



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 PERIOD ENDED 30 JUNE 2022

The Company is issuing its unaudited financial statements, which comprises activity from 1 April 2022 to 30 June 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\$16,898,158 and the Company anticipates investing additional capital as more portfolio companies are acquired by AEMPF II and AEMF III. During the period ended 30 June 2022, the Company did not make any 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 period from US\$16,886,738 to US\$16,898,158. 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 loss for the period of US\$30,771. The Company's net asset value ("NAV") per share as of 30 June 2022 was US\$1.80 (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 30 June 2022 would be US\$1.83 (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 30 June 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

	Unaudited as at 30 June 2022	Audited as at 31 March 2022
	US\$	US\$
ASSETS		
Non-current assets		
Financial assets at fair value through profit or loss	16,898,158	16,886,738
Current assets		
Receivables and prepayments	19,653	5,085
Cash at bank	490,185	552,288
Total assets	17,407,996	17,444,111
EQUITY CAPITAL AND RESERVES		
Stated capital	9,646,862	9,646,862
Accumulated profit	7,633,582	7,664,353
Total equity	17,280,444	17,311,215
CURRENT LIABILITIES		
Accruals and other payables	90,600	95,944
Current tax liability	36,952	36,952
Total liabilities	127,552	132,896
Total equity and liabilities	17,407,996	17,444,111

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

	Stated capital US\$	Accumulated profit US\$	Total equity US\$
At 1 April 2022	9,646,862	7,664,353	17,311,215
Net loss and comprehensive income for the period	-	(30,771)	(30,771)
At 30 June 2022	9,646,862	7,633,582	17,280,444
<i>Number of ordinary shares in issue</i>			<i>9,588,172</i>
<i>Net asset value per share</i>			<i>1.8023</i>
At 1 April 2021	9,646,862	1,754,985	11,401,847
Net profit and comprehensive income for the period	-	11,637	11,637
At 30 June 2021	9,646,862	1,766,622	11,413,484
<i>Number of ordinary shares in issue</i>			<i>9,588,172</i>
<i>Net asset value per share</i>			<i>1.1904</i>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE

	2022	2021
	US\$	US\$
INCOME		
Net unrealised gain in fair value of financial assets at fair value through profit or loss	11,420	-
Exchange gain	20	-
Other income	-	160,053
Total income	11,440	160,053
EXPENSES		
Net unrealised gain in fair value of financial assets at fair value through profit or loss	-	(119,213)
Professional fees	(5,221)	(5,408)
Audit fees	(10,206)	(8,625)
Accountancy fees	(3,600)	(2,475)
Other expenses	(942)	-
Directors' fees	(19,750)	(11,075)
Licence fees	(1,822)	(1,510)
Bank charges	(670)	(110)
Total expenses	(42,211)	(148,416)
Net (loss) / profit for the period	(30,771)	11,637
Other comprehensive income	-	-
Net (loss) / profit and comprehensive income for the period	(30,771)	11,637
<i>Basic and diluted earnings per share</i>	<i>(0.0032)</i>	<i>0.0012</i>

NOTES

- The Company is required to publish interim financial results for the three months ended 30 June 2022 in terms of the SEM Listing Rule 12.19. The abridged unaudited financial statements for the three months ended 30 June 2022 ("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, the SEM Listing Rules and the Mauritian Securities Act 2005.
- 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 23 August 2022.
- Copies of the abridged unaudited 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 12.20. 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: 23 August 2022



STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE

	2022	2021
	US\$	US\$
Net cash used in operating activities	(62,103)	(5,517)
Net cash from investing activities	-	160,053
Net (decrease) / increase in cash and cash equivalents	(62,103)	154,536
Cash and cash equivalents at beginning of period	552,288	341,250
Cash and cash equivalents at end of period	490,185	495,786