2025/2028

CREDIT RATING RATING REPORT REPORT

IKHWEZI FARM GREENHOUSE GREENHOUSE FARMING

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Ikhwezi Farm Credit Rating Report

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1. Executive Summary

Foundations and Social Impact

Ikhwezi Farm earned a total credit score of 430 out of 1,000, placing it in the medium-risk category. The business shows strong foundational attributes, particularly in its business profile (60/100), having resumed operations in 2022 with a history of supplying premium clients like Woolworths and Pick 'n Pay. Its socioeconomic impact score (70/100) reflects strong alignment with inclusive development and ESG priorities.

Financial and Operational Gaps

Despite its social positioning, Ikhwezi's financial health (45/100) and repayment behavior (40/100) remain moderate due to limited profitability and a short operating track record. Operational areas such as technology maturity (21/100), risk management (30/100), and governance (42/100) show critical gaps in systems and processes, raising execution risks

Path Forward for Credit Readiness

While the enterprise is well-aligned with social goals and market relevance, its institutional gaps currently limit access to commercial funding and large-scale investment. Targeted capacity-building in governance, tech systems, and financial management is essential to improve credit standing and enterprise resilience.

2. Methodology

Integrating Enterprise Health Score & Credit Rating Score

This assessment of Ikhwezi integrates two complementary evaluation frameworks—Credit Rating Score (CRS) and Enterprise Health Score (EHS)—to provide a multidimensional view of business viability and risk.

Scope of Assessment

Credit Rating Score (CRS):

Focuses narrowly on creditworthiness—specifically, a business's ability and likelihood to meet its debt obligations. This includes analysis of historical repayment behavior, profitability, liquidity, leverage, and overall financial control.

Enterprise Health Score (EHS):
Offers a broader view of enterprise capability and long-term sustainability. It assesses business health across technology maturity, operational efficiency, governance quality, strategic alignment, and market positioning.n.

Relationship:
While CRS measures how likely a company is to repay debt today, EHS helps identify why and how that capacity may strengthen or deteriorate over time. A strong EHS typically validates or supports a good CRS. A weak EHS may signal future credit deterioration even if current repayment performance is acceptable.

2. Methodology

Use Cases

CRS: Used by lenders, banks, credit bureaus, and regulators to inform credit approvals, loan terms, and capital exposure decisions.

EHS: Favoured by equity investors, venture capitalists, acquirers, DFIs, and internal management for gauging business resilience, investment readiness, and operational maturity.

Relationship:

A strong EHS reinforces a high CRS and attracts broader investment interest. Conversely, a low EHS may flag structural weaknesses that do not yet appear in credit reports but will likely impact creditworthiness in future.

Temporal Focus

CRS: Predominantly backward-looking. Based on historical financial records, repayment behavior, and current financial obligations.

EHS: Forward-looking. Includes strategic direction, leadership quality, systems maturity, and external market dynamics.

Relationship:

EHS serves as an early-warning tool for credit risk, helping stakeholders anticipate future financial challenges before they show in financial statements.

2. Methodology

Combined Analytical Framework

To visualize the interaction between CRS and EHS, a 2x2 quadrant model is used:

	High CRS (Strong credit)	Low CRS (Weak credit)
High EHS (Strong enterprise fundamentals)	Strategic Performer Likely to sustain growth Strong investment case Low risk profile	Undervalued Potential Misunderstood credit May soon improve CRS Attractive for equity or impact capital
Low EHS (Weak enterprise fundamentals)	Stretched Performer Financially stable for now Operational/gov. weaknesses Watch closely	At-Risk Enterprise High operational & credit risk Likely needs restructuring Not yet investor-ready

Table 1:Enterprise Viability Quadrant: EHS vs. CRS Matrix

Ikhwezi’s Placement:

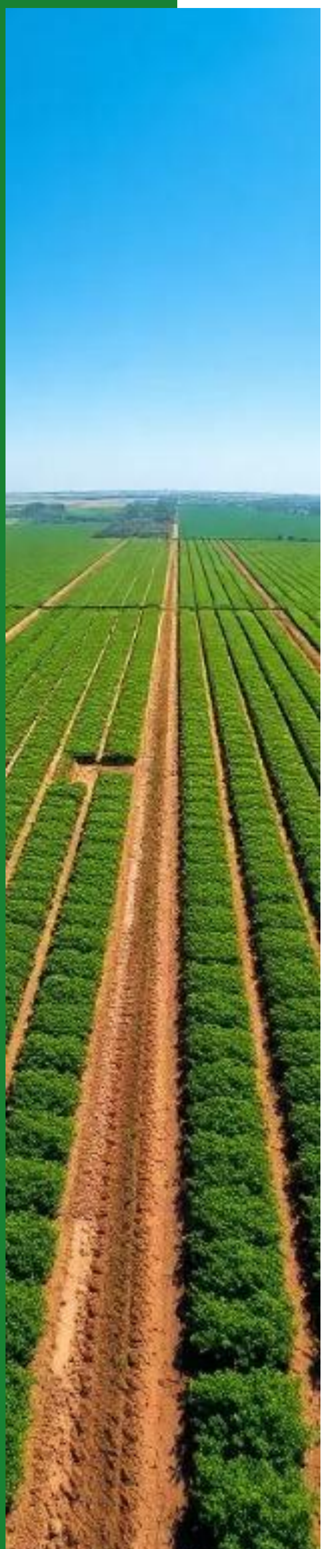
With an EHS of 38.97% and a CRS of 43%, Ikhwezi currently sits in the At-Risk Enterprise quadrant. This reflects moderate credit viability but significant structural, governance, and systems challenges that need to be addressed for sustainable funding.

2. Methodology

Strategic Implications

Ikhwezi Farm focuses on restoring critical infrastructure tunnels and irrigation systems to get back to large-scale production. Sustained Global GAP certification continues to be crucial to maintain access to retail markets. The farm will reconnect to previous customers and increase sales to informal and export markets.

The introduction of a new 1-hectare net-house will facilitate sustained, annual production. The financial targets include reaching break-even within 9–12 months and attaining 10% growth annually. Women and youths' training programmes will be instituted to advance inclusive agricultural participation.



3. Credit Scoring Results

Business Profile (Score: 60/100)

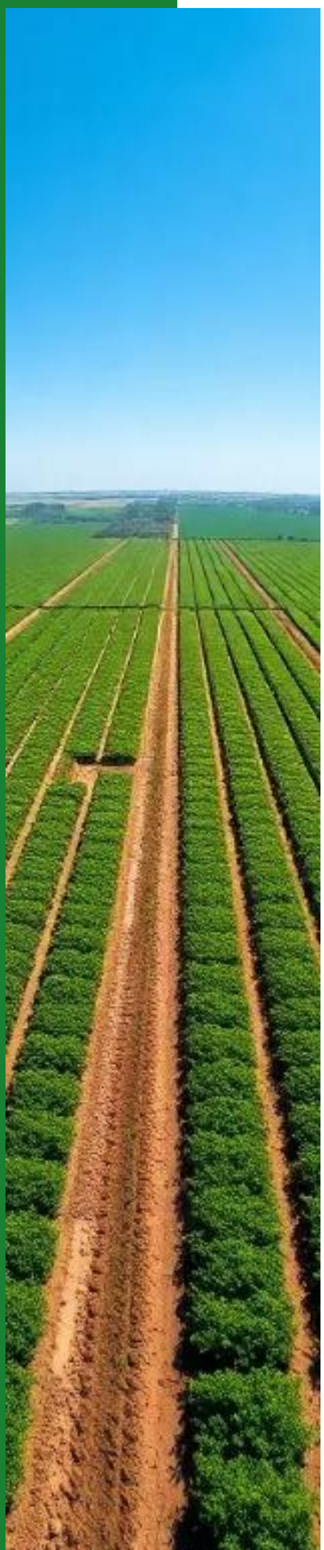
Ikhwezi Farm is a legally registered entity (Ikhwezi HR Training & Consulting (Pty) Ltd), originally established as a cooperative in 2005 and re-registered in 2022. The business operates on founder-owned land and has a strong brand history with premium buyers such as Woolworths and Pick 'n Pay. However, it is only two years into its formal restart, limiting the length of operating history considered in this assessment.

Financial Health (Score: 45/100)

The business forecasts strong revenue growth (10% YoY), with an anticipated break-even within the first 9 months. However, financial systems for variance tracking, cost control, and audited reporting are still maturing. The business remains unprofitable in early years due to reinvestment and startup infrastructure costs. Readiness for debt servicing is moderate.

Repayment Behavior (Score: 40/100)

There is no visible evidence of credit defaults, arrears, or negative payment behavior. However, the absence of trade references, bureau scores, or formal repayment history introduces uncertainty. A neutral score was assigned due to a lack of verifiable behavioral data.



3. Credit Scoring Results

Operational Soundness (Score: 40/100)

IKhwezi farm has well-defined infrastructure and crop planning, it lacks documented SOPs, real-time dashboards, and performance monitoring systems. Staffing levels and process maturity are still developing. However, the roadmap for operational enhancement is clear and budgeted.

Management & Governance (Score: 42/100)

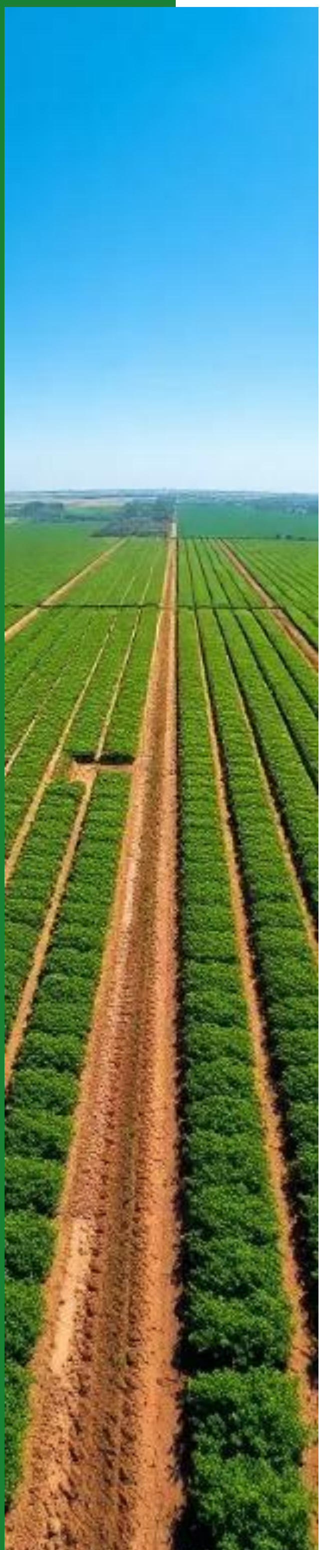
Governance readiness was independently scored at 42% in the As-Is Analysis. Although succession plans and external advisors exist, formal governance instruments such as a board charter, compliance policies, and risk oversight are not yet in place.

Market & Sector Risk (Score: 40/100)

Ikhwezi operates in the high-potential but volatile agri-sector. While the greenhouse model and premium crop portfolio provide insulation from seasonal swings, customer dependency is concentrated, and there is no formal Go-To-Market strategy or digital brand presence yet.

Compliance Status (Score: 42/100)

The company is legally registered and licensed. However, there is no active B-BBEE certificate and no documented compliance SOPs (e.g. SARS, COIDA, UIF). Global GAP certification lapsed and is pending renewal.



3. Credit Scoring Results

Technology Maturity (Score: 21/100)

Technology readiness is the weakest domain. Ikhwezi lacks basic digital systems such as CRM, accounting software, cybersecurity protocols, and backup solutions. A modest score was assigned based on available internet and partial infrastructure.

Risk Management (Score: 30/100)

Risk awareness exists in principle, and high-level risks are noted in the business plan. However, there is no formal risk register, mitigation protocols, or disaster recovery plans in place. This domain poses a material execution risk.

Socioeconomic Impact (Score: 70/100)

Ikhwezi demonstrates strong alignment with South Africa’s inclusive development goals: it is 100% black woman-owned, differently-abled-led, youth-succession aligned, and targets rural job creation and ood security. Its ESG profile is robust and intentional.

4. Appendix

Category	Score Range	Explanation
Business Profile	Between 0 and 30	Unregistered business, <6 months old, no tax number
	Between 30 and 50	Registered, <1 year, limited proof of operations
	Between 50 and 70	Registered & operating 1–2 years, has CIPC and tax number
	Between 70 and 90	Registered & operating 3–5 years, VAT registered, some traction
	Between 90 and 100	Registered >5 years, VAT registered, tax compliant, reputation
Financial Performance	Between 0 and 30	No financial data, cash-based only, irregular income
	Between 30 and 50	Some bank transactions, low or unstable turnover
	Between 50 and 70	Moderate turnover, breakeven profitability, no large debts
	Between 70 and 90	Consistent turnover, profitable, modest debt levels
	Between 90 and 100	Strong cash flow, >20% net margin, clean audit or good statements
Repayment Behavior	Between 0 and 30	Past defaults, current arrears, no trade credit
	Between 30 and 50	Some late payments, bounced cheques
	Between 50 and 70	Mostly timely payments, low default history
	Between 70 and 90	Consistent repayments, clean trade references
	Between 90 and 100	Strong credit history, no defaults, excellent repayment track record
Operational Soundness	Between 0 and 30	Manual operations, no formal systems or tools
	Between 30 and 50	Limited tools, mostly manual, outdated tech
	Between 50 and 70	Basic tools (e.g. Excel, POS), some trained staff
	Between 70 and 90	Semi-automated systems, skilled team, process documentation
	Between 90 and 100	Automated systems, well-trained staff, SOPs, efficient ops
Management & Governance	Between 0 and 30	No formal leadership, no experience
	Between 30 and 50	Owner-managed, limited education or experience
	Between 50 and 70	Experienced owner, some governance practices
	Between 70 and 90	Experienced management team, board or advisors in place
	Between 90 and 100	Qualified leadership, clear governance, board oversight

Table 2: Credit Scoring Guidelines

4. Appendix

Category	Score Guidelines	Explanation
Market & Sector Risk	Between 0 and 30	Highly volatile sector, one major customer
	Between 30 and 50	Some volatility, few clients, seasonal sales
	Between 50 and 70	Moderate stability, diverse revenue sources
	Between 70 and 90	Stable sector, wide customer base
	Between 90 and 100	Low-risk sector, long-term contracts, recurring revenue
Compliance Status	Between 0 and 30	No compliance documents, unregistered
	Between 30 and 50	Basic registration only (e.g. CIPC)
	Between 50 and 70	CIPC, SARS, some industry registration
	Between 70 and 90	Full registration, B-BBEE, COIDA, UIF
	Between 90 and 100	Fully compliant, frequent audits, all legal docs valid
Risk Management	Between 0 and 30	No insurance, no risk plan, no documentation
	Between 30 and 50	Some awareness of risks, no formal mitigation
	Between 50 and 70	Basic risk registers, limited insurance
	Between 70 and 90	Insured, controls in place, financial records secured
	Between 90 and 100	Comprehensive risk strategy, insurance, tested controls
Alternative Data Signals	Between 0 and 30	No digital footprint, no utility or POS records
	Between 30 and 50	Limited digital data, low POS activity
	Between 50 and 70	Moderate POS or bank API data
	Between 70 and 90	Consistent digital payments, e-commerce or mobile money use
	Between 90 and 100	Strong alternative data – POS, wallets, bills, APIs
Socioeconomic Impact	Between 0 and 30	No clear developmental impact
	Between 30 and 50	Some job creation, no formal metrics
	Between 50 and 70	Employs youth/women, supports local supply
	Between 70 and 90	Majority youth/women staff, skills training, township ops
	Between 90 and 100	High-impact: rural/township, green economy, job multiplier, community investment

Table 3: Credit Scoring Guidelines

5. Conclusion

Current Position and Challenges

Ikhwezi Farm holds moderate creditworthiness with a Credit Rating Score of 43% and an Enterprise Health Score of 38.97%. It shows early traction in operations, strong market positioning with premium buyers, and alignment with ESG and inclusive growth goals. However, key institutional weaknesses—such as underdeveloped governance, limited financial reporting, weak digital infrastructure, and lack of formal risk systems—present significant barriers to accessing commercial funding.

Strategic Potential and Path Forward

Despite current limitations, Ikhwezi's dual scoring highlights potential for growth. The low EHS explains the structural gaps underlying the financial strain and points to areas for improvement. Positioned in the "At-Risk Enterprise" quadrant, Ikhwezi can recover and reposition through targeted interventions in governance, systems, and operations.

Investment Approach and Final Recommendation

To move forward, a phased, blended-finance model is recommended—using catalytic or concessional capital combined with technical support. Prioritizing system upgrades, compliance, and digital transformation will help lower execution risk and improve future credit ratings. While not yet fit for mainstream lending, Ikhwezi is far from distressed. With the right backing, it has the potential to evolve into a resilient, investable agribusiness serving both social and commercial goals.

Thank you for your interest!