

Annual Financial Statements

for the year ended
29 February 2024

ALTVEST CREDIT OPPORTUNITIES FUND LTD
(Registration no: 2022/737301/06)
(Incorporated in South Africa)
(ISIN: ZAG400000478)
(NCR number: NCRCP18241)
(DMTN Code: 4ACD01)



general information

Full name of Company:	Altvest Credit Opportunities Fund Limited
Registration Number:	2022/737301/06
Date of Incorporation:	22 September 2022
Country of incorporation:	Republic of South Africa
Nature of business and principal activities:	Provider of SME Loans
Directors:	GM Sephuma (Independent Chairwoman) WG Wheatley (Executive Director) AS Karan (Executive Director) TL Wheatley (Executive Director) E Harcourt-Wood (Independent Non-Executive Director) SKI Masakale (Independent Non-Executive Director)
Registered office and business address:	Block B, 66 Rivonia Road, Chislehurst, Sandton
Postal address:	Block B, 66 Rivonia Road, Chislehurst, Sandton
Financial year end:	February
Auditors:	BDO South Africa Inc Registered Auditors
NCR number:	NCRCP18241
Bond code:	4ACD01 / ISIN Code: ZAG4000000478
VAT registration number:	4490308832
Holding company:	Altvest Capital Ltd
Level of assurance:	The financial statements relating to financial year ended 29 February 2024 have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Independently compiled by:	T Botha CA (SA)
Published:	28 May 2024

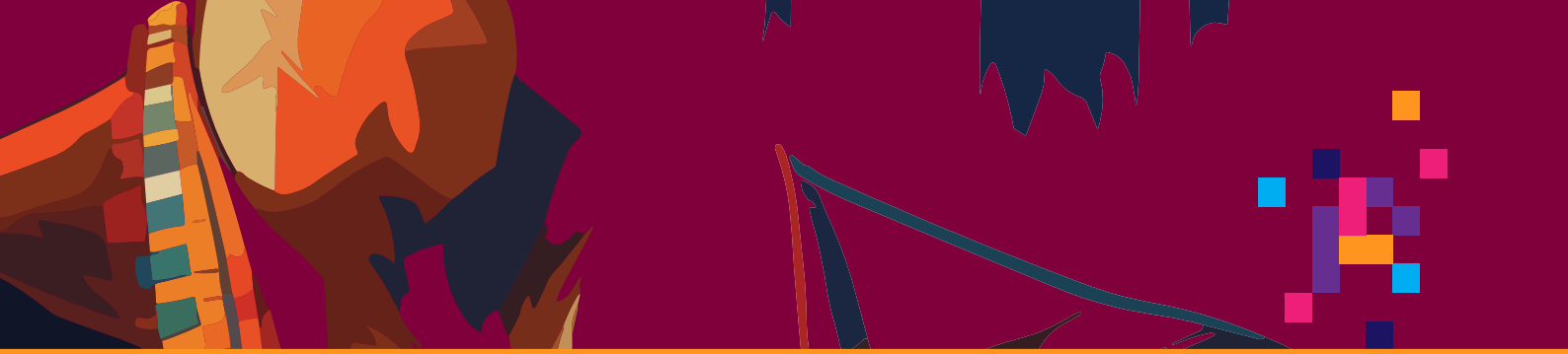
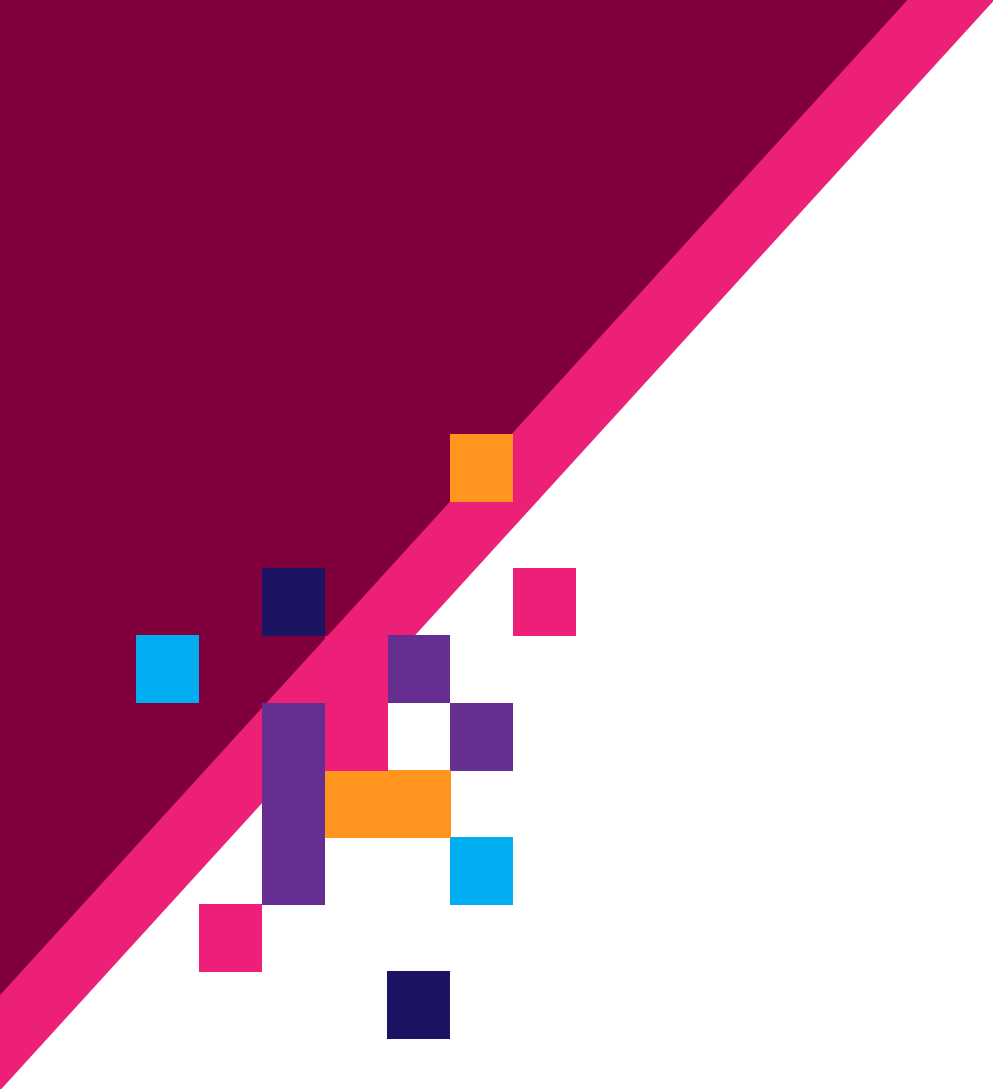


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Letter from the Chairperson

Dear Investors and Stakeholders,

It is with great pleasure that I address you as the Chairwoman of the Altvest Credit Opportunities Fund (ACOF). As an advocate for inclusive economic growth, I am excited to share my thoughts on the strategic direction of our fund and the impact we aim to make in the South African SME landscape.

ACOF is uniquely positioned to serve the diverse financial needs of small and medium-sized enterprises (SMEs) in South Africa. Our tailored working capital and asset financing solutions offer a simplified, accessible, and impactful approach that is designed to support the growth and success of these vital businesses. This value proposition, coupled with the exceptional talent and dedication of our ACOF team, is a source of great pride for both myself and my fellow Board members.

South Africa is brimming with untapped entrepreneurial potential across all demographics. While we have a strong focus on empowering women-owned businesses, we remain committed to supporting all SMEs that drive economic growth and job creation. From providing affordable financing to entrepreneurs to offering mentorship and strategic guidance, our innovative initiatives are rooted in our core values of inclusivity, responsible execution, and strategic governance.

As we navigate the current SME funding landscape, we have observed a growing need for accessible and affordable capital. Simultaneously, we remain committed to identifying and supporting high-growth businesses, with a special emphasis on those founded and led by women. This balanced approach allows us to mitigate risk while capitalising on multiple investment opportunities that contribute to the overall economic resilience of South Africa.

In the immediate term, our Board's focus is on ensuring that the necessary frameworks are in place to support our mission. We are diligently constructing robust committees, strengthening our policy documents, and reinforcing governance and risk management practices. This foundation will enable seamless collaboration between the Board and our Executive team, positioning us for continued success in supporting and empowering SMEs and promoting inclusive economic growth.



We are excited about the promising outlook for ACOF and the impact we will continue to make in the SME landscape in the coming year. The overall numbers outlined in our report speak to the effectiveness of our approach and the dedication of our team. We are committed to helping our Executives deliver exceptional results for our valued stakeholders and the communities we serve.

As Yvonne Chaka Chaka, a renowned South African singer and entrepreneur, once said, “Empowering small businesses is not just about funding; it’s about creating an ecosystem where entrepreneurs can thrive.” This sentiment resonates deeply with our mission at ACOF. By providing tailored financial solutions and strategic support to SMEs, we are fostering an environment that enables businesses to grow, create jobs, and contribute to the economic well-being of their communities and the country in general.

Thank you for your continued trust and support. I look forward to working alongside you as we continue to revolutionise the South African SME funding landscape and empower entrepreneurs from all walks of life to achieve their dreams.



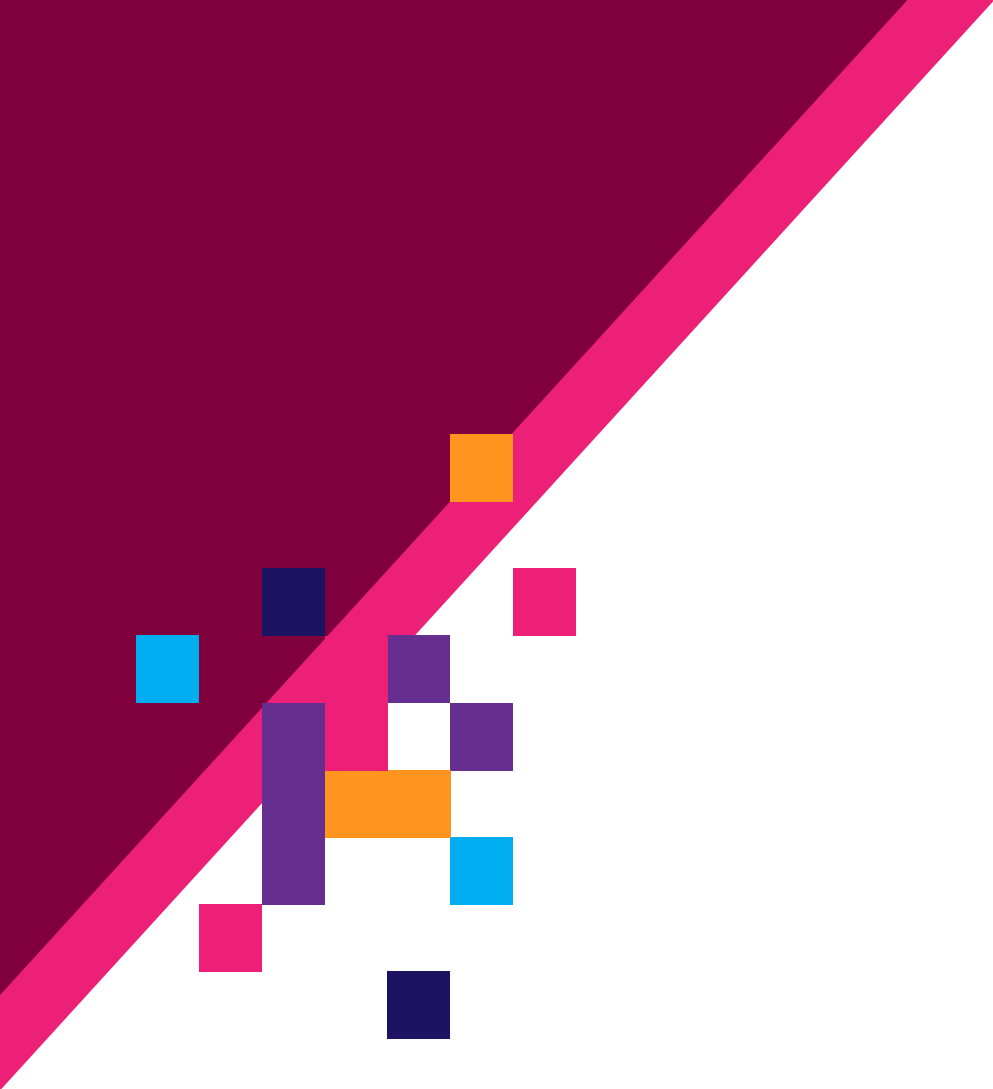
Sincerely,

Norma Sephuma

Chairwoman

28 May 2024





Letter from the CIO

Dear Stakeholders,

It is my pleasure to share with you the perspectives and learnings of our investment team over our first few months of full operations. This has been a period of intense learning and growth as we established and scaled our capital deployment function. Alongside loan disbursement, our focus has included instituting the frameworks and structures that will serve as the foundation of our business in the months and years to come.

I am hopeful that this serves not only as a lens through which you may better understand our financial performance over the last financial year but will also serve as insight into the themes that we expect to shape our approach to capital allocation in the year to come.

A reminder of what we do:

Above all else, ACOF was built as a solution to one of the most acute problems faced by small businesses in South Africa, access to affordable and fit-for-purpose funding to enable their growth ambitions. Within the world of SMEs, already a structurally underrepresented market segment in traditional financial markets, we are unashamedly focused on supporting businesses that empower marginalized groups. It is an unfortunate reality of our society that it is often these businesses that are more robust, as they are stewarded by entrepreneurs who have had to navigate prejudice, bias and scepticism along with the myriad of challenges any small business owner faces. It is also these businesses that have an outstretched economic impact on local communities. According to a recent survey (South African Women Entrepreneurs Job Creators Report 2022), women entrepreneurs who receive external funding hired, on average, twice as many employees within 12 months of receiving that funding than those that did not receive funding. Conversely, only 12% of female-led businesses surveyed actually received external funding of any kind. This is a stark reminder of the transformative impact that capital can have on these businesses, but also just how few of these businesses can access it.

We have chosen private credit as the funding solution to solve this problem, largely because we believed that both retail and institutional investors would share our philosophy and resonate with our social impact mandate. I am pleased to say that this belief was justified. Both retail and institutional investors have rallied behind our funding solutions, which not only represent a unique investment opportunity with attractive risk-adjusted returns, but often also deliver these returns by backing resilient and antifragile small businesses in our local economy. When considering the structural challenges the South African economy has experienced in recent years, we believe that exposure to these great businesses can be materially beneficial to any South African investor, achieving both their financial and social impact mandates.

ACOF's performance to date:**For the period up to 29 February 2024:**

In November 2023, ACOF received its first institutional capital mandate and commenced full lending operations in December 2023. By the end of February 2024, we had successfully disbursed seven loans, amounting to a total of R20 million. This phase not only signified the initiation of loan disbursements but also a period of rigorous enhancement of ACOF's system infrastructure, loan policies, and procedures. Concurrently, the establishment of an independent investment committee was instituted, fortifying the corporate governance and investment decision-making processes.

R20m

Disbursed by 29 February 2024

74

Jobs saved by 29 Feb

63

Jobs created by 29 Feb

R274,630

Capital required to save 1 job

R322,581

Capital required to create 1 job

For the period 01 March to 30 April 2024

During March and April 2024, ACOF further refined its operational, lending and loan management processes. This development aligned with the strategic initiative to source loans that are both impactful and of high quality, crucial for cultivating a robust and diversified loan portfolio. This period saw the team scale its execution capabilities via the hiring of several new investment analysts to accommodate the increasing demand. By April 2024, these structural improvements and additional resources culminated in the disbursement of additional loans totalling R62 million across various industries.

R62m

Disbursed during the period 1 March 2024 to 30 April 2024

104 Jobs saved during the period 1 Mar 2024 to 30 Apr 2024**119** Jobs created during the period 1 Mar 2024 to 30 Apr 2024**R861,857**

Capital required to save 1 job

R574,571

Capital required to create 1 job

Summary of loan deployment to date:

In total, ACOF has fully deployed its first capital allocation, when considering capital reserves and upfront costs, to a pool of diversified SMEs spanning various industries and sectors of the economy. There was a concerted effort to devise lending solutions for structurally underfunded sectors that have the potential to provide significant economic value to the local economy, such as the film industry. Such strategic diversification not only underscores ACOF's mission to channel its capital to drive positive change but will also serve as a competitive advantage when generating financial returns to capital providers.

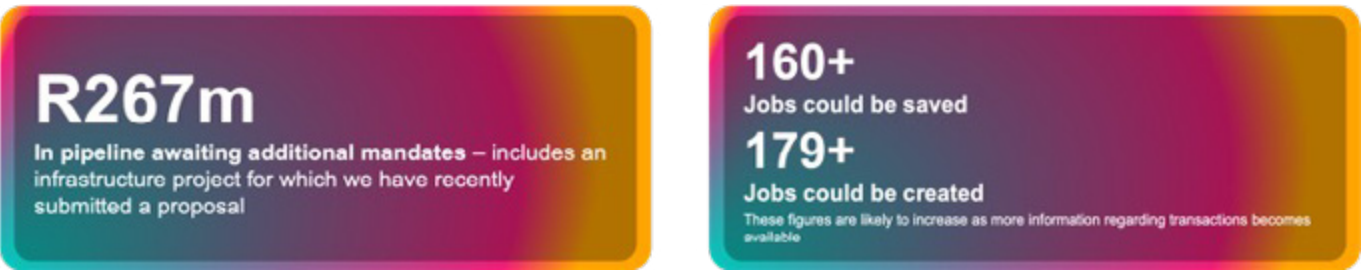
Total deployment as at 30 April 2024



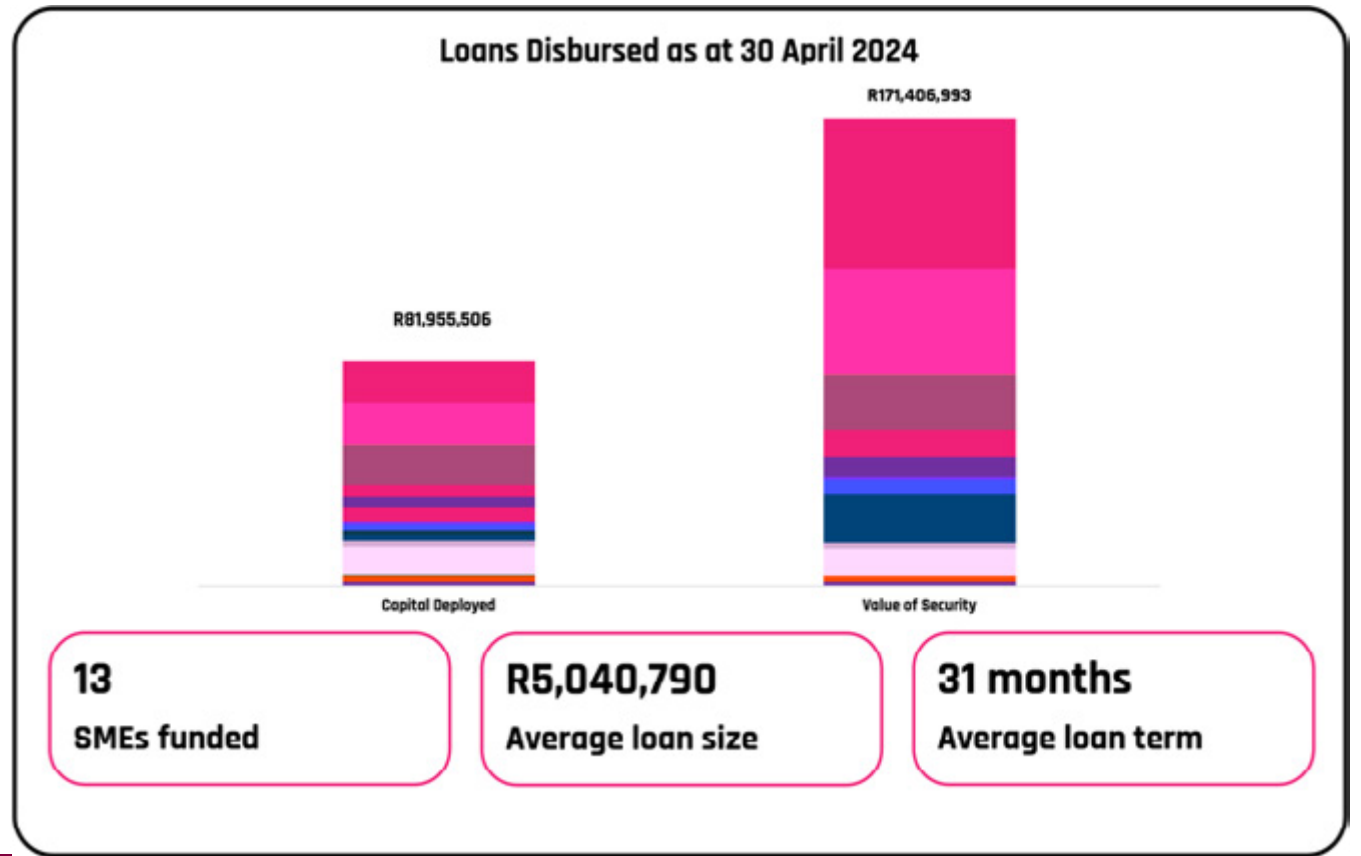
Loan Statistics



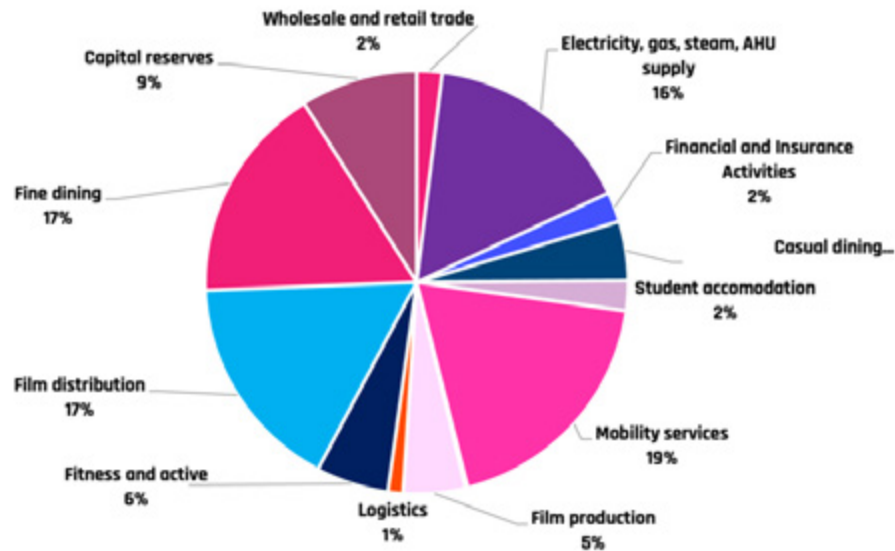
Pipeline for Q2 of 2024



Summary of portfolio composition and risk to date:



Funding to 13 SMEs in 11 distinct economic sectors as at 30 April

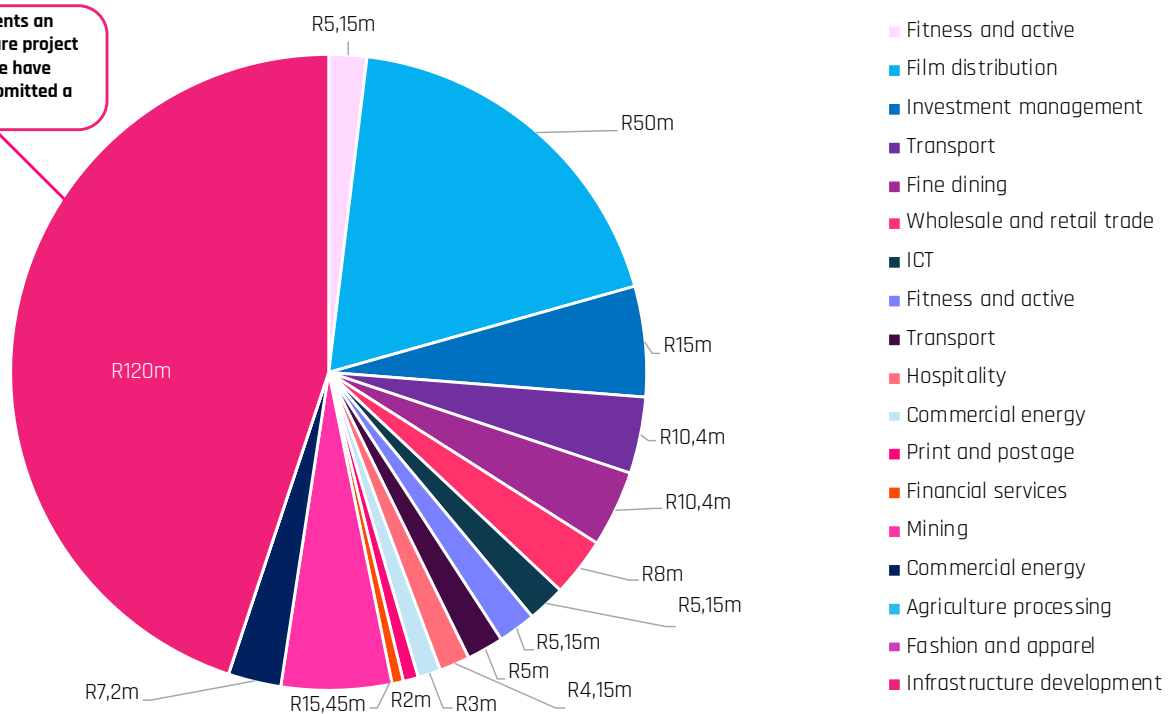


182
Jobs created

178
Jobs saved

We have developed a R267 m pipeline of deals

This represents an infrastructure project for which we have recently submitted a proposal



Looking ahead:

ACOF currently has a pipeline of future lending clients of ~R267 million, which affirms both the acute need for funding in the market and the strength of our origination capabilities. The realisation of these prospects is dependent on the acquisition of additional capital mandates, and ACOF management is actively engaging in various capital raising initiatives to this end. The successful realisation of these funds will facilitate an expansion of ACOF's operational scope and enable the continuation of providing innovative financial solutions across industries, thereby advancing our mission to drive economic growth and development.

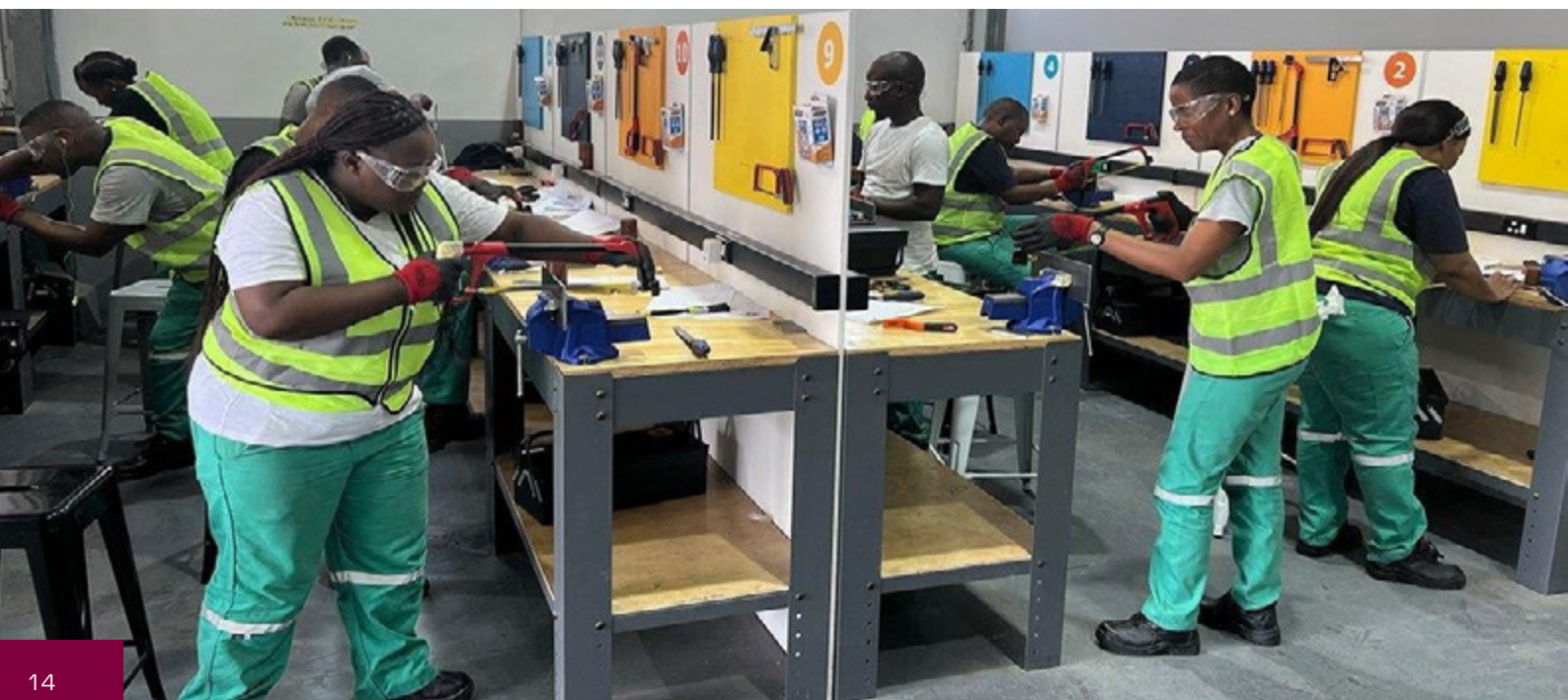
IMPACT STORIES:

The stories that follow, share not only the role that ACOF played in funding SMEs but attempt (poorly so) to showcase the extraordinary entrepreneurs, whose courage fortitude and resilience in running their business and creating change, singled them out as strategic cogs in the wheel that will fix South Africa. We are proud to be partners with them.

Solana Energy Solutions Funding Impact

Amid South Africa's energy crisis, Solana Energy found a supportive ally in ACOF, sparking positive changes. ACOF's capital infusion propelled Solana's growth, sustaining its 71-person workforce and creating 20 new jobs, fostering economic development in load-shedding-affected regions.

ACOF's financial support strategically optimized Solana's working capital, allowing seamless project navigation and fortifying cash flows. This financial resilience positioned Solana for sustained success. Market expansion became a reality with ACOF's support, aligning with Solana's vision to swiftly penetrate new markets, especially in providing solar solutions to underprivileged communities.



Empowered by ACOF, Solana showcased adaptability, offering tailored solar solutions for commercial and industrial spaces, positioning itself as a versatile player in the renewable energy landscape. Operational efficiency became a hallmark under ACOF's guidance, streamlining business processes for timely project execution.

Beyond financial gains, Solana, fuelled by ACOF's funding, ventured into community-oriented projects, contributing to community development and social responsibility. This commitment resonated in the lives touched by clean, locally generated energy.

In conclusion, the collaboration between Solana Energy and ACOF unfolded as a positive change. The investment illuminated homes during blackouts, empowered communities, and contributed to a more sustainable future for South Africa. As this narrative is shared with the fund allocator, it signifies an ongoing partnership shaping a brighter tomorrow through clean, locally generated energy.

<https://www.biznews.com/sponsored/2024/02/13/altvest-credit-opportunities-fund-solana-energy>

Bambanani Fund Impact Story

Bambanani[®] family

In the heart of two vibrant communities, the story of Bambanani Family Group unfolds, one of growth and empowerment catalysed by the strategic support of ACOF. The infusion of capital provided by ACOF became the catalyst for transformative change, positioning Bambanani as a beacon of community development and innovation.



With the financial backing from ACOF, Bambanani took the opportunity to acquire two new properties, each unlocking unique potentials for the family-oriented business. The first property served as an expansion of the flagship location in Melville, enabling Bambanani to cater to a larger audience and enhancing the quality of its flagship services and offerings. The second property, strategically located in Bedfordview, became the canvas for an additional venue, broadening Bambanani's reach and solidifying its presence in the community. What was once a traditional family-friendly establishment evolved into a comprehensive hub for cultural, educational, and fitness extramural classes, now offered for both kids and adults alike. The infusion of capital not only allowed Bambanani to expand physically but also fostered an environment that promoted holistic personal and communal growth. The positive impact extended beyond the physical footprint of Bambanani.

ACOF's investment, coupled with a successful equity listing, ignited a series of community-oriented initiatives. A dedicated effort to educate staff on Bambanani's public listing unfolded, offering employees the unique opportunity to receive tips in the form of shares rather than conventional cash tips.

This innovative approach, reflecting ACOF's core value of empowerment through access and inclusivity, has not only financially engaged employees in the success of the business but also contributed to social responsibility and community development. Bambanani has become a testament to the idea that business success can be synonymous with community upliftment.

The ripple effect of ACOF's support is evident in the saving of 34 existing jobs due to the financial support offered by ACOF and the creation of 30 new jobs within Bambanani, fostering local employment and contributing significantly to economic development in the surrounding areas. Bambanani Family Group stands as a shining example of how strategic investment, guided by ACOF's vision, can elevate an SME into a community-centric powerhouse, creating a positive feedback loop of growth, sustainability, and empowerment.



Pormat Property Group Funding Impact

The Pormat Property Group, focussing on student accommodation in Pretoria, faced a challenge – a growing demand for student housing with limited options near campus. ACOF stepped in to address this need, partnering with Pormat to revamp and expand their student housing facilities.



ACOF's investment enabled the construction of modern, student-centric accommodations, meeting the demand and creating a supportive environment for academic success. Students benefitted from the convenient location, saving time and enhancing their focus on studies and extracurricular activities.

The positive impact extended beyond student life. The increased population injected vitality into the neighbourhood, boosting local businesses and generating job opportunities. The once-overlooked area transformed into a lively hub, showcasing inclusive development in action.

The ongoing collaboration between ACOF and Pormat not only addressed housing needs but also set a precedent for sustainable, community-driven development. This partnership reflects ACOF's commitment to creating a positive impact that goes beyond financial returns.

Today, Pormat Property Group stands as a testament to community empowerment and inclusivity, thanks to ACOF's support. The project showcases the potential when organisations unite with a shared vision of creating a better, more inclusive world.

Jessen Funding Impact



In the dynamic landscape of elevators and lifts, Jessen provides innovative solutions across residential, accessible, commercial, and industrial applications. Despite their industry prominence, Jessen encountered a formidable challenge in the form of severe working capital limitations. The intricacies of their operations were compounded by shipping complications, resulting in a critical situation where elevators were stranded in transit. This logistical conundrum rendered Jessen unable to meet existing obligations and jeopardised the progress of future projects due to the absence of a reliable stock receiver. In this tight spot, Jessen turned to ACOF for help. ACOF, with its experience in supporting small and medium-sized enterprises (SMEs), stepped in to ease Jessen's working capital troubles. By providing essential funding, ACOF played a key role in sorting out the immediate crisis. This support allowed Jessen to get their elevators moving again, unlocking their stock and getting back on track.

ACOF's impact on Jessen was significant. Beyond meeting immediate commitments, it helped Jessen keep projects going and set the stage for future growth. This success story highlights ACOF's commitment to supporting SMEs, showing that it's more than just words—it's about practical results that help businesses like Jessen thrive.

This case underlines ACOF's mission to be a positive force, offering financial solutions that empower businesses to overcome challenges. In the world of elevators and beyond, ACOF stands firm in its dedication to unlocking potential and backing SME success.



Zwane Financial Services Funding Impact



ACOF's continued support for Zwane Financial Services (ZFS) is poised to significantly boost employment and strengthen community support in Johannesburg, Soweto, and KwaZulu Natal. By enabling ZFS to scale its operations, more jobs are likely to be created, particularly in areas critical to microfinance such as loan administration and client vetting. With the expansion, it is anticipated that approximately 20 new positions will be added to the current workforce of 24, enhancing local employment rates and supporting small, medium, and micro enterprises (SMMEs). This drives sustainable economic growth within township economies through increased access to financial education and affordable microloans.

The partnership between ACOF and ZFS also has a broader social impact on the financial services industry, promoting more inclusive financial practices that serve underserved communities traditionally overlooked by major banks. This approach democratises access to finance, setting a precedent for other institutions to adopt similar practices. As a result, this collaboration could lead to industry-wide shifts towards more inclusive financial services, enhancing the long-term viability of microlenders like ZFS and contributing to the robustness of the microfinance sector.



Tang Restaurants Funding Impact

ACOF's loan to Tang Hospitality Group emerged as a transformative force, fostering both financial resilience and strategic empowerment. By restructuring existing debt and injecting capital for the establishment of a new restaurant in Dubai, the loan played a pivotal role in sustaining 250 jobs while the expansion of Tang Hospitality Group into international territories, has not only propelled the company's growth but also empowered its South African employees to advance in their careers. Through their involvement in setting up the new restaurant in Dubai, employees will gain invaluable international experience and exposure to diverse cultural and business environments.

This hands-on experience equips them with valuable skills and insights that transcend borders, laying the foundation for their professional development and future aspirations. As they contribute to Tang's international expansion, employees have the opportunity to hone their leadership, management, and operational skills, preparing them for potential future endeavors.

Whether it's breaking away to start their own restaurants or coffee shops, the international experience garnered at Tang serves as a springboard for employees to pursue entrepreneurial ventures of their own in South Africa with confidence and expertise.



Below is a summary of the key thoughts and learnings that have either driven our investment philosophy over the past twelve months or are expected to shape it moving forward.

Our ability to drive inclusion and accessibility is premised on establishing the right strategic levers

The process of building ACOF from concept to full operations has been one that required a healthy balance of ideology and pragmatism. Below is a summary of the key strategic initiatives we have implemented to ensure that we are able to deliver ACOF's business model at scale, and that we build the foundation of a healthy and impactful lending book for years to come:

Strategic lever	Implication for ACOF
Establishment of strategic partnerships with SME ecosystem players.	Despite ACOF developing a healthy pipeline of 1.5x our total available capital with a few weeks of operations, almost entirely from inbound requests, we have entered into several strategic partnerships to drive origination and risk management. These include boutique corporate advisors to SMEs, the JSE and National Small Business Council, amongst others. These partnerships have not only expanded our access to SMEs beyond our native media efforts, but also allows us to access businesses that are part of existing small business development programmes/initiatives. This will not only amplify our media and social impact initiatives in the future but grant us access to new pools of prospective borrowers, many of which have undergone formal programmes that enhance their creditworthiness.
Refining of ACOF's business model to offer more specialised structured solutions.	While ACOF was initially primarily envisioned as an invoice-discounting platform, we have realised that our competitive advantage lies in developing structured solutions for businesses that need them. This has allowed us to shift our competitive field from speed of output and pricing to long-term value unlocked for clients and establish meaningful relationships with clients that results in continued financing opportunities.
Focus on longer-term loans to strong clients to develop a foundation of capital deployed.	ACOF commenced operations as a new fund, and therefore its loan book was constructed from a zero-base. Although our long-term focus is to primarily offer working capital solutions, we have prioritised longer-term asset finance solutions within the few months of operations. This has allowed us to develop a foundational portfolio of longer-term loans to clients that demonstrate strong creditworthiness. We expect that this will assist us in managing the runoff of the lending book while we deploy new capital and scale the investment function.
Establishment of capital raising as a permanent function of the business.	Notwithstanding that we secured our first institutional mandate this financial year and have successfully commenced capital deployment, the ACOF leadership has remained actively engaging in capital raising discussions with prospective capital providers. It is our experience that it can take an extended period of time to successfully conclude due diligence processes and receive capital mandates. We are therefore confident that the progress made on these discussions will bear fruit in the coming months and allow us to maintain a consistent cadence of loan disbursement and marketing as new capital flows in to replace capital deployed.

Our optimism about South Africa is based on fact and not just familiarity

It's not always easy to remain positive about driving investment into South Africa. In just the last twelve months, we have experienced significant structural challenges that can be a sledgehammer to any local business confidence. These include, but are not limited to, persistent loadshedding, water infrastructure breakdowns in key metros, persistently high unemployment, continued greylisting by the Financial Action Task Force and low GDP growth.

Despite these very real and very acute challenges, it is important to remain balanced and consider the positives. South Africa remains the most sophisticated financial market in Africa, which is emerging as the frontier for growth globally. We have well-established investment infrastructure, strong judicial structures and a robust banking industry that enable and protect investment. Our educational institutions continue to produce world-class talent that finds a home anywhere in the world, and our successful entrepreneurs are battle-tested and resilient from having built great businesses that can withstand structural challenges.

It is the last point that has been most impactful for us. The best part of what we do is spending time with hundreds of successful South African business owners to understand the secrets to their success and co-create a financing structure that can help their business achieve its potential. It is these businesses that form the basis of our investment pipeline, and it is their stories that form our most compelling pitches to prospective investors.

Our messaging to prospective investors is sometimes quite simple. Who would you rather trust an additional capital allocation to? A diversified pool of hundreds of experienced and successful local business owners who have traded through economic cycles and grown their businesses responsibly over several years; or the concentrated pool of a few foreign tech companies trading at eye-watering valuation multiples that seem to increasingly drive the entire global economy?

We remain convinced that the grass is only greener where you water it.

Community and people are our competitive strengths

I am grateful to our investors, suppliers, partners, employees and community for their support as we scale our investment operations. These financial results represent the collective effort of several stakeholders who all play integral role in driving the investment process. Further, I am proud of the strides that the investment team has made in the past year, through the establishment of a strong graduate development pipeline, the hiring of several talented young investment professionals and the culture of learning and skills development we have collectively created. It is these structures that will form the foundation of our future successes.



Akshay Karan CA (SA), CAIA

Chief Investment Officer

28 May 2024







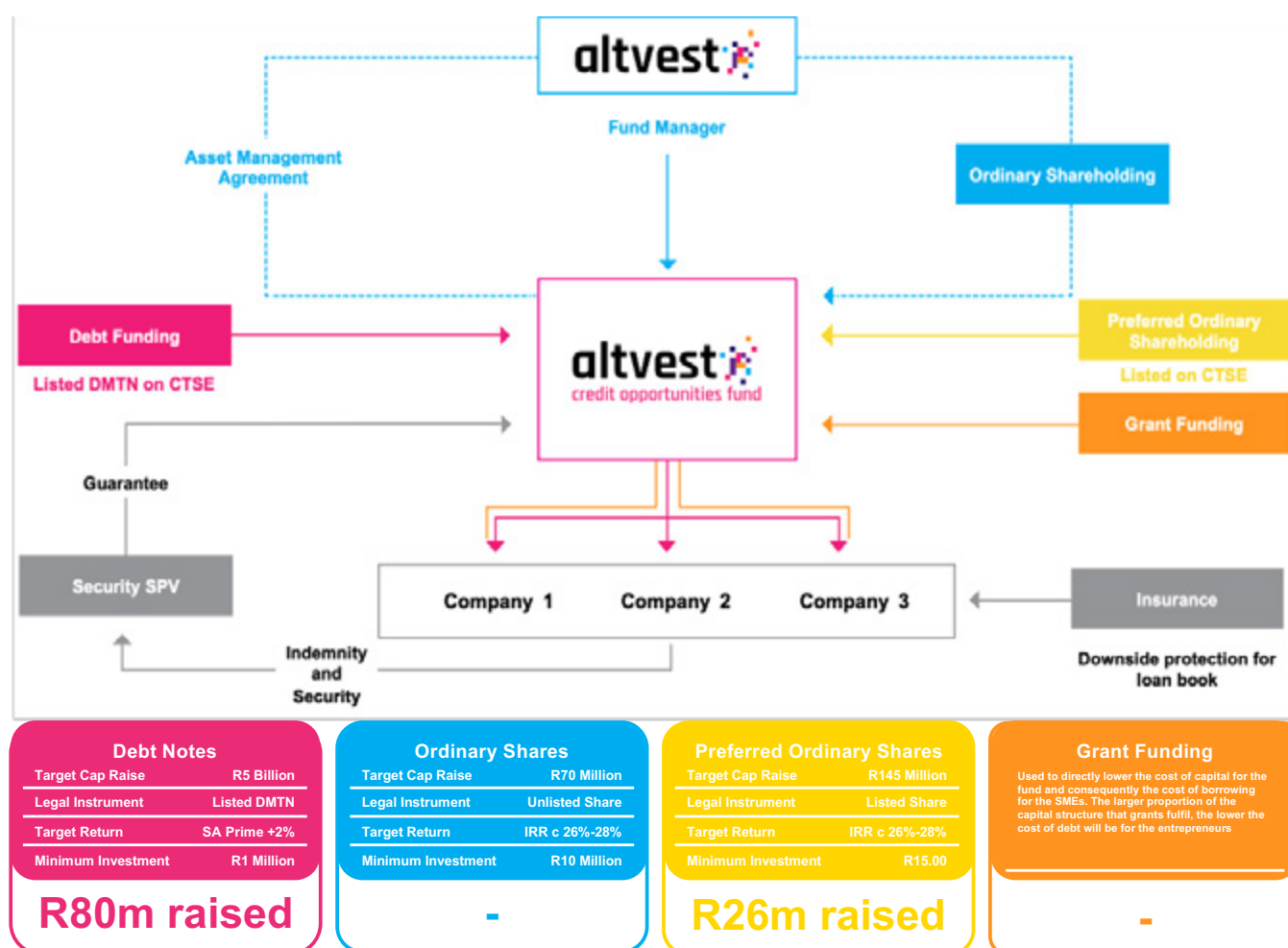
Overview of ACOF

On 11 August 2023 Altvest announced to shareholders that it would list up to 48,333,333 Class C Preferred Ordinary Shares, granting subscribers thereto, direct economic exposure to the Altvest Credit Opportunities Fund. A fully subscribed issue of the Class C's would represent subscribers having an indirect interest of approximately 66% of ACOF's issued share capital, with Altvest retaining 34%.

The first tranche of ACOF shares was listed on the Cape Town Stock Exchange on the 5th of September 2023 with a total number of 8,889,619 shares listed as at 29 February 2024 with a listing price of R 3,00 per share. ACOF is a 100% subsidiary of Altvest but is accounted for as an investment and as such, the results are not consolidated.

ACOF represents a unique investment opportunity into Private Credit as an asset class. Within ACOF, private credit refers to growth capital loans to South African SMEs that are expanding their operations, creating employment, and focusing on empowerment, particularly of women. The ability to gain exposure to this asset class has historically been reserved primarily for institutional investors and, for the first time, ACOF will, make this asset class available to retail investors in affordable quantities via a listed regulated environment.

ACOF raises capital through the following fund structures:



Investment terms

Fund Structure:

Structure	Open - ended
Fund Manager	Altvest Capital Ltd
Subscription Method	Equity/DMTN Program
Instrument - Direct	Ord & Pref Shares & Debt Notes
Redemption Notice	None

Basic Terms

	1. Ordinary Shareholding	2. Preferred Ordinary Shareholding	3. Debt Funding
Target Capital Raise	Up to R70 million	R145 Million	R5 Billion
Regulation 28 Category	Private Equity	Listed Equity	Listed & Unlisted Debt
Legal Instrument	Unlisted Ordinary Share	Listed Preferred Ordinary Share	DMTN Programme
Daily Priced	Yes, by proxy	Yes	Yes
Distribution Frequency	Per dividend policy	Per dividend policy	Annual
Target Return	IRR c 26% - 28%	IRR c 26% - 28%	SA Prime + 2%
Minimum Investment	R10 Million	R3.00	R1 Million
Fees	2% p.a. (On AUM)	2% p.a. (On AUM)	Transaction fees only

4. Grant Funding will be applied directly to lowering the cost of capital for the fund and consequently the cost of borrowing for the SMEs. The larger proportion of the capital structure that grants fulfil, the lower the cost of debt will be for the entrepreneurs

ACOF concluded its first book build in November 2023 after stringent due diligence with fund managers to the value of R100 million.

The fund allocation was split as follows:

- R20 million in equity - Class C Preferred Ordinary Shares
- R80 million in debt - Registered DMTN Programme on the Cape Town Stock Exchange.

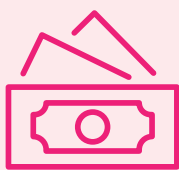
ACOF is a direct lender focusing primarily but not restricted to women-owned and/or managed and/or staffed businesses in South Africa through below-market lending rates, offering discounts to SMEs with demonstratable women empowerment credentials.

ACOF obtains capital for deployment from several categories of investors and funders in the form of debt and equity. The primary use of capital raised will be for ACOF to originate structured loans to borrowers through an online platform. ACOF also supports its portfolio of borrowers by offering technical, compliance and finance-related services.

Through its social media presence and nationwide reach, Altvest Capital Limited (registration number 2021/540736/06) as Fund Manager of ACOF, assists ACOF with access to and management of investors and borrowers and, directly and indirectly, offers borrowers access to marketing and branding opportunities.

ACOF's mission is aligned with that of the Altvest brand, namely, to provide access to finance and investment opportunities. ACOF is driven to provide clients that meet its lending criteria with access to suitable debt funding and thereby play an active role in stimulating economic growth reducing unemployment and reducing gender inequality.

Key Fund Highlights



Pricing

Our loans are priced between 18% - 36% a.p.r, based on the product and borrower risk profile including the annualized cost of fees.



Impact

Our impact credentials can lower the borrowing cost for SMEs by up to 25% while ensuring defaults remain around the market standard of 10%.



Products

- Working Capital
- Asset Backed Finance
- Energy and Water Security



Returns

- Our expected /target returns
- Debt: SA Prime +2%
 - Equity: IRR = c 25% - 28%

Fund Background & Objective

ACOF is deeply committed to fostering economic growth and sustainability by providing critical growth capital to small and medium-sized enterprises (SMEs). Recognising the pivotal role of SMEs in the economic fabric, activities are meticulously designed to support these engines of growth, thereby creating, sustaining, and preserving valuable employment opportunities.

ACOF was started by South African entrepreneurs who intimately understood the needs of businesses and the struggles SMEs face in raising capital and obtaining funding. Motivated by the desire to help SMEs drive economic growth and make a meaningful impact - ACOF was established. ACOF's vision is to provide the financial support necessary for SMEs to flourish, ultimately contributing to job preservation and creation, and to save South Africa from its current demise.

ACOF aims to revolutionise the South African SME funding landscape. ACOF prioritises affordable working capital and asset financing solutions for SMEs in an innovative manner and by offering competitive financing rates. Businesses aligning with ACOF's impact drivers, promoting women's inclusion in business, gain eligibility for additional discounted rates. ACOF utilises innovative technology for facilities and advisory support, aiding SMEs in their growth endeavours. The fund tackles challenges posed by financial institutions in structuring funding solutions for small businesses. All loans disbursed by ACOF are secured.

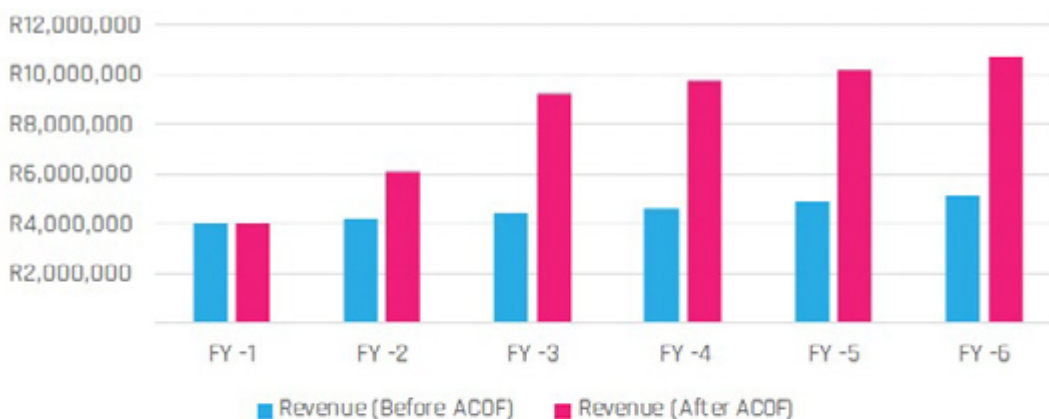
ACOF is owned by Altvest Capital, and encompasses asset management, media, and marketing services.

Forecasted impact of ACOF funding of an average SME

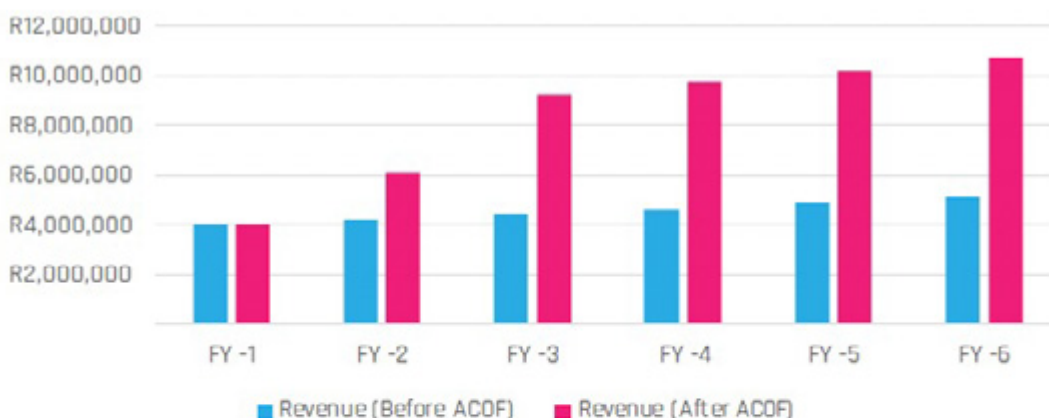
The below graphs and analysis are based on the archetype of the average SME that would receive funding from ACOF. This SME demonstrates the following characteristics:

- This business is profitable and able to service a loan facility but does not qualify for traditional bank financing.
- This business has a pipeline of prospective clients but does not have the working capital resources to be able to adequately service them.
- As such, an ACOF facility allows them to significantly grow revenue by servicing clients they would otherwise turn away due to lack of capacity.
- Further, ACOF funding would allow this business to invest in additional permanent staff and better remuneration for existing staff, due to the higher profits.

ACOF Facility will help grow revenue significantly



Capital provided by ACOF helps business create jobs and improve compensation



As seen in the above graph, an SME with capital provided by ACOF is projected to have significant growth in revenue and profit (17.8%). Revenue and profits are projected to increase by over double in FY3 from the revenue base of R4 million in the first year, as the business utilises a facility of R4 million to service unmet demand. 12.5% of the loan deployed to this SME goes directly towards a permanent investment in employment.

This figure is based on the observed impact of existing ACOF loans on SMEs. As such, the salaries and wages expense for SMEs funded by ACOF are projected to increase significantly in comparison to SMEs without ACOF loan funding.

About Altvest Capital (The Fund Manager) ("Altvest")

Altvest provides a disruptive platform through which it seeks to meet the funding needs of SMEs, with a focus on women-owned businesses, via capital raised from a mix of retail and institutional investors, thereby bringing to market bespoke investment opportunities.

Altvest Capital listed on the Cape Town Stock Exchange on the 5th of May 2022 and on A2X on 6 September 2022.

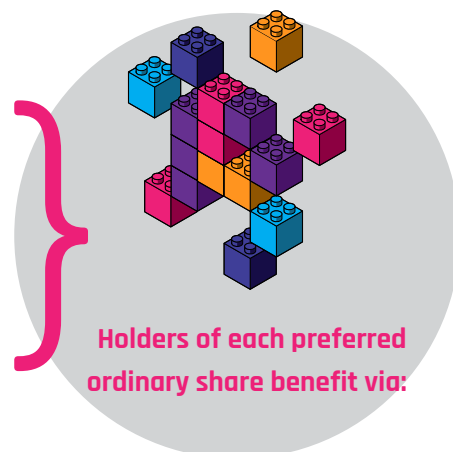
Altvest enables fractionalised ownership of unlisted assets to both Retail and Institutional investors allowing secondary market trading of special purpose vehicles owning single institutional-grade assets, thereby revolutionising the private equity market:

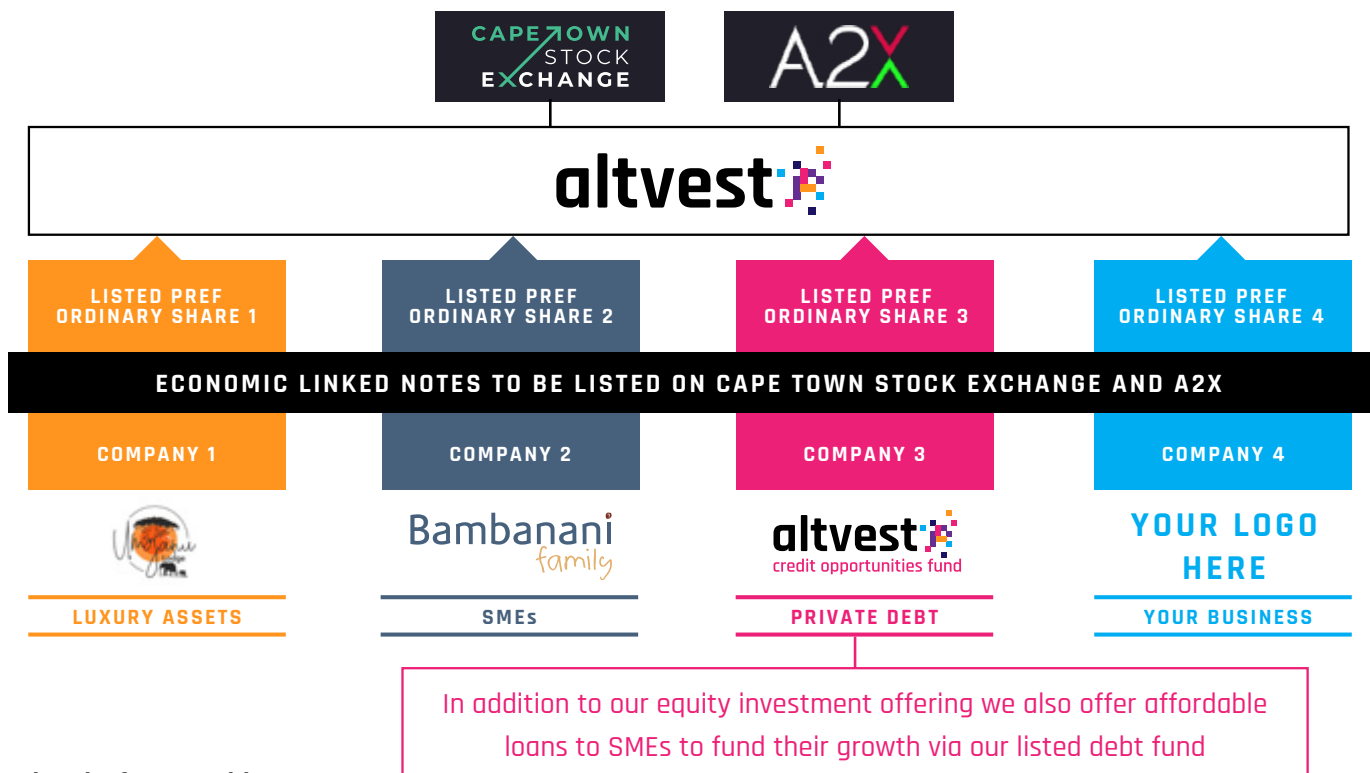
HOW IT WORKS:



- The preferred ordinary shares represent the economic value of the underlying investment opportunities.
- E.g. proceeds from Listed Pref Ordinary Share 2 were used to fund the acquisition of investment stake in Bambanani Family Group; this instrument offers ring-fenced exposure to that stake only.
- Entities present regular management accounts and audited annual financial statements.

- Access to liquid secondary market where investors can easily view daily market values and assess potential interest in their shareholding.
- Flexibility to structure their portfolios to their investment needs, including increasing / decreasing shareholding as required.





The platform enables:

FOR INVESTORS

- Cost-effective mechanism to invest in and gain exposure to alternative assets
- Support entrepreneurs by participating in their capital raising

FOR SMEs & ENTREPRENEURS

- Raise capital from retail & institutional investors
- Raise equity or debt from capital markets

Altvest has been internationally recognised as a leading ESG initiative by both Environmental Finance's Sustainable Investment award and International Finance:



Best ESG Investment Initiative of the Year, Africa 2023

Awarded to asset owners, fund and portfolio management companies that demonstrate new methods or actions to achieve their ESG investment goals in Africa. Other winners include Actis, Moody's, Preqin, Mercer and Fitch. For excellence in sustainable finance and impact investing.



Most Innovative Alternative Investment Platform

Altvest Capital won South Africa's most innovative alternative investment platform awarded by International Finance – an awards body recognizing industry talent, leadership skills, industry net worth and capability on an international platform.

Altvest Credit Opportunities Fund: Empowering SMEs and Driving Job Creation

ACOF aims to revolutionise the South African SME funding landscape. ACOF prioritises affordable working capital and asset financing solutions for SMEs in an innovative manner and by offering competitive financing rates. Businesses aligning with ACOF's impact drivers, promoting women's inclusion in business, gain eligibility for additional discounted rates. ACOF utilizes innovative technology for facilities and advisory support, aiding SMEs in their growth endeavors. The fund tackles challenges posed by financial institutions in structuring funding solutions for small businesses. All loans disbursed by ACOF are secured.

Women Empowerment credentials and how they lower the cost of borrowing for SMEs.

We forecast that our loans are at least 25% cheaper than competitor SME lending platforms, increasing to up to 40% cheaper based on your business's empowerment credentials. SMEs are asked 5 simple questions – each positive answer translates to an up to 5% further discount on the interest rate we charge.

Impact drivers

Each selection is equally weighted at a 5% discount to the borrowing rate

Women CEO / CFO / CIO



At least 1 woman director



50%+ women employees



50% + women shareholders



Women founded



Achieving all the credentials would unlock a transformative 25% discount on your borrowing rate.

ACOF's Multi-faceted Strategy with SMEs and Strategic Partners

Our approach is multifaceted, focusing not only on financial support but also on strategic guidance to ensure the long-term success of our partner SMEs. Through tailored financing solutions, we enable these businesses to scale operations, enhance productivity, and enter new markets. This, in turn, leads to job creation and retention, contributing significantly to economic resilience and community prosperity.

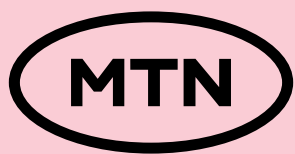
In addition to the tailored financial support and strategic guidance ACOF offers SMEs, ACOF has forged strategic partnerships designed to expand funding accessibility and provide mentorship opportunities for SMEs.



The JSE has partnered with the Western Cape government to support SMEs with funding solutions. ACOF participates in this programme as a capital provider.

The programme allows ACOF to:

- Provide economic opportunities to 500+ prospective SMEs.
- Assist in the development of emerging entrepreneurs with a drive for social impact.



The Xlerator programme is MTN's business Enterprise and Supplier Development initiative offering training, development and funding to South African SMEs.

ACOF participates in the programme by:

- Jointly conducting 3rd party deployment of loans, utilizing combined capital.
- Adding mechanisms and services to enhance woman empowerment within the MTN Xlerator programme.



The Goldman Sachs 10,000 Women initiative is a 10-course practical business & leadership education program.

The courses supplements the ACOF offering by:

- Allowing 10,000 women alumni access to discounted funding.
- ACOF qualifying applicants get access to Goldman Sachs 10 000 women online courses.

A core aspect of our mission is the transparent measurement and sharing of our impact. We are committed to providing our stakeholders with detailed statistics on job creation and preservation directly resulting from our investments. This accountability ensures that our objectives align with our actions, demonstrating the tangible benefits of our interventions in the communities we serve.

Moreover, we believe in the power of storytelling to inspire and inform. By sharing success stories from our portfolio companies, we highlight the real-world impact of our investments. These narratives not only showcase the entrepreneurial spirit and resilience of SME owners but also illustrate how strategic capital infusion can transform businesses and by extension, communities.

In conclusion, the activities of ACOF are a testament to our belief in the transformative power of SMEs. By providing growth capital, we not only support business expansion and innovation but also contribute significantly to job creation and economic stability. We look forward to continuing this journey, measuring our progress, and sharing our successes with our valued stakeholders.

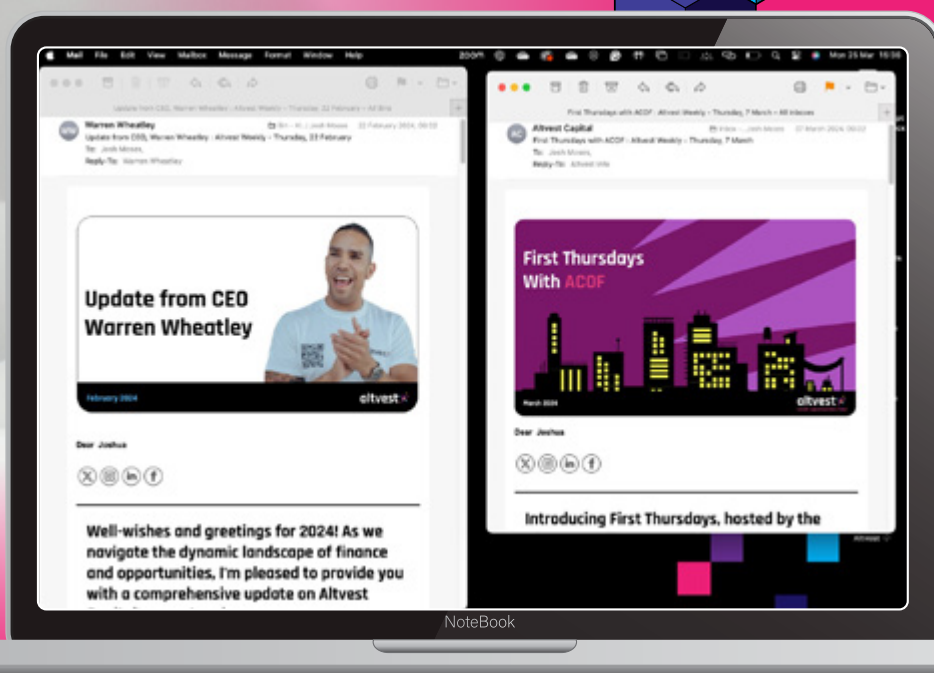
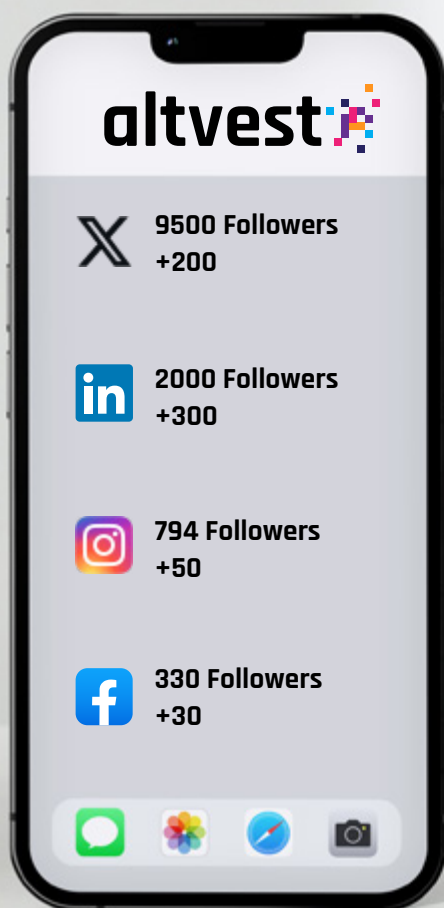


Media

In a period characterised by intense competition and rapid digital evolution, Altvest remains committed to its mission of not just navigating but thriving within the dynamic environment of marketing. Our previous year's endeavors underscored the significance of leveraging social media as a powerful conduit for reaching wider audiences, enhancing engagement, and showcasing our thought leadership.

Over the past year, Altvest has significantly expanded its media strategy, embracing diverse verticals to amplify brand presence and engagement across multiple channels. Building upon the foundation laid in the previous year, where social media emerged as a potent tool for brand building and marketing, Altvest's marketing strategy has ventured into new territories.

General Statistics



Interviews

Our executive team carried out a series of interviews and podcasts with Alec Hogg (BizNews), the Finance Ghost, Decusatio and Stanger Talks.



Articles

In the past year, ACOF's impactful endeavours garnered attention in news articles from esteemed outlets like Citywire and BizNews. Citywire's article delves into ACOF's potential to stimulate economic growth and foster job creation. Meanwhile, the BizNews article confirmed ACOF's potential by spotlighting its collaboration with Solana Energy, underscoring ACOF's commitment to sustainable development and innovative partnerships in the renewable energy sector.



Events and Survey Participation

ACOF Executive Director Tatum Wheatley participated in a panel at Standard Bank's top women's conference to discuss ACOF and how it can mobilise Women in business to stimulate the economy.



ACOF supported South African SMEs as a capital matching partner at the JSE and Western Cape Government's road show. ACOF as a capital matching partner deployed funds to select SMEs within the Western Cape as part of the JSE and Western Cape Governments programme to facilitate capital access and economic growth in the province.

Altvest Capital and ACOF proudly participated in 27Four's BEE.conomics survey which measures the state of transformation in South African asset management, showcases the universe of majority Black-owned, managed, and controlled asset managers across both public and private markets, and identifies trends shaping the future of the industry.



Continuation of Existing Partnerships and New Partnerships



Lions Cage:

The Lions Cage has been a media partner of Altvest since its incorporation. This year Lions Cage revised their listing process, and ACOF took full advantage of the innovative fully online platform. A comprehensive investment memorandum, teaser video, pitch and pitch deck are available to all Lions Cage members.



NSBC:

Altvest Capital and ACOF are proud to announce our partnership with the National Small Business Chamber (NSBC), aimed at transforming access to funding for SMEs in South Africa. NSBC Africa is a leading SME organisation committed to helping business owners and entrepreneurs. Joining the National Small Business Chamber (NSBC) offers several benefits for SMEs, including access to resources for growth, opportunities for networking and learning, connection to global brands, and support in overcoming challenges specific to small businesses. Additionally, being part of the NSBC community fosters entrepreneurship, job creation, and contributes to the overall economic development of South Africa and Africa. Together, Altvest and NSBC are on a mission to make a meaningful impact in the South African economy by providing SMEs with the support they need to thrive. Our shared vision reflects a dedication to inclusive growth and the belief that every business, regardless of size, plays a crucial role in building a stronger, more resilient community.

Key Strategic Partners

The success execution of the ACOF mission has necessitated the formation of a number of key strategic partners and the appointment of critically important service providers. These are to be noted as follows:



CAPE TOWN STOCK EXCHANGE ("CTSE")

CTSE makes financial markets more inclusive by providing a safe and straightforward licenced digital marketplace. Its marketplace is transparent and accessible to Issuers, Authorised Users and investors, and CTSE strives to drive a conscious capital philosophy.



CAPITAL ENGINE

Capital Engine provides forward-thinking organizations with efficient, scalable private market and investor management solutions, for both traditional and digital assets.



27FOUR

27four Investment Managers (Pty) Ltd is an authorised Category I, II and IIA Financial services provider. The group has a full suite of services aiding prospective asset managers fighting for inclusion, diversity, and opportunity.



LIFECYCLE

LifeCycle Retirement Annuity offers a comprehensive range of investment products which are catered to meet the evolving needs of investors. Each of their product provide a broad range of investment options in the form of unit trust portfolios and alternative investment funds.

INSURANCE

Our next step is moving into the insurance sector by partnering with some of South Africa's most reputable insurers, including Sanlam, Old Mutual, Discovery, Momentum, and 1Life. We are currently in the process of securing broker agreements to offer our customers a diverse array of insurance products and policies.



Professional Indemnity Cover

ACOF has contracted with Altvest Securities, which operates as a juristic representative of FAIS IT Solutions (Pty)Ltd, to facilitate a number of its advisory and intermediary services as regulated by the FAIS Act. A requirement of the FAIS Act is entities that render these services maintain robust professional indemnity insurance to protect directors employees, and data of both entities. This coverage, underwritten by reputable insurers Old Mutual Insure Limited and IT00 Special Risks (Pty) Ltd through the cover holder Aon South Africa (Pty) Ltd provides peace of mind to our organisation and our valued clients.

Our comprehensive policy, in effect from 1 April 2024 through 31 March 2025, includes a substantial limit of Indemnity along with key extensions for directors' and officers' liability, employment practices liability, and data protection. The details of this coverage are outlined below:

Intermediaries Professional Indemnity Policy Number: D/OMI/24/1327

FSP Covered:

FSP No	45810
FSP Name	Altvest Securities, a Juristic representative of FAIS IT Solutions (Pty) Ltd
FSP Type	Company - Private
Registration Number	2015/038780/07
Date Authorised	10/03/2015

Limit of Indemnity: R5 000 000.00 (excluding VAT)

Extensions Applicable:

Directors and Officers	Limit: R5 000 000 - Underwritten by Old Mutual Insure / Sintelum (Pty) Ltd
Employment Practice Liability	Limit: R500 000 - Underwritten by Old Mutual Insure / Sintelum (Pty) Ltd
Data Protection Extension	Limit: R250 000 - Underwritten by IT00 Special Risks (Pty) Ltd / The Hollard Insurance Company Limited

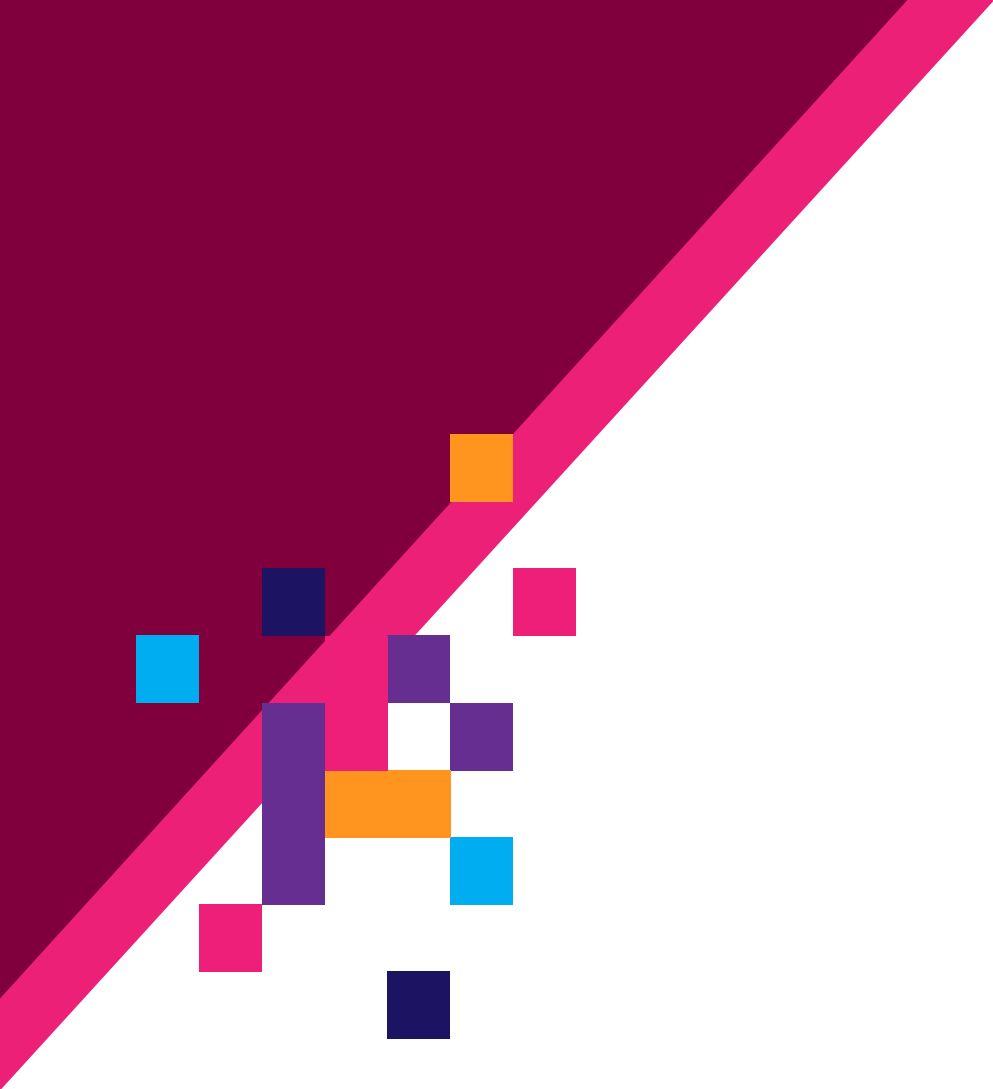
Underwritten by: Sintelum (Pty) Ltd. (Reg. No. 2009/0044225/07)

Insured by: Old Mutual Insure Limited. (Reg. No. 1970/006619/06)

Cover holder: Aon South Africa (Pty) Ltd
Registration Number 1978/004501/07
Authorised Financial Services Provider Licence Number 20555

Period of Insurance: 01 April 2024 - 31 March 2025





Governance



ACOF Board

The ACOF board reports to the Altvest Capital Board, which is a fully constituted board and King IV Compliant Board that oversees Altvest and through its subcommittees provides an oversight role on the business of ACOF.

The ACOF board consists of 3 Executive Directors, 3 Independent Non-Executive directors and an independent Investment Committee. The Directors bring an exceptional level of experience, diversity, track record and energy.

Altvest has a corporate governance framework led by the Board. The Altvest Board members have been selected because they offer a range of complementary skills.

The ACOF Board is committed to maintaining a clear balance of power and authority within its structure. The roles and responsibilities of the Chairperson, Chief Investment Officer, and other executive and non-executive directors are clearly defined and differentiated to ensure that no single individual has unfettered decision-making powers. The Board comprises a diverse mix of skills, experience, and perspectives, enabling effective oversight, constructive debate, and independent decision-making. The non-executive directors play a crucial role in providing independent judgment, challenging the executive team, and ensuring that the interests of all stakeholders and shareholders are considered. The Board regularly reviews its composition and governance practices to maintain this balance and to ensure that it operates effectively in discharging its duties and responsibilities.

Both the company and the Board are committed to ensure that reasonable steps are taken to comply with the King IV Report of Corporate Governance in South Africa, as far as possible. Non-compliance in terms of the King Code is due to the Company's size of operations and the costs associated with controls and measures to comply. Currently, the board has been constituted as follows: 3 Independent Non-Executive Directors and 3 Executive Directors who form a unitary board as recommended by King IV. In relation to the subcommittees that are required to bolster the governance processes, ACOF currently relies on the subcommittees of the Altvest Board to provide due oversight over the business of ACOF.

The board committees that currently serve the dual role are as follows:

- Remuneration and Nomination Committee
- Social and Ethics Committee
- Audit and Risk Committee



ACOF Investment Committee

ACOF utilises several approval structures, to ensure the highest standards of corporate governance and oversight are maintained while ensuring prompt speed of output for clients. Lending and Investment decisions within ACOF are subject to a robust process of assessment, vetting, recommendation and approval. The process incorporates an internal assessment which is undertaken by a diverse team of internal specialists (the Internal Committee). Recommendations for funding are then evaluated by an external independent committee made up of specialists in investments, credit, private equity and business valuations. The composition of the committees is currently as follows:

Independent Members

Snowy Masakale



- 20+ years of experience in Institutional Capital raising and Asset Management
- Masters in Business Administration (MBA)
- Post Graduate Diploma in Financial Planning (CFP)
- Honours in Baccalaureus of Commerce
- Bachelor of Economic Science

Prior Experience

- Leadership and Executive Director Experience
- Financial Services Expert - Employee Benefits experience including overseeing approved and unapproved group life benefits of Defined Benefit and Defined Contribution Funds.

Sibongile Maputla



- 20 + years of experience in the financial services industry
- BCom (Statistics)

Prior Experience

- She has worked for companies such as Coronation Fund Managers, Standard Bank and Benguela Global. In London and New York, she worked for companies such as BNP Paribas and JP Morgan where she was the Business Manager for the Equity Derivatives Desk.
- Recently, Sibongile was COO of Benguela Global Fund Managers, an asset management company where she was instrumental in growing AUM from R50 million to over R8 billion over a period of 5 years.

Mazvita Maradzika



- 20 + years of experience in investments and financial services
- CA (SA)
- Masters in Philosophy

Prior Experience

- Founder of MJR Advisory Services
- Managing Director at Selective Empowerment Investments 1 Limited, focusing on impact investing and corporate finance.
- As an Executive Director at Siyakha Capital Advisors and Finance Manager at Identity Partners, she specialized in investment management and market analysis.
- Senior Manager at EY and SizweNtsalubaGobodo.

Ewa Harcourt- Wood



- 10 + years of experience in Principal Investments, Private Equity and Investment Analysis
- CFA Charterholder
- BCom Investment Management (Cum Laude)
- BSc Actuarial and Financial Mathematics

Prior Experience

- Deal origination and execution in South Africa and Central Eastern Europe
- Extensive financial analysis, due diligence, deal and tax structuring
- Implementation of value-enhancing projects
- 10 years in Private Equity at Coast2Coast Capital (Principal in Deal Team) and Intaba Capital
- 3 years in Equity Research at SBG Securities (#1 FM rated analyst in Hotels and Leisure sector)
- 3 years in Equity Derivatives trading at Standard Bank.

Laura Deering



- 16+ years experience in Principal Investments, Private Equity and Investment Analysis
- CFA Charterholder
- BA (Hons) in Economics with Maths

Prior Experience

- Deal origination and execution in South Africa and Central Eastern Europe
- Extensive financial analysis, due diligence, deal and tax structuring
- Significant transactional experience and management of portfolio companies and execution of exit process
- 4 years in London-based hedge fund (distressed and special situations analysis across Europe)
- Majority of 16 years experience gained in London-based PE Fund.

Amanda Kabagambe



- 14+ years experience in Transaction Advice and Management Consultants
- Master of Business Administration (MBA) - Edinburgh Business School, Heriot - Watt University
- Certified Business Advisor (CBA) - Institute of Business Advisors, South Africa
- Bachelor of Arts in Development Economics - Makerere University.

Prior Experience

- Amanda has vast experience in East Africa, having arranged over \$26 million in investments and advised on transactions worth over \$150 million. She chairs EAVCA Uganda, advises investment funds, and has led projects for the World Bank and the Government of Uganda. Amanda has also structured a \$1.5 billion economic stimulus package and facilitated co-investment partnerships for SMEs.

Internal Committee

Warren Wheatley



- 20 + years of experience across Asset Management, Private Equity, Banking and Institutional Capital Markets
- Obtained his CA(SA) designation in 2003,, CFP, Post Graduate Diploma in Corporate Finance, Post Graduate Diploma in Financial Planning Law, Post Graduate Diploma in Auditing.
- Founder and Chief Investment Officer of Lebashe Investment Group
- Non-Executive Director on the board of Arena Holdings
- Chairman of the Joint Investment Committee of the Telkom Retirement Fund
- Extensive experience in the investment arena

Prior Experience

- Previous Investment Banker and Wealth Manager at ABSA Capital
- Served in various roles at Alexander Forbes

Akshay Karan



10 + years of experience in Investment Banking and Management Consulting
 Qualified CA (SA)
 Postgraduate Diploma in Accounting
 Bachelor of Business Science in Finance with Accounting

Prior Experience

- Ex-Investment Banker (Investec) and top-tier management consultant (BCG)
- Successfully structured and executed several private equity transactions across Africa
- Experience in leveraged finance, principle investing, private equity, financial engineering and strategy

Tatum Keshwar



- 10 + years of experience in Media, Marketing and Behavioural Finance
- Degree in Psychology, Majoring in Industrial Psychology
- Miss South Africa (2008)
- 2nd Runner-up Miss World

Prior Experience

- Practiced Industrial Psychology, specialising in Organisational Development and Culture; and change management
- Professional modelling career spanning 20-years across five continents
- Director of Corporate Relations and Fairmont Zimbali in KZN
- Public speaker, and consultant in Industrial Psychology

Chrizelle Van Der Colff



- 20 + years of experience in Banking, Operations and Business Optimization
- Advanced Diploma in Wealth Management, Financial Markets and Instruments
- Academy of Financial Markets Certificate in Wealth Management, GIBBS
- Family Business Consulting and Governance, Nelson Mandela University
- RE5o

Prior Experience

- Family Office Banker at ABSA Wealth and Investment Management
- Facilitation of large-scale transactions in structured credit, wealth and investment management, FX Aviation finance and Investment Banking related transactions
- Portfolio Risk Management

Reggie Dlamini



- 15+ years of experience in Corporate and Commercial Law
- BA(Hons), LL.B, Advanced Company Law

Prior Experience

- All aspects of mergers and acquisitions, reorganisations and general corporate transactions in South Africa and the rest of Sub-Saharan Africa; Loan origination and restructuring; Commercial intellectual property and licensing arrangements; JSE and CTSE Listings Requirements; Corporate Governance
- Admitted attorney of the High Court, Notary Public and Fellow of the South African Institute of Intellectual Property Law.

Nicolas Mugisha



- 10 + years of experience in Management Consulting and Digital Media
- Nic has a degree in Finance and Accounting as well as a post-graduate diploma in Accounting.

Prior Experience

- Boston Consulting Group in Strategy and Operational design. He mainly worked in Mining and Healthcare
- Nic has since transitioned to work at BankerX as the head of operations as well as a Director of Sezerano Capital which operated in East Africa
- Within Altvest, Nic works as the head of the strategy and media team. Growing Altvest's media presence and heading up special projects for Altvest

The directors of the company during the accounting period and up to the date of this report were as follows:

Name	Nationality	Date Appointed	Date Resigned	Designation
WG Wheatley	South Africa	24/11/2023*	-	Executive Director
AS Karan	South Africa	01/10/2022	-	Executive Director
C Van der Colff	South Africa	01/10/2022	25/04/2023	Executive Director
JCH Geyer	South Africa	17/02/2023	24/11/2023	Executive Director
TL Wheatley	South Africa	14/03/2023	-	Executive Director
E Harcourt-Wood	South Africa	29/03/2023	-	Independent Non-Executive
SKI Masakale	South Africa	22/03/2023	-	Independent Non-Executive
GM Sephuma	South Africa	26/02/2023	-	Independent Non-Executive
E De Jager	South Africa	14/03/2021		Company Secretary

* WG Wheatley resigned on 23-05-2023 and was re-appointed on 24-11-2023

The Directors have considered and are satisfied with the competence, qualifications and experience of the company secretary.

Compliance with Corporate Laws

Altvest has complied with the Companies Act, particularly with reference to the incorporation provisions as set out in the Companies Act and has operated in conformity with Altvest's Memorandum of Incorporation during the period under review.

A statement of compliance by the Company Secretary is contained on page 57.

Diversity Report

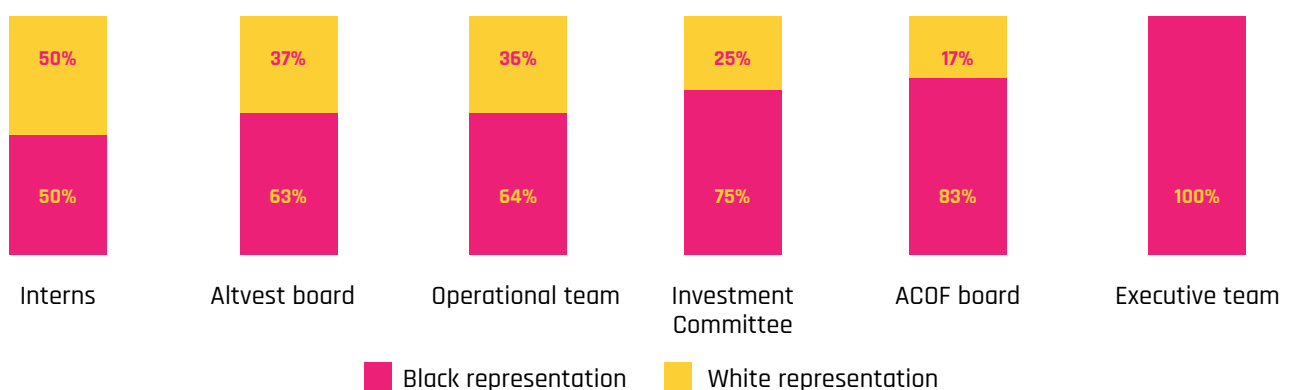
Altvest and ACOF recognises the imperative for substantial transformation within South Africa's economy to redress historical inequities and injustices. We appreciate that fostering diversity within the workplace not only enhances creativity and flexibility but also deepens our connection and understanding of a diverse customer base, thereby driving innovation and growth. Committed to reflecting the demographics of South Africa, Altvest actively supports and attempts to align with Broad-Based Black Economic Empowerment (BBBEE) initiatives.

In this context, our report details ACOF's performance in three crucial areas: gender, race, and age. By examining our practices and outcomes in these dimensions, we aim to celebrate our progress and openly address areas requiring improvement.

Racial diversity

ACOF is dedicated to aligning our workforce demographics closely with South Africa's racial composition, thus championing transformation and inclusivity in line with local demographics.

Racial diversity breakdown throughout Altvest and subsidiaries



- **Executive Team:** We've achieved a significant milestone in our executive representation, improving from 66.67% Black representation to 100% over the past year.
- **Board Composition:** ACOF has 5 Black directors out of 6, making up 83%. In a recent expansion of our board, we introduced 3 new members, two of whom are Black, including a black chairperson. This decision reflects our ongoing effort to enhance diversity within our governance structures.
- **Investment Committee:** 67% of our investment committee is Black and with the need to expand the size of our committee going forward, we aim to improve this number in the coming months.
- **Workforce Diversity:** Among our employees, 9 are Black, representing 64% of our total workforce.
- **Interns:** Our internship program, initiated since the listing of Altvest Capital two years ago, has supported 7 young Black students, making up 63% of all interns. This initiative plays a crucial role in nurturing future professionals and leaders from underrepresented groups. Our current group of interns are 66% black.

We are pleased with the racial composition of our executive team and the ACOF board, which closely mirrors South Africa's national demographics. However, we recognise the need for ongoing efforts to ensure ACOF fully represents the racial diversity of South Africa at every level of our organisation. We are committed to making conscious, strategic decisions in each hiring and appointment process to further this goal.

Gender diversity

ACOF's Commitment to Women Empowerment:

ACOF plays a pivotal role in supporting women through targeted financial initiatives. ACOF focuses on empowering women-owned and/or managed businesses by providing them with access to affordable capital. This approach not only supports the growth of these enterprises but also contributes significantly to economic empowerment and gender equality in the business sector.

Key Highlights from ACOF's Impact Initiatives:

- **Empowering SMEs:** ACOF offers below-market lending rates to SMEs with demonstrable women empowerment credentials, significantly lowering the cost of borrowing for these businesses. This initiative not only makes financial services more accessible to women-led businesses but also encourages more women to embark on entrepreneurial ventures.

Impact drivers

Each selection is equally weighted at a 5% discount to the borrowing rate:

Women CEO / CFO / CIO



At least 1 woman director



50%+ women employees



50% + women shareholders



Women founded



Achieving all the credentials would unlock a transformative 25% discount on your borrowing rate.

- **Targeted Impact:** Through its investment activities, ACOF has facilitated ~R12 million in investments to women owned and operated business.
- **Success Stories:** ACOF's funding has enabled numerous women-led businesses to expand their operations, enhance productivity, and access new markets. These success stories are shared widely to inspire and encourage further investments in women-owned businesses.

- **Executive Team:** Currently, 33% of our executive are women. We recognise the need for gender balance, we are committed to targeting female candidates for any future expansions to our management team, whether through internal promotions or external hires.
- **Board Representation:** 67% of the ACOF board are women, underscoring our commitment to empowering women-owned businesses with debt financing.
- **Women-Led Committee:** Our investment committee is composed entirely of women. This composition not only reflects our commitment to gender diversity but also ensures that the perspectives and insights of women significantly influence our investment strategies.
- **Operational Staff:** Women make up 36% of our operational staff. We are actively working to improve this percentage by leveraging the networks of our board members and our internal resources to attract more female talent.



Strategic Actions to Enhance Gender Diversity:

- **Internal Promotions and External Hires:** We recognise the need to grow the number of women in our executive team and are committed to addressing this gap by prioritising women candidates in our future hiring and promotions.
- **Leveraging Networks:** We continue to utilise the extensive networks of our women board members and investment committee to identify and attract female talent to ACOF.
- **Partnerships with Educational Institutions:** We have formed strategic partnerships with universities to identify and nurture top female talent through our internship and graduate programs. We have come to understand that experienced top talent is rare and often highly sought after which can lead to us being priced out the market by more established financial institutions. This leads us to take the route of developing talent in house.

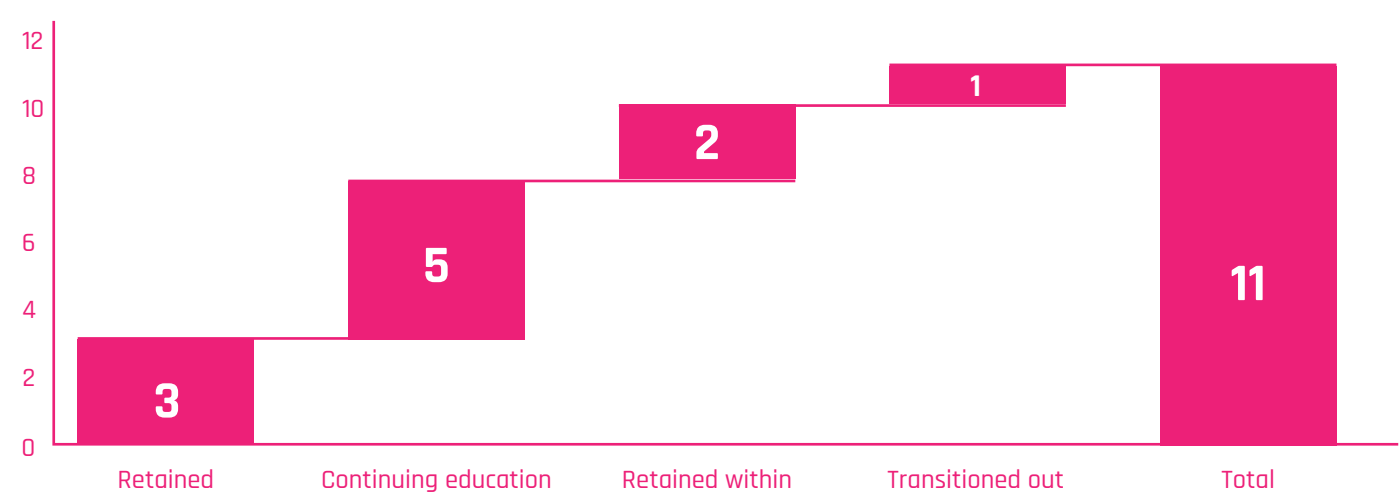
Youth employment

Altvest places a strong emphasis on nurturing young talent, recognising that the youthful workforce represents not only the future of our industry but also a dynamic force capable of driving innovation and growth. Our commitment to youth employment is evident through various initiatives designed to integrate and elevate young professionals within our company.

Key Statistics and Initiatives:

- **Youthful Workforce:** 50% of our staff are under the age of 30, reflecting our commitment to hiring and fostering young talent.

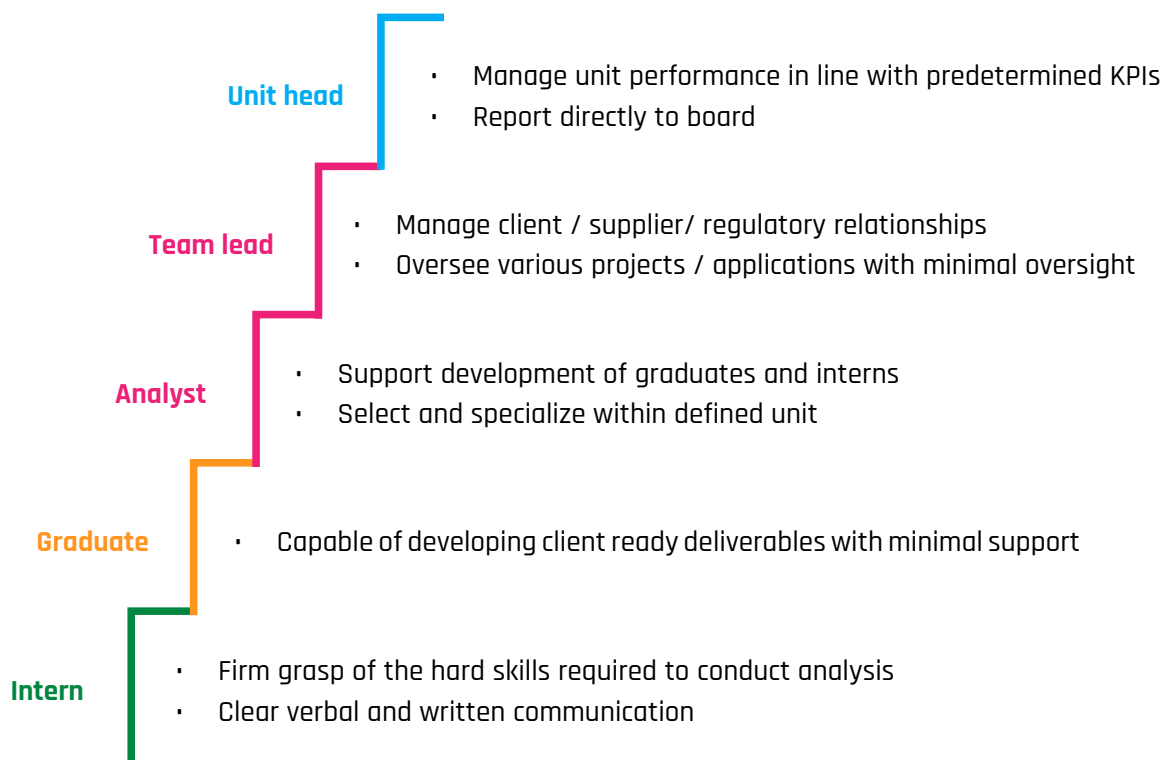
Overview of Altvest interns that completed the program



- **Internship Program:** Our internship program has seen 11 students pass through, with 2 already retained within the company. 5 Previous interns are currently continuing their studies, whom we hope return to Altvest upon completion, demonstrating the lasting impact and appeal of our internship opportunities.
- **Current Interns:** We currently host 3 students in our internship program, benefiting from hands-on experience and mentorship within our operations.
- **University Partnerships:** Strategic partnerships with university groups enhance the reputation of our internship program and attract top talent, ensuring a continuous influx of skilled young individuals eager to start their careers with Altvest.

Developmental Focus Areas of Our Internship Program:

- 1. Written & Verbal Communication:** Interns are trained to clearly articulate analysis and ideas both in written and spoken forms, using appropriate and error-free language.
- 2. Problem Solving & Insight:** We focus on building a foundational understanding of financial modelling concepts, enabling interns to create basic models under supervision and recognise key variables in debt/equity funding scenarios.
- 3. Practicality & Effectiveness:** Our interns are expected to produce accurate work with keen attention to detail, demonstrate understanding of time management, and effectively communicate status updates to supervisors.
- 4. Teamwork:** We encourage interns to proactively offer support to team members, maintain a positive demeanor, and contribute to a collaborative team environment.

We wish to create structured pathways for the development of our team

Our focus on these core areas is to advance our interns up the ladder at Altvest and to train the future interns, graduates, and analysts. We have established regular feedback with Unit Heads and management team to support the development of our interns and identify strengths as well as areas for improvement.

Governance	Altvest	ACOF
# black directors	5	5
% black directors	63%	83%
# women directors	2	4
% women directors	25%	67%

Altvest recognizes the need to improve the women representation at the board level and is looking for options to identify and onboard additional female directors.

Ownership	Altvest
% black ownership	58.61%
% women ownership	23.68%
% women directors	25%

Altvest Capital's listing is a strategic step toward democratising access to provide equity investment opportunities. We take pride in the fact that 58.61% of our shares are held by black people and 23.68% are held by women. This is a testament to the confidence that a substantial base of investors has in our vision on and our commitment to inclusive growth.

Operations	Altvest
# black employees	9
% black employees	64%
# women employees	5
% women employees	36%
% youth employees ¹	50%

The focus for Altvest now is to grow the number of women employees. This is being done via partnerships with university associations to identify top talent early. We are also leveraging our internal networks and social media to reach this goal.

1. Defined as employees under the age of 30

Altvest and ACOF is committed to progress, not only in compliance with BBBEE but beyond, towards a workforce that truly reflects the demographics and talents of South Africa. The journey towards diversity and inclusivity is ongoing, and we are both proud of the steps we have taken and cognisant of the distance still to go. We move forward with determination to ensure that our organisation represents the spirit and diversity of the nation at every level.

Our resolve is to make continuous strides in diversity, not just for the sake of representation, but for the inherent value it brings to our company, the businesses we support, and the community at large.



ACOF Board of Directors

Norma Sephuma | Independent Chairperson

Norma has held various roles within the Bank of Botswana. She has been the acting head of Privatisation and Restructuring at the Public Enterprises Evaluation and Privatisation Agency (PEEPA). Other roles included PPP Officer, SADC Network with SADC Development Finance Resource Centre, and as Regional PPP Consultant, African Development Bank. Her qualifications include a BA in Economics and Statistics and an MBA specialising in financial management.

Tatum Keshwar | Executive Director

Tatum practised industrial psychology, specialising in organisational development and culture and change management. She is a professional model and her career spans over 20-years across five continents. Tatum was a director of corporate relations and Fairmont Zimbali in Kwa-Zulu Natal. She is a public speaker and consultant in industrial psychology. Tatum holds a degree in psychology specialising in industrial psychology.

Warren Wheatley | Executive Director

Warren is a seasoned investment professional with over 20 years of experience across Asset Management, Private Equity, Banking, and Institutional Capital Markets. He obtained CA(SA) designation in 2003, CFP, and Post Graduate Diplomas in Corporate Finance, Financial Planning Law, and Auditing.

Warren currently serves as the Chairperson of the Joint Investment Committee of the Telkom Retirement Fund, bringing his extensive experience in the investment arena to the role. His prior experience includes founding and serving as the Chief Investment Officer of Lebashe Investment Group, as well as holding a Non-Executive Director position on the board of Arena Holdings. Warren has also worked as an Investment Banker and Wealth Manager at ABSA Capital and has served in various roles at Alexander Forbes.

ACOF Board of Directors

Akshay Karan | Executive Director

Akshay has more than 10 years of experience in investment banking, management consulting and private equity across unlisted and listed entities. He started his career as an investment banker at Investec and has worked as a management consultant at BCG. Akshay's qualifications include BBusSci in Finance with Accounting, CAIA - Level 1, CA(SA), and a Postgraduate Diploma in Accounting.

Snowy Masakale | Independent Non-Executive Director

Snowy is an experienced CEO and Non-Executive Director with over 20 years of financial services experience across retirement fund and investment management. She is a Financial Services Expert, dealing with Employee Benefits her experience includes overseeing approved and unapproved group life benefits of defined benefit and defined contribution funds. Her qualifications include a Bcom (Hons) in Economic Sciences, Postgraduate Diploma in Financial Planning, an MBA, FAIS (RE5), and IODSA Programme.

Ewa Harcourt- Wood | Independent Non-Executive Director

Ewa has more than 10 years of experience in Principal Investments, Private Equity, and Investment Analysis. Her experience includes deal origination and execution in South Africa and Central Eastern Europe. Ewa spent 3 years in equity research at SBG Securities and began her career at in Equity Derivatives trading at Standard Bank. Her qualifications include a BSc in Actuarial and Financial Mathematics, Bcom Investment Management and CFA.

The following subcommittees of the Altvest Board serve the dual role of oversight at the Altvest and ACOF level:

Audit and Risk Committee

The Audit and Risk Committee is a vital component of the Altvest's corporate governance framework, playing a critical role in ensuring the integrity of financial reporting, maintaining effective risk management and internal control systems, and overseeing the independent audit process.

In accordance with the Companies Act, King IV Report on Corporate Governance, and the CTSE Listings Requirements, the Audit and Risk Committee's key responsibilities include:

Financial Reporting:

- Reviewing and monitoring the integrity of the Company's annual and interim financial statements, ensuring compliance with relevant accounting standards and legal requirements.
- Evaluating significant financial reporting judgments and estimates.

Risk Management and Internal Controls

- Overseeing the Company's risk management processes and monitoring the effectiveness of internal control systems.
- Ensuring that appropriate risk management policies, processes, and structures are in place to identify, evaluate, and manage significant risks.

External Audit

- Recommending the appointment of the external auditors and approving their remuneration and terms of engagement.
- Monitoring the external auditors' independence, objectivity, and effectiveness.
- Reviewing and approving the external audit plan and audit findings.

Internal Audit

- Monitor the company's progress towards an internal audit function.

The Audit and Risk Committee comprises independent non-executive directors with relevant expertise and experience. The Committee meets regularly with executive management, internal auditors, and external auditors to fulfil its oversight responsibilities effectively.

The Audit and Risk Committee comprises independent non-executive directors with relevant expertise and experience. The Committee meets regularly with executive management, internal auditors, and external auditors to fulfil its oversight responsibilities effectively.

The Audit and Risk Committee is made up as follows:

KS Sithole (Chairperson)	Independent Non-Executive Director
B Khumalo	Independent Non-Executive Director
F Mukaddam	Independent Non-Executive Director
WG Wheatley (by invite only)	Executive Director

Social and Ethics Committee

The Social and Ethics Committee assists the Board in ensuring that the Company acts as a responsible corporate citizen, upholding ethical values and considering the Company's impact on its stakeholders and the environment.

In accordance with the Companies Act and King IV Report on Corporate Governance, the key responsibilities of the Social and Ethics Committee encompass:

Ethics and Integrity

- Overseeing and monitoring the Company's ethical culture, standards, and practices to ensure they are aligned with applicable laws, regulations, and codes of conduct.
- Reviewing and approving the Company's Code of Ethics and related policies.

Stakeholder Engagement

- Monitoring the Company's activities in relation to good corporate citizenship, including promotion of equality, prevention of unfair discrimination, and reduction of corruption.
- Considering the Company's impact on communities and stakeholder relationships.

Social and Economic Development

- Monitoring the Company's initiatives and progress on social and economic development, including compliance with relevant legislation and codes of best practice.

Environment

- Overseeing the Company's environmental policies, practices, and reporting to ensure responsible environmental stewardship.

The Social and Ethics Committee is made up as follows:

GM Alcock	Independent Non-Executive Director
J Baynham	Independent Non-Executive Director
Warren Wheatley	Executive Director

The Remuneration and Nomination Committee

The Remuneration and Nominations Committee plays a pivotal role in the Company's corporate governance practices, ensuring the implementation of effective remuneration policies and procedures, as well as overseeing the nomination and appointment processes for directors and senior executives.

In line with the Companies Act, King IV Report on Corporate Governance, and the CTSE Listings Requirements, the key responsibilities of the Remuneration and Nominations Committee include:

Remuneration

- Developing and regularly reviewing the Company's remuneration philosophy and policies for executive directors, senior management, and other employees.
- Ensuring that remuneration practices are fair, responsible, and aligned with the Company's long-term interests and performance.
- Approving the remuneration packages, including fixed and variable components, for executive directors and senior executives.
- Overseeing the implementation of short-term and long-term incentive plans.

Nominations

- Regularly reviewing the structure, size, and composition of the Board and its committees.
- Identifying and evaluating candidates for appointment or re-appointment as directors, considering their skills, knowledge, experience, and independence.
- Making recommendations to the Board on the appointment of new directors and the re-election of retiring directors.
- Overseeing the Board and committee evaluation processes.

Succession Planning

- Developing and reviewing succession plans for the Board, CEO, and other senior executives to ensure continuity and maintain an appropriate balance of skills and experience.

The Remuneration and Nominations Committee comprises independent non-executive directors with relevant expertise and experience. The Committee engages with shareholders and other stakeholders to ensure transparent and responsible remuneration and nomination practices.

The Remuneration and Nomination Committee is made up as follows:

B Khumalo (Chairperson)	Independent Non-Executive Director
F Mukaddam	Independent Non-Executive Director
J Baynham	Independent Non-Executive Director

Remuneration Report

Background Statement

Introduction

The Remuneration and Nominations Committee is a standing committee of the Board tasked with assisting the Board on matters relating to nominations and remuneration within Altvest Capital Limited and by extension, within ACOF. The Committee operates under approved Terms of Reference which outline its composition, authority, responsibilities, and meeting procedures.

Composition

The Remuneration and Nominations Committee comprises three independent non-executive directors, in compliance with the requirement that the majority of members be independent non-executive directors. The current members are:

Member	Qualifications	Date of first appointment to the committee	Attendance
Bright Khumalo - Chair	BCom Accounting	01/02/2022	1/1
Advocate Fay Mukaddam	LLB, Advocate of the High Court of South Africa, Chartered Director (SA)	01/02/2022	1/1
Joanne Baynham	BCom CA(SA) Post Graduate Diploma in Accounting	01/02/2022	1/1

Responsibilities

During the year under review, the Committee discharged its responsibilities as set out in its Terms of Reference. Key activities included:

Nomination Matters

- The Committee reviewed the size, structure and composition of the Board and its committees to ensure an appropriate mix of knowledge, skills, experience, diversity and independence.
- Succession plans for the Board and senior executive positions were evaluated to ensure continuity of leadership and an orderly transition process.
- Performance evaluations of the Board, its committees and executive management were considered. However, given the relatively new composition of the current Board, comprehensive Board evaluations will be undertaken in the fourth quarter of 2024 to allow sufficient time for bedding down the new Board.

Remuneration Matters

- Determining and reviewing the remuneration policies and packages for executive directors and senior management.
- Reviewing the draft incentive scheme to ensure they are aligned with shareholder interests.
- Considering the fees payable to non-executive directors for Board and committee services.
- Approval of share allocations to staff members.

Conclusion

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the period under review.

Remuneration Policy Statement

The Remuneration and Nominations Committee and policy is designed on a Holding Company level – Altvest Capital. Altvest has developed a performance-oriented remuneration philosophy that fairly rewards directors, executives and employees for their contributions to achieving the company's strategic business objectives. The remuneration structures are designed to attract, motivate and retain talent, while promoting a high-performance culture aligned with the Group's values. Key aspects of the remuneration policy include:

- Supporting the achievement of Altvest and ACOF's strategy and business objectives;
- Ensuring remuneration is fair, equitable, consistent and competitive;
- Rewarding employees for performance to encourage superior results;
- Alignment with the group's remuneration practices where relevant, while managing conflicts of interest;
- Balancing fixed and variable pay appropriately, with sufficient fixed pay to avoid over-dependence on variable components.

Remuneration consists of an appropriate mix of fixed pay (salary and benefits) and variable pay (short and long-term incentives). Fixed pay is reviewed annually considering factors such as market conditions, company performance, and the employee's role and individual performance. Variable pay is linked to achieving predefined corporate and individual performance thresholds.

For directors and executives, employment contracts stipulate that the company is not obligated to pay special severance or compensation on termination arising from failure to perform or underperformance against agreed objectives. Contracts also specify shorter notice periods without compensation entitlements in the case of dismissal for disciplinary reasons.

The Remuneration Committee ensures a proper balance of fixed and variable pay, reviews incentive schemes regularly, and monitors implementation of the remuneration policy which is reviewed annually for suitability. The remuneration policy is tabled to shareholders for a non-binding advisory vote at the annual general meeting. This vote enables shareholders to express their views on the remuneration policies adopted and their implementation.

Non-executive directors receive fee-based remuneration not linked to the Altvest or ACOF share price. They do not participate in bonus or share option schemes to ensure independence. Fees consider market norms, practices and the increased responsibilities placed on directors.

Implementation Report

Objective and Scope

Altvest Capital has implemented the Employee Incentive Scheme (EIS) to motivate and reward employees for their contributions towards achieving the company's financial and strategic goals. This scheme is applicable to all eligible employees, including the CEO, executive directors, and consultant's integral to operations, with varying participation levels based on their involvement in the company's business.

Structure of Incentive Scheme

The EIS comprises short-term incentives (STIs) and long-term incentives (LTIs). STIs include salary adjustments, CPI increases, promotions, and awards, while LTIs primarily focus on a share allocation scheme. The incentive amounts are determined by individual, departmental, and company performance metrics, ensuring alignment with Altvest Capital's strategic goals.

Short-Term Incentives

Short-term incentives are awarded based on a combination of company performance, departmental outcomes, and individual contributions. These are subject to the company's economic circumstances and affordability.

Long-Term Incentives

The Employee Share Scheme (ESS) under the LTIs is designed to align employees' interests with shareholder value and long-term company success. This includes various funding mechanisms, like direct purchase plans and share options, with shares subject to a vesting period to promote long-term association.

Financial and Regulatory Compliance

The EIS is designed in compliance with the International Financial Reporting Standards (IFRS) and considers local labour laws and regulations. The scheme is subject to approval by Altvest's Board of Directors and requires regular review to ensure relevance and effectiveness.

Governance and Implementation

The scheme's governance includes a structured communication plan to ensure clear understanding among employees. It integrates a comprehensive reward system with other compensation elements to attract and retain top talent effectively.

Pending Approvals

The EIS policy outlined is pending approval from the Remuneration Committee, shareholders of Altvest Capital, and relevant regulatory authorities governing the listing requirements.



Khumalo

Bright Khumalo

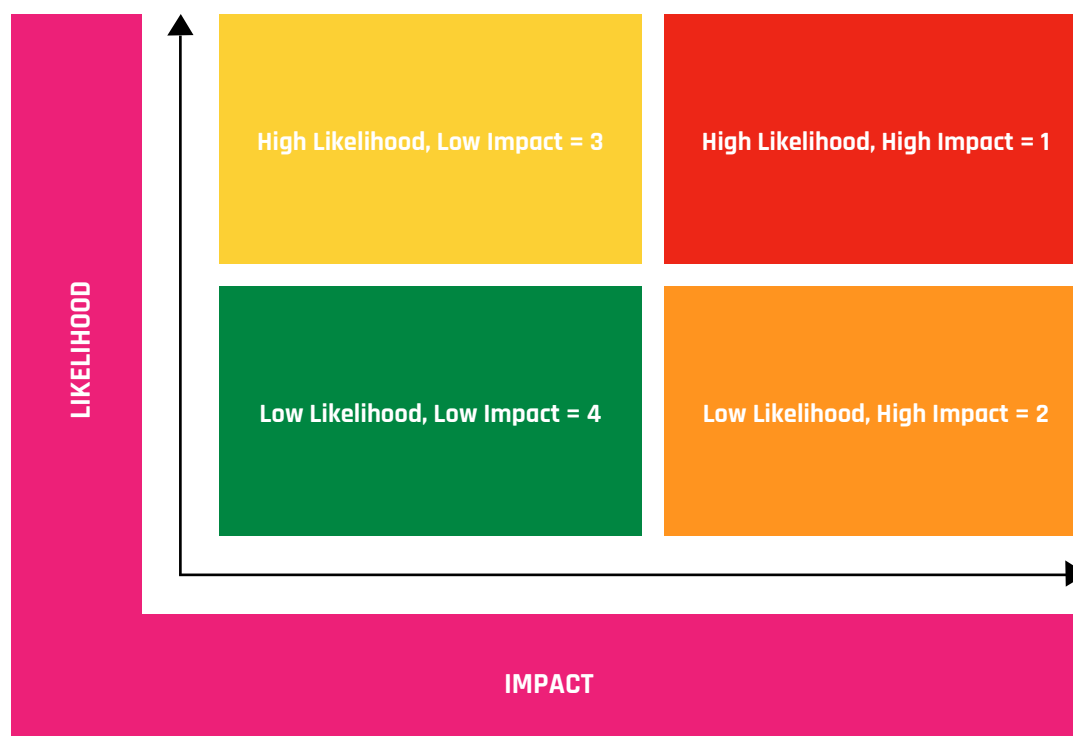
Chairperson of the Remuneration Committee

28 May 2024

Risk Management

Risk Management Report

The risk management framework of ACOF is designed to ensure comprehensive oversight and proactive management of risks. The framework aims to support the Company's strategic objectives while aligning with regulatory requirements and industry best practices. This led to the development of a risk matrix that enables us to identify and appropriately mitigate risks based on their likelihood of occurring and potential impact on our various businesses.



Key risks that ACOF aims to manage

- **Strategic and Business Risks:** These are critical as they directly impact the Company's ability to achieve its strategic goals. Ongoing evaluation and alignment with business strategies are necessary to navigate market volatilities and competitive pressures.
- **Liquidity Risks:** Ensuring sufficient liquidity is vital for the Company's operations and growth. Strategies include maintaining adequate cash reserves and securing flexible credit facilities.
- **Regulatory Risks:** Given the dynamic regulatory landscape, continuous monitoring and compliance are imperative to avoid penalties and legal issues.
- **Operational Risks:** Focus on strengthening internal processes and controls to minimize losses from operational failures. Regular training and updates to operational protocols are crucial.

Our risk management process and outputs can be found in detail below:

1. Risk Identification

ACOF predominantly faces significant interest rate and equity risks.

Altvest Credit Opportunities Fund	Risk Score
Interest rate risk	3
Equity Risk	3
Corporate Bond Risk	3
Liquidity Risk	3
Counter - Party Risk	2
Operational Risk	4
Fraud Risk	2
Inherent Risk/ Organisational Risk	3
Customer Risk	3
Regulatory Risk	3

2. Risk Analysis

The analysis phase involves a deeper examination of how identified risks affect the entities' operations and their potential impacts on the Company's overall strategy. This analysis helps in understanding the severity and the interconnections among various risk factors.

3. Risk Treatments

The Company adopts various risk treatment strategies to manage and mitigate the identified risks. This includes insurance, risk sharing, avoiding risk exposures, and implementing strong internal controls and procedures to reduce the occurrence and impact of risks. This is captured in the risk register.

4. Monitoring and Review

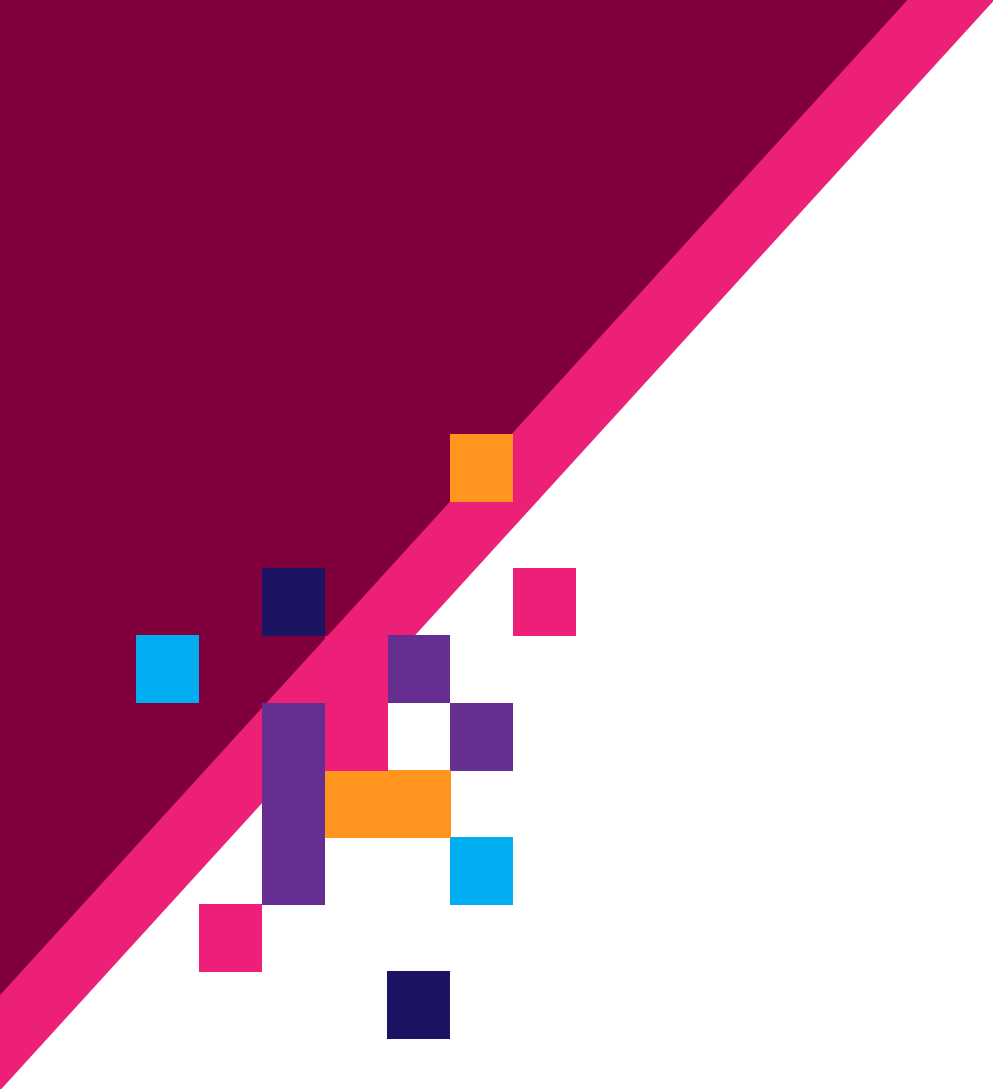
Continuous monitoring and regular review of risks are crucial. The Company implements a dynamic process to track the status of each risk and the effectiveness of mitigation measures, adjusting strategies as necessary to respond to new challenges and changes in the external environment.

5. Communication and Reporting

- As a listed company with various stakeholders, communication and reporting of risks is critical. We take the following steps to ensure we keep our stakeholders informed:
- Regularly update all stakeholders on the risk landscape and the effectiveness of ongoing risk management activities through structured reports and meetings.
- Include risk management updates as a standard agenda item in board and executive meetings to ensure strategic alignment and visibility.

Risk management information is systematically communicated within the organisation and to external stakeholders. This ensures that all parties are informed of the Company's risk posture and the steps taken to manage risks effectively. Regular reports are prepared and distributed, maintaining transparency and supporting governance processes.





AUDITED FINANCIAL RESULTS

29 FEBRUARY 2024



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DECLARATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

The Chief Executive Officer and the Chief Financial Officer hereby confirm that:

- The annual financial statements of the company as set out on pages 64 – 92 fairly present – in all material respects – the financial position, financial performance and cash flows of ACOF in terms of International Financial Reporting Standards (IFRS)
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading
- Internal controls have been put in place to ensure that all material information relating to the company have been provided to effectively prepare the financial statements of the Company
- Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in the design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving the directors of the company
- Having fulfilled our role and function as the executive directors with the primary responsibility for implementation and execution of controls, we confirm that the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements



W Wheatley

Chief Executive Officer

28 May 2024



A Karan

Chief Investment Officer

28 May 2024

AUDIT AND RISK COMMITTEE REPORT

Introduction

The Altvest Credit Opportunities Fund ("ACOF", "the company") is a subsidiary of Altvest Limited. Altvest Limited ("Altvest") was listed on the Cape Town Stock Exchange on the 5th of May 2022 and listed on A2X on the 6th of September 2022. Altvest has a duly constituted Audit and Risk Committee which provides oversight on both the Altvest business and the ACOF business. The report of the Audit and Risk Committee ("ARC") – which is chaired by Mr. Khaya Sithole, an independent non-executive director of Altvest, is presented below for the year ended 29 February 2024.

The ARC is a statutory committee constituted in terms of Section 94(7) of the Companies Act. It is an independent committee that is accountable to both the board of directors and the shareholders of the company. The primary objectives of the committee are to assist the board in its oversight responsibilities, in particular, the Committee is responsible for the following –

- Evaluating the adequacy and efficiency of accounting policies
- Internal controls
- The audit processes
- Financial reporting processes
- The independence and effectiveness of the external auditors
- Recommendation of the appointment and remuneration of external auditors

Composition of the ARC

The shareholders of the company are required to approve the appointment of the members of the ARC at the annual general meeting in accordance with the provisions of the Companies Act. In line with the recommendations section 94 of the Companies Act and the King IV Code of Corporate Governance, all the members of ARC are independent non-executive directors who meet the requirements to serve on the committee by virtue of their individual and collective expertise and experience. Members of executive management and the external auditors are not members of the committee and attend meetings as permanent invitees. During the year under review, the committee held 3 meetings where the quorum of the majority of members was met.

The composition and attendance of the committee during the year under review was as follows:

Member	Qualifications	Date of first appointment to the committee	Most recent appointment to the committee	Attendance
Khaya Sithole – Chairperson	CA(SA) MSc	21/07/2023	21/07/2023	3/3
Advocate Fay Mukaddam	LLB, Advocate of the High Court of South Africa, Chartered Director (SA)	01/02/2022	21/07/2023	2/3
Bright Khumalo	BCom Accounting	01/02/2022	21/07/2023	3/3

Responsibilities of the ARC

The ARC's responsibilities have been delegated to the committee by the board of directors and are governed by the ARC Charter ("the Charter"). During the year under review, the committee discharged its responsibilities across the following key focus areas –

- Financial reporting
- Governance and internal controls
- External audit

Financial reporting

The ARC executed reviewed the integrity of the interim results for the period ended 31 August 2023 and the annual financial statements for the year ended 29 February 2024 and recommended interim and final results to the board for approval.

During the course of its work, the committee:

- Evaluated and approved the material disclosures made by the company in relation to significant events and transactions including announcements issued during the period under review.
- Considered the appropriateness of the accounting policies adopted by the company in the preparation of interim and annual financial statements.
- Considered the appropriateness of key estimates, assumptions and disclosures made, particularly in relation to the valuation of investments and the classification of preferred ordinary shares.
- Examined and reviewed the interim and annual financial statements to ensure balanced and faithful presentation consistent with the application of appropriate accounting policies and standards.
- The ARC is satisfied that the company's fair value disclosures in the interim and annual financial statements, are fully compliant with the disclosure requirements of IFRS 13 Fair Value Measurement.
- Considered the IRBA inspections report regarding financial reporting trends and assessed its disclosures relating to cash flow information and liquidity and going concern.
- The ARC is satisfied that the company's disclosures relating to cash flow information, liquidity and going concern in both the interim and annual financial statements, are compliant with the requirements of International Financial Reporting Standards.
- Undertook a detailed review of the going concern status of the company and concluded that the company is a going concern and that the preparation of the interim and annual financial statements on the going concern basis was appropriate.
- Considered the appropriateness of the key audit matters reported in the external audit opinion.

In assessing the appropriateness of the key audit matters reported in the external audit opinion, the committee undertook the following –

Key audit matter	How the Committee addressed the key audit matter
Valuation of financial assets included in the statement of financial position with specific reference to the application of the Expected Credit Loss model for financial assets held at amortised cost.	• The ARC engaged with management and the external auditors regarding the assumptions applied in determining design of the model for estimating expected credit losses on all originated loans. The ARC independently assessed the key assumptions against observable macroeconomic variables and trends. • The ARC is satisfied that the valuation of financial assets and the application of the ECL model on financial assets held at amortised cost is appropriate based on facts and circumstances available to the ARC at the relevant dates.
Valuation of intangible assets – software.	• The ARC engaged with management relating to the reasonability of the assessment of the useful lives of the acquired intangible assets and the spectrum of factors that would be incorporated into an assessment of impairment indicators for the acquired intangible assets.

Governance and the internal control environment

In discharging its responsibilities, the committee, among other functions:

- Assessed the systems of internal controls to establish whether the controls in place are sufficient to address the risks inherent in the company's operations and that the controls provide assurance against the risk of material losses or misstatements. The committee is of the opinion that the systems of internal financial controls are effective and form a sound basis for effective preparation and reporting on the company's financial statements.
- Monitored the company's adherence to the policy on non-audit services to ensure that safeguards remain in place in instances where the external auditors are required to perform non-audit services for the company. During the year under review, non-audit services were provided by the external auditors and were assessed by the committee for possible impact on auditor independence. There were no non-audit services provided during the past financial year.
- The committee performed an evaluation of the effectiveness of the company's finance function and the adequacy of resources within the finance function and concluded that the finance function remains adequately staffed and capacitated to fulfil its role.
- The committee is satisfied that the chief financial officer of Altvest Capital Limited – Mr. W Wheatley – has the appropriate expertise and experience to meet the scope of responsibilities of the Altvest CFO role which incorporates custodianship of the finance function for ACOF. The committee is satisfied that the capacity of the Altvest finance team to manage the financial affairs of ACOF Limited remains adequate.
- The committee would also like to note that the company has initiated a process of recruiting resources to bolster the capacity of the finance function. This process will culminate in the appointment of a financial director who will be appointed to oversee the entire finance function in line with best practice.

External audit

The committee is responsible for the recommendation to the shareholders of the appointment of the external auditors on an annual basis and for exercising oversight over the work of the external auditors.

During the year under review, the committee performed the following responsibilities in relation to external audit:

- engaging with the then-external auditors, Deloitte, regarding the completion of their engagement for the company for the interim financial reporting period and the reasons for their withdrawal from the mandate. The committee engaged with the lead audit partner regarding the reasons for resignation and was satisfied that the reasons provided by the external auditors did not indicate an increase in the risk profile of ACOF Limited,
- approval of the external audit plan and proposed scope of work and the proposed audit fees,
- continuous monitoring of the company's policy on audit and non-audit services,
- continuous monitoring of the audit performance, independence and objectivity of the external auditors,
- reviewed the effectiveness of the external auditors with reference to the quality of the audit team, technical skills and experience; the allocation of resources during the audit; and the execution of the approved audit plan,
- reviewed the findings and recommendations of the external auditors and confirmed that there are no unresolved matters,
- confirmed that no Reportable Irregularities were identified and reported by the auditors in terms of the Auditing Profession Act, 26 of 2005.
- Evaluation of all relevant information – as required by the CTSE Listings Requirements – provided by BDO in order to assess the suitability of the appointment of BDO as external auditors and the appointment of Sone Kock CA(SA) as the designated engagement partner.
- Confirmation of Sone Kock's suitability to serve as engagement partner through the evaluation of her skills, experience and expertise and the confirmation that she is independent and does not appear on the list of disqualified auditors.
- The committee chair held regular closed meetings with the external auditors for updates on external audit matters.
- Consequently, the committee resolved to recommend the appointment of BDO and the appointment of Sone Kock as the engagement partner, at the company's next AGM.

Recommendation to the Board

The ARC is satisfied that it has fulfilled its responsibilities in accordance with the ARC charter and has reviewed the annual financial statements and the integrated annual report; and recommended them for approval by the Board.

Going concern assessment

In accordance with the solvency and liquidity test set out in section 4 of the Companies Act, the Board is of the opinion that, after making enquiries, it has a reasonable expectation, if the interventions mentioned below are implemented, that the company would have sufficient resources to maintain its operational existence for the foreseeable future and that:

- the company's assets fairly valued exceed its liabilities fairly valued;
- the company maintains a strong net asset value position of R16,400,973 (2023: (R 43,809) and the net current asset position of R 82,896,198 (2023: R73,983); and
- the company will be able to pay its debts as they become due in the ordinary course of business for the 12 months following from 29 February 2024.
- In addition to this assessment, the company has considered the following key factors in its assessment -
- The Board - through the Audit and Risk Committee - has undertaken a detailed review of the going concern capability of the Company with reference to certain assumptions and plans underlying various internal cash flow forecasts. This review involved the interrogation of key estimations and projects underpinning the valuation of the company's listed and unlisted investments. The committee has indicated to the board that the processes and methodologies applied in the valuation process are adequate to be used as the basis for the company's going concern assessment.
- During the year, the company continued to use a loan facility provided by a related party - WGW Capital - which forms part of the capital structure of the company. In the going concern assessment, the committee confirmed that no covenants with lenders had been breached which might affect the company's going concern status.
- Having assessed the variables and scenarios relating to external factors in addition to internal projections and cash flow forecasts, and the company's ongoing compliance with all lender covenants, the directors have concluded that the going concern assumption remains the appropriate basis for preparing the financial statements of the Company.

The company will be (has) implementing the following interventions to support the continued viability and going concern assessment:

- We have obtained a renewed commitment from the founding shareholder to continue to support the business.

Note 2.3

2.1 Standards and amendments effective and adopted in the current year

In the current year, the company adopted the following standards and amendments that are effective for the current financial year and that are relevant to their operations:

IFRS	Title and details	Effective date
IAS 1	Presentation of Financial statements	01 January 2023
IAS 8	Accounting policies, Changes in accounting estimates and errors	01 January 2023
IAS 12	Income taxes	01 January 2023

Note 2.4

2.2 Standards and interpretations to existing standards that are not yet effective and have not been adopted early by the company.

IFRS	Title and details	Effective date
IAS 1	Presentation of Financial statements (Classification of liabilities as current or non-current and non-current liabilities with covenants)	01 January 2024



Khaya Sithole

Chairperson Audit and Risk Committee – Altvest Capital Limited
28 May 2024

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the 12 months after approval of the 2024 financial statements and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 83-86.

The financial statements set out on pages 81-112, which have been prepared on the going concern basis, have been approved for issue by the Board of Directors on 28 May 2024 and are signed on their behalf by:



WG Wheatley

28 May 2024



AS Karan

28 May 2024

COMPANY SECRETARY STATEMENT

I hereby certify that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



CTSE Registry Services Proprietary Limited

Company Secretary 28 May 2024

DIRECTORS REPORT

The directors have the pleasure in submitting their report together with the Financial statements for the year ended 29 February 2024.

Nature of business

Altvest Credit Opportunities Fund Ltd ("ACOF") was incorporated in South Africa. The principal activities of the company is providing SME loans. Altvest Credit Opportunities Fund Ltd ("ACOF") is a direct lender focusing primarily but not restricted to women-owned and/or managed and/or staffed businesses in South Africa.

ACOF obtains capital for deployment from several categories of investors and funders in the form of debt and equity. The primary use of capital raised will be allocated for ACOF to originate structured loans to borrowers through an online platform. ACOF also supports its portfolio of borrowers by offering technical, compliance and finance related services.

ACOF is owned by – Altvest Capital Limited. Altvest Capital Limited ("Altvest") is an investment holding company operating in the financial services sector that both facilitates access to bespoke investments for retail investors and broadens access to funding to all South African businesses, with a focus on SMEs.

Review of financial results and activities

The financial statements have been prepared in accordance with IFRS Accounting Standards and the requirements of the Companies Act 71 of 2008.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

Financial results

The group traded at a loss of:

(5,224,715)

(43,809)

Dividends

No dividends were declared or proposed during the year under review.

Events after the reporting period

The directors are not aware of any material events which occurred after the reporting date and up to the date of this report.

DIRECTORS REPORT CONT.

Share capital

The total authorised share capital is 100,000,000 ordinary shares of no par value. Ordinary shares issued during the year 7,222,953 at R21,669,497. Total number of ordinary shares in issue 32,229,620 at year end.

Auditors

BDO South Africa Inc were appointed as auditors of the company for 2024. Deloitte & Touche were the auditors during the previous financial years.

Going concern

The directors believe that the company has adequate financial resources and financial support to continue in operation for the next twelve months and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Shareholders have also committed to provide financial support to the company. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALTVEST CREDIT OPPORTUNITIES FUND LTD



Independent Auditor's Report

To the Shareholder of
Altvest Credit Opportunities Fund Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Altvest Credit Opportunities Fund Limited (the company) set out on pages 88 to 112, which comprise the statement of financial position as at 29 February 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Altvest Credit Opportunities Fund Limited as at 29 February 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Expected Credit Loss (ECL) Assessment of Loans and advances to Customers	
Key audit matter	How our audit addressed the key audit matter
Altvest Credit Opportunities Fund Limited has portfolios of financial instruments that fall within the scope of the IFRS 9: Financial Instruments expected credit loss (ECL) impairment model. Significant judgement is required in estimating the ECL relating to these secured and unsecured financial assets and include assessing: - probability of default (PD); loss given default (LGD) and exposure and loss at default (EAD); - credit risk profile changes and macro-economic scenario assumptions, including forward-looking information (FLI); and	We have performed the following audit procedures, amongst others: - Assessed the design and implementation of relevant controls associated with the loans and advances' process through originations, approvals, disbursements, cash collections and the ongoing credit monitoring; - We collaborated with our internal credit modelling expertise to assess the integrity and authenticity of the data into the credit impairment model. BDO determined an auditor's range to assess the client's valuation of IFRS 9 ECL provision as at 29 February



• expected realisable value of the collateral securing the exposure, for secured loans and advances. The Company is required to recognise an allowance for either 12-month or lifetime ECLs depending on whether there has been a significant increase in credit risk (SICR) since initial recognition. The relevant disclosures relating to the impairment and risk management of loans and advances to customers have been provided in Notes 2.5 and Note 22 respectively of the financial statements. Due to the significance of this balance, significant auditor attention, high degree of estimation uncertainty and management judgement, the impairment of loans and advances has been considered a matter of most significance to the current year audit of the financial statements.	2024 and compared our determined estimated credit loss to that of the Company for reasonability; and • We also assessed the adequacy and sufficiency of the disclosure in the financial statements in terms of IFRS 9: Financial Instruments, IFRS 7: Financial Instruments: Disclosures and IFRS 15: Revenue from Contracts with Customers.
2. Intangible assets	
Key audit matter	How our audit addressed the key audit matter
Altvest Credit Opportunities Fund Limited has acquired intangible assets during the financial period and capitalised this in the statement of financial position to the value of R9,8million in terms of IAS 38 - Intangible Assets. These intangible assets are initially accounted for at cost. Significant judgement is required in estimating the estimated useful life of the intangible assets as either finite or indefinite and to annually assess the recoverable amount of the intangible assets with an indefinite life. The relevant disclosures relating to the estimates and judgements have been provided in Note 2.4 and Note 3 respectively to the financial statements. Due to the significance of this balance, significant auditor attention, high degree of estimation uncertainty and management judgement, the assessment of the useful life and the recoverable amount of indefinite useful life assets has been considered a matter of most significance to the current year audit of the financial statements.	We have performed the following audit procedures, amongst others: • We evaluated the amounts capitalised with respect to intangible assets and compared this to IAS 38 - Intangible Assets to ensure that the capitalisation of the assets meets the recognition criteria in terms of the Standard; • We assessed management's determination of the estimated useful life of the acquired intangibles with finite lives for reasonableness and calculated the amortisation for accuracy; • Management's classification of intangible assets with an indefinite useful life was assessed for reasonableness; • Management's assessment of the recoverable amount of the carrying value of these intangibles was reviewed by our corporate finance specialist as follows: ○ Assessed the reasonability of the inputs applied to the forecasts prepared by management for reasonableness through inspection of the underlying supporting documents; and ○ We assessed the appropriateness of the valuation methodology that was applied. We also evaluated the adequacy and sufficiency of the disclosure in the financial statements in terms of IAS 38: Intangible Assets.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled Altvest Credit Opportunities Fund Limited Annual Financial Statements for the year ended



29 February 2024, which includes the Directors' Report and the Audit Committee's Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Alvest Credit Opportunities Fund Limited Limited for 1 year.

BDO South Africa Incorporated

BDO South Africa Incorporated
Registered Auditors

Soné Jeanette Kock
Director
Registered Auditor

28 May 2024

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

INDEPENDENT COMPILER'S REPORT TO THE SHAREHOLDERS OF ALTVEST CREDIT OPPORTUNITIES FUND LTD**Report on the financial statements**

We have compiled the annual financial statements of Altvest Credit Opportunities Fund Ltd based on information provided by management. These financial statements are presented in accordance with the IFRS Accounting Standards, and the requirements of the Companies Act of South Africa. They comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity and cash flow statement for the year ended 29 February 2024, a summary of significant accounting policies and other explanatory notes.

Management's responsibility

Management is responsible for these financial statements including adoption of the applicable financial reporting framework, and for the accuracy and completeness of the information used to compile the financial statements.

Compiler's responsibility

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements. This Standard requires that we comply with quality control standards and relevant ethical requirements, including ethical principles of integrity, objectivity, professional competence and due care.

A compilation engagement involves applying expertise in accounting and financial reporting to assist management in preparing and presenting financial information. A compilation engagement does not include gathering evidence for the purpose of expressing an audit opinion or a review conclusion. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.



Zeelie Auditors
381 Ontdekkers Road
Florida Park
Roodepoort

T Botha CA(SA)
Partner
28 May 2024

STATEMENT OF FINANCIAL POSITION

	Notes	2024 Company R	2023 Company R
ASSETS			
Non-current assets		18,902,237	-
Intangible assets	3	9,039,404	-
Deferred tax assets	4	1,682,580	-
Loans and advances to customers	5	8,180,253	-
Current assets		82,896,198	73,983
Other receivables	6	412,890	6,482
Group loans receivable	7	1,862,853	-
Loans and advances to customers	5	11,614,984	-
Cash and cash equivalents	17.2	69,005,471	67,501
TOTAL ASSETS		101,798,435	73,983
EQUITY AND LIABILITIES			
Equity		16,400,973	(43,809)
Share capital	8	21,669,497	-
Accumulated loss		(5,268,524)	(43,809)
Non-current liabilities		82,742,465	30,725
Interest bearing borrowings	9	82,742,465	-
Shareholder's loan	10	-	30,725
Current liabilities		2,654,997	87,067
Trade and other payables	11	802,497	87,067
Enterprise development loan	12	1,852,500	-
TOTAL EQUITY AND LIABILITIES		101,798,435	73,983

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2024 Company R	2023 Company R
Interest income	13.1	2,521,517	15
Fee and commission income	13.2	-	60,000
Profit before interest expense		2,521,517	60,015
Interest expense	14	(2,742,475)	-
(Loss) / Profit before impairment and operating expenses		(220,958)	60,015
Impairment of loans and advances to customers	5	(748,485)	-
Other administrative expenses	15	(5,937,852)	(103,824)
Loss before taxation		(6,907,295)	(43,809)
Taxation	16	1,682,580	-
Loss after taxation		(5,224,715)	(43,809)
Other comprehensive income		-	-
Total comprehensive loss for the year		(5,224,715)	(43,809)

STATEMENT OF CHANGES IN EQUITY

	Share Capital R	Accumulated Loss R	Total R
Balance at 22 September 2022	-	-	-
Total comprehensive loss for the year	-	(43,809)	(43,809)
Balance at 28 February 2023	-	(43,809)	(43,809)
Total comprehensive loss for the year	-	(5,224,715)	(5,224,715)
Additional contributions received from shares issued	21,669,497	-	21,669,497
Balance at 29 February 2024	21,669,497	(5,268,524)	16,400,973

Note 8

STATEMENT OF CASH FLOWS

	Notes	2024 Company R	2023 Company R
Net cash (utilised) / generated from operating activities		(22,931,717)	36,776
Cash (utilised by) / generated from operating activities	17.1	(24,914,033)	36,776
Interest received		1,982,316	-
Taxation paid		-	-
Cash flows from investing activities		(4,485,022)	-
Advances to group company	7	(4,485,022)	-
Cash flows from financing activities		96,354,709	30,725
Shares issued	8	21,669,497	-
Repayment of shareholder's loan	10	(30,725)	30,725
Loans repaid during the year (Kisby transaction)	19.3	(5,284,063)	-
Long-term borrowings raised		80,000,000	-
Net increase in cash and cash equivalents		68,937,970	67,501
Cash and cash equivalents at beginning of year		67,501	-
Cash and cash equivalents at end of year	17.2	69,005,471	67,501

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Altvest Credit Opportunities Fund Ltd is a company, incorporated in South Africa. Its principal business activity is providing SME loans.

2. Material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards and IFRIC issued and effective at the time of preparing these financial statements and the Companies Act 71 of 2008 Interpretations of South Africa, as amended.

The financial statements have been prepared on the historic cost basis, except for certain financial instruments which are measured at fair value or amortised cost. They are presented in Rands, which is the company's functional currency.

2.2 Standards and interpretations effective and adopted in the current year

In the current year the company adopted all the amendments to IFRS's that are relevant to its operations and effective for annual periods beginning on or after 1 January 2023.

IFRS	Title and details	Effective date
IAS 1	Presentation of Financial statements	01 January 2023
IAS 8	Accounting policies, Changes in accounting estimates and errors	01 January 2023
IAS 12	Income taxes	01 January 2023

Their adoption has not had a significant impact on the presentation of the financial statements.

2.3 Standards and interpretations to existing standards that are not yet effective and have not been adopted early by the company

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning after 01 January 2024 or later periods. The company will adopt the new and amended IFRS's when they become effective. The company has assessed, where practicable, the potential impact of all of these new and amended IFRS's that will be effective in future periods.

IFRS	Title and details	Effective date
IAS 1	Presentation of financial statements (Classification of liabilities as current or non-current and non-current liabilities with covenants)	01 January 2024

The company does not expect these new or revised accounting standards to have a material impact on the results or financial position.

2.4 Intangible assets

An intangible asset is recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

ACOF acquired various intellectual property developed from Kisby Capital Partners. The various intellectual property was analysed and classified into assets of a similar nature and function as an intangible assets.

The classifications derived by management are as follows:

Policies, procedures to maintain an SME Lender and Valuation models and credit scoring systems

A suite of policies and procedures required in an environment whereby capital funding is obtained from institutional investors was purchased. It can be sold and or transferred and is imperative to enhance sound corporate governance. They are measured at cost less accumulated impairment losses. These have been assessed as having indefinite useful lives, as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. These are assessed for impairment at least annually, and whenever there is an indication of impairment.

Customer relationships

ACOF aims to raise capital funding of Circa R5 billion in the next couple of years to be disbursed in the form of loans to SME Businesses. The potential customer list that expressed interest in obtaining loan funding consists of 167 contact details. These contacts would not be able to be mined indefinitely. The customer lists are measured at cost less accumulated amortisation and accumulated impairment losses. Customer relationships are assessed as having a useful life of 5 years to align with planned loan disbursements.

Licenses

The licenses, legal contracts and royalty agreements acquired has been measured at cost and assessed as having an indefinite useful life. Indefinite useful life licenses are reviewed for impairment annually.

Subsequent expenditure

Subsequent expenditure is capitalised only when it meets the definition of an intangible asset and when the recognition criteria is met. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis, over the estimated useful lives of intangible assets.

The amortisation methods and useful lives are reviewed at each reporting date and adjusted if required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The estimated useful lives are as follows:

Database of Policies, procedures to maintain an SME Lender	Indefinite
Customer relationships	5 years
Licenses	Indefinite
Valuation models and credit scoring systems	Indefinite

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Classification and subsequent measurement

Financial assets which are debt instruments:

Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

Financial liabilities:

Amortised cost.

Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Loans receivable at amortised cost

Loans to group companies, loans to shareholders, loans to directors, managers and employees, and loans and advances to customers are classified as financial assets subsequently measured at amortised cost. They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

Loans and advances to customers are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans. (Refer to note 22).

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase since initial recognition. If the credit risk on a loans has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase on risk of default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring. The Probability of default (PD) is the likelihood of an account defaulting within 90 days. An amount is considered to be in default if no payment has been received within 90 days of when it becomes due.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. For the purposes of the statement of cash flows, cash includes cash on hand, deposits held on call with banks, investments in money market instruments, and bank overdrafts. Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Trade and other payables

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost. They are recognised when the company becomes a party to a contractual provisions, and are measured, at initial recognition, at fair value less transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

Borrowings and loans from related parties

Loans from group companies, loans from shareholders and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value less transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

Borrowings expose the company to liquidity risk and interest rate risk. Refer to the notes for details of risk exposure and management thereof.

2.6 Taxation

Deferred taxation

Deferred taxation is provided for on the comprehensive basis as per the balance sheet method in respect of all material temporary differences arising between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that the taxable profit will be available against which the deductible temporary differences can be utilised.

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities, using the tax rates that have been enacted or substantively enacted by the financial year end date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

2.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity. Ordinary shares are recognised at no par value and classified as share capital in equity. Dividends are recognised as a liability in the Company in which they are declared.

2.8 Revenue

Interest income

Interest is recognised on a time-proportion basis taking account of the principal outstanding and the effective interest rate over the period to maturity when it is probable that such income will accrue to the company.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the amortised cost of a financial asset. The performance obligation is met monthly. Initiation fee is charged to a customer on initiation of the account and recognised as part of the effective interest rate of the financial asset.

Fee and commission income

Commission income is recognised when the related transaction on which the commission is earned has been concluded. Service fee income is recognised on a monthly basis when charged to a customers account. The performance obligation is met monthly. Initiation fee is charged to a customer on initiation of the account and recognised as part of the effective interest rate of the financial asset.

2.9 Impairments

At the end of each reporting period, the company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount of the assets or cash generating unit is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than it's carrying

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Assets are grouped together with the smallest group of assets that generates cash flows continuing use that are largely independent of the cash flows of other assets or cash generating units.

2.10 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS Accounting Standards requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Impairment of financial assets

Impairment of advances and loans to customers

Advances and loans to customers are disclosed net of any allowance for impairment. The allowance for impairment is determined with the incorporation of expected credit loss ("ECL") modelling, which is an area of significant judgement and estimate due to the input of key assumptions into complex provisioning methodology.

In measuring ECL, the significant estimates and judgements applied are described in loans and advances to customers and note 22.

Intangible assets

The allocation of useful lives to items of intangible assets is dependent on judgement. These allocations are done based on past experience and the period over which future economic benefits are expected to be derived. Refer to note 2.4.

3. Intangible assets

	2024		
	Cost R	Accum. Deprec. R	Carrying Value R
Suite of policies, procedures to maintain an SME Lender	3,708,706	-	3,708,706
Customer relationships	5,244,506	719,327	4,525,179
Licenses	341,662	-	341,662
Valuation models and credit scoring systems	463,857	-	463,857
	9,758,731	719,327	9,039,404

The carrying amounts for 2024 can be reconciled as follows:

	Carrying Value at Beginning of year R	Additions R	Amortisation. R	Carrying Value at end of year R
Suite of policies, procedures to maintain an SME Lender	-	3,708,706	-	3,708,706
Customer relationships	-	5,244,506	719,327	4,525,179
Licenses	-	341,662	-	341,662
Valuation models and credit scoring systems	-	463,857	-	463,857
	-	9,758,731	719,327	9,039,404

Initial recognition

Intellectual property recognised through the acquisition of the business of Kisby Capital Partners ("KCP") by ACOF

Pursuant to the process of commencing operations in ACOF, its management entered into an agreement with KCP to purchase the Sale Business, comprising primarily of all KCP's intellectual property. The intellectual property ("IP") primarily constitutes business models, legal templates, policies, regulatory applications, process maps, financial models and other confidential information.

An impairment test was performed at the financial reporting date. The assets with indefinite useful lives does not generate cash flows that are largely independent of those of other assets. The recoverable amount was based on the fair value of the entity as a cash-generating unit and no impairment was identified.

The value in use was determined through a discounted cashflow model with a terminal growth rate of 6.97% and discounted at the cost of equity at 26,06%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Deferred tax assets

	2024 R	2023 R
4.1. Deferred tax balance consist of:		
Provision for expected credit loss allowance	121,255	-
Assessable tax losses	1,561,325	-
Deferred taxation asset	1,682,580	-
4.2. Reconciliation of deferred tax asset		
Beginning of the year	-	-
Charge to income - included in temporary differences	121,255	-
Charge to income - not included in temporary differences	1,561,325	-
Deferred tax asset at the end of the year	1,682,580	-

At the balance sheet date, the company has estimated unused tax losses of R 5,782,685 for the previous 2 years, which is available for offset against future profits based on management profit and cash flow forecasts. A deferred tax asset has been recognised in respect of these unused tax losses due to the probability of earning future taxable income now that the entity commenced trading activities.

5. Loans and advances to customers

Gross loans and advances to customers	20,543,722	-
Expected credit loss on loans and advances	(748,485)	-
	19,795,237	-
Split between non-current and current portions		
Non-current asset	8,180,253	-
Current asset	11,614,984	-
	19,795,237	-

Loans and advances to customers consist of various loans and advances to SME entities. The loans have terms varying from 3 months to 36 months and interest is charged at varying rates linked to the prime bank overdraft. The terms and interest rate of the loans are dependent on the credit assessment of the customer.

Credit loss allowance

As at the reporting date, the loans and advances to customers are considered to have no significant increase on credit risk since the loans were granted because there is no arrears instalment payments. The loss allowance has accordingly been measured at an amount equal to 12 month expected losses for these instruments.

In determining the amount of expected credit losses, the Company has taken into account the financial positions of the counter parties as well as the future prospects in the industries in which the counterparties operate or are employed. This information has been obtained from the counterparties themselves, as well as from economic reports, financial analyst reports and various external sources of actual and forecast data and is applied to estimate a probability of default occurring as well as estimating the loss upon default.

The maximum exposure to credit risk is the gross carrying amount of the loans as presented below.

Credit rating framework

Internal credit grade	Description	Bases for recognising expected credit losses
Performing Stage 1	Low risk of default and no amounts are past due.	12m ECL
Doubtful Stage 2	Either 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit impaired)
In default Stage 3	Either 90 days past due or there is evidence that the asset is credit impaired.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery	Amount is written off

The following table set out the carrying amount, loss allowance and measurement basis of expected credit losses per financial instrument by internal credit rating grade.

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Credit loss allowance	Amortised cost
Term loans	Performing	12m ECL	20,543,722	(748,485)	19,795,237

Please refer to note 22 for the detail regarding credit risk exposure.

6. Other receivables

VAT receivable	412,890	6,482
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7. Group loans receivable

Altvest Capital Ltd	1,862,853	-
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The above loan is unsecured, bears no interest and has no fixed terms of repayment. This loan is repayable on demand. The company has assessed the ability of its holding company to repay the loan and concluded that no loss allowance is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Share capital**Authorised**

100,000,000 Ordinary shares at no par value

100,000,000 Unspecified shares Class A-L at no par value

2024	2023
R	R

-

-

Issued**Number of
shares**

Beginning of the year

25,006,667

-

-

Movement during the year

- Shares issued

7,222,953

21,669,497

-

Shared issued and fully paid**32,229,620****21,669,497**

-

9. Interest bearing borrowings

Debt notes issued

-

Domestic medium term note program

82,742,465

-

The above debt notes are issued as per an approved Domestic Medium Term Note Programme on the Cape Town Stock Exchange. This Programme enables the Company to raise multiple tranches of wholesale debt funding from primarily institutional investors via the issuance of applicable pricing supplements. The above borrowings were in respect of notes issued to four South African retirement funds, and bear interest at prime rate plus 2% (13.75%) for a 7 year period, with interest and coupons payments re-invested based on the election by investors on date of debt issue.

10. Shareholder's loan payable

Altvest Capital Ltd

-

30,725

The above loan is disclosed as part of note 7.

11. Trade and other payables

Trade creditors

497,747

87,067

Other payables

304,750

-

802,497**87,067****12. Enterprise development loan**

Lebashe Investment Group Pty Ltd

1,852,500

-

The above loan is unsecured, bears no interest and has no fixed terms of repayment. This loan is repayable on demand.

13. Revenue**13.1 Interest income**

Interest income on loans and advances to SME's	890,845	-
Interest on other financial instruments - banking institutions	1,630,672	15

13.2 Fee and commission income

Commission on capital raised	-	60,000
	2,521,517	60,015

14. Interest paid

Interest expense	2,742,475	-
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15. Loss before taxation**15.1 Loss before taxation is arrived at after taking into account the following operating expenses, amongst others:**

Administration fees	215,680	-
Amortisation of intangible assets	719,328	-
Auditors' remuneration	507,549	-
Audit fees -2023	107,333	-
Audit fees- accrued 2024	400,216	-
Other services	-	-
(Over) / under provision - previous year	-	-
Asset management fee	666,668	-
Board member fees	78,500	-
Consulting fees	1,475,725	26,500
Impairment of loans and advances	748,485	-
Legal fees	222,500	-
Listing and regulatory fees	1,227,584	25,000
Marketing and advertising	426,883	-

16. Taxation**16.1 SA Normal taxation**

Current taxation	-	-
Deferred taxation	(1,682,580)	-
Tax expense per statement of comprehensive income	(1,682,580)	-

No current taxation is provided for as the company has a calculated taxable loss. Refer note 4 for deferred tax asset raised in respect of estimated tax losses

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2024 R	2023 R
16.2 Reconciliation between the accounting loss and tax expense		
Loss before taxation	(6,907,295)	(43,809)
Tax effect of adjustments on taxable income		
Tax charge calculated at 27%	(1,864,970)	(11,828)
Expenses not deductible for tax purposes - amortisation of intangible assets	194,218	-
Deferred tax assets not raised in respect of tax losses	-	11,828
Deferred tax assets raised in respect of tax losses	(11,828)	-
	(1,682,580)	-

17. Notes to statement of cash flows

17.1 Reconciliation of net loss before taxation to cash flows (utilised by) / generated from operations

Net loss before taxation	(6,907,295)	(43,809)
Adjustments for:		
Amortisation of intangible asset	719,328	-
Expected credit loss on loans and advances	748,485	-
Interest received	(1,982,316)	-
Interest paid on debt notes issued	2,742,475	-
Operating loss before working capital changes	(4,679,323)	(43,809)
Working capital changes	(20,234,710)	80,585
(Increase) / decrease advances of loans and advances to customers	(20,543,722)	-
Increase in trade and other receivables	(406,408)	(6,482)
Increase in trade and other payables	715,420	87,067
Cash (utilised by) / generated from operating activities	(24,914,033)	36,776

2024 R	2023 R
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17.2 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

Bank and cash balances

69,005,471	67,501
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18. Events after balance sheet date

The directors are not aware of any other matters or circumstances arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affect the financial position at 29 February 2024 or the results of operations or cash flows for the year then ended.

19. Related party disclosures

The following parties are related to the company:

Relationship

Shareholder/Parent Company:

Directors:

Name

Altvest Capital Pty Ltd

Executive directors:

WG Wheatley

AS Karan

C Van der Colff (resigned)

JCH Geyer (Resigned)

TL Wheatley

Independent Non-Executive directors:

E Harcourt-Wood

SKI Masakale

GM Sephuma

Director related to group company (Altvest Capital Ltd)

K Karan (Dorsia Holdings Pty Ltd)

Companies similar directors:

Tatum Keshwar Investments (Pty) Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2024 R	2023 R
19.1 The following transactions were carried out with related parties:		
Administration fee (paid) and capital raise fees earned		
Altvest Capital Limited	(215,680)	60,000
Expenses		
Assets management fee		
Altvest Capital Limited	666,668	-
Consulting fees		
Tatum Keshwar Investments (Pty) Ltd	270,000	-
Board member fees (Non - executive directors):	16,000	-
GM Sephuma	27,500	-
SKI Masakale (Intaba Capital Pty Ltd)	35,000	-
E Harcourt-Wood (IQI Affiliates Pty Ltd)	78,500	-
19.2 Outstanding balances included in trade and other payables		
E Harcourt-Wood (IQI Affiliates Pty Ltd)	10,000	-
19.3 Loans repaid during the year (Kisby Transaction)		
Dorsia Holdings Pty Ltd	1,291,826	-
WGW Capital Pty Ltd	3,992,238	-
19.4 Outstanding Loans to / from shareholders and other related companies		
Loans to / from shareholders are disclosed in notes 7 and 10.		

19.5 Director emoluments for services rendered

WG Wheatley
AS Karan
JCH Geyer
TL Wheatley

2024		
Paid for by the Company	Paid for by Group	Total
-	-	-
-	1,520,000	1,520,000
-	470,454	470,454
-	-	-
-	1,990,454	1,990,454

WG Wheatley
AS Karan
TL Wheatley

2023		
Paid for by the Company	Paid for by Group	Total
-	1,701,120	1,701,120
-	-	-
-	-	-
-	1,701,120	1,701,120

2024 R	2023 R
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20. Going concern

The company incurred a net loss for the year ended:

(5,224,715) (43,809)

Total assets exceeded total liabilities by:

16,400,973 (43,809)

The shareholder offers continuous financial support to the company by funding future operations, and to ensure that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

21. Comparative figures

Comparative figures presents a period of 5 months as the company commenced with trading during the prior period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Financial instruments

Financial risk management

Categories of financial instruments

Categories of financial assets

2024		
Fair value through profit or loss	Amortised cost	Total
Group loans receivable	- 1,862,853	1,862,853
Loans and advances to customers	- 19,795,237	19,795,237
Cash and cash equivalents	- 69,005,471	69,005,471
	- 90,663,561	90,663,561

Categories of financial assets

2023		
Fair value through profit or loss	Amortised cost	Total
Cash and cash equivalents	- 67,501	67,501
	- 67,501	67,501

Categories of financial liabilities

2024		
Fair value through profit or loss	Amortised cost	Total
Trade and other payables	- 802,497	802,497
Interest Bearing Borrowings (Debt notes)	- 82,742,465	82,742,465
Enterprise development loan	- 1,852,500	1,852,500
	- 85,397,462	85,397,462

Categories of financial liabilities

2023		
Fair value through profit or loss	Amortised cost	Total
Trade and other payables	- 87,067	87,067
	- 87,067	87,067

Market risk

The company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out under the policies approved by management.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and continued financial support from the shareholder.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end date to the contractual maturity date.

The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Class	2024			
	Total	Payable within 1 year	Payable 1 to 5 years	Between 6 and 7 years
Non-current liabilities				
Interest bearing borrowings (Debt notes)	82,742,465	-	-	157,820,356
Current liabilities				
Trade and other payables	802,497	802,497	-	-
Enterprise development loan	1,852,500	1,852,500	-	-
	85,397,462	2,654,997	-	157,820,356

Class	2023		
	Total	Payable within 1 year	Between 2 and 7 years
Current liabilities			
Trade and other payables	87,067	87,067	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

Loans and advances to customers

Altvest Credit Opportunities Fund ("Fund") developed a lending platform ("Platform") infrastructure specifically aimed at SME finance solutions. This platform is augmented by 3rd party data fees and credit analysis by skilled individuals, with the ultimate aim of developing a robust understanding of the creditworthiness of prospective borrowers. Assessing the creditworthiness of Small and Medium Enterprises (SMEs) is crucial for ACOF in determining the risk profile of potential borrowers and ensuring that all loan transactions are within an acceptable risk and return appetite.

The ACOF business credit scoring measures the credit behaviour and affordability of a business and its directors leveraging expert external providers as well as proprietary capabilities from data captured from the business's financial statements and forecasts. The business credit scoring process aims to deliver a risk assessment of each company for the ultimate investment decision of the Fund.

The process involves evaluating a number of factors including credit history, financial statements, business stability, and overall market conditions. The Investment committee approves or loans and advances to customers.

Other

The company's cash resources are placed with major South African financial institutions of high credit standing and approved by the executive committee comprising senior executives. Receivables are reflected net of expected credit losses, which are considered adequate. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Loss allowance on loans and advances to customers

In accordance with the rebuttable presumption in IFRS 9, that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, other factors are also considered in making this determination (a customer enters debt review or a non- financial indication of increased risk is observed).

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 30 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

Definition of default and credit-impaired financial assets

In accordance with the rebuttable presumption in IFRS 9, that default has occurred when a financial asset is more than 90 days past due. A curing event to exit the past due status may occur only with a full payment of current and arrear balances. In addition a default also occurs when a debtor is assessed as unlikely to pay its credit obligations due to an external event that has a detrimental impact on the estimated future cash flows of that debtor, e.g. deceased and insolvency.

Write-off policy

The company writes off a financial asset when there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the company's recovery strategies, taking into account legal advice where appropriate. Any recoveries made post write-off are recognised in profit or loss. Except in exceptional cases where an earlier write-off is appropriate (such as death, insolvency, account fraud and prescription).

	2024 Gross Carrying amount	2024 Credit loss allowance
Loans and advances to customers	20,543,722	(748,485)
Group loans receivable	1,862,853	-
Cash and cash equivalents	69,005,471	-
	91,412,046	(748,485)

	2024 Gross Carrying amount	2024 Credit loss allowance
Cash and cash equivalents	67,501	-

Interest rate management

The company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations and long term loans with variable contractual interest rates. Cash and bank balance, loans give to are subject to variable rates. This risk is managed by apportioning the cash reserves to the accounts with the most favourable rate.

The interest rate sensitivity based upon loans and advances to customers and cash balances bearing interest at varying rates linked to prime bank overdraft rates, with a 1% fluctuation will cause the interest income to move by R888,007 per annum.

The interest rate sensitivity based upon debt notes bearing interest at rates linked to prime bank overdraft rate, with a 1% fluctuation will cause the interest expense to move by R 827,424 per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fair value

The directors are of the opinion that the carrying value of financial instruments approximates fair value.

Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern, provide returns for shareholders, and deliver benefits for other stakeholders while maintaining an optimal capital structure to reduce the cost of capital. To achieve these objectives, the company employs a comprehensive capital management strategy that includes regular monitoring of its capital adequacy and proactive management of its debt and equity structure.

The executive directors are actively involved in the daily operations and make critical decisions regarding capital risk management. This involves a detailed analysis of the company's capital structure, ensuring an optimal balance between debt and equity to manage financial risk effectively. The company maintains a conservative leverage approach, setting specific targets for financial metrics such as the debt-to-equity ratio and interest coverage ratio. These targets are regularly reviewed and adjusted based on market conditions and the company's operational needs.

To manage capital risk, the company has implemented robust capital management policies and practices. These include:

Stress Testing and Scenario Analysis: Regular stress testing and scenario analysis are conducted to assess the potential impact of adverse market conditions on the company's capital position. This helps in identifying vulnerabilities and planning for various risk scenarios.

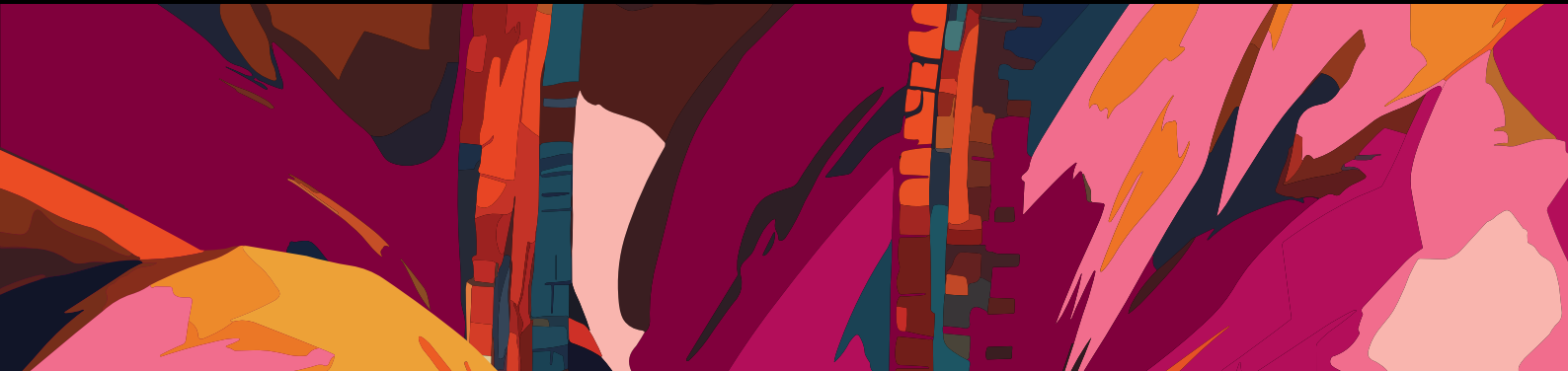
Stakeholder Communication: The company engages in active communication with its stakeholders, including shareholders, creditors, and regulatory bodies, to align its capital management practices with their expectations and requirements. This dialogue helps to maintain transparency and build trust among stakeholders.

Contingency Plans: The company has contingency plans in place to address potential capital shortfalls. These plans include access to additional funding through equity or debt issuance if required, ensuring that the company can respond effectively to financial challenges.

Regulatory Compliance: The company ensures compliance with all regulatory capital requirements, maintaining sufficient capital reserves to absorb potential losses and support future growth initiatives.

Regular Review and Adjustment: The company's capital structure is regularly reviewed and adjusted based on market conditions and operational needs. This includes setting specific targets for key financial metrics and ensuring they are met.

Through these comprehensive capital risk management practices, the company aims to enhance its financial stability, support sustainable growth, and ensure the continued delivery of value to its shareholders and other stakeholders.



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