



## 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, 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 31 DECEMBER 2023

The Company is issuing its unaudited financial statements, which comprises activity from 1 October 2023 to 31 December 2023, 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\$ 14,203,418. The Company anticipates raising additional capital to continue adding to the investment portfolio. During the 3-months ended 31 December 2023, the Company invested US\$14,112 in AEMPF II but did not make any additional investments in AEMF III. The Company currently maintains liquidity of 3% of assets in cash at bank. The Company has no borrowings.

The Company reported a loss of US\$146,745 for the 3-months ended 31 December 2023 (2022: US\$867,664). The Company's net asset value ("NAV") per share at 31 December 2023 was US\$1.52 (2022: US\$1.67). 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 December 2023 would be US\$1.55 (2022: US\$1.70).

At 31 December 2023, of the US\$9.0 million that AGM committed to investments, US\$4,966 remains available to be called for fees and expenses over the remaining life of the investments. AGM has made two great investments, generating an Internal Rate of Return ("IRR") to date of more than 13% to the Company and proceeds received amount to approximately 12% of capital contributed as of 31 December 2023. The invested capital has been 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 80 remaining active investments in the portfolio as of 31 December 2023 following the most exits from Egypt and Brazil.

### COMPANY OUTLOOK

The long-term outlook for most emerging markets continues to be positive due to the dynamics of their ongoing demographic transitions – which is supported by recent Goldman Sachs research. However, short- or medium-term outcomes are likely to vary significantly across regions. The Board expects softer growth in 2024 given many economists have lowered their outlook due to the delayed impact of global and domestic tighter monetary policies.

Although 2022 and 2023 were difficult for emerging markets due to periods of geopolitical turmoil and financial markets volatility, many emerging markets' currencies have started to stabilize, which is helpful for the AGM portfolio as it seeks to capitalize on exits planned in 2024. The average holding period of all the underlying portfolio company investments that AGM has indirect exposure to is a little more than 4 years, which means the average expected exit around 5-7 years is approaching. As the rate of capital calls has slowed, and the pace of distributions has been increasing, this combination is expected to generate positive net returns and materially improve the cash position of the Company. Once the Company determines it satisfies the solvency test according to the Mauritius regulations, the Company will seek to make distributions to its shareholders more frequently going forward.

AEMPF II and AEMF III convened their Annual General Meeting on 7 December 2023 and of note, the discussion focused on the composition of the unrealized investments. AEMPF II and AEMF III's current value is driven by an outperforming direct co-investment in India and further for AEMPF II the Brazil based agribusiness fund has just announced two more exits thereby crystallizing its value. An interesting story emerged from two of the top-performing funds in China – the fund manager continues to seek IPOs as its primary method of exit and despite the uncertainty today in the future performance of China's public markets, a recent IPO led to this investment popping from a 5.0x to 23.2x. There is potential for more value to be unlocked in the portfolio from among the 80 remaining investee businesses, and the fund managers are working diligently to capitalize on opportunities to secure this value.

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 DECEMBER 2023

	Unaudited 31 December 2023	Audited 31 March 2023
	US\$	US\$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial assets at fair value through profit or loss	14,203,418	14,490,999
<b>Current assets</b>		
Receivables and prepayments	13,086	6,258
Current income tax asset	-	27,714
Cash at bank	410,301	503,264
<b>Total assets</b>	<b>14,626,805</b>	<b>15,028,235</b>
<b>EQUITY CAPITAL AND RESERVES</b>		
Stated capital	9,646,862	9,646,862
Accumulated profit	4,914,460	5,250,409
<b>Total equity</b>	<b>14,561,322</b>	<b>14,897,271</b>
<b>CURRENT LIABILITIES</b>		
Accruals and other payables	65,483	130,964
<b>Total liabilities</b>	<b>65,483</b>	<b>130,964</b>
<b>Total equity and liabilities</b>	<b>14,626,805</b>	<b>15,028,235</b>

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2023

	Unaudited for the three months to 31 December 2023	Unaudited for the nine months to 31 December 2023	Unaudited for the three months to 31 December 2022	Unaudited for the nine months to 31 December 2022
	US\$	US\$	US\$	US\$
<b>INCOME</b>				
Exchange difference	-	-	17	36
<b>Total income</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>36</b>
<b>EXPENSES</b>				
Net unrealised loss on fair value of financial assets at fair value through profit or loss	(101,952)	(195,234)	(811,323)	(1,165,913)
Professional fees	(6,187)	(24,738)	(7,964)	(21,375)
Audit fees	(11,213)	(38,238)	(10,206)	(31,194)
Accountancy fees	(2,725)	(8,175)	(1,600)	(6,800)
Other expenses	(2,706)	(3,118)	(5,045)	(6,004)
Directors' fees	(19,750)	(59,250)	(19,750)	(59,250)
License fees	(1,829)	(5,436)	(1,778)	(5,377)
Bank charges	(383)	(1,760)	(777)	(1,995)
<b>Total expenses</b>	<b>(146,745)</b>	<b>(335,949)</b>	<b>(858,443)</b>	<b>(1,297,908)</b>
<b>Loss before income tax</b>	<b>(146,745)</b>	<b>(335,949)</b>	<b>(858,426)</b>	<b>(1,297,872)</b>
Income tax expense	-	-	(9,238)	(18,476)
<b>Net loss and comprehensive income for the period</b>	<b>(146,745)</b>	<b>(335,949)</b>	<b>(867,664)</b>	<b>(1,316,348)</b>
		2023		2022
<i>Basic and diluted earnings per share</i>		<i>(0.0350)</i>		<i>(0.1373)</i>

### STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2023

	Unaudited for the period ended 31 December 2023	Unaudited for the period ended 31 December 2022
	US\$	US\$
Net cash used in operating activities	(185,311)	(212,828)
Net cash from investing activities	92,347	178,679
Net decrease in cash and cash equivalents	(92,964)	(34,149)
Cash and cash equivalents at beginning of period	503,265	552,288
Cash and cash equivalents at end of period	410,301	518,139

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2023

	Stated capital US\$	Accumulated profit US\$	Total equity US\$
At 1 April 2023	9,646,862	5,250,409	14,897,271
Loss and comprehensive income for the period	-	(335,949)	(335,949)
At 31 December 2023	9,646,862	4,914,460	14,561,322
<i>Number of ordinary shares in issue</i>			<i>9,588,172</i>
<i>Net asset value per share</i>			<i>1.5187</i>
At 1 April 2022	9,646,862	7,664,353	17,311,215
Loss and comprehensive income for the period	-	(1,316,348)	(1,316,348)
At 31 December 2022	9,646,862	6,348,005	15,994,867
<i>Number of ordinary shares in issue</i>			<i>9,588,172</i>
<i>Net asset value per share</i>			<i>1.6682</i>

### CHANGES TO THE BOARD

With effect from 08 February 2024, the following changes have been made to the Board of Directors (the "Board"):

- Mr. Hany Assaad, who was previously acting as executive director, will now serve as a non-executive director to the Board;
- Mr. Cyril Wong has resigned as the Chairperson of the Audit Committee, and Mrs. Miray Zaki has been appointed as his replacement; and
- Mr. Cyril Wong, who was previously acting as non-executive director, has been appointed as an executive director to the Board.

### NOTES TO THE FINANCIAL STATEMENTS

- The Company is required to publish interim financial results for the three months and nine months ended 31 December 2023 in terms of the SEM Listing Rule 12.19. The abridged unaudited financial statements for the three months and nine months ended 31 December 2023 ("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 on 08 February 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, 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: 09 February 2024

