



## 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, Ebene 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 YEAR ENDED 31 MARCH 2024

The Company is issuing its audited financial statements, which comprises activity from 1 April 2023 to 31 March 2024, 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\$ 13,895,453 after receiving cash distributions from AEMPF II of \$416,234. The Company holds cash of \$696,597 representing 4.8% of assets. During the year ended 31 March 2024, the Company invested US\$14,112 in AEMPF II and received distributions from AEMPF II of \$416,234. No investments were made in AEMF III. The Company has no borrowings. The Company anticipates raising additional capital to continue adding to the investment portfolio.

AGM has made two great investments, generating a net Internal Rate of Return ("net IRR") to date of more than 12% to the Company and proceeds received amount to approximately 19% of capital contributed as of 31 March 2024. The invested capital was deployed to 96 underlying portfolio companies across the emerging markets, 53% was invested in emerging Asia, 28% in Latin America and 19% in Africa. There are approximately 74 remaining active investments in the portfolio as of 31 March 2024 with seven full exits and 11 partial exits completed during the past twelve months.

The Company reported a loss of US\$384,193 for the year ended 31 March 2024 (2023: US\$2,413,944) comprised of an unrealized loss on its investments of \$193,424 and operating expenses of \$190,769. The Company's net asset value ("NAV") per share at 31 March 2024 was US\$1.51 (2023: US\$1.55). 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 31 March 2024 would be US\$1.55 (2023: US\$1.59).

## COMPANY OUTLOOK

AEMPF II has already returned 34% of the Company's invested capital in that fund, and the Company expects AEMF III to return 100% of invested capital and profits in the near term. This will create significant more liquidity for the Company and there is a lot of value still to be generated by the fund managers from the 74 remaining investee businesses. Given the mature stage of the funds in which AGM invested, the focus is on crystallizing the value created and generating exit opportunities, as we have recently experienced.

The Company expects mixed economic performance across emerging markets over the next year, with growth prospects varying significantly across regions. This outlook is influenced by several factors, including global economic conditions, geopolitical developments, trade disruptions and domestic policy decisions. Many emerging markets are set to benefit from the continued recovery in global demand, particularly in sectors like commodities and manufacturing. Overall, while there are growth opportunities for many emerging markets, the coming year will require careful navigation of both global and domestic headwinds.

One key positive is the current valuation landscape in emerging markets which is attractive for private equity investors. Due to recent global economic volatility, valuations in many emerging markets are relatively lower compared to those in developed markets. This presents a buying opportunity for those who can navigate local challenges and withstand short-term market fluctuations to capitalize on the economic recovery as it unfolds. Against this backdrop, the Company is evaluating investment opportunities across its focus regions while completing a strategic review to determine its future direction, and capital raising and distribution strategies.

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 31 MARCH 2024

	Audited 31 March 2024	Audited 31 March 2023
	US\$	US\$
<b>ASSETS</b>		
Non-current assets		
Financial assets at fair value through profit or loss	13,895,453	14,490,999
Current assets		
Receivables and prepayments	6,628	6,258
Current income tax asset	-	27,714
Cash at bank	696,597	503,264
<b>Total assets</b>	<b>14,598,678</b>	<b>15,028,235</b>
<b>EQUITY CAPITAL AND RESERVES</b>		
Stated capital	9,646,862	9,646,862
Retained earnings	4,866,216	5,250,409
<b>Total equity</b>	<b>14,513,078</b>	<b>14,897,271</b>
<b>CURRENT LIABILITIES</b>		
Accruals and other payables	85,600	130,964
<b>Total liabilities</b>	<b>85,600</b>	<b>130,964</b>
<b>Total equity and liabilities</b>	<b>14,598,678</b>	<b>15,028,235</b>

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	US\$	US\$
<b>INCOME</b>		
Exchange difference	-	36
<b>Total income</b>	<b>-</b>	<b>36</b>
<b>EXPENSES</b>		
Professional fees	(38,251)	(30,797)
Audit fees	(49,450)	(41,400)
Accountancy fees	(10,900)	(12,900)
Other expenses	(3,630)	(6,653)
Directors' fees	(79,000)	(95,800)
Licence fees	(7,238)	(7,155)
Bank charges	(2,300)	(2,215)
Net unrealised loss in fair value of financial assets at fair value through profit or loss	(193,424)	(2,217,060)
<b>Total expenses</b>	<b>(384,193)</b>	<b>(2,413,944)</b>
Loss before income tax	(384,193)	(2,413,944)
Income tax expense	-	-
<b>Loss and comprehensive income for the year</b>	<b>(384,193)</b>	<b>(2,413,944)</b>
	2024	2023
<i>Basic and diluted loss per share</i>	<i>(0.0401)</i>	<i>(0.2518)</i>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	US\$	US\$
Net cash used in operating activities	(208,789)	(227,703)
Net cash from investing activities	402,122	178,679
Net increase/(decrease) in cash and cash equivalents	193,333	(49,024)
Cash and cash equivalents at beginning of the year	503,264	552,288
Cash and cash equivalents at end of the year	696,597	503,264

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Stated capital	Retained earnings	Total equity
	US\$	US\$	US\$
At 1 April 2023	9,646,862	5,250,409	14,897,271
Loss and comprehensive income for the year	-	(384,193)	(384,193)
At 31 March 2024	9,646,862	4,866,216	14,513,078
<i>Number of ordinary shares in issue</i>			<i>9,588,172</i>
<i>Net asset value per share</i>			<i>1.5136</i>
At 1 April 2022	9,646,862	7,664,353	17,311,215
Loss and comprehensive income for the year	-	(2,413,944)	(2,413,944)
At 31 March 2023	9,646,862	5,250,409	14,897,271
<i>Number of ordinary shares in issue</i>			<i>9,588,172</i>
<i>Net asset value per share</i>			<i>1.5537</i>

## NOTES TO THE FINANCIAL STATEMENTS

- The Company is required to publish its audited financial results for the year ended 31 March 2024 in terms of the SEM Listing Rule 12.19. The abridged audited financial statements for the year ended 31 March 2024 ("abridged audited 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 audited financial statements have been reviewed or reported by the Company's external auditors, RSM (Mauritius) LLP. These abridged audited financial statements were approved by the Board on 29 August 2024.
- Copies of the abridged audited 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, Ebene 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: 29 August 2024

