



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 SEPTEMBER 2022

The Company is issuing its unaudited financial statements, which comprises activity from 1 April 2022 to 30 September 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 have a current value of US\$16,532,148. The Company anticipates raising additional capital to continue adding to the investment portfolio given that AEMPF II and AEMF III have been fully invested to date. During the period ended 30 September 2022, the Company did not make any additional investments in AEMPF II and AEMPF III. The Company currently maintains liquidity of 2% of assets in cash at bank. The Company has no borrowings.

The fair value of the Company's investments decreased during the period from US\$16,886,738 to US\$16,532,148. 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 95 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 of US\$448,683 for the period ended 30 September 2022. The Company's net asset value ("NAV") per share as at 30 September 2022 was US\$1.76 (2021: US\$1.16). 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 2022 would be US\$1.79 (2021: US\$1.19).

COMPANY OUTLOOK

The change in fair value was relatively small compared to prior periods – only slight movements up or down (most of the Chinese publicly listed companies recovered but the EM currencies depreciated). The distributions received by AEMPF II during the reporting period along with the distributions received following the quarter end allowed AEMPF II to make a distribution to AGM in October 2022.

As we begin to assess the diverse set of portfolio companies across all the emerging markets for the calendar year of 2022, with twelve months of operations in a post-COVID world, we are seeing how much growth has been impacted. The AEMPF II portfolio is fully invested which turns the focus to harvesting from every underlying investment. With global M&A at record low activity so far in 2022, strategic exits are expected to help crystallise some of the unrealized value in the portfolio – while certain financial sales may be pushed to mid-2023 or later. AEMF III is also fully invested, although the possibility exists for that fund to raise additional capital.

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 at 30 September 2022, of the US\$9.0 million that AGM committed to investments, US\$157,144 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

	Unaudited as at 30 September 2022	Audited as at 31 March 2022
	US\$	US\$
ASSETS		
Non-current assets		
Financial assets at fair value through profit or loss	16,532,148	16,886,738
Current assets		
Receivables and prepayments	18,358	5,085
Cash at bank	389,062	552,288
Total assets	16,939,568	17,444,111
EQUITY CAPITAL AND RESERVES		
Stated capital	9,646,862	9,646,862
Accumulated profit	7,215,670	7,664,353
Total equity	16,862,532	17,311,215
CURRENT LIABILITIES		
Accruals and other payables	77,036	95,944
Current tax liability	-	36,952
Total liabilities	77,036	132,896
Total equity and liabilities	16,939,568	17,444,111

STATEMENT OF CHANGES IN EQUITY

	Stated capital	Accumulated profit	Total equity
	US\$	US\$	US\$
At 1 April 2022	9,646,862	7,664,353	17,311,215
Net loss and comprehensive income for the period	-	(448,683)	(448,683)
At 30 September 2022	9,646,862	7,215,670	16,862,532
Number of ordinary shares in issue			9,588,172
Net asset value per share			1.7587
At 1 April 2021	9,646,862	1,754,985	11,401,847
Net loss and comprehensive income for the period	-	(261,563)	(261,563)
At 30 September 2021	9,646,862	1,493,422	11,140,284
Number of ordinary shares in issue			9,588,172
Net asset value per share			1.1619

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the three months to 30 September 2022	Unaudited for the six months to 30 September 2022	Unaudited for the three months to 30 September 2021	Unaudited for the six months to 30 September 2021
	US\$	US\$	US\$	US\$
INCOME				
Exchange gain	-	20	-	-
Other income	-	-	-	160,053
Total income	-	20	-	160,053
EXPENSES				
Net unrealised loss on fair value of financial assets at fair value through profit or loss	(366,010)	(354,590)	(227,696)	(346,908)
Professional fees	(8,191)	(13,410)	(13,744)	(19,153)
Audit fees	(10,781)	(20,988)	(11,845)	(20,470)
Accountancy fees	(1,600)	(5,200)	(5,975)	(8,450)
Other expenses	(17)	(960)	(600)	(600)
Directors' fees	(19,750)	(39,500)	(11,125)	(22,200)
License fees	(1,778)	(3,600)	(1,710)	(3,220)
Bank charges	(547)	(1,217)	(505)	(615)
Total expenses	(408,674)	(439,465)	(273,200)	(421,616)
Loss before tax	(408,674)	(439,445)	(273,200)	(261,563)
Income tax expense	(9,238)	(9,238)	-	-
Net loss for the period	(417,912)	(448,683)	(273,200)	(261,563)
Other comprehensive income	-	-	-	-
Net loss and comprehensive income for the period	(417,912)	(448,683)	(273,200)	(261,563)

	2022	2021
Basic and diluted earnings per share	(0.0468)	(0.0273)

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 30 September 2022	Unaudited for the period ended 30 September 2021
	US\$	US\$
Net cash used in operating activities	(163,226)	(67,196)
Net cash from investing activities	-	160,053
Net (decrease) / increase in cash and cash equivalents	(163,226)	92,857
Cash and cash equivalents at beginning of period	552,288	341,250
Cash and cash equivalents at end of period	389,062	434,107

NOTES

- The Company is required to publish interim financial results for the three months and six months ended 30 September 2022 in terms of the SEM Listing Rule 12.19. The abridged unaudited financial statements for the three months and six months ended 30 September 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 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 2022.
- 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

Perigum Capital Ltd

SEM Authorised Representative and Sponsor

Date: 11 November 2022

