



## 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 PERIOD ENDED 30 JUNE 2024

The Company is issuing its unaudited quarterly financial statements, which comprises activity from 1 April 2024 to 30 June 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\$ 13,457,171. The Company holds cash of \$634,837 representing 4.5% of assets. 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 30 June 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 30 June 2024.

The Company reported a loss of US\$498,393 for the quarter ended 30 June 2024 (2023: Profit of US\$40,124) comprised primarily of an unrealized loss on its investments of \$438,232. The Company's net asset value ("NAV") per share at 30 June 2024 was US\$1.46 (2023: US\$1.56). 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 at 31 December 2023 would be US\$1.49 (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 crystalizing 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 30 JUNE 2024

	Unaudited 30 June 2024	Audited 31 March 2024
	US\$	US\$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial assets at fair value through profit or loss	13,457,171	13,895,453
<b>Current assets</b>		
Receivables and prepayments	22,525	6,628
Cash at bank	634,837	696,597
<b>Total assets</b>	<b>14,114,533</b>	<b>14,598,678</b>
<b>EQUITY CAPITAL AND RESERVES</b>		
Stated capital	9,646,862	9,646,862
Retained earnings	4,367,823	4,866,216
<b>Total equity</b>	<b>14,014,685</b>	<b>14,513,078</b>
<b>CURRENT LIABILITIES</b>		
Accruals and other payables	99,848	85,600
<b>Total liabilities</b>	<b>99,848</b>	<b>85,600</b>
<b>Total equity and liabilities</b>	<b>14,114,533</b>	<b>14,598,678</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2024

	Stated capital US\$	Retained earnings US\$	Total equity US\$
<b>At 01 April 2024</b>	<b>9,646,862</b>	<b>4,866,216</b>	<b>14,513,078</b>
<b>Loss during the period</b>	<b>-</b>	<b>(498,393)</b>	<b>(498,393)</b>
<b>At 30 June 2024</b>	<b>9,646,862</b>	<b>4,367,823</b>	<b>14,014,685</b>
<i>Number of ordinary shares in issue</i>			<b>9,588,172</b>
<i>Net asset value per share</i>			<b>1.46</b>
<b>At 01 April 2023</b>	<b>9,646,862</b>	<b>5,250,409</b>	<b>14,897,271</b>
<b>Profit during the period</b>	<b>-</b>	<b>40,124</b>	<b>40,124</b>
<b>At 30 June 2023</b>	<b>9,646,862</b>	<b>5,290,533</b>	<b>14,937,395</b>
<i>Number of ordinary shares in issue</i>			<b>9,588,172</b>
<i>Net asset value per share</i>			<b>1.5579</b>

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2024

	2024	2023
	US\$	US\$
<b>INCOME</b>		
Net unrealised (loss)/ gain in fair value of financial assets at fair value through profit or loss	(438,282)	89,775
<b>Total income</b>	<b>(438,282)</b>	<b>89,775</b>
<b>EXPENSES</b>		
Professional fees	(20,318)	(9,313)
Audit fees	(11,213)	(15,238)
Accountancy fees	(2,725)	(2,725)
Other expenses	(1,450)	(213)
Directors' fees	(22,338)	(19,750)
Licence fees	(1,802)	(1,778)
Bank charges	(265)	(634)
<b>Total expenses</b>	<b>(60,111)</b>	<b>(49,651)</b>
<b>(Loss)/ Profit before income tax</b>	<b>(498,393)</b>	<b>40,124</b>
Income tax expense	-	-
<b>(Loss)/ Profit and comprehensive income for the period</b>	<b>(498,393)</b>	<b>40,124</b>
	2024	2023
<i>Basic and diluted (loss)/ earnings per share</i>	<i>(0.0520)</i>	<i>0.0042</i>

## NOTES TO THE FINANCIAL STATEMENTS

The Company is required to publish its interim financial results for the three months ended 30 June 2024 in terms of the SEM Listing Rule 12.19. The abridged unaudited financial statements for the three months ended 30 June 2024 ("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 on by the Company's external auditors, RSM (Mauritius) LLP. These abridged unaudited financial statements were approved by the Board on 29 August 2024.

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, 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.

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2024

	2024	2023
	US\$	US\$
<b>Net cash used in operating activities</b>	<b>(61,760)</b>	<b>(52,223)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(61,760)</b>	<b>(52,223)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>696,597</b>	<b>503,265</b>
<b>Cash and cash equivalents at end of period</b>	<b>634,837</b>	<b>451,042</b>

Intercontinental Trust Limited

Company Secretary

Perigeum Capital Ltd

SEM Authorised Representative and Sponsor

Date: 29 August 2024

