

# Helios Fairfax Partners Corporation

News Release

TSX Stock Symbol: HFPC.U

TORONTO, April 2, 2024

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## FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

Helios Fairfax Partners Corporation (TSX: HFPC.U) today announced its financial results for the year ended December 31, 2023. All dollar amounts in this news release are expressed in U.S. dollars except as otherwise noted. The financial results are derived from the annual consolidated financial statements prepared using the recognition and measurement requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), except as otherwise noted.

### Management Commentary

“2023 was a pivotal year for Helios Fairfax Partners, as we successfully exited the majority of our Legacy Non-Core Assets, generating \$62.7 million of liquidity that we will deploy in investments that benefit from the long-term secular trends of demographics & urbanization and technology & innovation that are driving growth in African economies. In furtherance of that strategy, in the fourth quarter we funded additional investments in Digital Ventures and Helios Sports and Entertainment Group. While challenging market conditions have temporarily moderated the pace of fundraising for private equity funds globally, we remain extremely optimistic about the wealth of innovative and value-creating opportunities that will drive Africa’s economy and contribute to long-term capital appreciation for HFP through growing cash flow streams from excess management fees and carried interest.”

### Highlights During the Fourth Quarter of 2023

- Book value per share for the quarter was \$4.39 compared to \$5.11 in the third quarter of 2023 and \$5.03 in the fourth quarter of 2022. Net loss for the quarter was \$80.9 million compared to a net loss of \$1.8 million in the third quarter of 2023 and net earnings of \$17.5 million in the fourth quarter of 2022. The decrease in book value compared to that of the third quarter and the net loss in the fourth quarter were due to unrealized losses from the company’s investment in TopCo LP which was driven by lower cash flow expectations. These unrealized losses were offset by unrealized gains related to the Helios Managed Investments which increased by 7.9%, as well as interest and dividend income.
- Deployed \$5.1 million of capital in Digital Ventures and \$26.1 million in Helios Sports and Entertainment Group composed of \$5 million of cash and the transfer of the Event Horizon loan of \$21.1 million.
- Received full repayment of the Fairfax loan, generating \$20 million of liquidity to fund new investment strategies.
- Redeemed the HFP 3.0% Debentures ahead of its maturity date which reduced borrowings by \$100 million.

HELIOS FAIRFAX PARTNERS CORPORATION

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

HFP reported a net loss of \$80.9 million in the fourth quarter of 2023, as compared to net earnings of \$17.5 million in the comparable period of 2022. The net loss was driven primarily by unrealized losses on the company's investment in TopCo. The unrealized losses related to excess management fees were driven by the impact of lower forecasted management fees for the Helios Funds which reduces the excess management fees to TopCo Class B. The lower forecasted fees were driven by the adverse effect of the rising interest rate environment which impacts fundraising for private equity funds globally. Also contributing to the loss in the fourth quarter were unrealized losses related to carried interest expected to be received from TopCo Class A. These losses were driven by a combination of reduced expectations of the value that is to be realized from various investments (in particular those in the financial services sector) and expected delays in the timing of certain exits for investments in the telecom and electronic payments sectors. The valuation of TopCo Class A is particularly sensitive to the expected value and timing of exits when the overall Fund returns are projected to be close to the 8% preferred investor return, as is the case for two of the Helios Funds. Results for the fourth quarter also include \$5.3 million of expenses offset by interest income and dividends of \$2.3 million.

For the year ended 2023 HFP incurred a net loss of \$71.7 million, of which \$58.0 million represents unrealized losses on its investment portfolio and foreign exchange. The unrealized losses were driven by similar factors which led to the unrealized losses in the fourth quarter. Also included in the net loss are expenses of \$19.0 million offset by interest income and dividends of \$12.0 million.

HFP reported a book value per share of \$4.39 as of December 31, 2023, as compared to \$5.03 in the prior year. The increase in fair value of the company's investment in Helios Managed Investments contributed \$0.16 to the book value per share for the year. The unrealized loss in the company's investment in TopCo reduced the book value per share by \$0.65 while the unrealized losses which were crystallized on the sale of certain Legacy Non-Core Investments reduced it by \$0.09.

Additional investments in the Helios Managed Investments contributed to the TopCo LP fee streams and supported the company's strategy of seeding Helios Strategies. In addition, the sale of certain Legacy Non-Core Investments, continued to support the company's strategy on exits.

Included in book value per share is \$95.9 million of cash and cash equivalents as at December 31, 2023, which is available to fund future investments. At December 31, 2023, HFP had 108,169,817 common shares outstanding, as compared to 108,193,971 common shares outstanding at December 31, 2022.

A material weakness was identified in the company's internal control over financial reporting for the year ended December 31, 2023. Please refer to the company's Management Discussion and Analysis for further information, including the company's proposed remediation plan in respect thereof.

Consolidated balance sheets, earnings (loss) and comprehensive income (loss) information follow and form part of this news release. HFP's detailed 2023 report can be accessed at its website [www.heliosinvestment.com/helios-fairfax-partners](http://www.heliosinvestment.com/helios-fairfax-partners).

## **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

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*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 press release 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 : geopolitical risks; inflation and rising interest rates; 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 geographic concentration and with respect to Class A and Class B limited partnership interests in the Portfolio Advisor; 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; South Africa's grey-listing; 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 April 2, 2024, which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the company's website at [www.heliosinvestment.com/helios-fairfax-partners](http://www.heliosinvestment.com/helios-fairfax-partners). 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, 2023 and December 31, 2022  
(US\$ thousands)

	<b>December 31, 2023</b>	December 31, 2022
<b>Assets</b>		
Cash and cash equivalents	<b>95,913</b>	125,241
Portfolio Investments	<b>386,002</b>	441,954
Related party derivatives and guarantees	—	62,136
Related party loan	—	19,030
Total cash and investments	<b>481,915</b>	648,361
Interest receivable	<b>412</b>	405
Income taxes refundable	<b>2,874</b>	1,695
Other receivables from related parties	<b>991</b>	1,319
Property and Equipment	<b>974</b>	—
Other assets	<b>1,167</b>	832
Total assets	<b>488,333</b>	652,612
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<b>1,601</b>	218
Payable to related parties	<b>1,096</b>	803
Deferred income taxes	<b>10,492</b>	8,058
Lease liability	<b>548</b>	—
Borrowings	—	99,226
Total liabilities	<b>13,737</b>	108,305
<b>Equity</b>		
Common shareholders' equity	<b>474,596</b>	544,307
	<b>488,333</b>	652,612
Book value per basic share	<b>4.39</b>	5.03

Information on

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

for the three and twelve months ended December 31, 2023 and 2022

(US\$ thousands except per share)

	<i>(Unaudited)</i>			
	Fourth quarter		Year ended December 31,	
	2023	2022	2023	2022
<b>Income</b>				
Interest and Dividends	<b>2,303</b>	2,154	<b>12,036</b>	9,947
Net gains (losses) on investments	<b>(68,728)</b>	20,314	<b>(53,143)</b>	(23,189)
Net foreign exchange gains (losses)	<b>816</b>	5,769	<b>(4,816)</b>	(8,814)
	<b>(65,609)</b>	28,237	<b>(45,923)</b>	(22,056)
<b>Expenses</b>				
Investment and advisory fees	<b>1,104</b>	799	<b>3,492</b>	3,642
Performance fee (recovery)	—	—	—	(938)
General and administration expenses	<b>3,522</b>	5,513	<b>12,153</b>	14,623
Interest expense	<b>668</b>	905	<b>3,372</b>	3,593
	<b>5,294</b>	7,217	<b>19,017</b>	20,920
<b>Earnings (loss) before income taxes</b>	<b>(70,903)</b>	21,020	<b>(64,940)</b>	(42,976)
Provision for income taxes	<b>9,996</b>	3,476	<b>6,747</b>	7,801
<b>Net earnings (loss) and comprehensive income (loss)</b>	<b>(80,899)</b>	17,544	<b>(71,687)</b>	(50,777)
<b>Net earnings (loss) per share</b>	<b>\$ (0.75)</b>	\$ 0.16	<b>\$ (0.66)</b>	\$ (0.47)
<b>Shares outstanding</b> (weighted average)	<b>108,216,246</b>	108,193,971	<b>108,258,852</b>	108,193,971

**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 Accounting Standards 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.