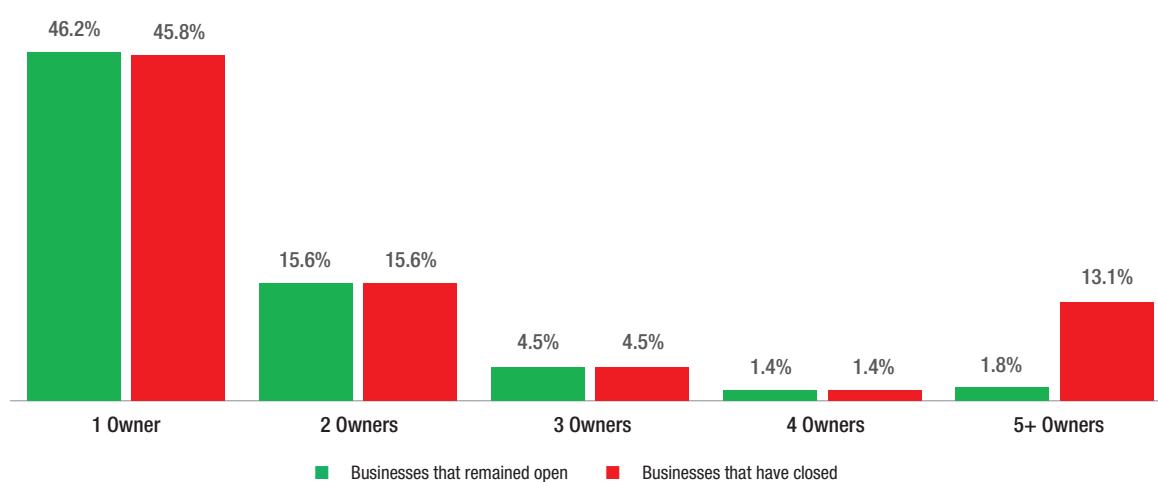


COMPARISON BETWEEN THE OWNERSHIP OF BUSINESSES THAT REMAINED OPEN AND THOSE THAT CLOSED

BLACK OWNERSHIP

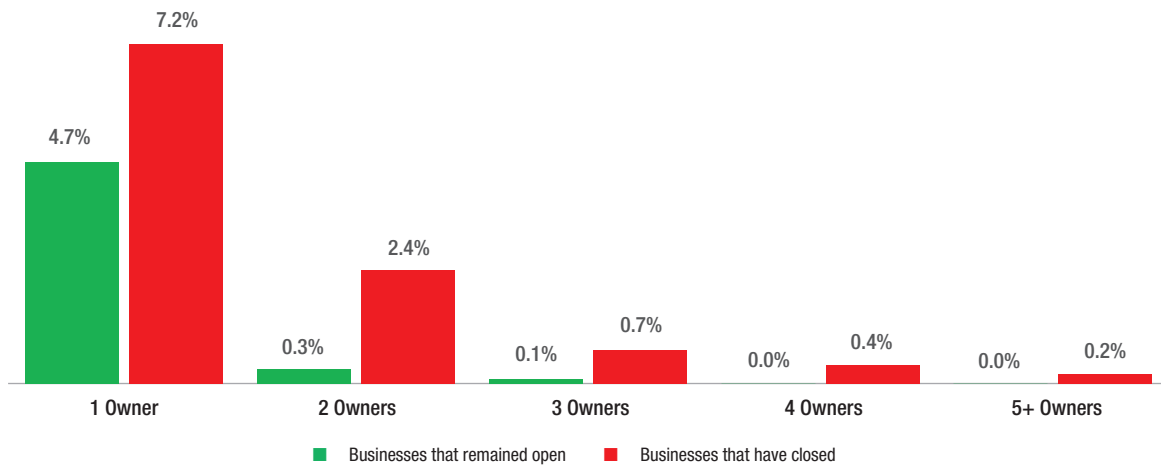


PDI OWNERSHIP (PREVIOUSLY DISADVANTAGED INDIVIDUALS)



COMPARISON BETWEEN THE OWNERSHIP OF BUSINESSES THAT REMAINED OPEN AND THOSE THAT CLOSED

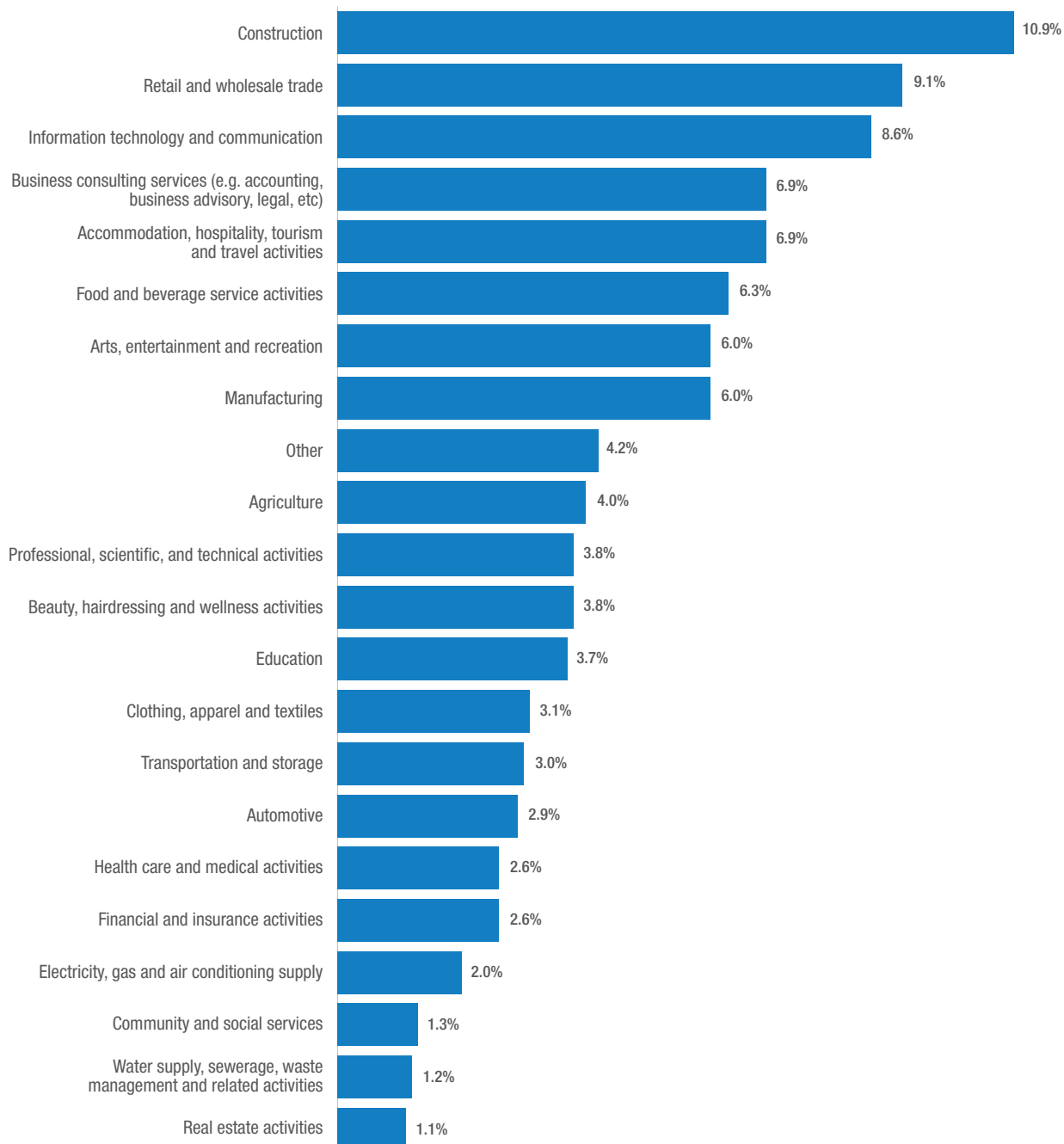
DISABLED OWNERS



PROFILE OF THE BUSINESSES

The survey respondents represented a cross section of all of the industry sectors in the country.

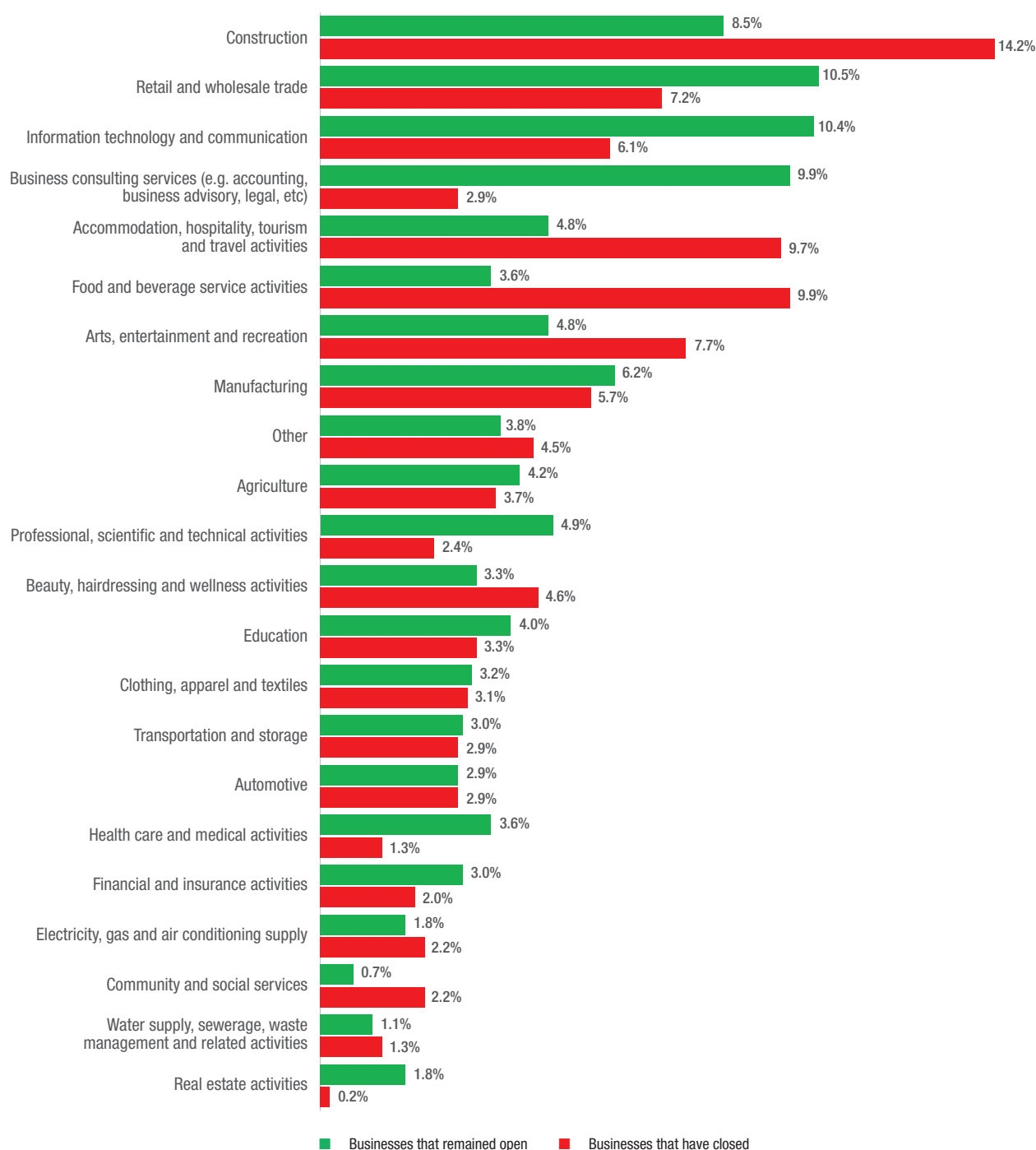
INDUSTRY SECTOR FOR ALL BUSINESSES



PROFILE OF THE BUSINESSES

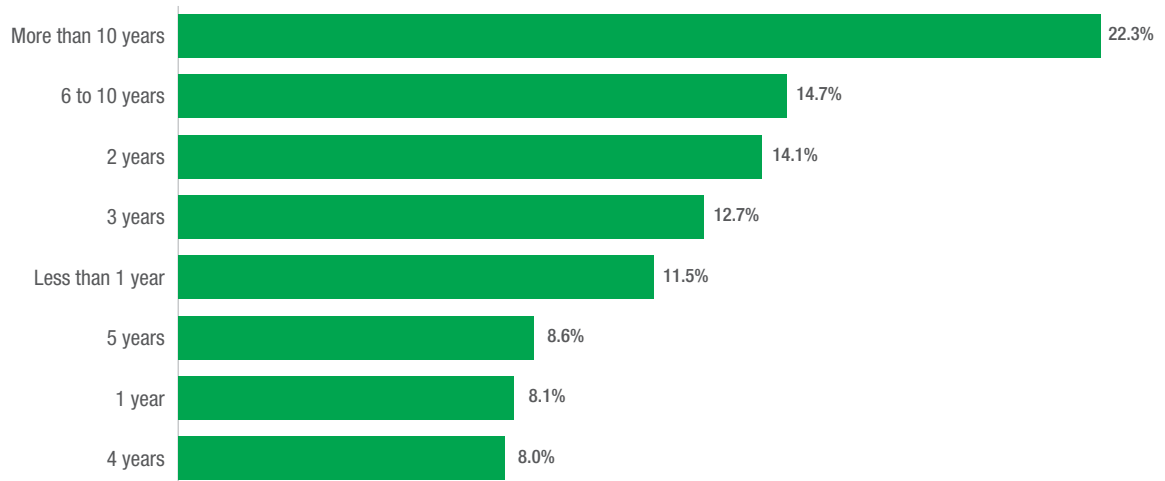
The sectors hardest hit by the lockdown and with the most closures were: Construction (14.2%), Food and beverage (9.9%) and Hospitality (9.7%). The sectors with the highest percentage of businesses that remained open were: Retail and wholesale (10.5%), IT (10.4%) and Business consulting (9.9%).

COMPARISON BETWEEN BUSINESSES THAT REMAINED OPEN AND THOSE THAT CLOSED DURING LOCKDOWN

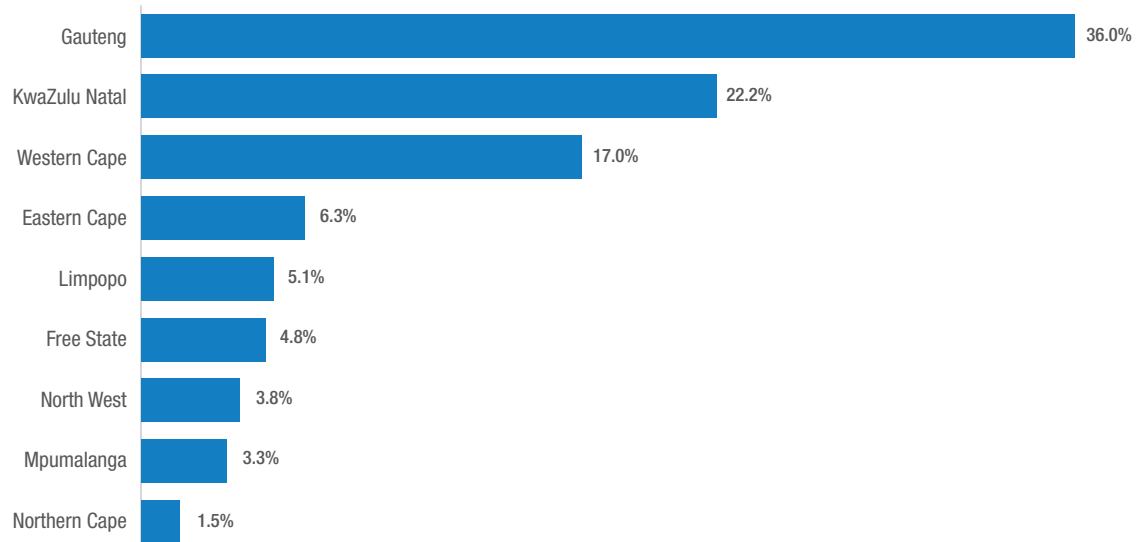


PROFILE OF THE BUSINESSES

LENGTH OF TIME BUSINESSES THAT REMAINED OPEN HAVE BEEN OPERATING

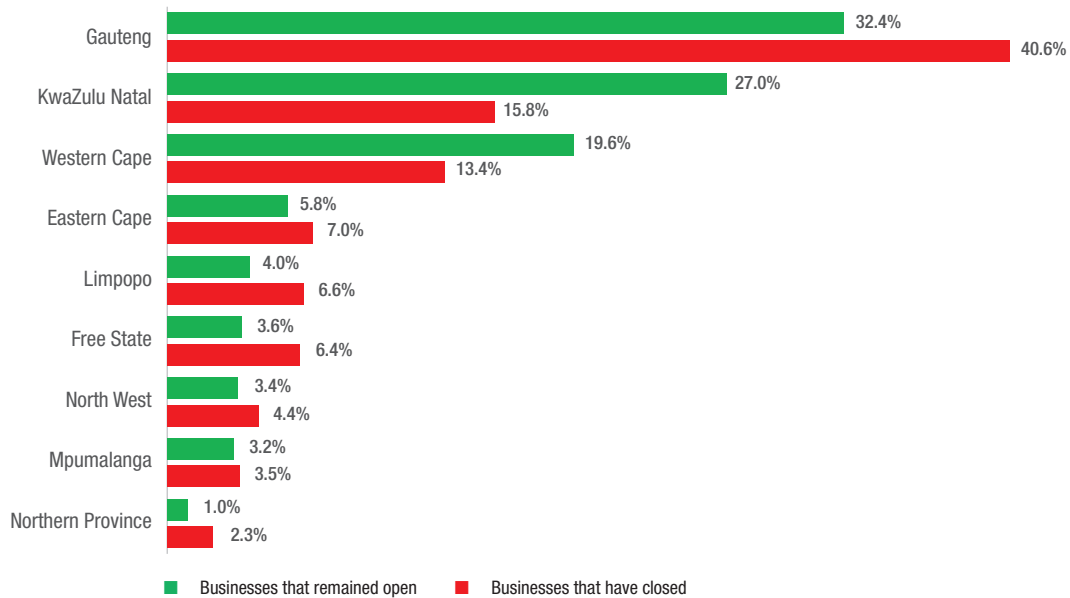


LOCATION



PROFILE OF THE BUSINESSES

COMPARISON BETWEEN BUSINESSES THAT REMAINED OPEN AND THOSE THAT CLOSED BY LOCATION



THE IMPACT OF LOCKDOWN ON EMPLOYMENT

There was an immediate loss of jobs once lockdown was implemented. There was a loss of 60% of full-time jobs across all SMMEs. 68% of these came from businesses that closed during lockdown, and the remaining 32% from businesses that survived lockdown.

An overall 60% reduction in full-time employment was identified and 76.8% reduction in part-time employment.

The impact on the gig economy is significant with a decrease in employment opportunities for casual workers of 53.5%.

THE IMPACT OF LOCKDOWN ON FULL-TIME EMPLOYMENT

60%
of full-time employees lost their jobs during the first 5 months of the pandemic

32%
of the full-time job losses were from businesses that remained open

A total of 4 720 (60%) full-time jobs were lost. The total number of full-time employees before the start of lockdown was 7 728 and 3 008 by the end of lockdown level 3.

The breakdown of full-time job losses across the nine provinces:

Province	Full-time jobs before lockdown	Full-time jobs at lockdown level 3	Total full-time job losses
Gauteng	3 123	1 110	2 013
KwaZulu Natal	1 851	842	1 009
Western Cape	1 237	672	565
Eastern Cape	346	127	219
Limpopo	315	62	253
Free State	205	40	165
Mpumalanga	263	71	192
Northern Province	181	6	175
North West	207	78	129
Total	7 728	3 008	4 720

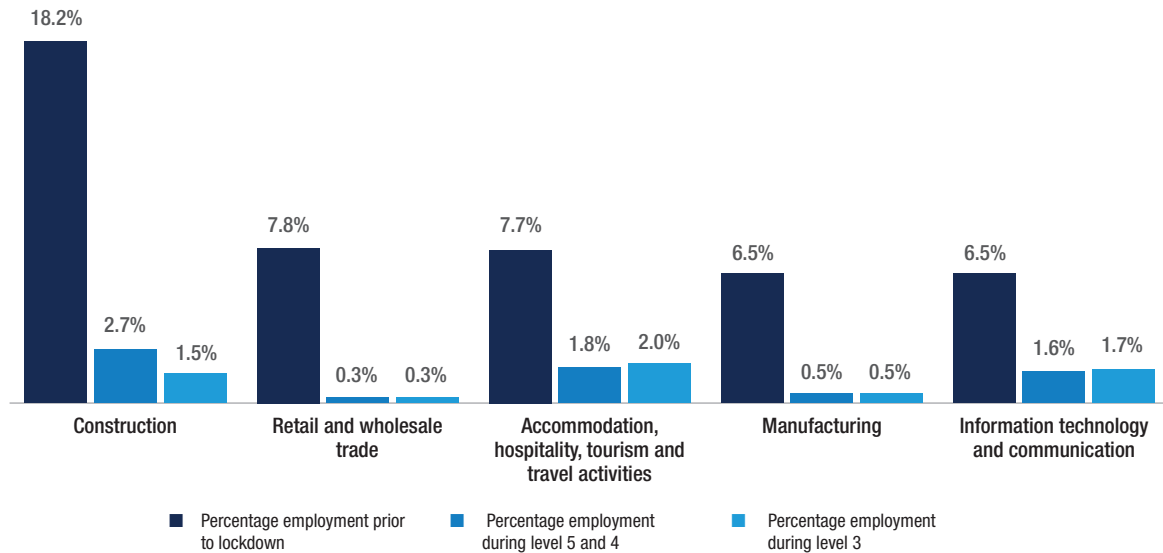
The employment figures are calculated on a cleaned data sample of 1 274 SMMEs of the 1 489 SMME respondents.

The true impact of job losses will be evident in the unemployment rate stats to be released by STATSA Q1 2021 as the effect of the pandemic is still ongoing.



THE IMPACT OF LOCKDOWN ON EMPLOYMENT

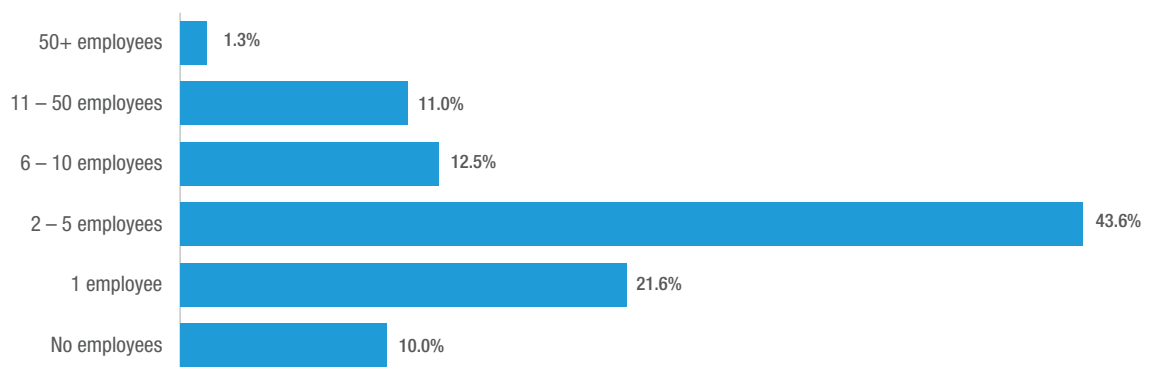
PERCENTAGE OF SMME EMPLOYMENT FOR THE TOP 5 SECTORS



*i.e. the Construction sector experienced a 15.5% decrease of employees from the start of level 5 to the end of level 4.

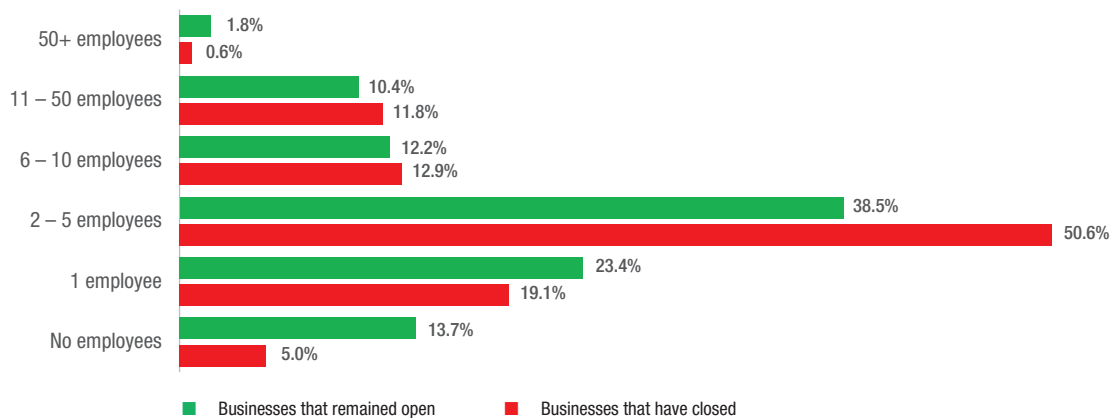
Accommodation, hospitality, tourism and travel is a sector that has suffered significantly and, unlike other sectors that were able to start operating during level 4 and 3, many of these businesses faced closure or significant downsizing in order to survive. This sector also provides a large chunk of work for the gig economy.

NUMBER OF FULL-TIME EMPLOYEES OF ALL BUSINESSES



THE IMPACT OF LOCKDOWN ON EMPLOYMENT

COMPARISON OF NUMBER OF FULL-TIME EMPLOYEES FOR BUSINESSES THAT REMAINED OPEN AND BUSINESSES THAT CLOSED



THE IMPACT OF LOCKDOWN ON PART-TIME EMPLOYMENT GENERATED BY ALL THE BUSINESSES

76.8%
of part-time employees lost their jobs during the first 5 months of the pandemic

54.4%
of the part-time job losses were from businesses that remained open

A total of 2 615 (76.8%) part-time jobs were lost. The breakdown of part-time job losses across the nine provinces:

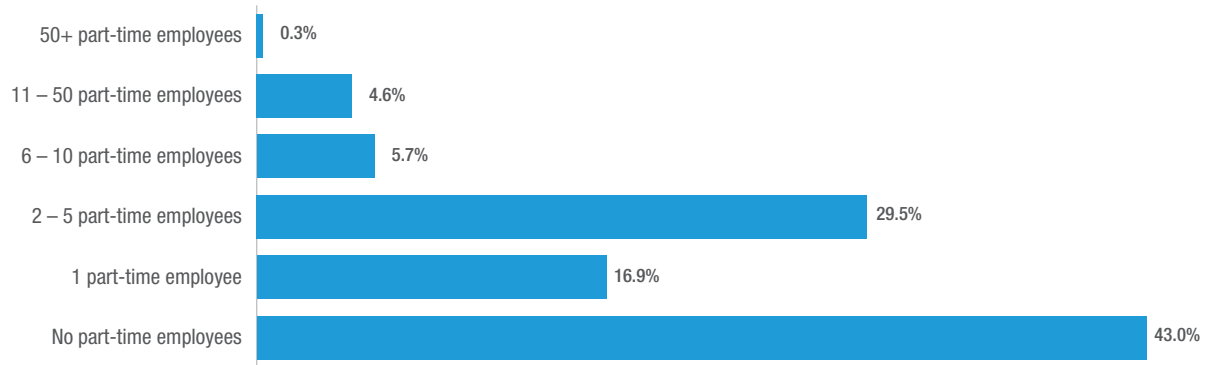
Province	Part-time jobs before lockdown	Part-time jobs at lockdown level 3	Total part-time job losses
Gauteng	1 392	224	1 168
KwaZulu Natal	687	181	506
Western Cape	630	219	411
Eastern Cape	217	35	182
Limpopo	199	28	171
Free State	91	14	77
Mpumalanga	84	22	62
Northern Province	42	9	33
North West	128	123	5
Total	3 470	855	2 615

The employment figures are calculated on a cleaned data sample of 1 274 SMMEs of the 1 489 SMME respondents.

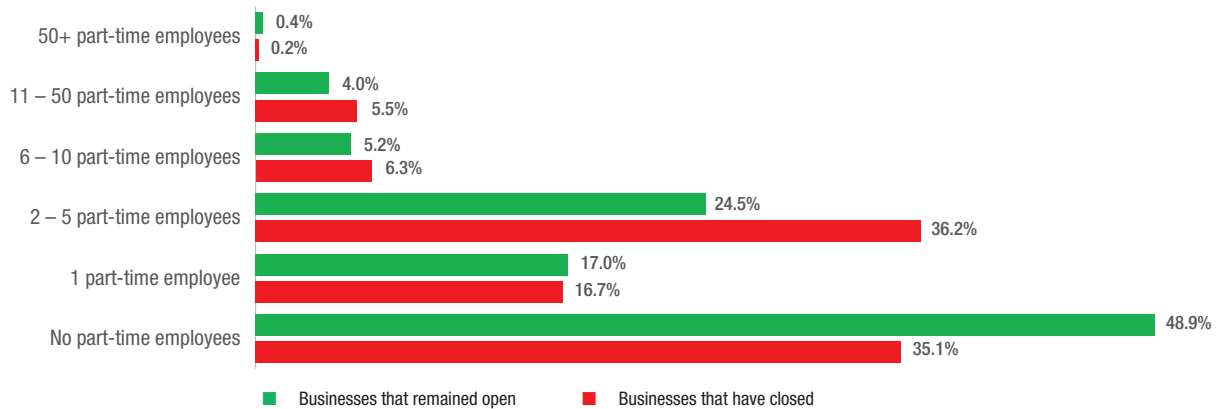


THE IMPACT OF LOCKDOWN ON EMPLOYMENT

NUMBER OF PART-TIME EMPLOYEES FOR ALL BUSINESSES



COMPARISON OF PART-TIME EMPLOYMENT FOR OPEN AND BUSINESSES THAT CLOSED



DECREASE IN THE USE OF CASUAL WORKERS



DECREASE IN THE USE OF CONSULTANTS



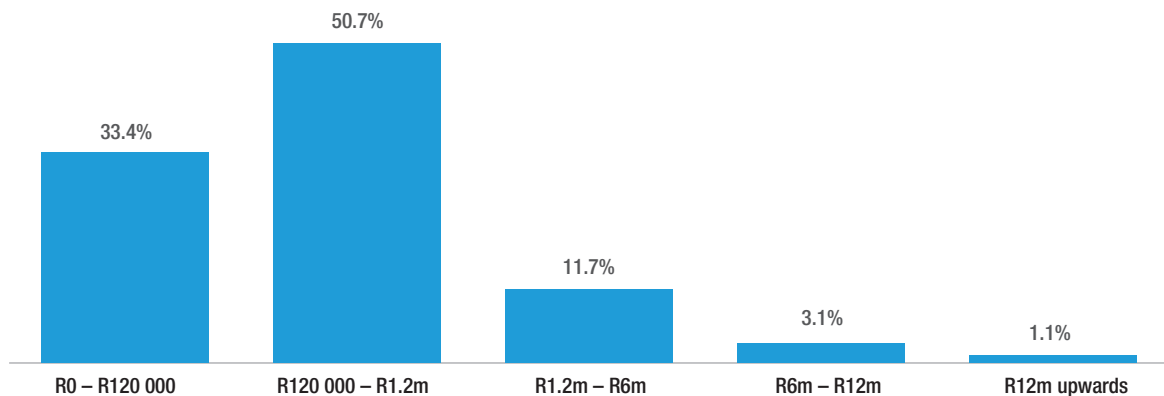
BUSINESS FINANCES

While nearly 70% of the businesses do their financial recordkeeping (accounting) in-house, it is concerning that only 28% had up to date management accounts.

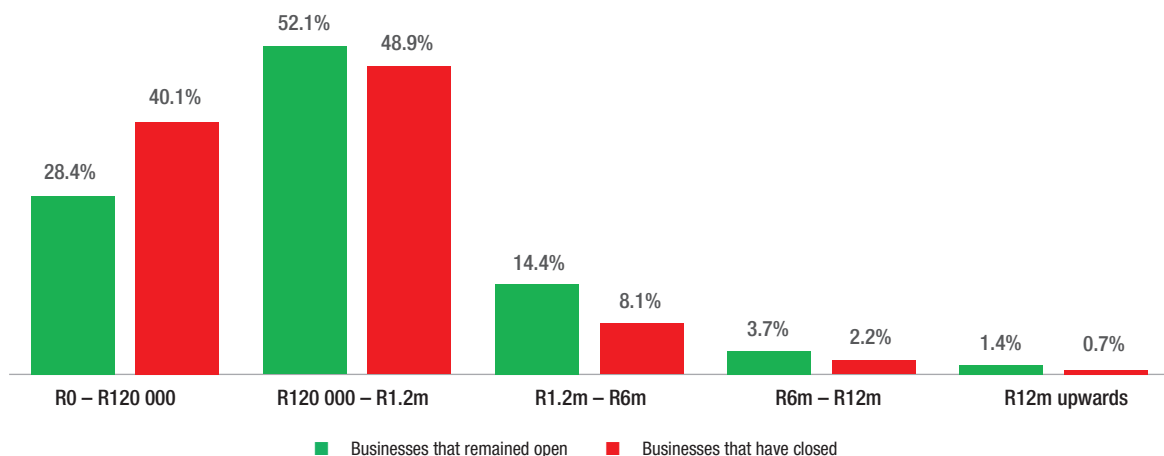
A high percentage of the businesses had taken on debt prior to lockdown. This, coupled with the fact that only 34% had cash reserves available, meant that the inability to generate income during lockdown level 5 put an unbearable financial strain on the businesses.

The majority of the businesses that survived lockdown had been in business for more than 3 years. Start-ups and early-stage businesses were the hardest hit during lockdown. Businesses earning under R120,000 per annum suffered the highest closures. These are also the businesses least likely to qualify for funding.

AVERAGE ANNUAL INCOME FOR ALL BUSINESSES PRIOR TO LOCKDOWN



COMPARISON OF AVERAGE ANNUAL INCOME, PRIOR TO LOCKDOWN, FOR BUSINESSES THAT REMAINED OPEN AND THOSE THAT CLOSED

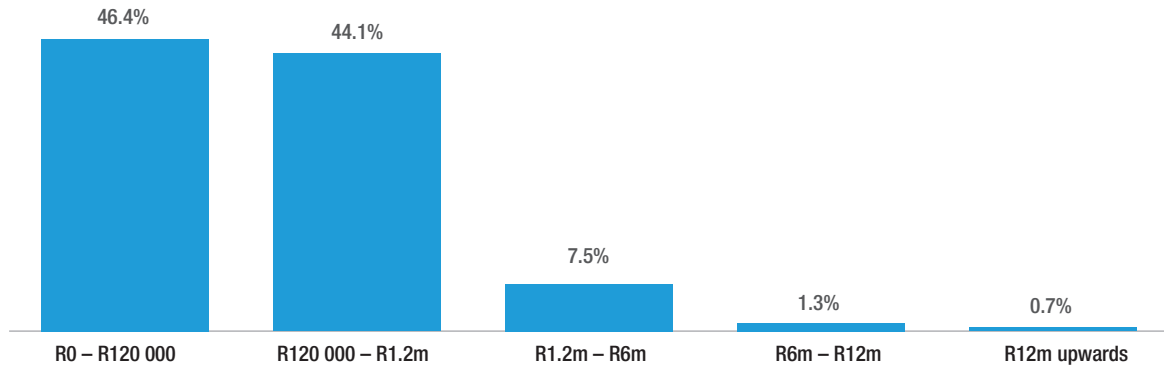


76.2% of businesses that remained open reported a decrease in income after lockdown.
64.8% of SMMEs that closed earned less than R30 000 per month.

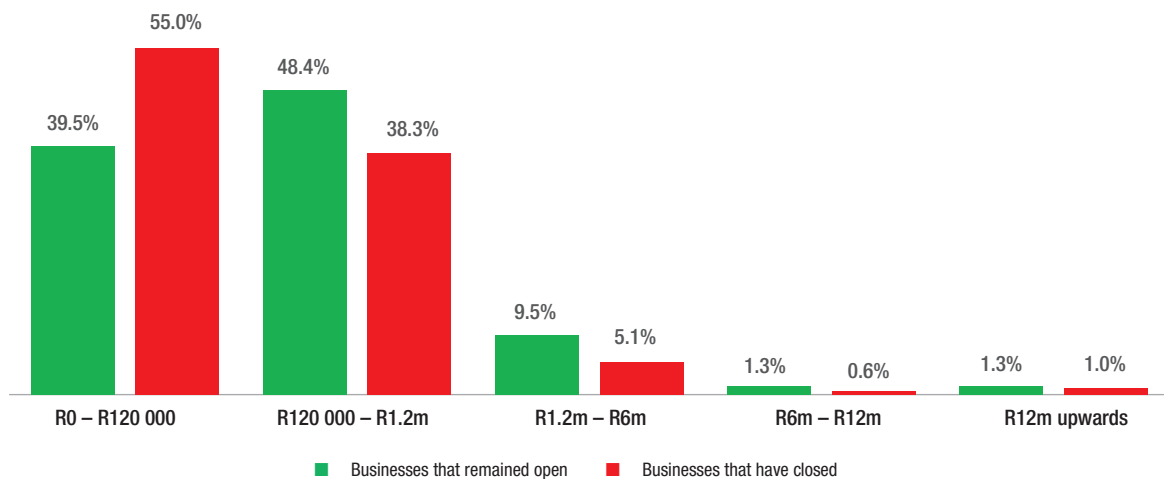


BUSINESS FINANCES

AVERAGE ANNUAL EXPENSES FOR ALL BUSINESSES PRIOR TO LOCKDOWN



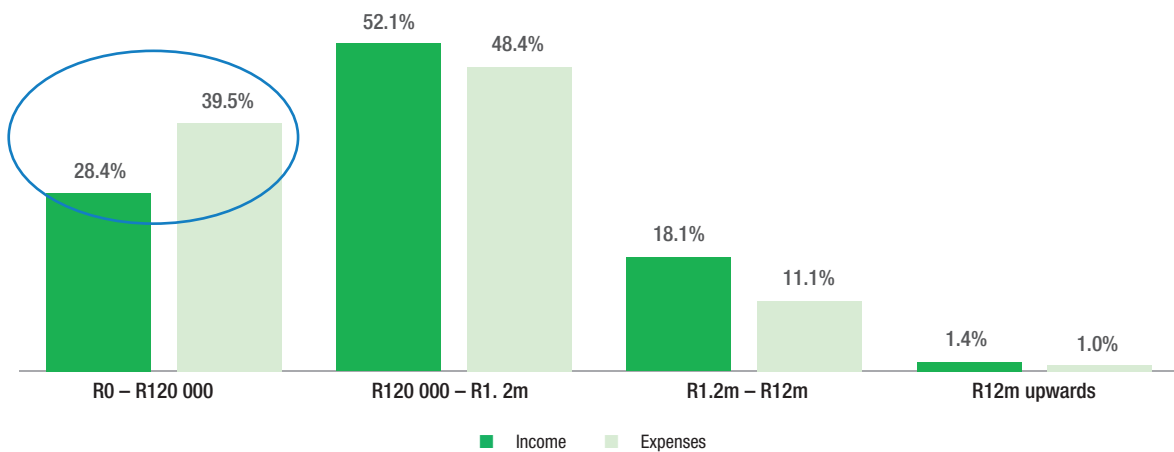
COMPARISON OF AVERAGE ANNUAL EXPENSES, PRIOR TO LOCKDOWN, FOR BUSINESSES THAT REMAINED OPEN AND THOSE THAT CLOSED



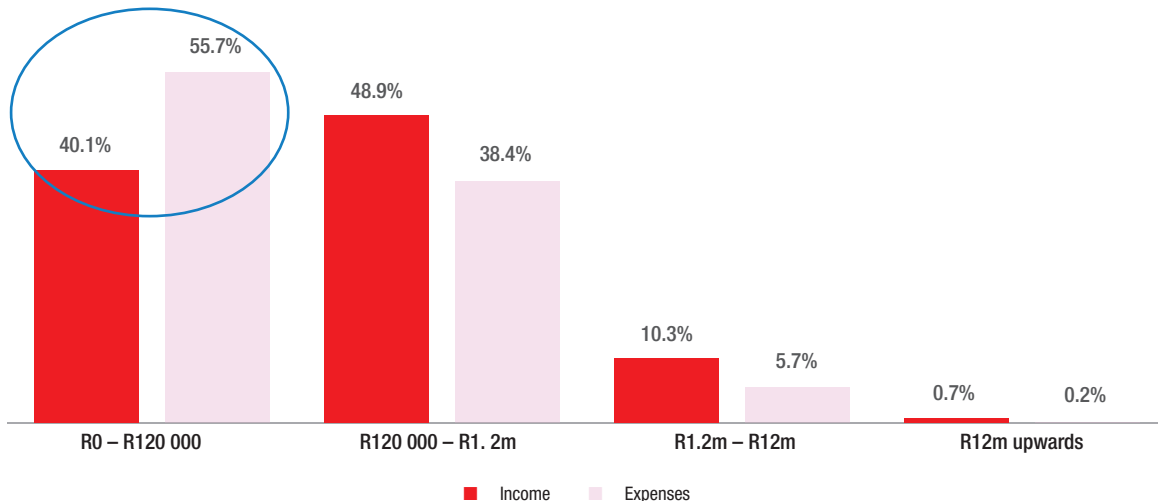
BUSINESS FINANCES

COMPARISON OF ANNUAL INCOME TO EXPENSES FOR BUSINESSES THAT REMAINED OPEN AND BUSINESSES THAT CLOSED

Comparison of income/expenses for open businesses



Comparison of income/expenses for closed businesses

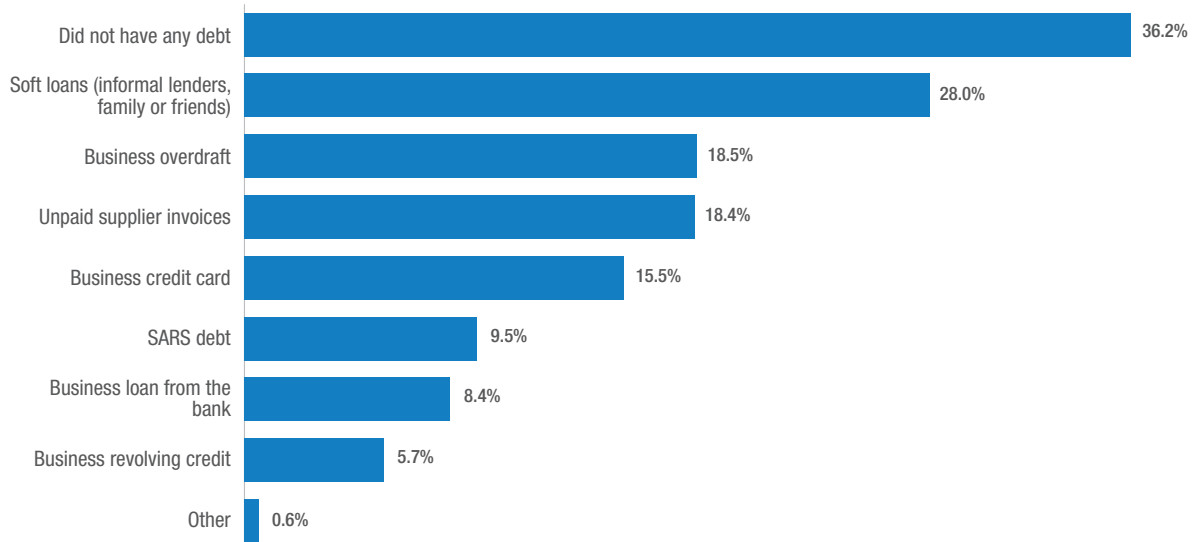


Many micro businesses have expenses that are higher than income. There is a high cost involved in starting a business. Only as it grows, do expenses start to drop and the business can generate a profit. This will impact on the ability of these businesses to survive the shock of lockdown, and their ability to secure future debt or access relief funding.



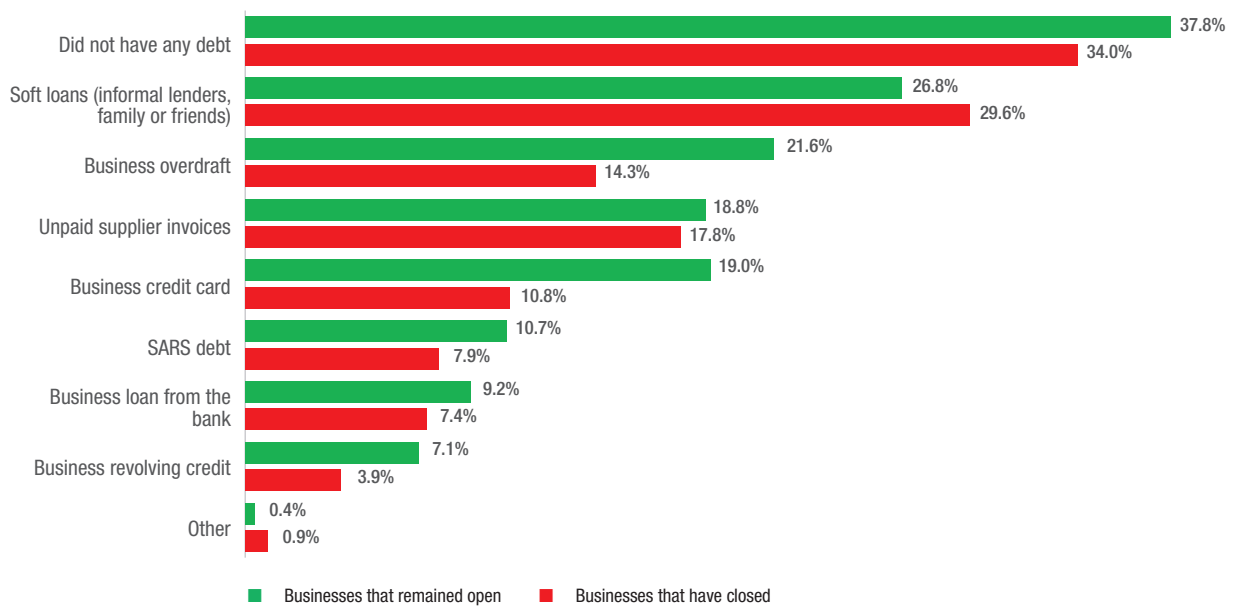
BUSINESS FINANCES

DEBT PRIOR TO LOCKDOWN



Note: Respondents were able to select multiple options and therefore the percentages are greater than 100%.

COMPARISON OF DEBT OF BUSINESSES THAT REMAINED OPEN AND THOSE THAT CLOSED



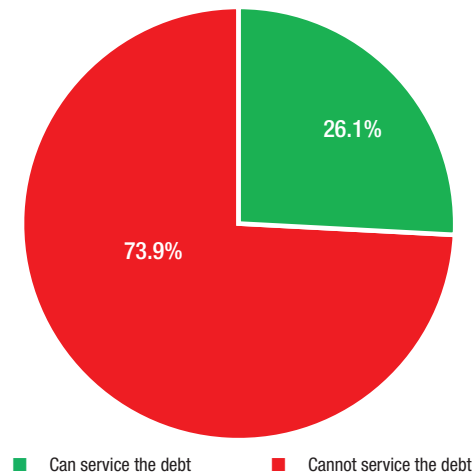
It is interesting to note that businesses that had taken on debt from formal lenders had a higher survival rate.

Note: Respondents were able to select multiple options and therefore the percentages are greater than 100%.

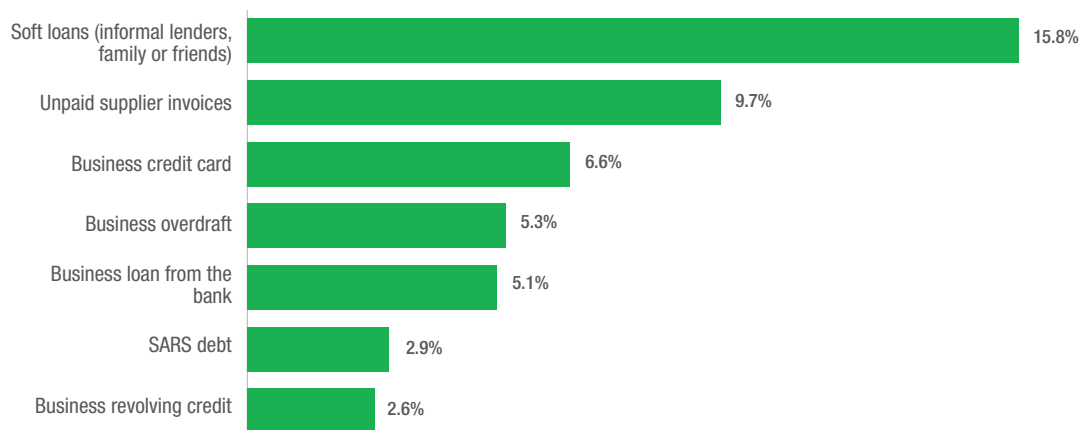


BUSINESS FINANCES

THE ABILITY OF THE BUSINESSES THAT REMAINED OPEN TO SERVICE THEIR DEBT DURING LOCKDOWN



PERCENTAGE OF THE BUSINESSES THAT REMAINED OPEN THAT WERE ABLE TO NEGOTIATE PAYMENT HOLIDAYS FOR VARIOUS TYPES OF DEBT

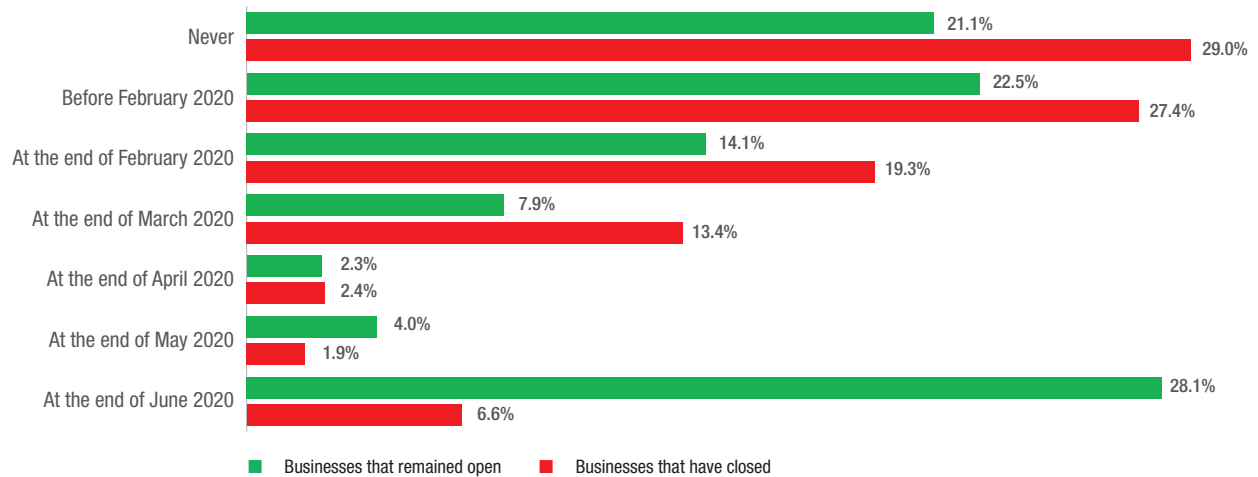


Only 19.6% of businesses that remained open received payment holidays from formal lenders.



BUSINESS FINANCES

WHEN MANAGEMENT ACCOUNTS WERE LAST GENERATED



91.5% of businesses that closed operated without updated financial information and were therefore unable to manage their cashflow. 71.7% maintained their own financial records and 28.3% outsourced this work.

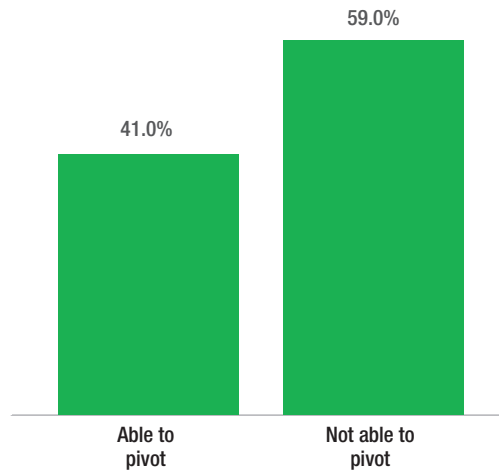
KEY FINANCIAL OBSERVATIONS ON BUSINESSES THAT HAVE CLOSED

1. The majority of the businesses that closed generated little profit, had debt and few or no cash reserves. This left them unable to weather the negative financial impact of the lockdown.
2. Other factors that have contributed to this closure are:
 - 89% of businesses that closed had either never produced management accounts or had very outdated management accounts. This would severely impact their ability to make good financial decisions and effectively manage cashflow.
 - 78% of closed businesses did their own financial recordkeeping and only a minority made use of the services of an accountant. One is left wondering whether access to accountants at an early stage of running a business would provide the financial advice necessary to enable the business to survive shocks.
 - 66% of closed businesses had already taken on debt prior to lockdown.

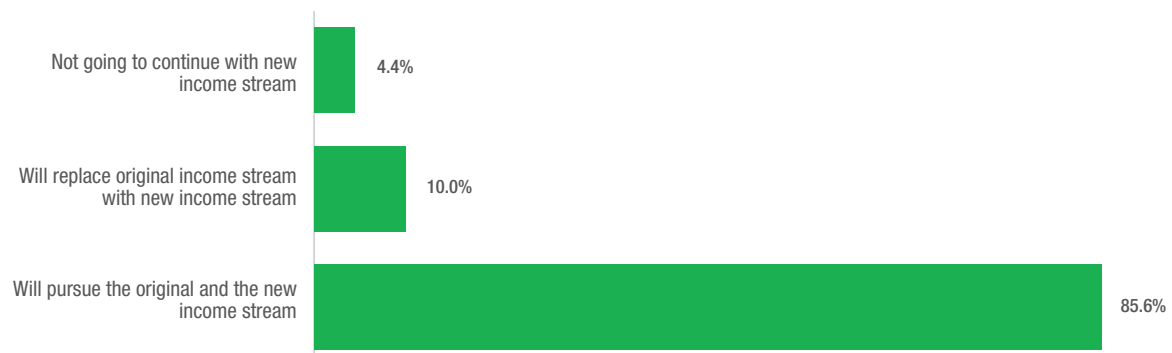


BUSINESS FINANCES

PERCENTAGES OF BUSINESSES THAT REMAINED **OPEN** THAT WERE ABLE TO PIVOT (THAT IS, FIND ALTERNATIVE WAYS OF GENERATING INCOME)

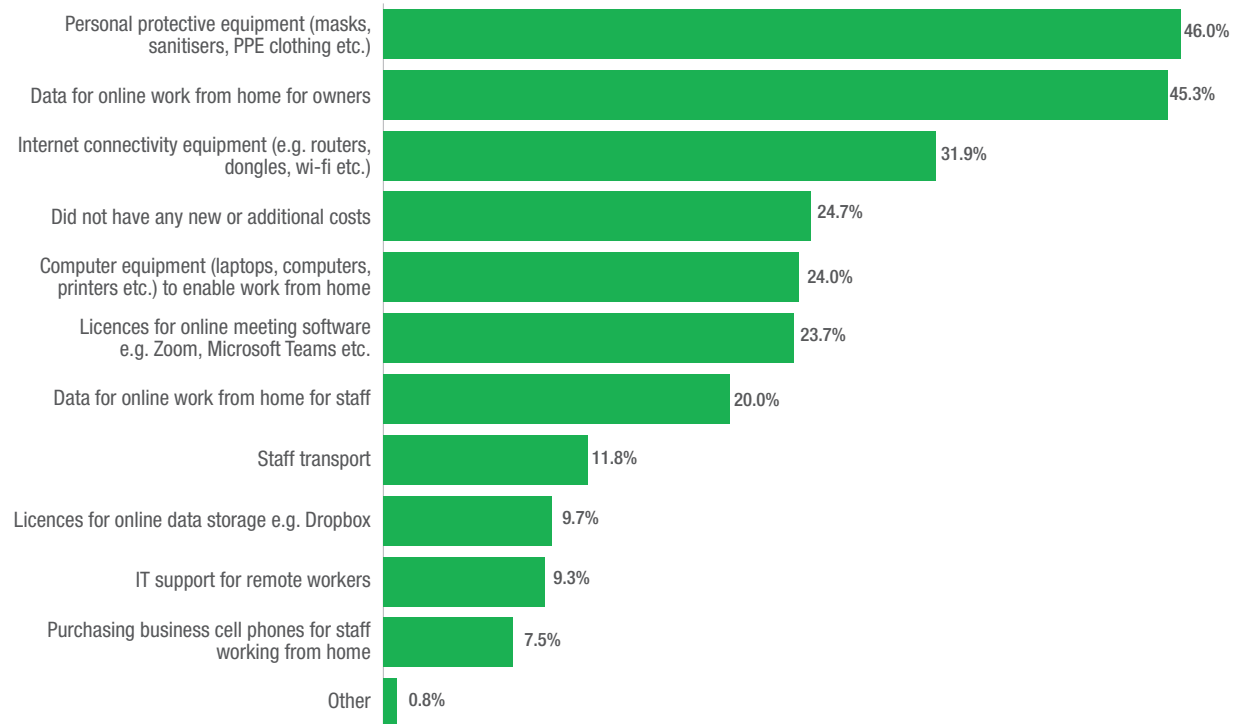


BUSINESSES THAT WILL CONTINUE TO PURSUE NEW LINES OF INCOME POST COVID-19 PANDEMIC



BUSINESS FINANCES

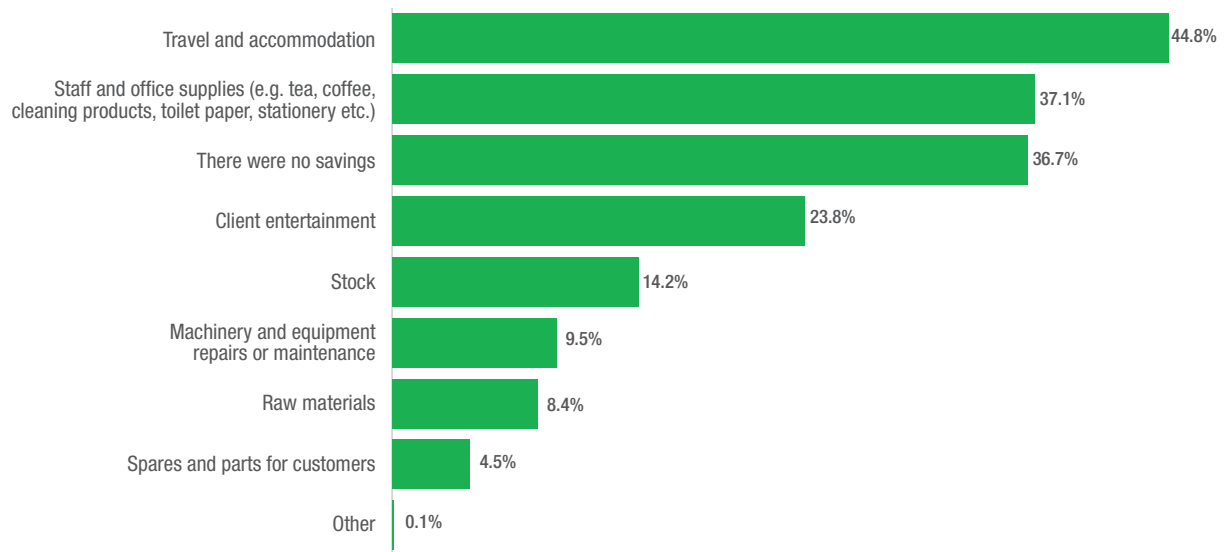
ADDITIONAL COSTS DURING LOCKDOWN REPORTED BY BUSINESSES THAT REMAINED OPEN



It is not surprising that the highest additional cost was personal protective equipment and data, as all businesses had to adhere to the new regulations and move online, while keeping safe.

Note: Respondents were able to select multiple types of expenses, hence the total will not equal 100%.

SAVINGS DURING LOCKDOWN REPORTED BY BUSINESSES THAT REMAINED OPEN

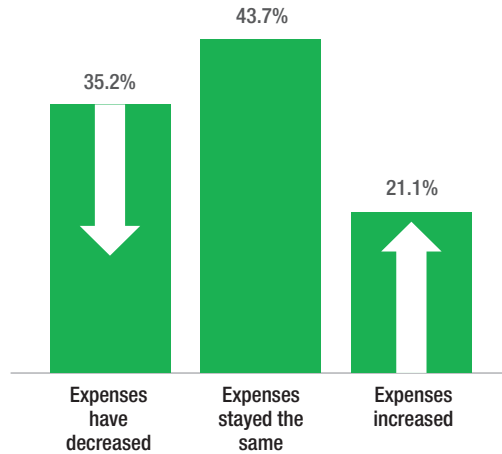


Note: Respondents were able to select multiple types of expenses, hence the total will not equal 100%.



BUSINESS FINANCES

HOW LOCKDOWN IMPACTED EXPENSES OF THE BUSINESSES THAT REMAINED OPEN

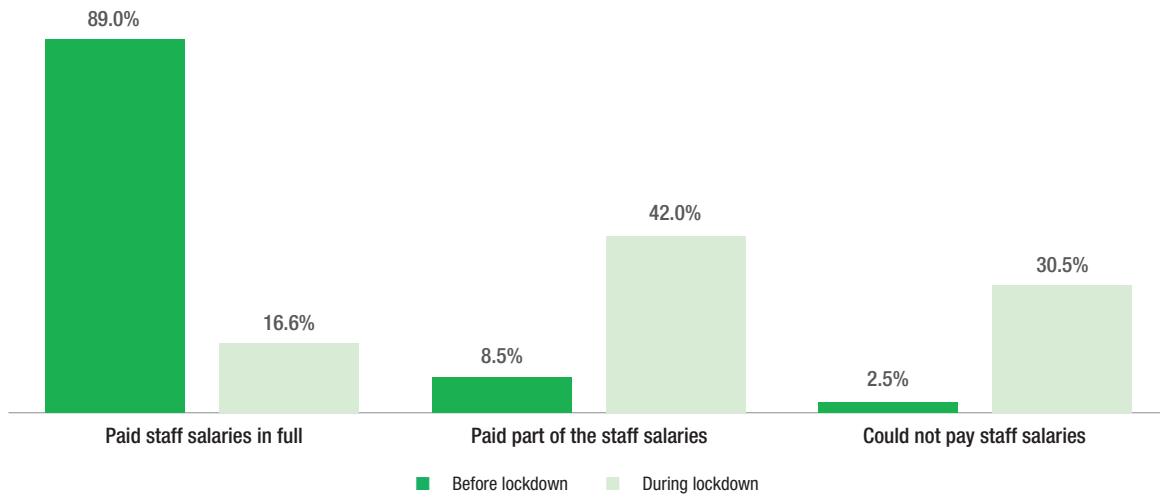


ABILITY OF BUSINESSES THAT REMAINED OPEN TO PAY NEXT MONTH'S EXPENSES



70.8% concerned about being able to pay expenses for the following month.

BUSINESSES THAT REMAINED OPEN ABILITY TO PAY STAFF

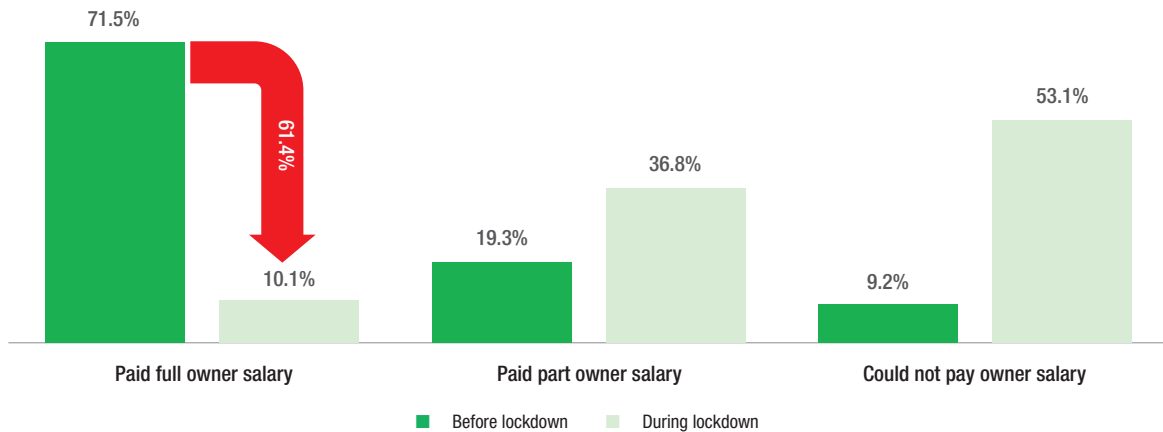


10.9% of SMMEs had already reduced staff and made no payments.



BUSINESS FINANCES

THE ABILITY OF BUSINESSES THAT REMAINED OPEN TO PAY THE OWNERS



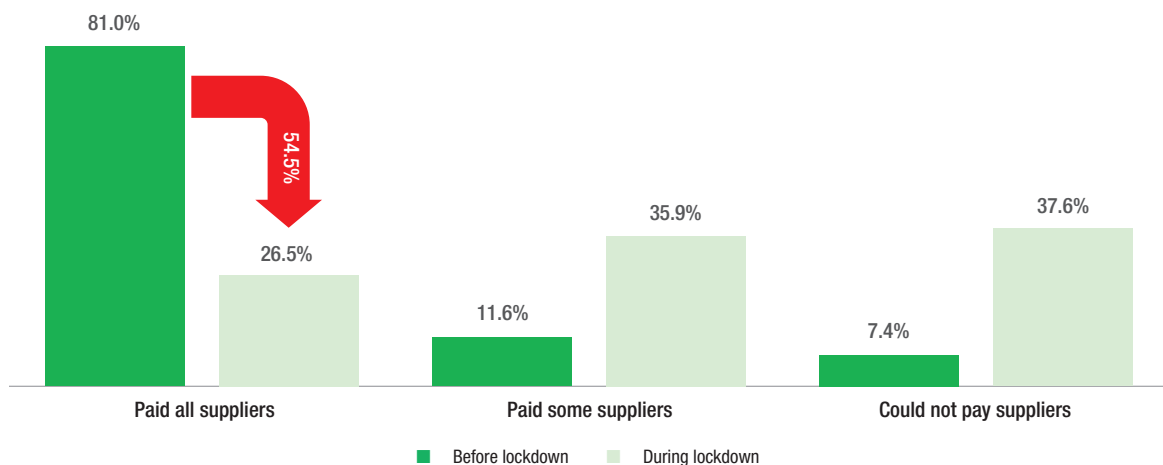
Owners prioritised paying staff over paying themselves. 53.1% received no salary during lockdown.

It is important to note that lenders (banks, DFIs and formal SMME lenders) look at the owners' personal bank statements to verify that they have a regular monthly income of the same amount deposited at the same time each month. This is part of the lenders' assessment criteria for the granting of business loans.

However, small businesses operate differently. First, they pay their staff and their key expenses (especially their suppliers), and only pay themselves later once cashflow permits. Owners often pay themselves after month end, due to cashflow timing issues.

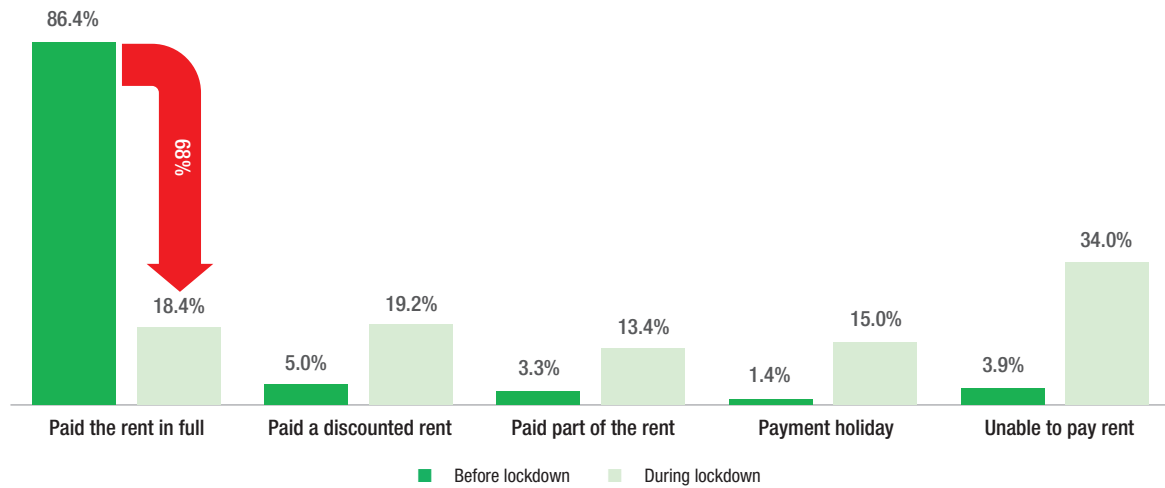
This data conclusively shows that lenders need to review their "one-size-fits-all" methodology of assessing credit applications as the majority of SMMEs, especially at a time like COVID, will not pass this test.

ABILITY OF BUSINESSES THAT REMAINED OPEN TO PAY SUPPLIERS

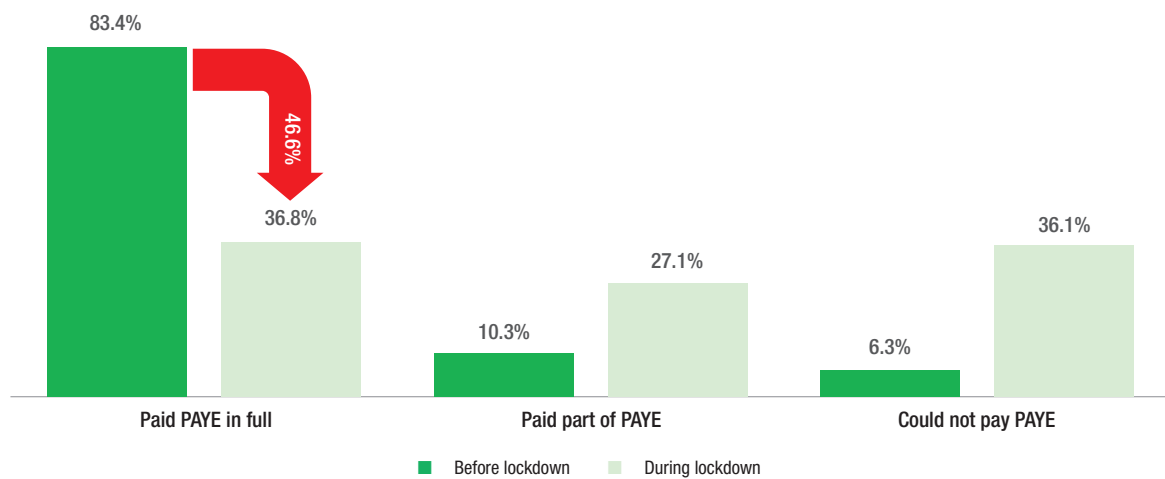


BUSINESS FINANCES

ABILITY OF BUSINESSES THAT REMAINED OPEN TO PAY RENT

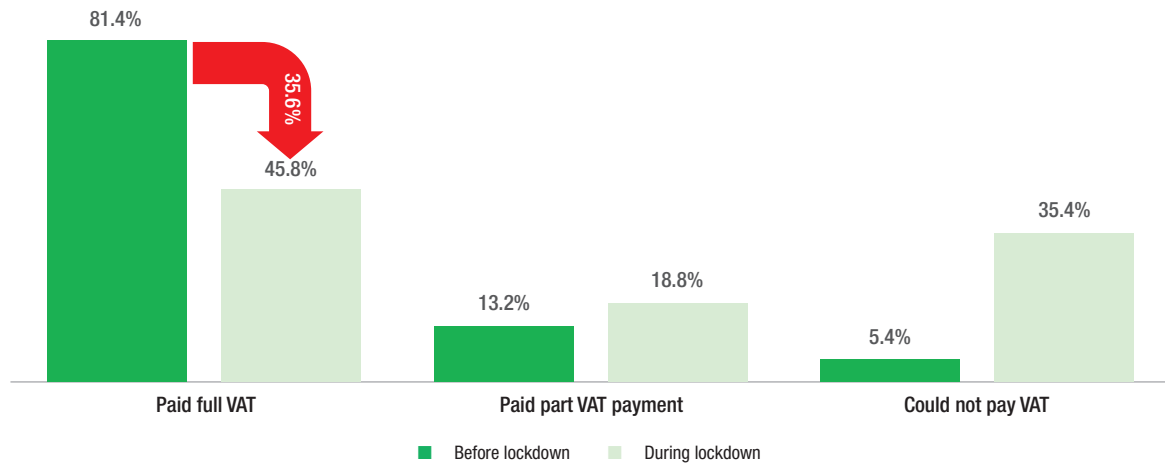


ABILITY OF BUSINESSES THAT REMAINED OPEN TO PAY PAYE



BUSINESS FINANCES

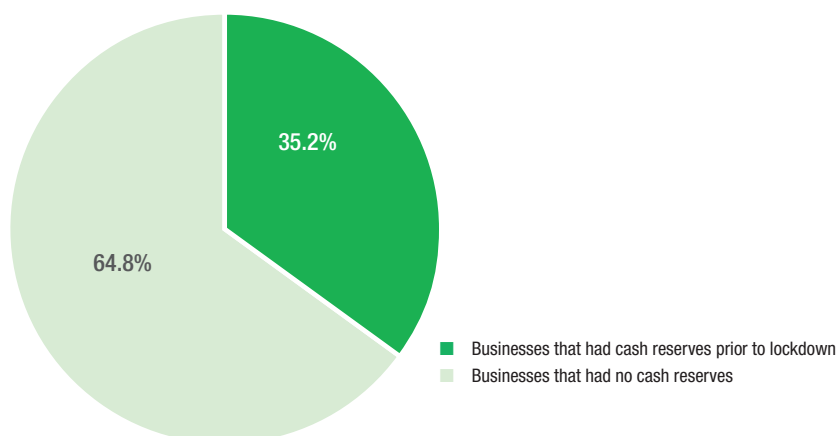
ABILITY OF BUSINESSES THAT REMAINED OPEN TO PAY VAT



30% of open businesses are not registered for VAT.

It is interesting to note the high percentage of businesses that paid their PAYE and VAT as opposed to their landlords and suppliers. SMME owners are aware that SARS non-compliance impacts their ability to raise funding or to qualify for Government and corporate contracts.

AVAILABILITY OF CASH RESERVES OF BUSINESSES THAT REMAINED OPEN

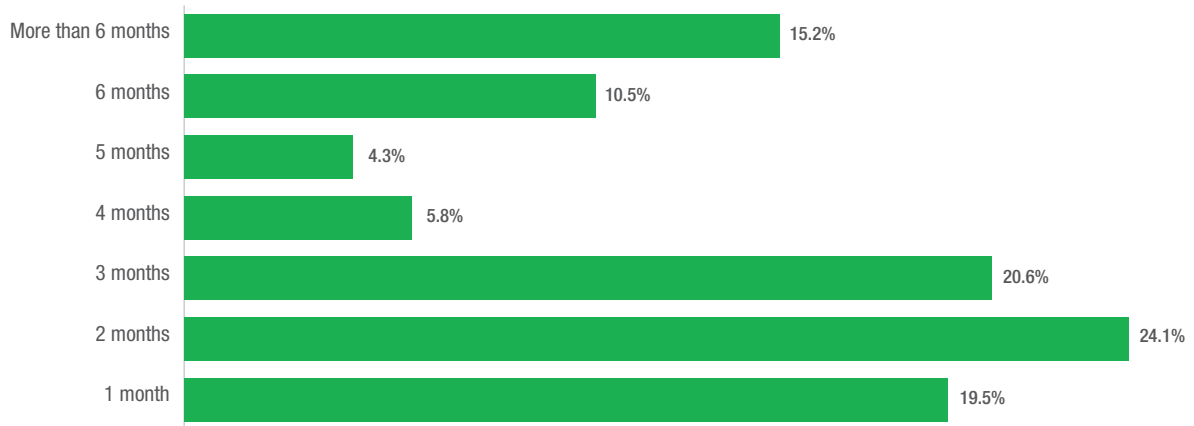


62.6% stated that the cash reserves would last between 1 and 3 months.



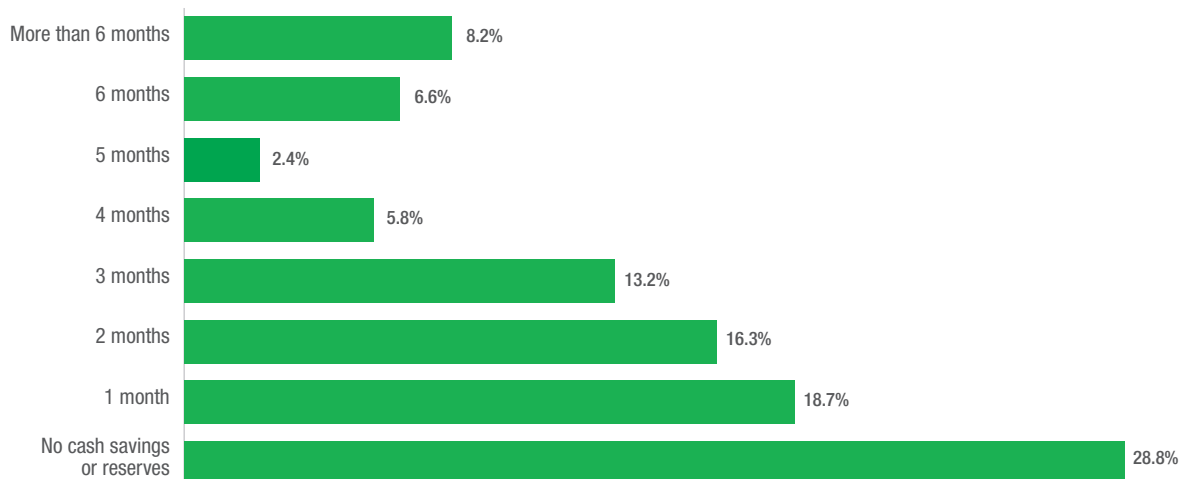
BUSINESS FINANCES

THE NUMBER OF MONTHS THAT OWNERS OF BUSINESSES THAT REMAINED OPEN ANTICIPATED THEIR CASH RESERVES WOULD LAST



Most (64.2%) of the businesses only had cash reserves that would last between 1 and 3 months. As lockdown progressed, the cash reserves became depleted. This means that these businesses will not have the cash available to help them build their businesses during the tough economic recovery period.

THE AVAILABILITY OF CASH RESERVES DURING LOCKDOWN FOR BUSINESSES THAT REMAINED OPEN



74.9% of SMMEs had no cash reserves during lockdown.

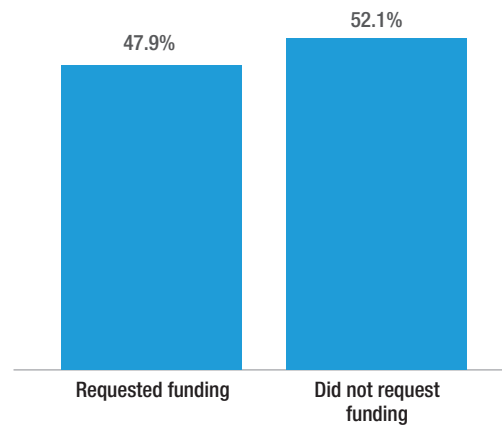
Prior to lockdown, owners could not anticipate the impact of COVID on their income and as a result, the expectation of how long their cash reserves would last, and the reality of how they lasted, differs. This is exacerbated by not having updated management accounts to guide cashflow predictions.



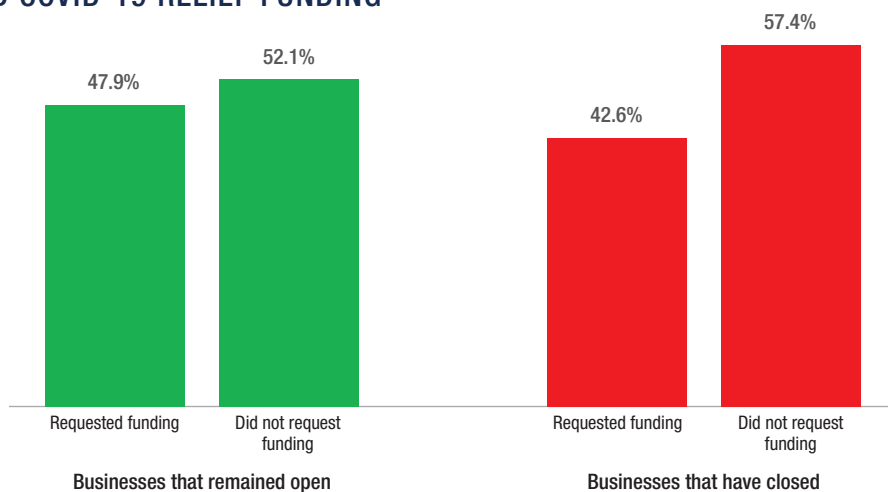
BUSINESS FUNDING

Fewer than 50% of all the SMMEs applied for relief funding during lockdown. The rejection rate of those that did apply was over 90%. Of the funding applications submitted by businesses that later closed, 99.9% were rejected.

BUSINESSES THAT REQUESTED COVID-19 RELIEF FUNDING

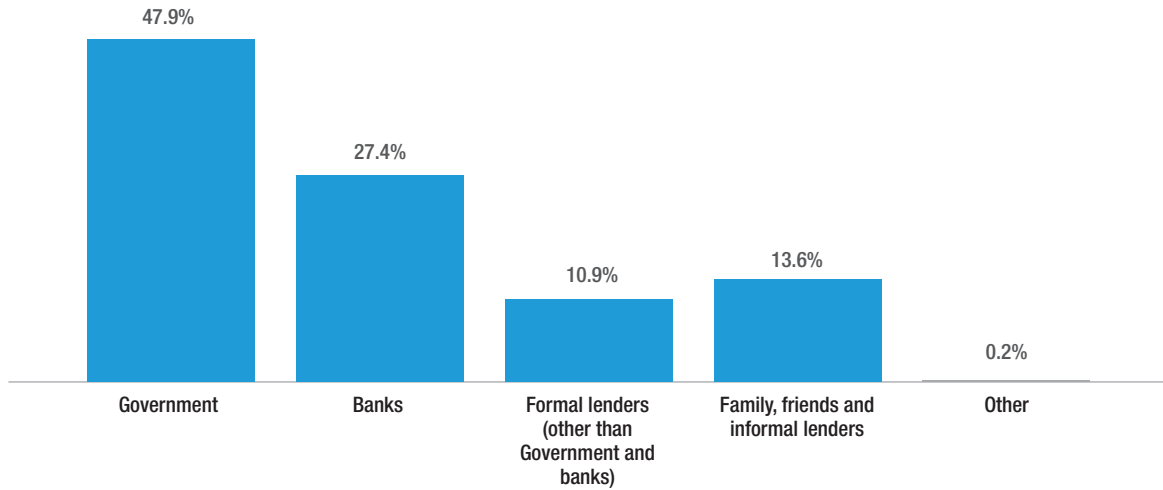


COMPARISON OF BUSINESSES THAT REMAINED OPEN AND THOSE THAT CLOSED THAT REQUESTED COVID-19 RELIEF FUNDING



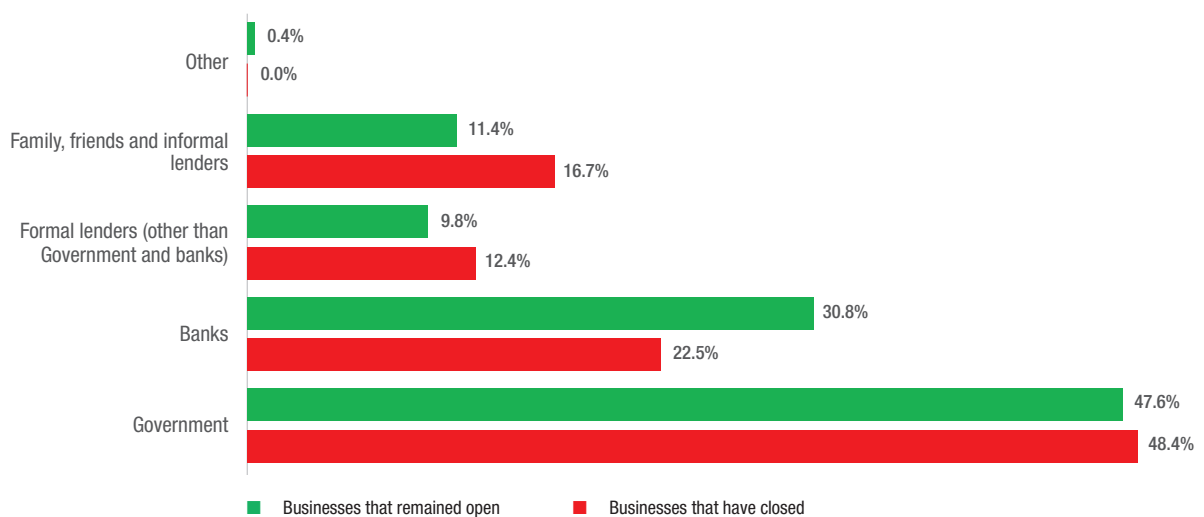
BUSINESS FUNDING

WHERE THE BUSINESSES APPLIED FOR COVID-19 RELIEF FUNDING FROM



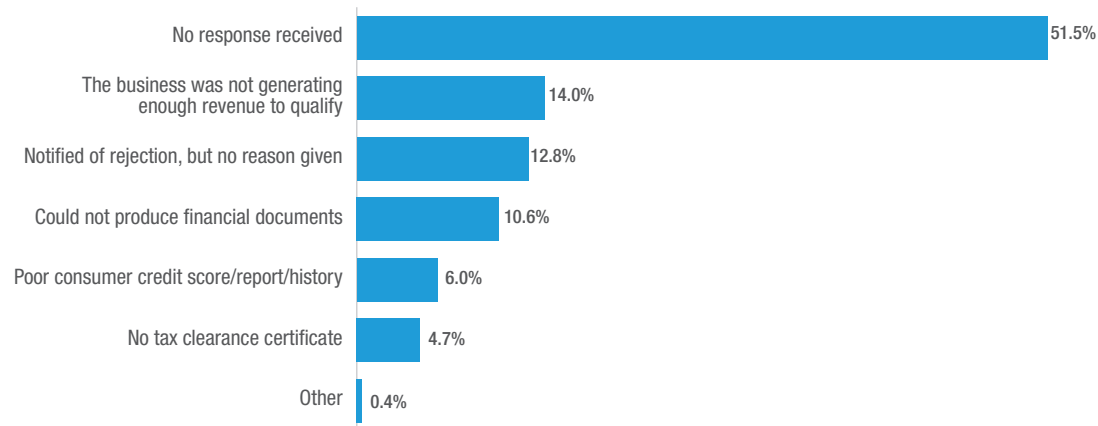
91% overall rejection rate. 99.9% of businesses that closed and applied for funding were rejected.

COMPARISON OF WHERE OPEN AND CLOSED BUSINESSES APPLIED FOR FUNDING FROM



BUSINESS FUNDING

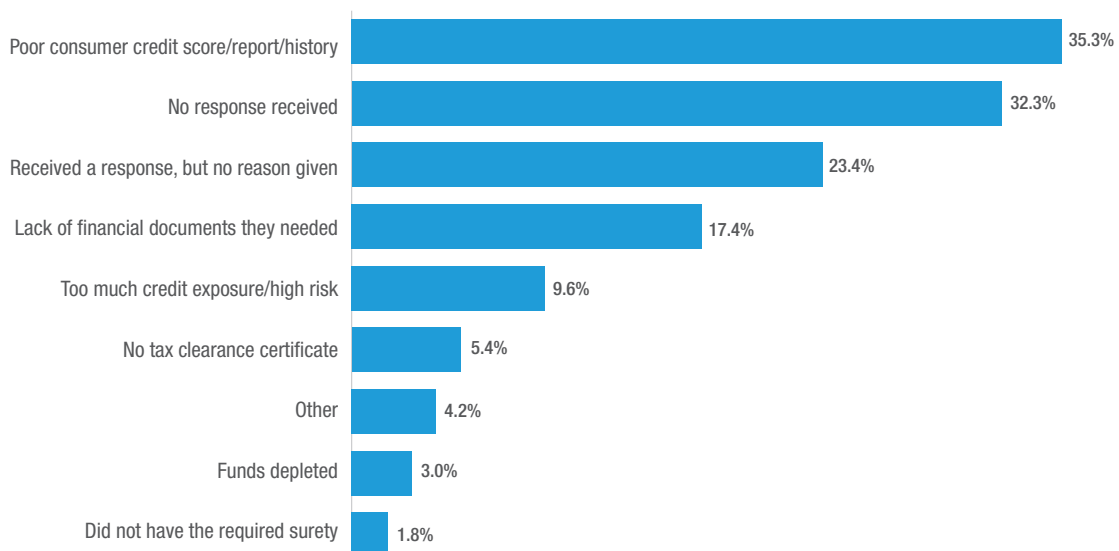
REASONS GIVEN BY GOVERNMENT FOR REJECTED APPLICATIONS



One of the biggest frustrations that business owners have to deal with, is the culture of no response. It is interesting to note that businesses that had taken on debt from formal lenders had a higher survival rate.

Note: Respondents were able to select multiple options and therefore the percentages are greater than 100%.

REASONS GIVEN BY BANKS FOR REJECTED APPLICATIONS

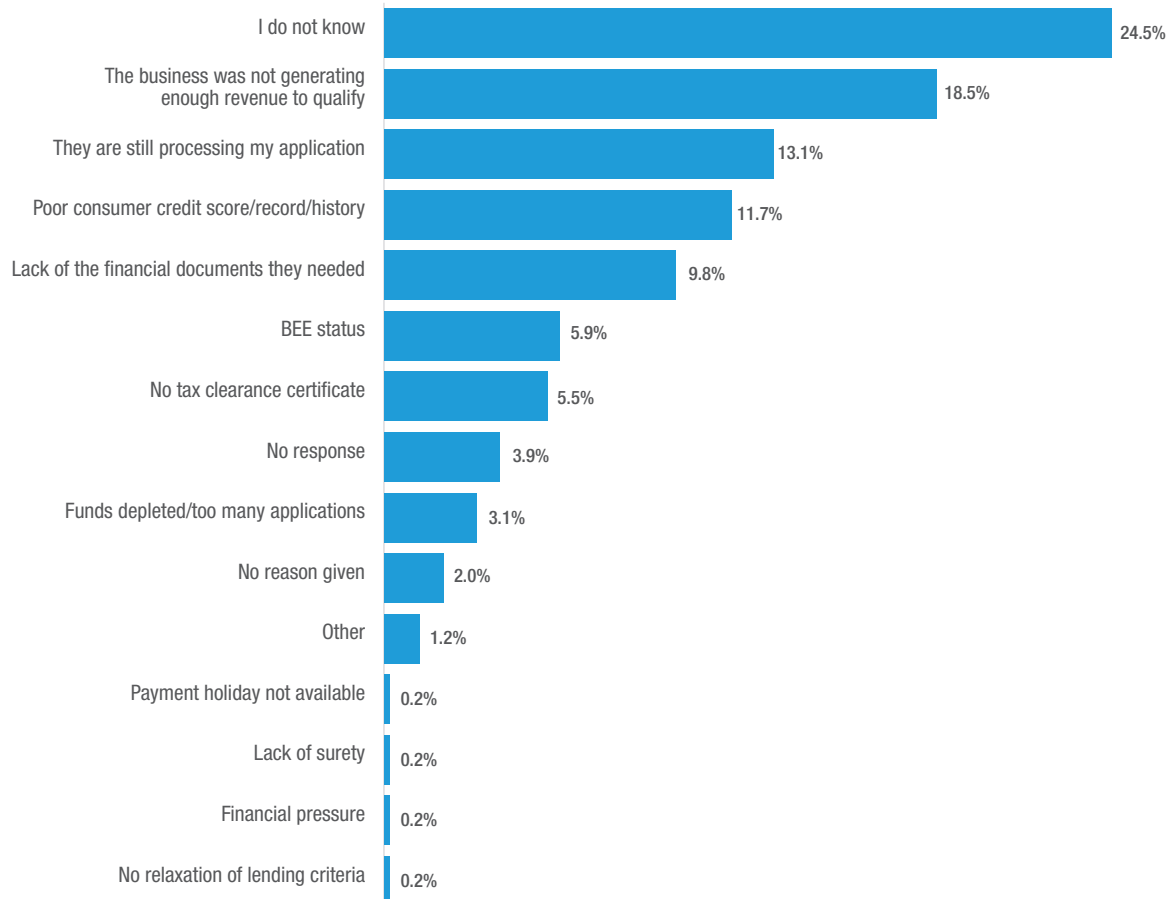


It is concerning to note that poor consumer credit scores remain one of the primary reasons for banks rejecting SMME funding applications. Banks urgently need to develop new credit assessment models, centred on the re-payment/credit history of the business itself, rather than focusing on the business owner's personal credit record, to determine the business' credit worthiness.



BUSINESS FUNDING

OWNERS' PERCEPTION OF WHY THEIR FUNDING APPLICATIONS WERE REJECTED WHEN NO REASON WAS GIVEN BY THE FUNDERS

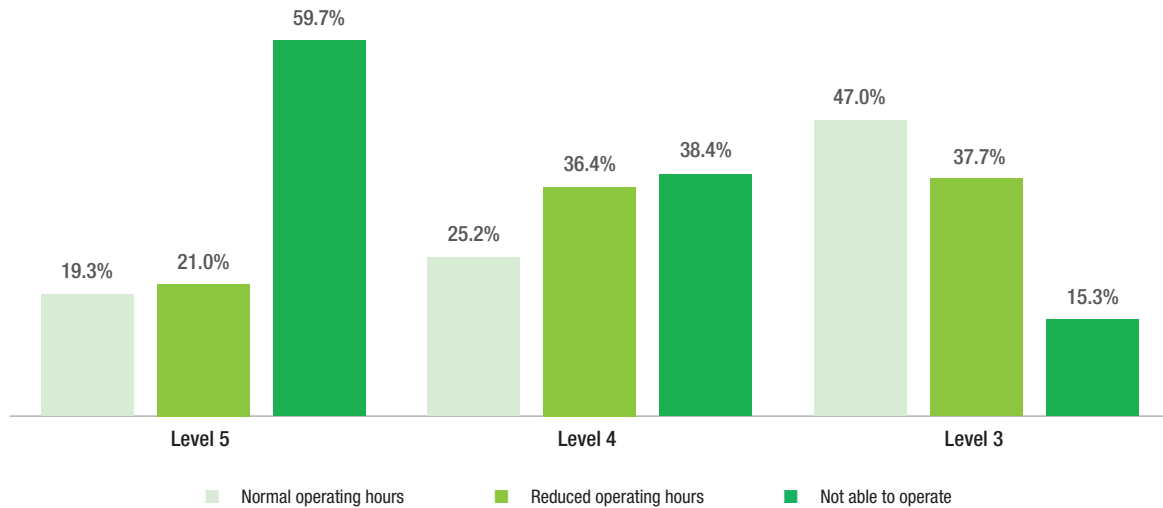


This begs the question, how do funders expect business owners to improve their funding readiness and increase their funding success rate, if the owners do not know why their applications were rejected?

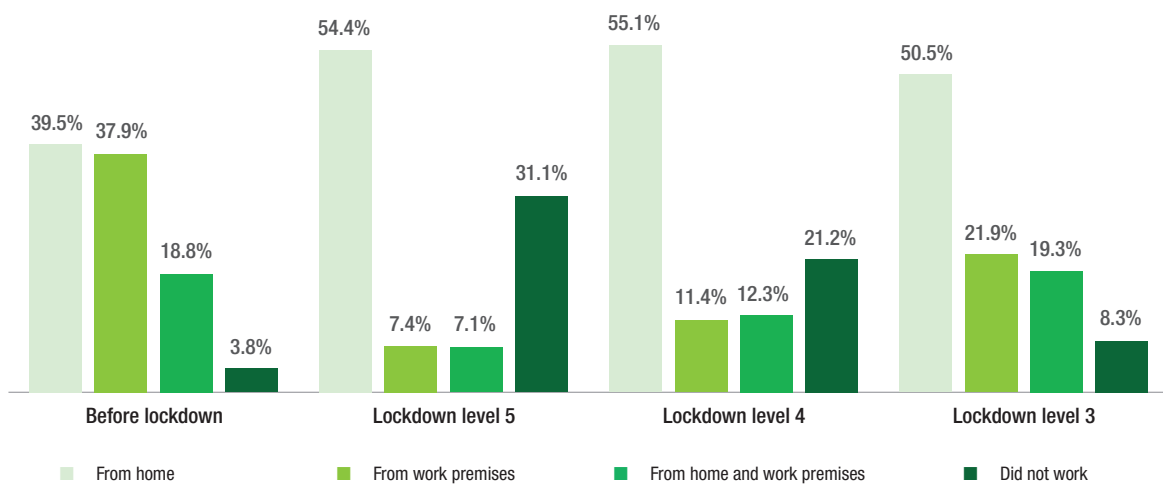


BUSINESS OPERATIONS

HOW LOCKDOWN IMPACTED THE ABILITY TO OPERATE OF THE BUSINESSES THAT REMAINED OPEN

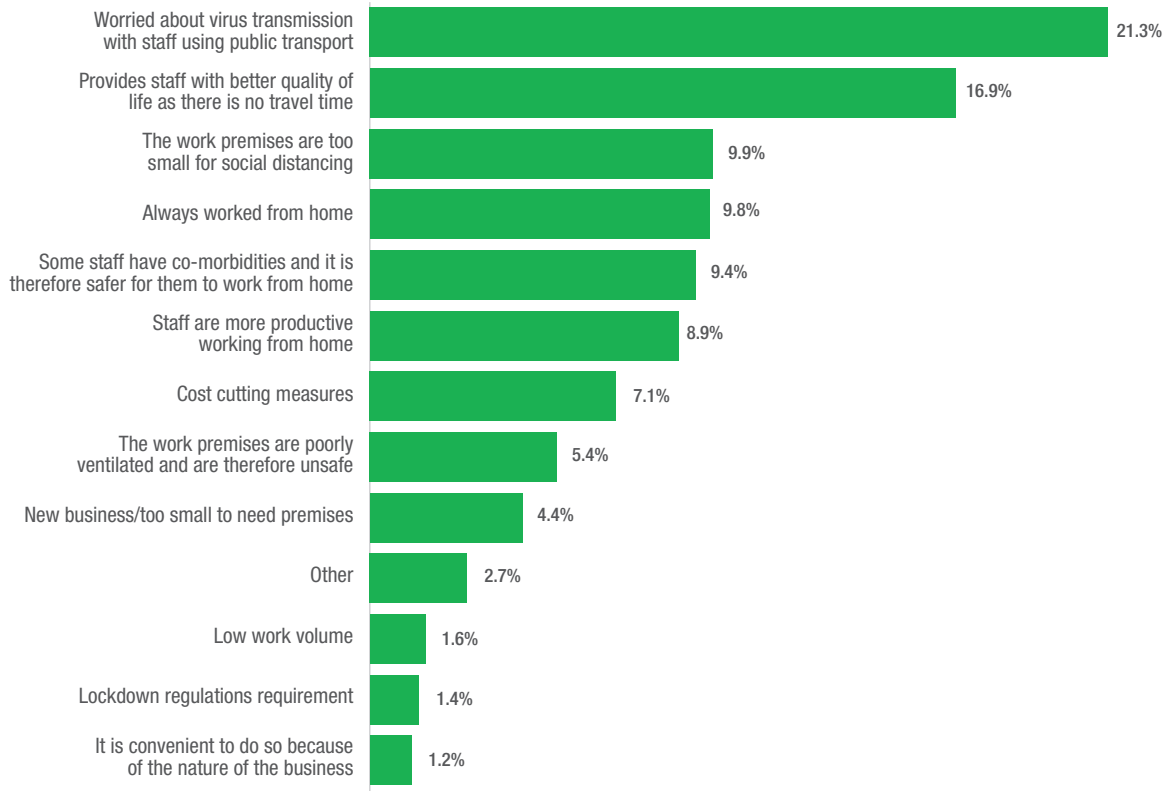


WHERE THE BUSINESSES THAT REMAINED OPEN WORKED FROM DURING LOCKDOWN

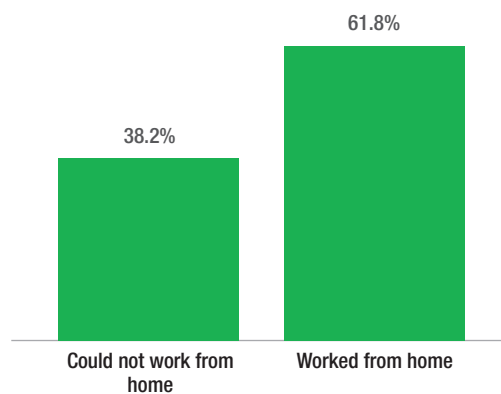


BUSINESS OPERATIONS

REASONS SMALL BUSINESSES ELECTED TO WORK FROM HOME

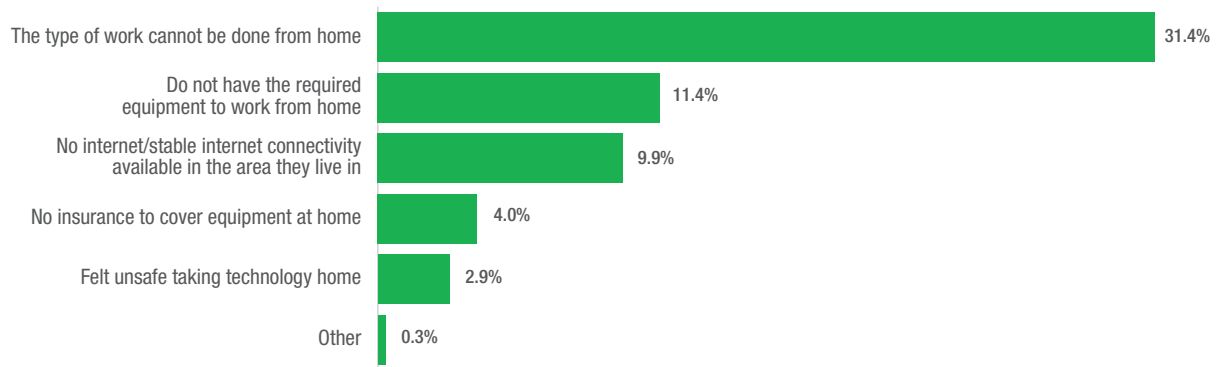


PERCENTAGE OF BUSINESSES THAT REMAINED OPEN THAT HAD STAFF THAT COULD NOT WORK FROM HOME



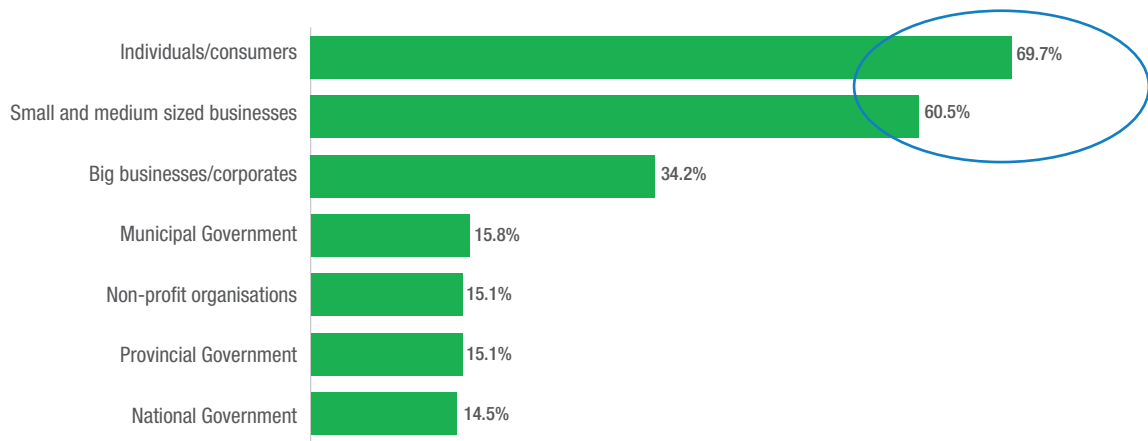
BUSINESS OPERATIONS

REASONS WHY THE BUSINESSES THAT REMAINED OPEN HAD STAFF UNABLE TO WORK FROM HOME



Note: This is a subset of a question and therefore the percentages will not add up to 100% as the question did not apply to all respondents.

PROFILE OF CUSTOMERS OF THE BUSINESSES THAT REMAINED OPEN



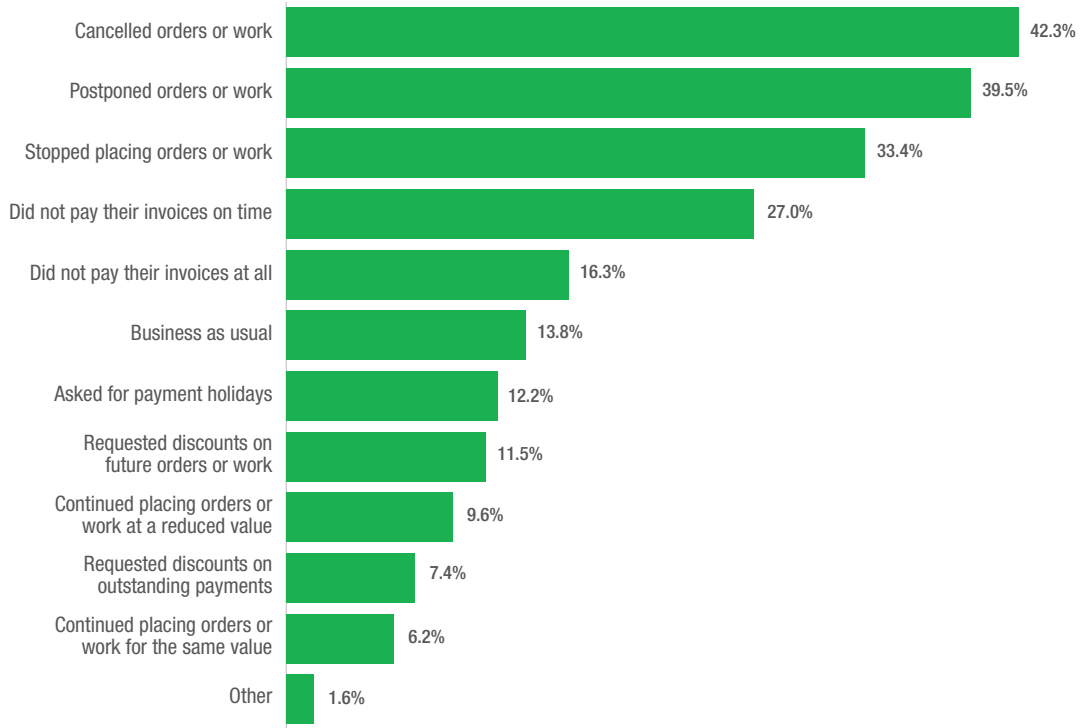
Individuals and small businesses make up the majority of their customer base.

Note: All SMMEs had customers in more than one of these categories – hence the percentages will not add up to 100%.



BUSINESS OPERATIONS

HOW THE CUSTOMERS OF BUSINESSES THAT REMAINED OPEN RESPONDED TO THE LOCKDOWN



The economic fall-out of lockdown is confirmed with high percentages of cancelled orders/work (42.3%), followed by postponed orders/work (39.5%), followed by no orders/work (33.4%). This clearly shows the knock-on impact of lockdown.

Note: Respondents were able to select multiple options, hence percentages will not add up to 100%.



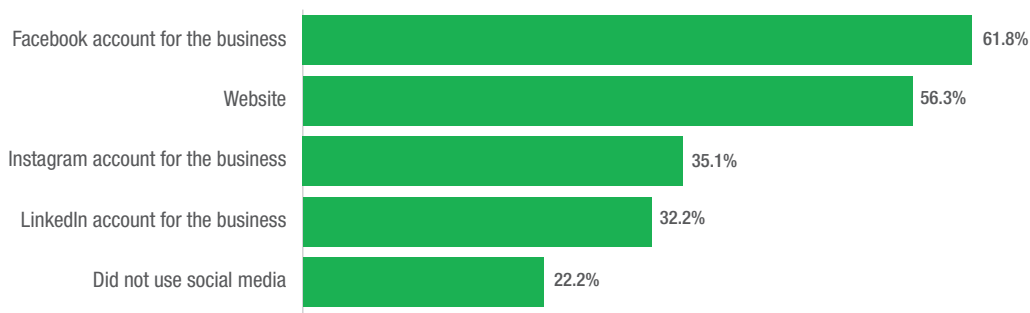
DOING BUSINESS ONLINE

Responses show that small businesses were ill prepared for the online world of business during lockdown.

Whilst the majority of businesses had established a Facebook presence and just over half of them had a website, 58% had never had an online meeting and only 40% had engaged in paid digital marketing.

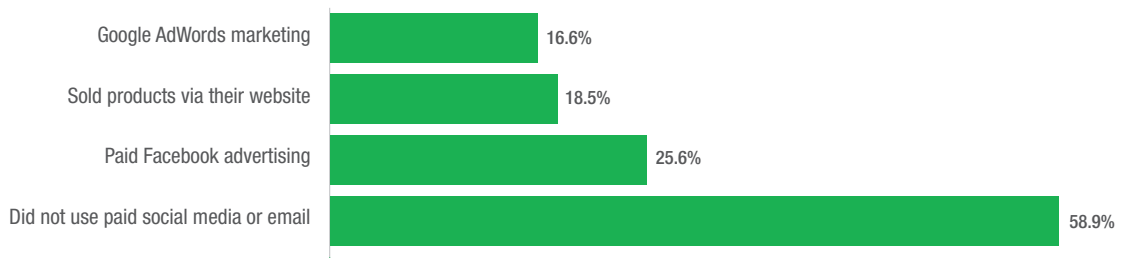
The high cost of data was a barrier for earlier stage businesses to conduct business online.

USE OF TECHNOLOGY PRIOR TO LOCKDOWN BY BUSINESSES THAT REMAINED OPEN



Note: Respondents could select multiple options, hence the percentages do not add up to 100%.

PERCENTAGE OF BUSINESSES THAT REMAINED OPEN THAT ENGAGED IN DIGITAL MARKETING



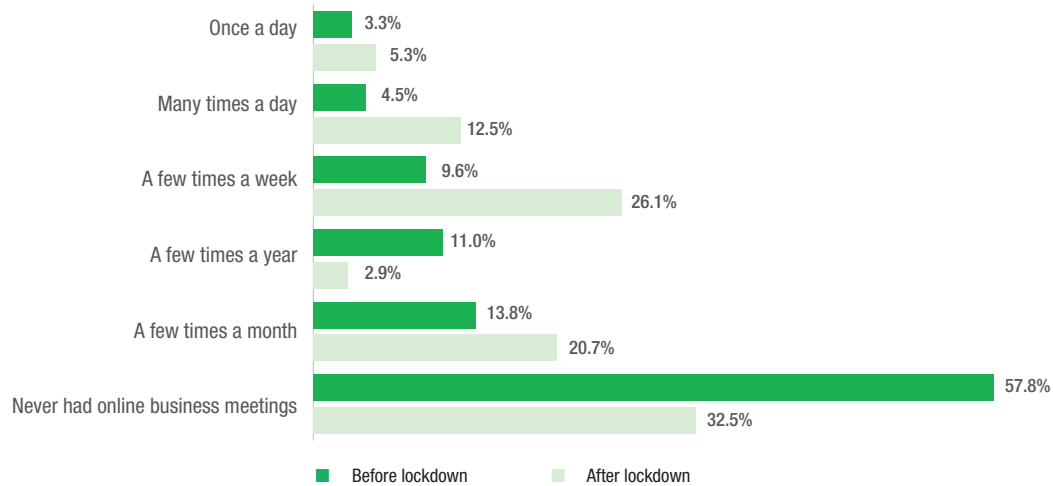
58.9% had never paid for digital marketing.

Note: Respondents could select multiple options, hence the percentages do not add up to 100%.



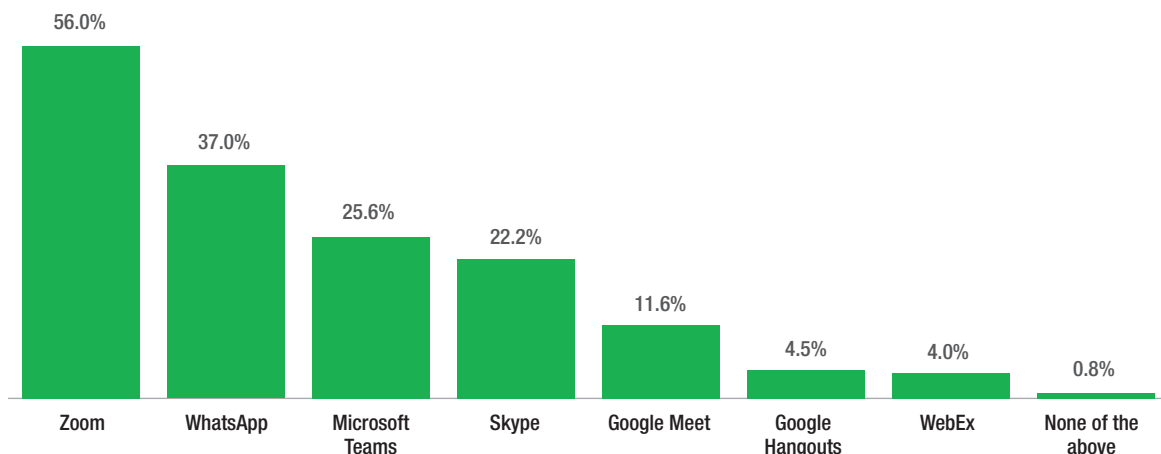
DOING BUSINESS ONLINE

COMPARISON OF THE USE OF ONLINE MEETINGS, BEFORE AND DURING LOCKDOWN, BY BUSINESSES THAT REMAINED OPEN



Lockdown has changed the way people do business from 58% who have never had online meetings to 64.7% who now engage frequently in online meetings.

MOST POPULAR ONLINE MEETING SYSTEMS USED BY BUSINESSES THAT REMAINED OPEN



Note: Participants were able to select a number of platforms and hence the percentages will exceed 100%.



DOING BUSINESS ONLINE

MANY SMALL BUSINESSES IN SOUTH AFRICA WERE NOT PREPARED FOR THE ONLINE BUSINESS WORLD

58%

had never had an
online business
meeting

59%

had never advertised
their business
online

High cost of data cited by

45%

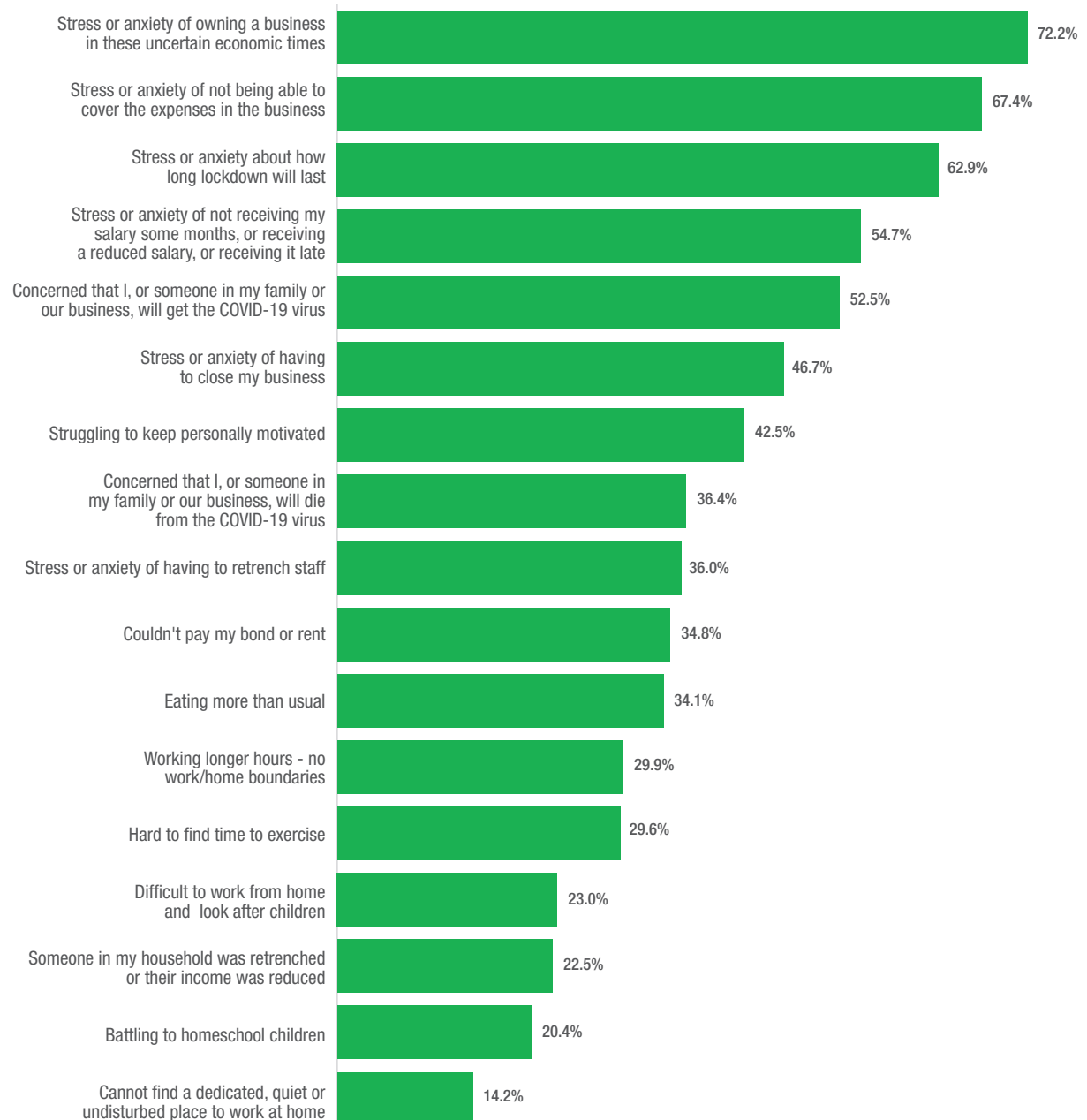
of owners as an additional expense



CHALLENGES EXPERIENCED DURING COVID-19

Running a business is stressful at the best of times. This was magnified with the restrictions imposed by lockdown which resulted in a host of new anxieties for business owners.

CHALLENGES EXPERIENCED BY THE OWNERS OF BUSINESSES THAT REMAINED OPEN



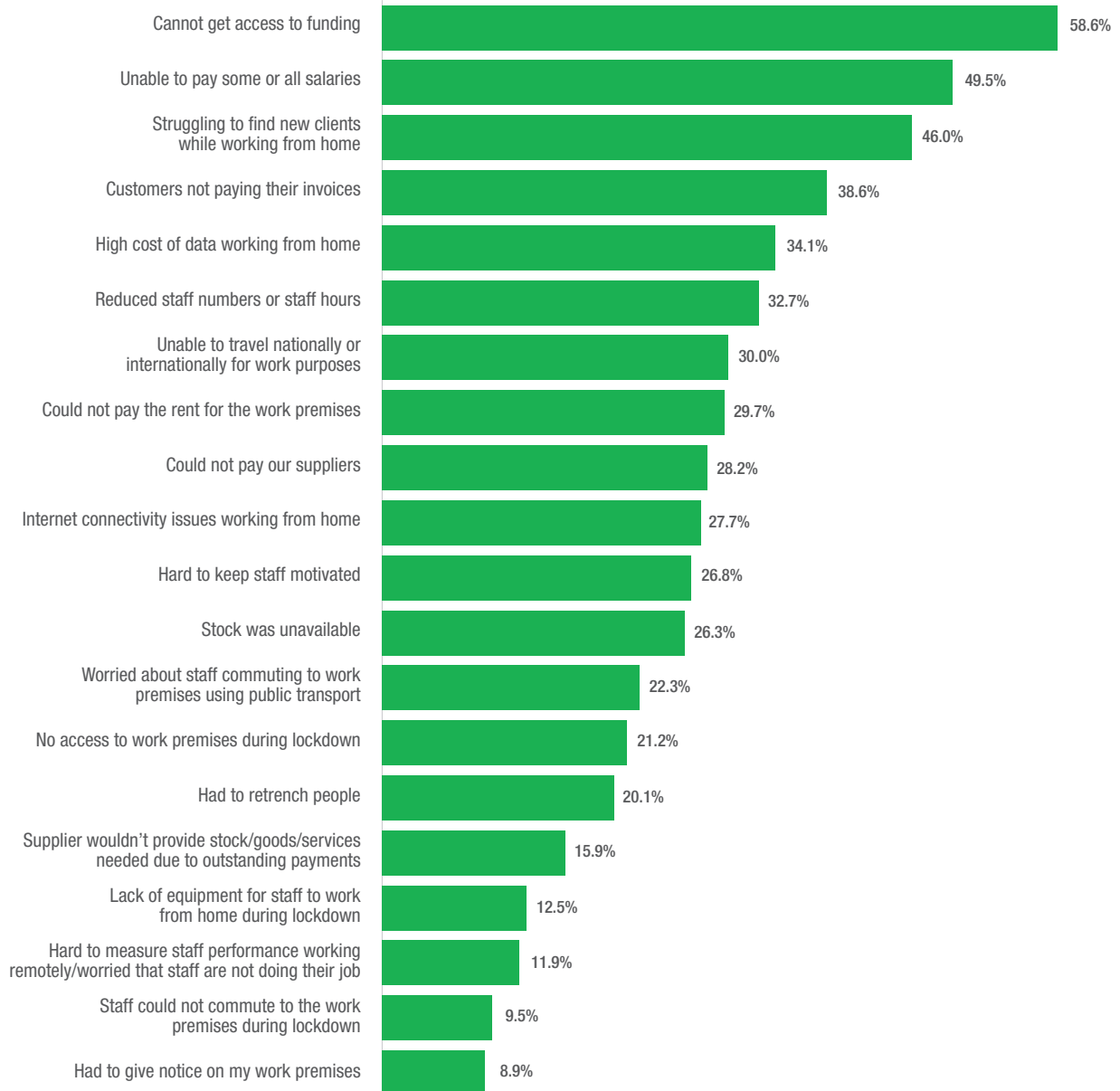
The top six responses show that stress and anxiety are the biggest challenges facing the owners.

Note: Participants were able to select multiple answers and hence the totals exceed 100%.



CHALLENGES EXPERIENCED DURING COVID-19

CHALLENGES FACED BY THE BUSINESSES THAT REMAINED OPEN



The common theme of the top five challenges relates to finance and funding.

Note: Participants were able to select multiple answers and hence the totals exceed 100%.



BUSINESS OWNERS' PERCEPTION OF THE FUTURE

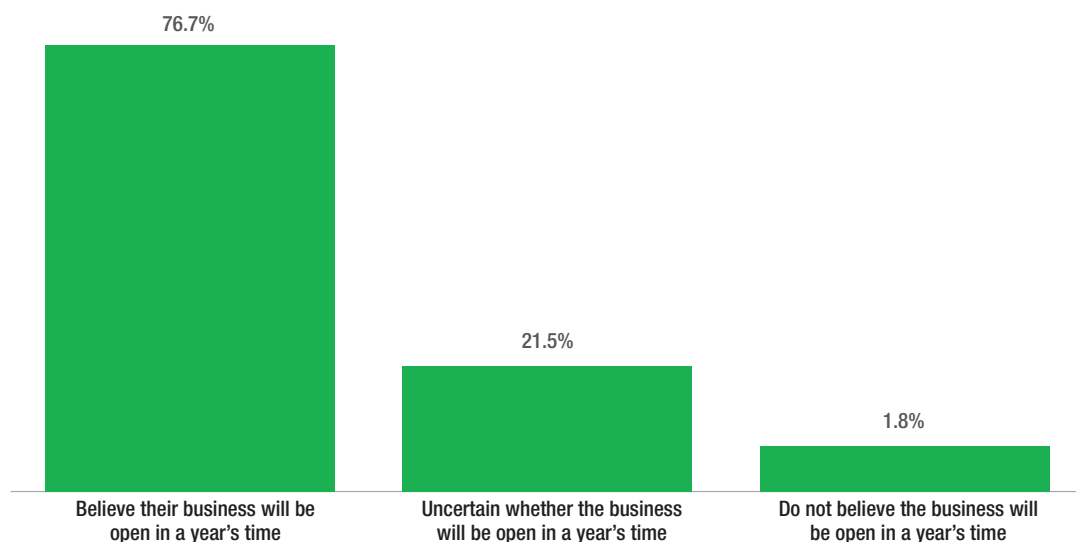
COVID-19 lockdown has been a huge learning curve for entrepreneurs and whilst there is a cautious mind-set with few seeing their way clear to employ more people, 76.7% believe their business will still be operating in 2021.

However, there are some constraints to be seen, with 52% of entrepreneurs stating that they will in future either operate from home or shared offices, or downsized office space.

As entrepreneurs seek to future-proof their businesses, they intend making changes such as embarking on digital marketing and identifying new revenue streams.

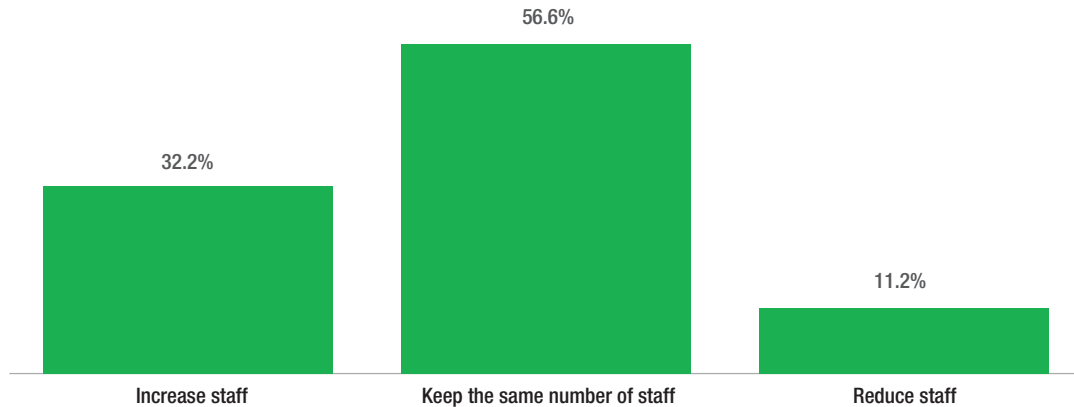
Access to funding remains the number one area where entrepreneurs want assistance, however, they also require help with digital marketing and sales and marketing strategies.

BELIEVE THAT THEIR BUSINESSES WILL STILL EXIST NEXT YEAR



BUSINESS OWNERS' PERCEPTION OF THE FUTURE

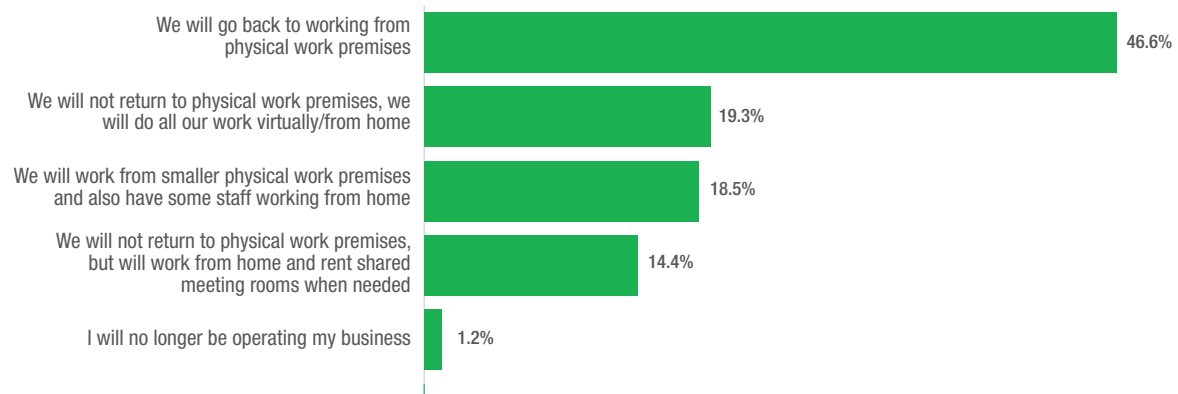
HOW BUSINESSES THAT REMAINED OPEN PERCEIVE THEIR ABILITY TO CREATE EMPLOYMENT IN THE FUTURE



The conservative mind-set that lockdown has produced is evident in the high percentage (56.6%) of entrepreneurs who do not anticipate creating jobs.

Fortunately the 11.2% that are considering reducing staff is offset by 32.2% of businesses that believe they will create jobs in the future.

WHERE THE BUSINESSES THAT REMAINED OPEN WILL OPERATE FROM ONCE LOCKDOWN ENDS

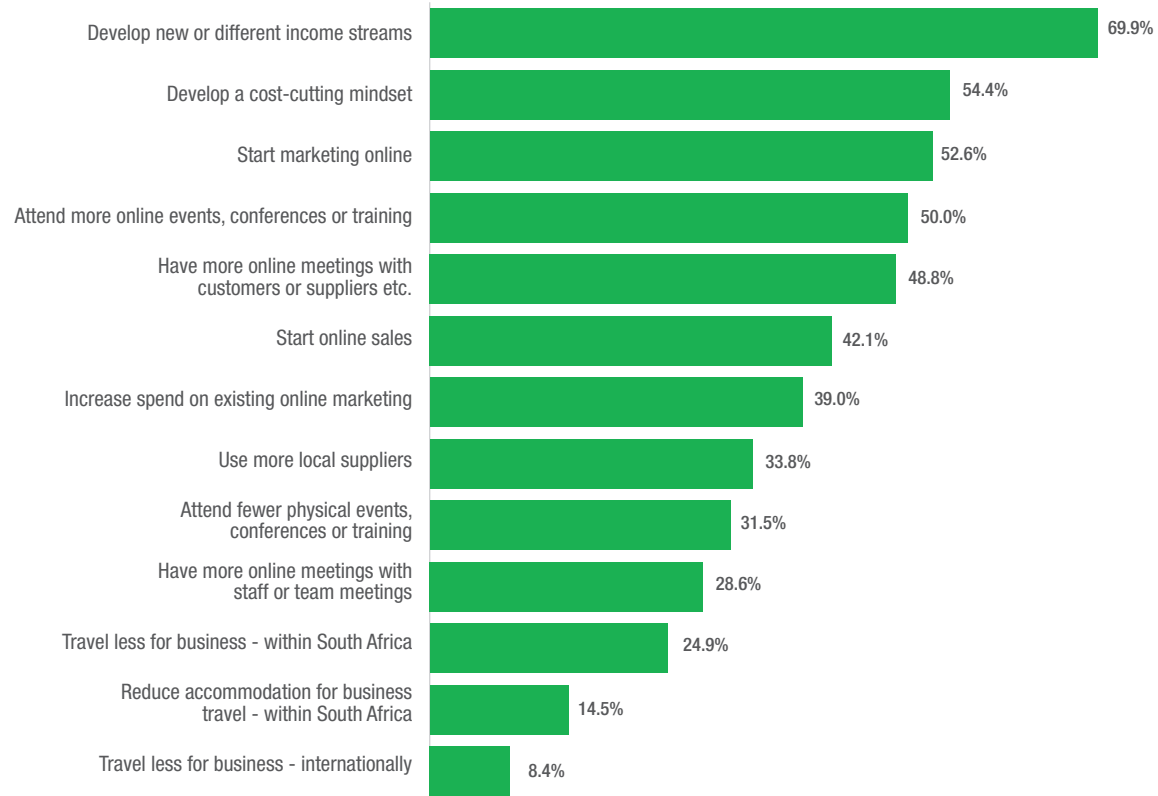


This is important to note for the impact on the commercial property industry.



BUSINESS OWNERS' PERCEPTION OF THE FUTURE

CHANGES THE BUSINESSES THAT REMAINED OPEN ENVISAGE MAKING IN THE FUTURE



Lockdown has taught some hard lessons, not least that it is advantageous to have multiple income streams and the ability to conduct online business. These are two key changes entrepreneurs have embraced.

Note: Most participants selected multiple options and hence the totals exceed 100%.



BUSINESS OWNERS' PERCEPTION OF THE FUTURE

ASSISTANCE THE BUSINESS OWNERS BELIEVE THEY NEED IN FUTURE



The top three priorities of the future is achieving successful small business funding and equipping entrepreneurs to conduct business online.

Note: Most participants selected multiple options and hence the totals exceed 100%.



COMMENTS FROM SURVEY RESPONDENTS

SOME OF THE REMARKS RECEIVED FROM THE SMME OWNERS

“The bank discounted my already conservative 12 month cashflow plan by more than 50%, making it seem higher risk. The actual numbers coming through are 100% higher than my prudent numbers and still growing!”

“The bank did not relax any lending criteria once government instructed them to.”

“They had reached their funding cap, so they couldn't take anymore applications.”

“Could not get funding, not an SA citizen, yet pay all the same business taxes.”

“Banking Industry is poorly trained to service SMME companies. They must train business bankers to understand small business finance.”

“No new clients due to people not having money.”

“We've actually lost our home and my children and animals are living with friends and family. We are living with friends and it is stressful. Unable to contribute as we receive little income, getting some from my Dad's pension.”

“Banks still not lending for growth.”

“Not having enough resources to be able to reinvent the business and implement new ways to reach more customers.”

“We will have to find new income streams in retail until the conference and events industry returns in to normal.”



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