

# Helios Fairfax Partners Corporation

News Release

TSX Stock Symbol: HFPC.U

TORONTO, March 22, 2023

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## FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

**(Note: All dollar amounts in this news release are expressed in U.S. dollars except as otherwise noted. The financial results are derived from the consolidated financial statements prepared using International Financial Reporting Standards, except as otherwise noted.)**

Helios Fairfax Partners Corporation (TSX: HFPC.U) today announced its financial results for the year ended December 31, 2022.

### Management Commentary

“Over the last two years, HFP has been focused on reshaping its Portfolio Investments for the long-term through the orderly exit of Legacy Non-Core Investments and the simultaneous investment into funds and strategies that support future growth, particularly in HFP’s Investments in TopCo LP (referred throughout as “Investments in Alternative Asset Management”). To that end, HFP has realized almost \$58 million in proceeds from Legacy Non-Core Investments and deployed nearly \$95 million into investments to accelerate the formation of new Helios-sponsored funds and in co-investments with existing Helios funds including Helios Fund IV.”

“In 2023, we will continue with our strategy to seek liquidity for Legacy Non-Core Investments and redeploy our available resources to create value for HFP shareholders. With the experienced investment team at Helios, we continue to originate high quality investment opportunities in industries across Africa with unabated secular tailwinds and, with over \$125 million in cash available at the end of 2022, HFP remains in an excellent position to harness the wealth of investment opportunity in Africa.”

### Fiscal Year 2022 Highlights

- Deployed \$9.4 million into Event Horizon, a live entertainment and content company creating and producing global events and travel experiences, with a focus on events that promote African culture
- Deployed \$14.9 million into Digital Ventures, a venture capital fund with a focus on investing in digital infrastructure across Africa
- Received \$57.8 million in proceeds from the exits of Atlas Mara 7.5% Bonds, Atlas Mara Facility, and Atlas Mara Facility Guarantee as HFP continues the orderly divestment of Legacy Non-Core Investments
- Received \$10.3 million in proceeds from the sale of one of HFP’s Other Common Shares, which were received as a distribution of carried interest proceeds from Investments in Alternative Asset Management

### Highlights Since the Strategic Transaction

- Increase of 36.2% in the fair value of Helios Fund IV based on the strong performance of the Fund’s underlying investee companies
- Increase of 31% in the fair value of NBA Africa driven by strong projected revenue growth
- Increase of 13% in the fair value of Trone driven by performance of the underlying operating companies
- Received \$9.8 million in returns of capital from investment in Helios Fund IV
- Received \$69.1 million in proceeds from the exits of Atlas Mara Bonds, Atlas Mara Facility, and Atlas Mara Facility Guarantee, including amounts received in the 2022 fiscal year

## **Financial Position and Results of Operations**

HFP incurred a loss before tax of \$43.0 million in 2022, \$60.7 million of which represents unrealized losses on its investment portfolio and foreign exchange. The unrealized losses recognized in the loss before tax are principally attributable to higher discount rates used in the company's valuation methodology given the rise in global risk-free benchmark rates. Also included in the loss before tax is interest revenue of \$9.0 million and realized gains in Portfolio Investments of \$28.7 million.

HFP reported a book value per share of \$5.03 as of December 31, 2022, as compared to \$5.47 in the prior year. The change in book value per share is primarily attributable to \$9.8 million in unrealized gains in the Helios Managed Investments and \$37.1 million in unrealized fair value decreases which are principally attributable to higher discount rates used in the company's valuations.

Included in book value per share is \$125.2 million of cash and cash equivalents as at December 31, 2022, which is available to fund future investments. The company's cash balance includes \$57.8 million in repayments in Legacy Non-Core Investments that were realized during the year and \$6.2 million in distributions and returns with respect to the company's Investments in Alternative Asset Management. At December 31, 2022, HFP had 108,193,971 common shares outstanding, as compared to 108,259,645 common shares outstanding at December 31, 2021.

HFP had earnings before tax of \$21.0 million in the fourth quarter of 2022, \$26.1 million of which represents unrealized gains on its investment portfolio and foreign exchange. The unrealized gains are principally attributable to lower discount rates used in the company's valuation. Also included in earnings before tax is interest revenue of \$2.2 million.

Consolidated balance sheets, earnings (loss) and comprehensive income (loss) information follow and form part of this news release. HFP's detailed 2022 report can be accessed at its website [www.heliosfairfax.com](http://www.heliosfairfax.com).

## **About Helios Fairfax Partners Corporation**

Helios Fairfax Partners Corporation is an investment holding company whose investment objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in Africa and African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa.

## **Contact Information**

Neil Weber  
LodeRock Advisors  
neil.weber@loderockadvisors.com  
(647) 222-0574

*This press release may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or a Portfolio Investment's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the company, a Portfolio Investment, or the African market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved".*

*Forward-looking statements are based on our opinions and estimates as of the date of this MD&A and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors that are described in greater detail elsewhere in the company's annual report: the conflict in Ukraine; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; concentration risk in Portfolio Investments, including with geographic concentration and with respect to Class A and Class B limited partnership interests in the Portfolio Advisor and Helios Fund IV; operating and financial risks of Portfolio Investments; valuation methodologies involve subjective judgments; lawsuits; use of leverage; foreign currency fluctuation; investments may be made in foreign private businesses where information is unreliable or unavailable; significant ownership by Fairfax Financial Holdings Limited and HFP Investments Holdings SARL may adversely affect the market price of the subordinate voting shares; emerging markets; South African black economic empowerment; economic risk; climate change, natural disaster and weather risks; taxation risks; MLI; and trading price of subordinate voting shares relative to book value per share. Additional risks and uncertainties are described in the company's annual information form dated March 22, 2022 which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the company's website at [www.heliosfairfax.com](http://www.heliosfairfax.com). These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.*

*Although the company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.*

Information on  
**CONSOLIDATED BALANCE SHEETS**  
*as at December 31, 2022 and December 31, 2021*  
*(US\$ thousands)*

	<b>December 31, 2022</b>	December 31, 2021
<b>Assets</b>		
Cash and cash equivalents	<b>125,241</b>	76,284
Portfolio Investments	<b>441,954</b>	539,546
Related party derivatives and guarantees	<b>62,136</b>	47,952
Related party loan	<b>19,030</b>	19,608
Total cash and investments	<b>648,361</b>	683,390
Interest receivable	<b>405</b>	2,978
Income tax refundable	<b>1,695</b>	5,632
Other receivables from related parties	<b>1,319</b>	11,002
Other assets	<b>832</b>	1,390
Total assets	<b>652,612</b>	704,392
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<b>218</b>	136
Automatic share purchase plan liability	—	500
Payable to related parties	<b>803</b>	8,803
Deferred income taxes	<b>8,058</b>	4,419
Borrowings	<b>99,226</b>	98,632
Total liabilities	<b>108,305</b>	112,490
<b>Equity</b>		
Common shareholders' equity	<b>544,307</b>	591,902
	<b>652,612</b>	704,392
Book value per basic share	<b>5.03</b>	5.47

Information on

**CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS)**

for the three and twelve months ended December 31, 2022 and 2021

(US\$ thousands except per share)

	<i>(Unaudited)</i>			
	Fourth quarter		Year ended December 31,	
	2022	2021	2022	2021
<b>Income</b>				
Interest	2,154	(1,343)	8,997	139
Dividends	—	369	950	714
Net realized gains (losses) on investments	—	(15,285)	28,736	(21,247)
Net change in unrealized gains (losses) on investments	20,314	27,438	(51,925)	30,024
Net foreign exchange gains (losses)	5,769	(8,971)	(8,814)	(12,907)
	<b>28,237</b>	2,208	<b>(22,056)</b>	(3,277)
<b>Expenses</b>				
Investment and advisory fees	799	1,709	3,642	4,146
Performance fee (recovery)	—	11	(938)	938
General and administration expenses	5,513	2,966	14,623	10,562
Loss (recovery) on uncollectible accounts receivable	—	(6)	—	6,073
Interest expense	905	901	3,593	2,700
	<b>7,217</b>	5,581	<b>20,920</b>	24,419
<b>Earnings (loss) before income taxes</b>	<b>21,020</b>	(3,373)	<b>(42,976)</b>	(27,696)
Provision for (recovery of) income taxes	3,476	(2,127)	7,801	(1,774)
<b>Net earnings (loss) and comprehensive income (loss)</b>	<b>17,544</b>	(1,246)	<b>(50,777)</b>	(25,922)
<b>Net earnings (loss) per share</b>	\$ 0.16	\$ (0.01)	\$ (0.47)	\$ (0.24)
<b>Shares outstanding</b> (weighted average)	<b>108,193,971</b>	108,933,942	<b>108,193,971</b>	109,071,609

**GLOSSARY OF NON-GAAP AND OTHER FINANCIAL MEASURES**

Management analyzes and assesses the financial position of the consolidated company in various ways. The measure included in this news release, which has been used consistently and disclosed regularly in the company's Annual Reports and interim financial reporting, does not have a prescribed meaning under IFRS and may not be comparable to similar measures presented by other companies. This measure is described below.

**Book value per share** - The company considers book value per share a key performance measure in evaluating its objective of long-term capital appreciation, while preserving capital. Book value per share is a key performance measure of the company and is closely monitored. This measure is calculated by the company as common shareholders' equity divided by the number of common shares outstanding.