



**DIRECTORS' COMMENTARY**

**COMPANY OVERVIEW**

Avanz Growth Markets Limited ("AGM" or the "Company") was incorporated and began operating on 24 July 2017 in Mauritius and holds a Global Business License in accordance with the Mauritius Companies Act 2001 and the Financial Services Act 2007 of Mauritius. The Company's registered office address is at c/o Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebène 72201, Mauritius. The Company is listed on the Official Market of the Stock Exchange of Mauritius Ltd ("SEM") since 9 April 2018 when its initial private placement was completed. AGM is an investment holding company focused on emerging markets private equity opportunities, primarily in Africa, Latin America, and emerging Asia. AGM makes investments with a view to achieving significant capital appreciation and returns.

**COMPANY REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

The Company is issuing its unaudited financial statements, which comprises activity from 1 April 2023 to 30 September 2023, as required under the SEM Listing Rules. The Company made its first investment in the Avanz EM Partnerships Feeder II, SPC ("AEMPF II") on 20 April 2018 and its second and third investments in the Avanz EM Direct Co-Investments Feeder III, SPC ("AEMF III") on 20 December 2018 and 20 December 2019, respectively. These investments have a current value of US\$14,397,717. The Company anticipates raising additional capital to continue adding to the investment portfolio. During the period ended 30 September 2023, the Company did not make any additional investments in AEMPF II and AEMF III. The Company currently maintains liquidity of 2% of assets in cash at bank. The Company has no borrowings.

The Company reported a loss of US\$189,204 for the period ended 30 September 2023 (2022: US\$448,683). The Company's net asset value ("NAV") per share at 30 September 2023 was US\$1.53 (2022: US\$1.76). Excluding the one-off set up costs of US\$305,856 (out of which US\$165,718 is classified under professional fees, US\$137,898 under advisory fees and US\$2,240 under license fees), which benefit all future shareholders of the Company, the adjusted NAV per share as at 30 September 2023 would be US\$1.56 (2022: US\$1.79).

AGM has paid-in 99.9% of its commitment to the AEMF III investment, which has not made distributions to date and the unrealized fair value is 1.75x the paid-in amount (TVPI). AGM has contributed 99.6% of its commitment to AEMPF II, has received distributions equal to 0.26x paid-in capital (DPI) and has an unrealized fair value of 1.42x paid-in capital (RVPI) – the total investment value is 1.68x paid-in (TVPI) as of 30 September 2023. The major theme across the entire underlying portfolio of companies is that most are thriving and there have been no major shocks from global or regional events recently. The secondary theme is the need to raise additional capital for companies that are growing but not yet profitable. We've experienced up and downs across the portfolio, for example, two underlying co-investments in India successfully closed new capital, however, an underlying co-investment in China has been an unfortunate victim of this difficult fundraising environment as the grocery segment faced a prolonged period of low sales growth following the end of the lockdowns. Diversification has helped as the different economies respond to the current environment of rising interest rates and the strong US Dollar.

**COMPANY OUTLOOK**

AGM has made two great investments, generating a combined Internal Rate of Return ("IRR") to date of more than 16% to the Company and proceeds received amount to approximately 11% of capital contributed as of 30 September 2023. The average holding period of all the portfolio company investments that AGM has indirect exposure to is a little more than 4 years, which means the average expected exit around 5-7 years is approaching. There are 67 fully unrealized underlying portfolio companies and 13 that are partially exited contributing to the relatively stable remaining fair value. As the rate of capital calls has slowed, and the pace of distributions has been increasing, this combination is expected to generate positive net returns and materially improve the cash position of the Company. Once the Company determines it satisfies the solvency test according to the Mauritius regulations, the Company will seek to make distributions to its shareholders more frequently going forward.

As at 30 September 2023, of the US\$9.0 million that AGM committed to investments, US\$4,966 remains available to be called for fees and expenses over the remaining life of the investments. The Company is assessing the market continuously while seeking high quality investment opportunities and intends to raise additional capital to fund these future investments.

Any forecast statement above, and the forecasts underlying such statements, are the responsibility of the board of directors (the "Board") of the Company and have not been reviewed or reported on by the Company's external auditors. The forecast is based on assumptions, including assumptions about regional, political and economic environments, as well as that a stable global macro-economic environment will prevail.

**STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

	Unaudited as at 30 September 2023	Audited as at 31 March 2023
	US\$	US\$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial assets at fair value through profit or loss	14,397,717	14,490,999
<b>Current assets</b>		
Receivables and prepayments	19,577	6,258
Current income tax asset	27,714	27,714
Cash at bank	326,969	503,264
<b>Total assets</b>	<b>14,771,977</b>	<b>15,028,235</b>
<b>EQUITY CAPITAL AND RESERVES</b>		
Stated capital	9,646,862	9,646,862
Accumulated profit	5,061,205	5,250,409
<b>Total equity</b>	<b>14,708,067</b>	<b>14,897,271</b>
<b>CURRENT LIABILITIES</b>		
Accruals and other payables	63,910	130,964
<b>Total liabilities</b>	<b>63,910</b>	<b>130,964</b>
<b>Total equity and liabilities</b>	<b>14,771,977</b>	<b>15,028,235</b>

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	Stated capital US\$	Accumulated profit US\$	Total equity US\$
<b>At 1 April 2023</b>	9,646,862	5,250,409	14,897,271
<b>Loss and comprehensive income for the period</b>	-	(189,204)	(189,204)
<b>At 30 September 2023</b>	<b>9,646,862</b>	<b>5,061,205</b>	<b>14,708,067</b>
<i>Number of ordinary shares in issue</i>			<i>9,588,172</i>
<i>Net asset value per share</i>			<i>1.5340</i>
<b>At 1 April 2022</b>	9,646,862	7,664,353	17,311,215
<b>Loss and comprehensive income for the period</b>	-	(448,683)	(448,683)
<b>At 30 September 2022</b>	9,646,862	7,215,670	16,862,532
<i>Number of ordinary shares in issue</i>			<i>9,588,172</i>
<i>Net asset value per share</i>			<i>1.7587</i>

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	Unaudited for the three months to 30 September 2023	Unaudited for the six months to 30 September 2023	Unaudited for the three months to 30 September 2022	Unaudited for the six months to 30 September 2022
	US\$	US\$	US\$	US\$
<b>INCOME</b>				
Exchange difference	-	-	-	20
<b>Total income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>
<b>EXPENSES</b>				
Net unrealised loss on fair value of financial assets at fair value through profit or loss	(183,057)	(93,282)	(366,010)	(354,590)
Professional fees	(9,237)	(18,550)	(8,191)	(13,410)
Audit fees	(11,788)	(27,025)	(10,781)	(20,988)
Accountancy fees	(2,725)	(5,450)	(1,600)	(5,200)
Other expenses	(200)	(413)	(17)	(960)
Directors' fees	(19,750)	(39,500)	(19,750)	(39,500)
License fees	(1,829)	(3,607)	(1,778)	(3,600)
Bank charges	(743)	(1,377)	(547)	(1,217)
<b>Total expenses</b>	<b>(229,329)</b>	<b>(189,204)</b>	<b>(408,674)</b>	<b>(439,465)</b>
<b>Loss before income tax</b>	<b>(229,329)</b>	<b>(189,204)</b>	<b>(408,674)</b>	<b>(439,445)</b>
Income tax expense	-	-	(9,238)	(9,238)
<b>Net loss and comprehensive income for the period</b>	<b>(229,329)</b>	<b>(189,204)</b>	<b>(417,912)</b>	<b>(448,683)</b>
		2023		2022
<i>Basic and diluted earnings per share</i>		<i>(0.0197)</i>		<i>(0.0468)</i>

**NOTES**

- The Company is required to publish interim financial results for the three months and six months ended 30 September 2023 in terms of the SEM Listing Rule 12.19. The abridged unaudited financial statements for the three months and six months ended 30 September 2023 ("abridged unaudited financial statements") have been prepared in accordance with the measurement and recognition requirements of IFRS, the information contained in IAS 34: Interim Financial Reporting and the SEM Listing Rules.
- The abridged unaudited financial statements have not been reviewed or reported by the Company's external auditors, PricewaterhouseCoopers, Mauritius. These abridged unaudited financial statements were approved by the Board of Directors (the "Board") on 10 November 2023.
- Copies of the abridged unaudited financial statements are available free of charge, upon request at the Registered Office of the Company at c/o Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebène 72201, Mauritius. Contact person: Mrs. Smitha Algoo-Bissonauth.
- This communiqué is issued pursuant to SEM Listing Rules 11.3 and 12.20. The Board accepts full responsibility for the accuracy of the information contained in this communiqué.

Intercontinental Trust Limited  
Company Secretary  
Perigeum Capital Ltd  
SEM Authorised Representative and Sponsor  
Date: 13 November 2023



**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	Unaudited for the period ended 30 September 2023	Unaudited for the period ended 30 September 2022
	US\$	US\$
<b>Net cash used in operating activities</b>	<b>(176,295)</b>	<b>(163,226)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(176,295)</b>	<b>(163,226)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>503,264</b>	<b>552,288</b>
<b>Cash and cash equivalents at end of period</b>	<b>326,969</b>	<b>389,062</b>