



## Avanz Growth Markets Limited

(Incorporated in the Republic of Mauritius) Registration number: 149016 C1/GBL

Having its registered address at c/o Intercontinental Trust Limited, Level 3, Alexander House 35 Cybercity, Ebène 72201, Mauritius

ISIN: MU0571500002 ("AGM" or "the Company")

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 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 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 YEAR ENDED 31 MARCH 2022

The Company is issuing its audited financial statements, which comprises activity from 1 April 2021 to 31 March 2022, 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 are partially funded with a current value of US\$ 16,886,738 and the Company anticipates investing additional capital as more portfolio companies are acquired by AEMPF II and AEMF III. During the year ended 31 March 2022, the Company made additional investments in AEMPF II and AEMF III. To meet the near-term funding of the growing investment portfolio, the Company currently maintains liquidity of 3% of assets in cash at bank. The Company has no borrowings.

The fair value of the Company's investments increased during the year from US\$11,124,474 to US\$16,886,738. The investments are well diversified by number of companies across the three geographical regions with approximately 59% in Emerging Asia, 17% in Latin America, 23% in Africa. Additional diversification is provided by the distribution across the industry sectors in which the 93 portfolio companies operate, namely, in agribusiness, consumer goods and services, financial services, communications and information technology, healthcare, education and environmental services.

The Company reported a profit for the year of US\$5,909,368 (2021: US\$3,101,480) due to a net gain in fair value of financial assets at fair value through profit or loss of US\$5,671,723 (2021: US\$3,153,834). The Company's net asset value ("NAV") per share as of 31 March 2022 was US\$1.81 (2021: US\$1.19). 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 licence fees), which benefit all future shareholders of the Company, the adjusted NAV per share as of 31 March 2022 would be US\$1.84 (2021: US\$1.22).

#### COMPANY OUTLOOK

The gain in fair value was driven by the substantial increase in valuations of the India and Brazil companies held in AEMPF II and AEMF III, all of which more than offset the losses in the unrealized value of the investments held in China that are in the process of being exited via public listings. It is noteworthy that despite recent market turbulence through 31 March 2022, the underlying China funds are still holding good value with IRRs above 25%. Given the concentration of the portfolio in China, we expect to see reduced valuations there in the near term given the China lockdowns in 2022 were significantly stricter than in 2020-2021, with effectively the entire city of Shanghai shut down. During a year with such a diverse set of government responses to the COVID-19 pandemic, we are pleased with the resiliency overall.

The fair value of the underlying investments for this period were affected by how and when the COVID-19 pandemic impacted each of the different regions and sectors; some impacts were shorter and less harsh and some more punitive given the severity of lockdowns. The mixed government responses were the wild card which affected business's ability to accurately plan. Education typically represents a large proportion of the consumer's spending in emerging markets; during COVID, as wallets decreased, so did spending on education which negatively affected some portfolio companies. For our services businesses, including digital services, most were able to continue operating such as the cloud computing businesses in China and a fresh food delivery company in India that performed extremely well during lockdowns. Businesses in the tourism and restaurant industry experienced substantial disruption; but so far, these companies are operating again and recovering.

The ongoing conflict in Ukraine, along with rising oil prices and inflation, will certainly have impacts across the portfolio although AGM anticipates the portfolio companies can gradually absorb increases of input prices, reduce expenses and pass along some price increases to customers. The macro-economic challenges will not be easy on the portfolio, nonetheless, the underlying fund managers have sufficient experience to navigate these headwinds within their respective economies.

As of 31 March 2022, of the US\$9.0 million that AGM committed to investments, US\$157,144 remains to be called for investments from the Company. 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 31 MARCH 2022

	2022	2021
	US\$	US\$
<b>ASSETS</b>		
Non-current assets		
Financial assets at fair value through profit or loss	16,886,738	11,124,474
Current assets		
Receivables and prepayments	5,085	5,546
Cash at bank	552,288	341,250
Current income tax asset	-	711
<b>Total assets</b>	<b>17,444,111</b>	<b>11,471,981</b>
<b>EQUITY CAPITAL AND RESERVES</b>		
Stated capital	9,646,862	9,646,862
Accumulated profit	7,664,353	1,754,985
<b>Total equity</b>	<b>17,311,215</b>	<b>11,401,847</b>
<b>CURRENT LIABILITIES</b>		
Accruals and other payables	95,944	70,134
Current tax liability	36,952	-
<b>Total liabilities</b>	<b>132,896</b>	<b>70,134</b>
<b>Total equity and liabilities</b>	<b>17,444,111</b>	<b>11,471,981</b>

#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	US\$	US\$
<b>INCOME</b>		
Net unrealised gain in fair value of financial assets at fair value through profit or loss	5,671,723	3,153,834
Other income	440,530	101,220
<b>Total income</b>	<b>6,112,253</b>	<b>3,255,054</b>
<b>EXPENSES</b>		
Professional fees	(36,022)	(32,233)
Audit fees	(44,045)	(34,845)
Accountancy fees	(13,400)	(6,400)
Other expenses	(2,722)	(19,502)
Directors' fees	(61,700)	(51,489)
Licence fees	(6,751)	(6,563)
Bank charges	(1,293)	(2,542)
<b>Total expenses</b>	<b>(165,933)</b>	<b>(153,574)</b>
<b>Profit before income tax</b>	<b>5,946,320</b>	<b>3,101,480</b>
Income tax expense	(36,952)	-
<b>Net profit for the year</b>	<b>5,909,368</b>	<b>3,101,480</b>
Other comprehensive income	-	-
<b>Net profit and comprehensive income for the year</b>	<b>5,909,368</b>	<b>3,101,480</b>
<i>Basic and diluted earnings per share</i>	<i>0.6163</i>	<i>0.3235</i>

#### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	US\$	US\$
Net cash generated from/ (used in) operating activities	301,579	(93,453)
Net cash used in investing activities	(90,541)	(1,012,170)
Net increase/ (decrease) in cash and cash equivalents	211,038	(1,105,623)
Cash and cash equivalents at beginning of year	341,250	1,446,873
<b>Cash and cash equivalents at end of year</b>	<b>552,288</b>	<b>341,250</b>

#### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Stated capital	Accumulated profit/(losses)	Total equity
	US\$	US\$	US\$
At 1 April 2021	9,646,862	1,754,985	11,401,847
Net income and total comprehensive income for the period	-	5,909,368	5,909,368
At 31 March 2022	9,646,862	7,664,353	17,311,215
<i>Number of ordinary shares in issue</i>			<i>9,588,172</i>
<i>Net asset value per share</i>			<i>1.8055</i>
At 1 April 2020	9,646,862	(1,346,495)	8,300,367
Net income and total comprehensive income for the period	-	3,101,480	3,101,480
At 31 March 2021	9,646,862	1,754,985	11,401,847
<i>Number of ordinary shares in issue</i>			<i>9,588,172</i>
<i>Net asset value per share</i>			<i>1.1892</i>

#### NOTES

- The Company is required to publish its audited financial results for the year ended 31 March 2022 in terms of the SEM Listing Rule 12.14. The abridged audited financial statements for the year ended 31 March 2022 ("abridged audited financial statements") have been prepared on the basis of accounting policies of the Company, which are in compliance with the International Financial Reporting Standards, the SEM Listing Rules and the Securities Act of Mauritius 2005.
- The abridged audited financial statements have been reviewed by the Company's external auditors, PricewaterhouseCoopers, Mauritius. These abridged audited financial statements were approved by the Board of Directors (the "Board") on 23 August 2022.
- Copies of the abridged audited financial statements and the Statement of direct and indirect interests of each officer of the Company 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 12.14. 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: 23 August 2022