INVESTING IN AFRICA: GROWTH WITH IMPACT

HELIOS FAIRFAX PARTNERS


EXPERTISE
CONNECTIVITY
CREATIVITY
IMPACT
GROWTH
UNIQUE
AFRICA

Helios Fairfax Partners ("HFP") is an alternative investment company focused on the high-growth African market.

Our vision is to harness the wealth of investment opportunities in Africa to generate both globally competitive returns and real socio-economic impact by combining world class investment capabilities with an unparalleled mix of local & global connectivity.

A deep knowledge of the African operating environment, a singular commitment to the region and a proven capability to manage complexity, is key to unlocking the vast opportunities available in Africa. We believe that leveraging local and global networks to create attractive proprietary investments, with an emphasis on building market leaders in core economic sectors, will result in superior value creation.

OVERVIEW

PASSIONATE ABOUT AFRICA

We are passionate about Africa and its people. We want to contribute to the socio-economic development of the continent and have a positive impact on the lives of African people.

Through Helios Investment Partners ("Helios")*, we work with entrepreneurs, management teams and investors with a view to building profitable, value-creating and responsible businesses that deliver sustainable development and real impact.

* *HFA TopCo LP, through its sub-advisor, Helios Investment Partners LLP, provides investment management services, investment advisory services and investment administration services to HFP and its subsidiaries.*

TECHNOLOGY & INNOVATION

A critical mass of young, urban and digitally savvy Africans is fostering the rapid adoption of innovative technologies that have led to a dramatic reduction in the cost of serving customers across the economy. This gives rise to exciting investible opportunities in financial technology, e-commerce, clean energy and energy access.

SUB-SAHARAN AFRICAN POPULATION ACCESSING THE INTERNET THROUGH MOBILE PHONES

70%

ANNUAL GROWTH RATE OF INTERNET USERS ACROSS AFRICA [SINCE 2014]

14%

DEMOGRAPHICS & URBANIZATION

A youthful population that is rapidly urbanizing brings with it increases in productivity and broad structural changes in consumption patterns which create powerful long term investment opportunities.

GROWTH IN URBAN POPULATIONS IN AFRICA [BY 2050]

174%

CONTRIBUTION OF AFRICAN YOUTH TO THE GROWTH IN GLOBAL WORKFORCE [BY 2050]

79%

UNPARALLELED ACCESS TO AFRICA

We believe that HFP's investment mandate provides a unique means of accessing these exciting African investment opportunities. The continent's public equity markets understate the areas of economic strength we have identified in private markets which align with our investment strategy. As such, we anticipate that alternative investment asset classes such as private equity, venture capital, private credit and hedge funds present the most attractive means of gaining exposure to these exciting opportunities.

INVESTMENTS IN HELIOS STRATEGIES

$65 million

COMPANIES INVESTED IN

10

COUNTRIES INVESTED IN

25

PORTFOLIO INVESTMENTS

$386 milion

CASH AND CASH EQUIVALENTS

$96 million

OUR INVESTMENT ADVISOR: HELIOS INVESTMENT PARTNERS

Founded in 2004, Helios Investment Partners is the largest Africa-focused private investment firm and is the investment advisor to Helios Fairfax Partners. With a team of 44 investment professionals, Helios has extensive experience and market-leading capability in developing alternative fund strategies and attracting global private capital to capture the wealth of opportunities in Africa. In its 20-year history, Helios has deployed over $3 billion of capital across 35 investments in over 35 countries in Africa.

HELIOS OFFICES:
LAGOS, NAIROBI, LONDON, PARIS

OUR STRATEGY IS TO CREATE VALUE BY:

1. Making investments that drive TopCo LP's management fees and carried interest.

The company seeks to create value by making investments ("Seeding Investments") that drive TopCo LP's excess management fee and carried interest fee streams arising from Helios' third-party alternative asset management business. Seeding Investments will be focused on entities structured to receive and deploy capital from third-party limited partners or investors, in strategies that we believe to be geared to the engines of growth in Africa. Helios strategies that closely align with Helios Fairfax Partners' investment mandate include Helios Digital Ventures, Helios Sports & Entertainment Group, Helios Seven Rivers Fund, Helios Energy Transition Infrastructure and Helios Climate, Energy Access & Resilience funds. These strategies target powerful secular trends such as demographics & urbanization and technology & innovation, invest in energy transition and low carbon fuels, and capitalize on opportunistic public and private investment valuations. At the same time, the seeding and growth of these strategies is designed to drive excess management fee and carried interest streams to TopCo LP.

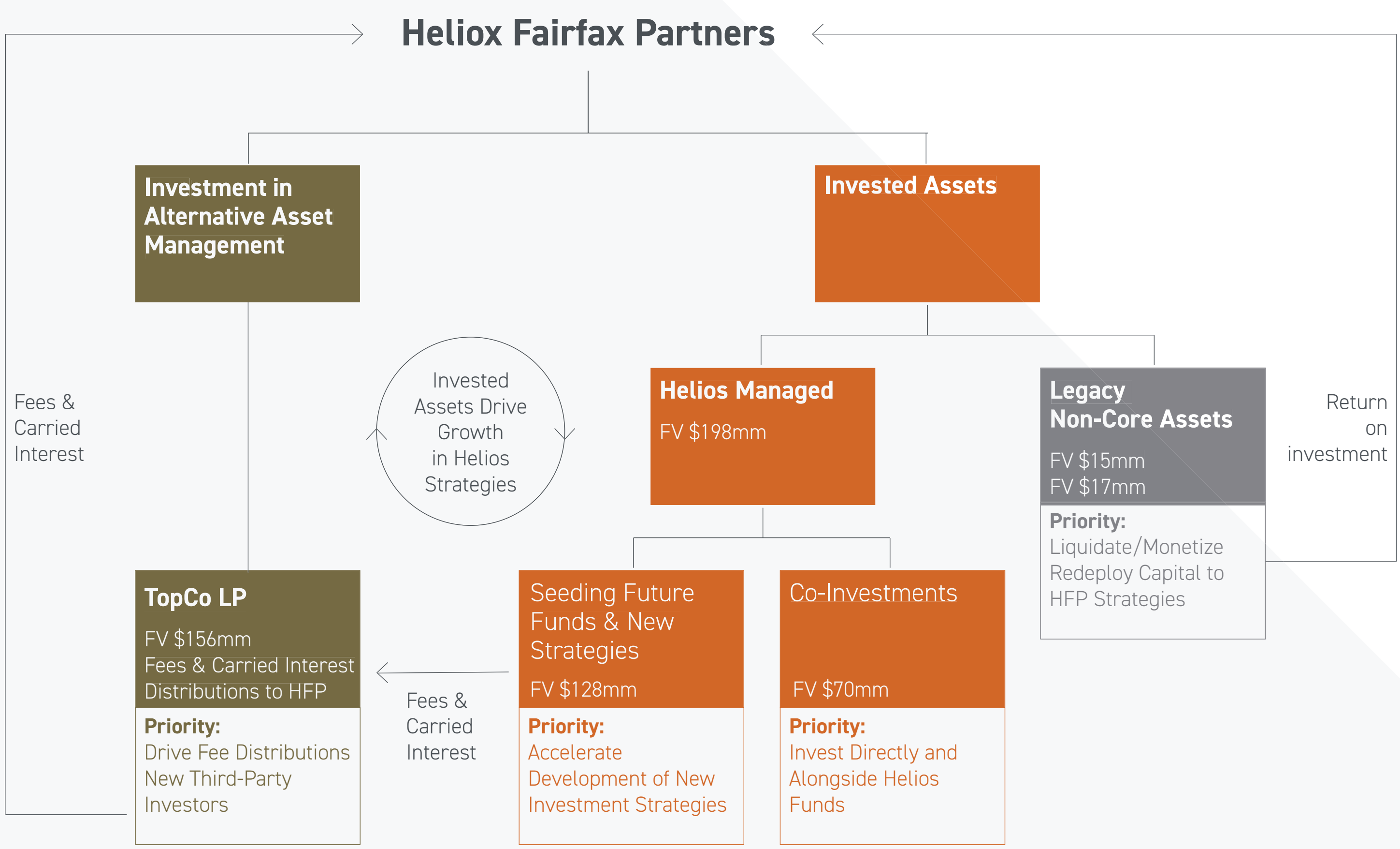
2. Deploying our balance sheet to make investments arising from Helios' investment strategies.

The company also seeks to create value by investing its balance sheet capital in opportunities arising from Helios' investment strategies in private equity and new investment strategies ("Helios Co-Investments"). Balance sheet capital that is not deployed in seeding strategic initiatives will be invested alongside the Helios strategies, which we believe will ensure that HFP's capital is exposed to the best ideas Helios' market-leading investment team identify. And, importantly, this further aligns our interests with those of the third-party investors in the Helios strategies. HFP's Helios Co-Investments will generally be structured as limited partner positions in Helios funds (with no additional management or incentive fees being charged), or as direct investments into special purpose vehicles through which Helios funds have structured their investment in the ultimate investee.

CREATING VALUE

HFP employs a multi-pronged approach to value creation through a combination of direct investments, co-investments with Helios funds and investments that accelerate the formation of new Helios-sponsored funds.

Our investment in TopCo compounds this value creation potential. Performance and growth of Helios' managed investments drive distributions to TopCo, and consequently to HFP, through excess management fee and carried interest cash flow streams. This is designed to amplify growth in HFP's capital in order to reinvest and pay dividends to shareholders.



A LETTER FROM THE CO-CEOS

FELLOW SHAREHOLDERS,

As we look back over the year, challenging global macroeconomic and geopolitical uncertainties weighed heavily on investor sentiment. Africa was no different, with political and economic volatility affecting a number of countries. However, our investment advisor, Helios Investment Partners ("Helios"), has operated in the region for over two decades and has the local expertise and global insights to effectively navigate these vagaries. In recognition of their market-leading capabilities, Helios was recently awarded Private Equity International's Firm of the Year in Africa for the fifth year running.

Last year marked another significant step forward in exiting the legacy non-core portfolio and various positions related to the December 2020 strategic transaction. In 2023, we received full repayment of the $20.0 million Fairfax Loan and fully repaid the HFP Debenture ahead of its maturity. We also realized an additional $42.7 million from the liquidation of the legacy non-core portfolio and have now successfully exited the vast majority of that portfolio. The remainder is valued at $31.9 million, almost half of which is subject to already-agreed deals pursuant to which we anticipate receiving proceeds this year.

Our balance sheet has been significantly simplified and we are well-capitalized to continue executing on our investment strategy: with $95.9 million of available cash and an undrawn credit facility of $70.0 million available to fund future investments.

2023 also marked a meaningful step forward operationally: following the strategic transaction, we continued to benefit from the operational support of Fairfax Financial as we transitioned to stand-alone facilities and systems. That transition is now complete: our financial reporting systems are now independent of Fairfax's, and we recently moved into our own offices in Toronto.

Our goal at Helios Fairfax Partners is simple. We want to invest in impactful companies with operations that either provide or leverage technology at the core of their business, whilst benefitting from Africa's demographic trajectory. Africa is at an important positive inflection point. Over the last decade, and at an accelerating pace since the COVID-19 pandemic, the rapid adoption of innovative technologies has been dramatically reducing the cost of serving customers across many sectors of the economy, driving productivity for households and businesses alike. As a result, an ever-increasing universe of companies are able to profitably address the youthful, growing and urbanizing population of the continent. These are the companies we seek to invest in. We look for investments that have long-term sustainable secular growth and that offer currency protection either in their underlying business or through the investment structure.

We will drive shareholder value by a combination of growth in on-balance sheet investments, as well as growth in the fee and carried interest income streams arising from Helios' third-party asset management activities, including investment funds arising from strategies that we may seed.

Last year, we invested a total of $65.0 million in co-investments in Helios Fund IV and in newly or recently seeded strategies, including Helios Digital Ventures ("HDV"), Helios Seven Rivers Fund ("Seven Rivers") and Helios Sports and Entertainment Group ("HSEG"). This brings the total value of our strategy of investing in Helios Managed Investments to $194.7 million, an increase of 12.4% over the prior year, net of the current years' investments.

On the asset management side, the value of our investment in TopCo LP, which derives most of its value from expected carried interest and excess management fees from Helios managed strategies, decreased in fair value by $70.4 million. Contributing to the decrease in the fair value was a recognition that, all else being equal, in the current environment, it is reasonable to expect fund-raising periods to be longer and the present value of excess management fees to be lower. The decrease was also the result of a combination of delays in exit timing and lower value expectations from some investments from Helios II and III, as well as the application of somewhat higher discount rates, consistent with the higher interest rate environment. Notwithstanding the generally more challenging fundraising environment for private equity industry globally, Helios is making good progress raising third party capital for its various new strategies. These thematically focused investment vehicles are attracting interest from a broader and more diverse investor base including sovereign and quasi-sovereign entities, new development finance institutions, corporates and mission-led family offices.

Our dedication to environmental and social stewardship is strong. We believe that sustainable investing is not a trend but a fundamental responsibility. Impact and ESG considerations are woven into our investment process, ensuring that our portfolio aligns with environmental, social, and governance principles, and we receive regular reports from Helios on the impact that our investments have on the continent. Helios is a certified B-corp with a high rating.

As we step into the next chapter, we remain extremely optimistic. Our pipeline includes exciting opportunities in renewable energy, technology and infrastructure. We invite you to join us on this journey - a journey fuelled by resilience, innovation, and unwavering commitment. Thank you for your continued support. Together, we will shape the future of Africa.

SINCERELY,
BABATUNDE & TOPE

BABATUNDE SOYOYE, CO-CEO

TOPE LAWANI, CO-CEO

A LETTER FROM THE CHAIR

At Helios Fairfax Partners, we have the unique potential not only to capitalize on the tremendous demographic and technological shifts occurring in Africa, but to contribute to the socio-economic development of the continent and deliver positive impact on the lives of African people.

We've witnessed unprecedented upheaval in the macroeconomic and geopolitical landscape globally. Inflationary pressures and rapid interest rate increases have created imbalances across broad areas of the various economies, contributing to currency turbulence and political volatility, and impacting fundraising and capital availability.

The Board is very satisfied with how Helios Fairfax Partners has emerged from the unpredictability of this economic climate, and we remain highly committed to supporting management's efforts to complete the revitalization of the Company's balance sheet, continue to seek out unique and alternative investment opportunities, grow the Company's exposure to additional cashflow streams, and create value for the benefit of our shareholders, communities and business partners.

To outline our commitment to the impact of our business activities on the broader community and the environment we continue to strengthen our governance. In March 2023, we integrated our first ESG policies and practices into our operational and investment strategies, and adopted a written Environmental, Social & Governance Statement and Policy. The Governance, Compensation and Nominating Committee is responsible for the implementation and oversight of this Policy and will provide regular updates to our Board.

Additionally, we are pleased to announce Kathy Cunningham's nomination to the board. A CPA and current CFO at the Globe and Mail, Kathy brings additional depth to our Board and our Audit Committee.

While the past few years have been challenging, the company has developed key strategies to manage these changing conditions and is well positioned to take advantage of the many opportunities available to us. Thank you to our shareholders, clients and partners for your continued trust and support.

SINCERELY,

KEN COSTA
CHAIR, HELIOS FAIRFAX PARTNERS

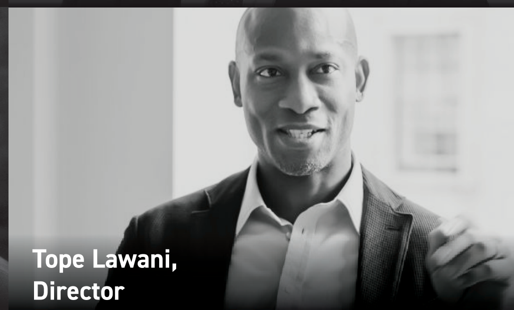
BOARD OF DIRECTORS


Ken Costa,
Chairman


Kofi Adjepong-Boateng,
Independent Director

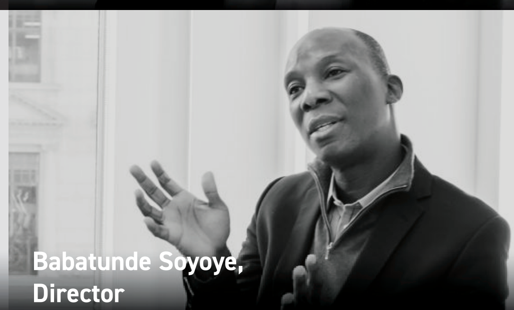

Lieutenant-General (ret.) Roméo Dallaire,
Independent Director


Christopher Hodgson,
Independent Director


Tope Lawani,
Director


Quinn McLean,
Director

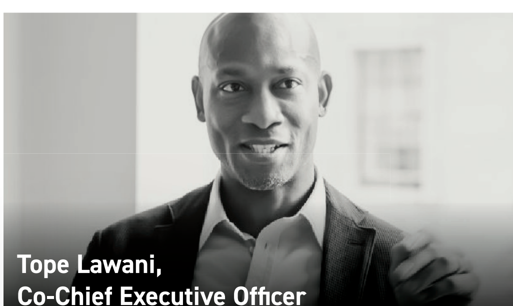

Sahar Nasr,
Independent Director


Babatunde Soyoye,
Director


Masai Ujiri,
Independent Director

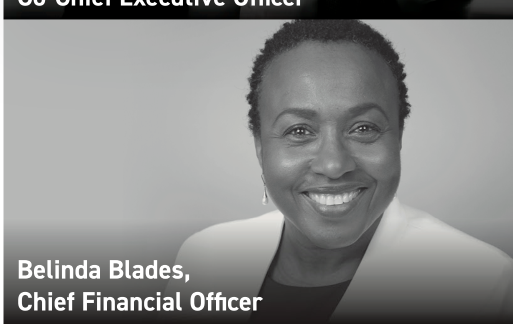

Kathy Cunningham,
Independent Director

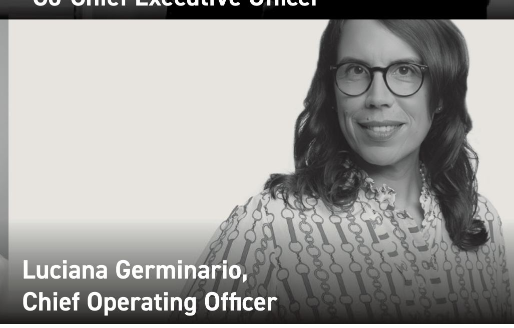
OFFICERS


Tope Lawani,
Co-Chief Executive Officer


Babatunde Soyoye,
Co-Chief Executive Officer


Ken Costa,
Chairman


Belinda Blades,
Chief Financial Officer


Luciana Germinario,
Chief Operating Officer


Julia Gray,
General Counsel and Corporate Secretary

2023 Annual Report

Helios Fairfax Partners Corporation Corporate Performance

(in US$ thousands, except as otherwise indicated)[1]

As at and for the years ended December 31	Book value per share[2]	Closing share price[1]	Income (loss)	Net earnings (loss)	Total assets	Invest-ments	Common share-holders' equity	Shares out-standing[1]	Earnings (loss) per share
Initial public offering	10.00	10.00[3]							
2017	10.21	14.16	31,851	23,484	669,111	339,052	516,736	50.6	0.54
2018	9.60	8.11	(42,108)	(60,580)	643,830	409,475	603,127	62.8	(1.06)
2019	8.72	5.91	(46,242)	(61,199)	520,667	458,565	518,815	59.5	(1.01)
2020	5.50	5.25	(173,033)	(206,646)	610,776	513,065	599,735	109.1	(3.31)
2021	5.47	3.37	(3,277)	(25,922)	704,392	607,106	591,902	108.3	(0.24)
2022	5.03	2.85	(22,056)	(50,777)	652,612	523,120	544,307	108.2	(0.47)
2023	4.39	2.55	(45,923)	(71,687)	488,333	386,002	474,596	108.2	(0.66)
Compound annual decline	(11.3)%	(18.0)%							

(1) All share references are to common shares; closing share price and per share amounts are in U.S. dollars; shares outstanding are in millions.

(2) Calculated as common shareholders' equity divided by common shares effectively outstanding.

(3) On February 17, 2017, upon completion of the company's initial public offering price of $10.00 per share, Fairfax Africa Holdings Corporation's subordinate voting shares began trading on the Toronto Stock Exchange under the symbol FAH.U. In December 2020, following completion of The Transaction[4], the TSX symbol for the company's subordinate voting shares was changed to HFPC.U.

(4) On December 8, 2020, the company finalized a transaction with Helios Holdings Limited ("HHL"), pursuant to which HHL exchanged certain fee streams for a 45.9% equity stake in the company ("The Transaction").

Index to Management's Discussion and Analysis

Management's Discussion and Analysis
(as of March 29, 2024)
(Figures and amounts are in US$ and $ thousands except share and per share amounts and as otherwise indicated. Figures may not add due to rounding.)

Notes to Management's Discussion and Analysis

(1) The Management's Discussion and Analysis ("MD&A") presents management's view of the financial condition and results of operations of Helios Fairfax Partners Corporation ("HFP" or the "company") as at and for the years ended December 31, 2023, and 2022 and should be read in conjunction with the audited consolidated financial statements and the entire Annual Report for additional commentary and information. Additional information relating to the company, including its annual information form, can be found on SEDAR+ at www.sedarplus.ca. Additional information can also be accessed from the company's website www.heliosinvestment.com/helios-fairfax-partners.

(2) Unless otherwise noted, consolidated financial information of the company within this MD&A is derived from the consolidated financial statements of the company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), and is presented in U.S. dollars which is also the functional currency of the company and its consolidated subsidiaries.

(3) Throughout this MD&A, the term "Portfolio Investments" refers to deployed capital invested in public and private investments as disclosed in note 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) to the consolidated financial statements for the year ended December 31, 2023.

Forward-Looking Statements

This MD&A 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: 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 ("Fairfax") and HFP Investments Holdings SARL ("Principal Holdco") 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 and on the company's website at 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.

Specified Financial Measures

The company discloses specified financial measures that are calculated using methodologies that are not in accordance with IFRS Accounting Standards. The presentation of specified financial measures in this manner should not be considered as the only measure of our performance and should not be considered as a substitute for similar financial measures calculated in accordance with IFRS Accounting Standards. These financial measures do not have a standardized meaning prescribed under IFRS Accounting Standards and are therefore unlikely to be comparable to similar financial measures presented by other companies. The company uses these financial measures in managing the business and believes these financial measures provide helpful information to investors. Reconciliations of the specified financial measures to the most directly comparable financial measures calculated and presented in accordance with IFRS Accounting Standards have been presented, where applicable, within this MD&A. Refer to the Glossary of Non-GAAP and Other Financial Measures located at the end of this MD&A for details.

Business Objectives

Investment Objective

HFP is an investment holding company whose 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 ("Portfolio Investments"). Generally, subject to compliance with applicable law, the company will make Portfolio Investments with a view to acquiring control or significant influence positions.

The company makes its investments either directly or through one of its wholly-owned subsidiaries, which include a South Africa-based subsidiary HFP South Africa Investments Proprietary Limited ("SA Sub") and a Mauritius-based subsidiary HFP Investments Limited ("Mauritius Sub").

HFA Topco, L.P. ("TopCo LP" or the "Portfolio Advisor") is the portfolio advisor of the company and, through its sub-advisor, Helios Investment Partners LLP ("Helios" or the "Manager"), provides investment management services, investment advisory services and investment administration services to the company. TopCo LP is also the investment vehicle through which HFP receives cash flows from its entitlement to certain Helios fee streams, including excess management fees and carried interest.

Investment Strategy

The company's strategy is two-pronged:

1. *Seeding Investments:*

The company seeks to create value by making investments ("Seeding Investments") that drive the growth of TopCo LP's excess management fee and carried interest fee streams arising from Helios' third-party alternative asset management business. Seeding Investments will be in entities structured to receive and deploy capital from third-party limited partners or investors, in strategies that the Manager believes to be most closely geared to the engines of growth in Africa, namely demographics and urbanization, and technology and innovation. Seeding Investments may range from relatively large "warehouse facilities" that enable the relevant new strategy to begin deployment ahead of raising third party capital, to smaller commitments designed to demonstrate the alignment of the company's interests with those of third party investors. As Helios' third-party asset management business grows across complementary strategies, returns and distributions from TopCo LP's excess management fee and carried interest income are expected to increase in scale and predictability. Increasing such proceeds is expected to enhance the overall return on HFP's shareholders' equity. Over the long-term, the company may also seek to make acquisitions of complementary asset management business.

As at December 31, 2023, TopCo LP's excess management fee and carried interest fee streams derived predominantly from funds within the Helios Private Equity strategy, namely Helios Investors II, L.P., Helios Investors III, L.P. and Helios Investors IV, L.P. Helios has begun marketing a successor fund within its Private Equity strategy:

Helios Investors V, L.P. ("Helios Fund V"), a private equity fund focused on growth and buyout investments in the Consumer Non-Discretionary, Digital Infrastructure, Financial Services & Technology, and Tech-Enabled Business Services sectors. Helios Fund V, a limited partnership, is actively seeking $750 million in third-party limited partner commitments.

To drive further growth in TopCo LP's fee streams, the company has seeded the following additional Helios Strategies in entities structured to receive capital from third-party investors:

Helios Digital Ventures ("HDV"), a new venture capital investment strategy that benefits from the explosive growth in digital innovation across Africa. HDV will invest in early-stage technology-driven businesses in thematic areas such as financial services, food security, healthcare, human capital and sustainability. HDV, a limited partnership, is actively seeking $125 million in third-party limited partner commitments.

Helios Sports and Entertainment Group ("HSEG"), an investment strategy designed to capitalize on Africa's unique demographic profile and global technological advancements by investing in companies and assets in the African sports and entertainment sector. HSEG, a limited liability company, is actively seeking $75 million in third-party investor capital.

Helios Seven Rivers Fund ("Seven Rivers"), a hedge fund focused on public African equity and credit securities, utilizing a macro hedging overlay to manage systemic risk. Seven Rivers' objective is to invest in securities that exhibit highly profitable unit economics and long growth runways to achieve strong absolute returns over a long horizon, while minimizing drawdowns and NAV volatility. Helios anticipates that Seven Rivers, a limited partnership, will commence marketing to potential third-party limited partners in the near term.

The strategies noted below are expected to result in additional Seeding Investments in the near term, with the objective of growing TopCo LP's excess management fee and carried interest fee streams. Investments in these strategies are anticipated to be smaller commitments designed to align the interests of the company with those of third party investors:

Helios Climate, Energy Access & Resilience ("CLEAR"), a strategy that aims to bridge the significant climate financing gap in Africa by targeting both climate adaptation and mitigation, with the highest climate integrity (Article 9 designation). The fund intends to deploy growth equity into opportunities in renewable energy solutions, climate-smart agriculture and food, green transport and logistics, recycling and resource efficiency and digital and financial climate enablers. CLEAR, a limited partnership, is actively seeking $400 million in third-party limited partner commitments.

Helios Energy Transition Infrastructure ("HETI"), a strategy designed to invest in, develop and operate infrastructure assets that facilitate access to affordable energy in Africa while accelerating the regional and global transition to a lower carbon economy. HETI's core focus is to position for the longer-term energy transition to cleaner fuels by investing in infrastructure that will enable the reduction of gas flaring, result in the displacement of liquid fuels, enable the production of cleaner electricity and facilitate the development of low-carbon fuel infrastructure (including green hydrogen and ammonia). The company anticipates that HETI will be structured as a limited liability company, with target capital raising yet to be determined.

While there can be no assurance that any new strategies will be successfully launched or generate excess management fees, carried interest, or incentive fees, the Helios fee streams to which TopCo LP is entitled will include excess management fees and 50% of any carried interest or similar incentive fee that may arise from such new strategies.

2. *Helios Co-Investments*

The company also seeks to create value by investing its balance sheet capital in opportunities arising from Helios' investment strategies in private equity and new investment strategies ("Helios Co-Investments"). Balance sheet capital that is not deployed in seeding strategic initiatives will be invested alongside the current and future funds managed by Helios Holdings Limited ("HHL", together with one or more of its affiliates, as the context requires, the "Helios Holdings Group") or any of its affiliates (the "Helios Funds"). We believe this will ensure that HFP's capital is exposed to the best ideas Helios' market-leading investment teams identify. And, importantly, this further aligns our interests with those of the third-party investors in the Helios Funds. HFP's Helios Co-Investments will generally be structured as limited partner positions in Helios Funds (with no additional management or incentive fees being charged), or as direct investments into special purpose vehicles through which Helios Funds have structured their investment in the ultimate investee.

In 2023, the company funded additional capital of $8,632 into Helios Fund IV, pursuant to its pre-existing commitment, as a follow-on to an existing investment in a reinsurance company and an existing investment in East Africa's largest developer and operator of hyperscale-ready data centre.

The company may from time to time seek to realize any of its Portfolio Investments. The circumstances under which the company may sell some or all of its investments include: (i) where the company believes that the Portfolio

Investments are fully valued or that the original investment thesis has played out; or (ii) where the company has identified other investment opportunities which it believes present more attractive risk-adjusted return opportunities and additional capital is needed to make such alternative investments.

Investment Selection

While specific investment criteria will differ among the various investment strategies, the company generally targets investments with the following characteristics:

- Benefiting from secular rather than cyclical growth;
- Achieving growth rates meaningfully higher than GDP;
- Capital light – or, where capital intensive, having a high degree of revenue visibility;
- Maintaining a high degree of control over their own value/supply chains, with few third-party operational dependencies;
- Having minimal daily interaction with public sector entities (for example, as customers or suppliers); and
- Pursuing business strategies that are consistent with global climate targets and objectives.

Environmental, social and governance (“ESG”) considerations are paramount, and concerns related to these matters could render a potential investment unsuitable. To outline our commitment to understanding the impact of our business activities on the broader community and the environment, and to integrating ESG policies and practices into our operational and investment strategies, the company adopted a written Environmental, Social & Governance Statement and Policy (the “ESG Policy”) in March 2023. The ESG policy is applicable to all directors, officers, consultants and employees of HFP and every subsidiary of HFP and is reviewed on an annual basis. Prior to recommending an investment to the Investment Committee, the Manager conducts an ESG assessment based on the principles set out in the ESG Policy, in which ESG risks, requirements and expectations are defined, and business integrity risk monitoring procedures determined. In the initial stages of reviewing an investment, should any key ESG, business integrity, or reputational issues or risks to the company emerge, the Manager may recommend to the Investment Committee that the deal should be declined or, alternatively, that specialty consultants be retained to explore any such issues in further detail.

Investment Restrictions

The company will not make a Portfolio Investment if, after giving effect to such investment, the total invested amount of such investment would exceed 20.0% of the company’s total assets at the time of the investment, provided, however, that the company is permitted to complete up to two Portfolio Investments where, after giving effect to each such investment, the total invested amount of each such investment would be equal to or no more than 25.0% of the company’s total assets (the “Investment Concentration Restriction”).

The company intends to make multiple different investments as part of its prudent investment strategy. Portfolio Investments may be financed through equity or debt offerings as part of the company’s objective to reduce its cost of capital and provide returns to shareholders. At December 31, 2023, the company determined that it was in compliance with the Investment Concentration Restriction.

Overview of African Operating Environment

The company believes long-term demographic and economic shifts in Africa will offer attractive and unique investment opportunities on which HFP intends to capitalize. The demographic and technology tailwinds that make Africa an attractive investment locale remain intact. The continent benefits from a young and growing population. According to the UN, the median age in Africa is 19 years old, compared to 38 in North America and 42 in Europe. In addition, over the next 30 years, almost 70% of the growth in the total global workforce is expected to come from Africa. With populations in the developed and much of the developing world aging rapidly, the youthfulness and growth of Africa’s population makes the continent critical to sustaining the global labour force.

A critical mass of young, urban and digitally-savvy Africans are catalyzing a powerful innovation ecosystem. The number of internet users across Africa has been growing at a 14% CAGR since 2014, with over 70% of the sub-Saharan African population accessing the internet through mobile phones. This is driving similar digital trends, for example revenues from online payments are estimated to grow in excess of 30% annually, a more than fourfold increase from 2020, potentially reaching approximately $13 billion by 2025. Africa’s young, digitally connected population is increasingly urbanized, and is poised to contribute 79% of the projected growth in the global workforce by 2050. This is a notable contrast to the significant declines in working age populations projected in Europe and China over the same period.

Since 2020, African economies have faced significant challenges including the pandemic, supply chain disruptions, geopolitical conflicts as well as elevated inflation and interest rates. Despite uncertain global economic conditions, African economies remain resilient. Sub-Saharan Africa's real GDP is projected to have grown at 3.3% in 2023 and is expected to grow by 4.0% in 2024, an attractive pace in both absolute terms and relative to Europe and the US. Notably, Europe is expected to continue to experience only modest GDP growth relative to 2022 levels. Inflation levels in Africa are expected to decrease from 15.8% in 2023 to 13.1% in 2024. African economies are used to operating in a higher inflationary environment and the comparatively higher increase in inflation in the developed world is causing more severe disruption to their economies.

In response to rising inflation, central banks across the globe have raised interest rates. In the US and Europe, businesses and consumers are learning to adjust to significantly elevated rates not seen in decades, whereas in Africa interest rates remain close to historic averages. Elevated global fiscal constraints have impacted the availability of debt for African economies and contributed to an increase in debt service costs. However, as advanced economies begin to lower interest rates, it will offer some relief to African economies. Notably, in January 2024, Cote d'Ivoire became the first African country to issue a Eurobond after a two-year hiatus, securing $2.6 billion with an order book of over $8 billion.

These macroeconomic factors have placed ongoing pressure on African currencies and have compelled some of the largest African economies to initiate transformative reform measures. While many of these reforms are much-needed and have been heralded by international organizations such as the World Bank, they have nonetheless created some near- and potentially medium-term uncertainty. For example, the end of the controlled exchange rate system in Nigeria last June resulted in a sharp depreciation of the Naira, contributing further to the high inflationary environment. However, these central bank actions are designed to provide a long-term benefit to the region and should many of these much-needed reforms be successfully implemented, a robust foundation for the countries' forthcoming phase of growth will be established.

See *Risk Management* for additional discussion on risks relating to the Geopolitical Risks, Inflation and Rising Interest Rates, Financial Market Fluctuations, Operating and Financial Risks of Portfolio Investments, and Valuation Methodologies Involving Subjective Judgments.

Business Developments

Capital Transactions

On March 3, 2022, the company closed a $70,000 secured, revolving demand credit facility with FirstRand Bank Limited (acting through its Rand Merchant Bank division) (the "RMB Facility"), bearing interest at a rate of the compound reference rate plus 6.88%, payable quarterly. The RMB Facility matures on March 3, 2027, and was undrawn at December 31, 2023. Refer to note 7 (Borrowings) to the consolidated financial statements for the year ended December 31, 2023, for additional details.

At the company's Annual and Special Meeting of shareholders held on May 11, 2023, a special resolution was passed by shareholders of the company, to reduce the stated capital account maintained by the company in respect of the subordinated voting shares by US$3.32 per subordinated voting share, and reduce the stated capital account maintained by the company in respect of the multiple voting shares by US$3.32 per multiple voting share, or in each case, such lesser amount as may be determined by the Board. The reduction in stated capital was effective as of May 31, 2023. The company reduced the stated capital of its multiple voting shares by $179,550 and its subordinate voting shares by $179,550. The reduction of stated capital reduced common stock by $359,100, increased contributed surplus by $359,100, with no distribution to any shareholder of the company and no change to total equity.

During 2023, under the terms of its normal course issuer bid, the company purchased for cancellation 166,492 subordinate voting shares (2022 – 88,776 subordinate voting shares) for a net cost of $458 (2022 – $305) and $893 (2022 – $417) was recorded as a benefit in retained earnings.

Subsequent to December 31, 2023

Subsequent to December 31, 2023, under the terms of the automatic share purchase plan in place for the normal course issuer bid, 75,710 subordinate voting shares were purchased on behalf of the company for a net cost of $200.

Portfolio Investments

Cautionary Statement Regarding Financial Information of Significant Portfolio Investments

HFP has agreed to voluntarily provide within its MD&A, summarized unaudited financial information prepared for all of its Portfolio Investments for which it had previously filed a business acquisition report in accordance with section 8.2 of *National Instrument 51-102 Continuous Disclosure Obligations.* TopCo LP prepares its financial statements in accordance with IFRS Accounting Standards. Such unaudited financial information is the responsibility of the respective management teams and has been prepared by them using recognition, measurement and presentation principles consistent with IFRS Accounting Standards, and provided to the company in their underlying functional currencies.

The company's investment in TopCo LP ("Significant Portfolio Investment") has a fiscal year which ends on December 31. Summarized financial information of the company's Significant Portfolio Investment has generally been provided for the periods subsequent to the company's investment and to the extent that the most recent interim financial information is available to the company's management.

HFP has no knowledge that would indicate that the Significant Portfolio Investment's summarized financial information contained herein requires material modifications. However, readers are cautioned that the Significant Portfolio Investment's summarized financial information contained in this MD&A may not be appropriate for their purposes.

Summary of Portfolio Investments and Related Party Derivatives and Guarantees

The table below provides a summary of the company's Portfolio Investments and related party derivatives and guarantees:

	Initial Year of Acquisition	December 31, 2022	Capital Deployed	Realization and Distribution	Change in Fair Value	December 31, 2023
Investment in Alternative Asset Management						
TopCo LP Class A Limited Partnership Interest	2020	76,823	1,295	(363)	(21,940)	55,815
TopCo LP Class B Limited Partnership Interest	2020	148,575	–	(122)	(48,511)	99,942
Total		225,398	1,295	(485)	(70,451)	155,757
Helios Managed Investments						
Helios Fund IV Limited Partnership Interest	2021	33,785	8,632	–	9,579	51,996
Trone Common Shares	2021	17,506	–	–	1,146	18,652
NBA Africa Common Shares	2021	39,219	–	–	(37)	39,182
Event Horizon Loan(1)	2022	9,473	9,444	(20,806)	1,889	–
Helios Sports and Entertainment Group	2023	–	32,050	–	(425)	31,625
Digital Ventures $40M Facility	2022	14,956	5,654	–	898	21,508
Digital Ventures $1M Facility	2022	371	124	–	23	518
Helios Seven Rivers Fund	2023	–	30,000	–	4,827	34,827
Total		115,310	85,904	(20,806)	17,900	198,308
Insured and Guaranteed Legacy Non-Core Investments						
Indirect Equity Interest in AGH	2017	17,456	–	(14,295)	(761)	2,400
Philafrica Common Shares	2018	4,408	–	–	(8)	4,400
Philafrica Facility	2020	7,346	–	–	791	8,137
HFP Redemption Derivative	2021	62,136	–	(71,400)	9,264	–
Total		91,346	–	(85,695)	9,286	14,937
Other Legacy Non-Core Investments						
Indirect Equity Interest in Access Bank SA	2018	672	–	(223)	(449)	–
Indirect Equity Interest in Nova Pioneer	2021	25,468	–	–	(8,468)	17,000
AFGRI International Facility	2021	11,669	–	(11,824)	155	–
CIG Loan	2018	17,632	–	(16,391)	(1,241)	–
Total		55,441	–	(28,438)	(10,003)	17,000
Public Investments						
Common Shares	2020	16,595	–	(15,856)	(739)	–
Total		16,595	–	(15,856)	(739)	–
Total Portfolio Investments and Related Party Derivatives and Guarantees		504,090	87,199	(151,280)	(54,007)	386,002

(1) Event Horizon Loan was transferred from the company to HSEH through HSEG. Subsequently, the outstanding Event Horizon Loan amount plus certain deal costs was discharged by TMG issuing Preference Shares to HSEH and derecognized by the company.

Private Portfolio Investments

Cautionary Statement Regarding the Valuation of Private Portfolio Investments

In the absence of an active market for the company's Private Portfolio Investments (with the exception of Seven Rivers being a level 2 investment, valued with reference to market input), fair values of these investments are determined by management using industry accepted valuation methodologies after considering the history and nature of the business, operating results and financial conditions, outlook and prospects, general economic, industry and market conditions, contractual rights relating to the investment, public market comparables (if available) and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which the company's Private Portfolio Investments could be disposed of may differ from the fair values assigned and those differences may be material.

Investment in Alternative Asset Management

TopCo LP

TopCo LP, an affiliate of Helios Holdings Group, is a limited partnership established under the laws of Guernsey and controlled by its general partner, HFA GP (Guernsey) Limited, an affiliate of the Helios Holdings Group.

The investment in TopCo LP is HFP's long-term value driver and has generated $485 in distributions reflecting excess management fees and carried interest in 2023 (2022 – $6,232).

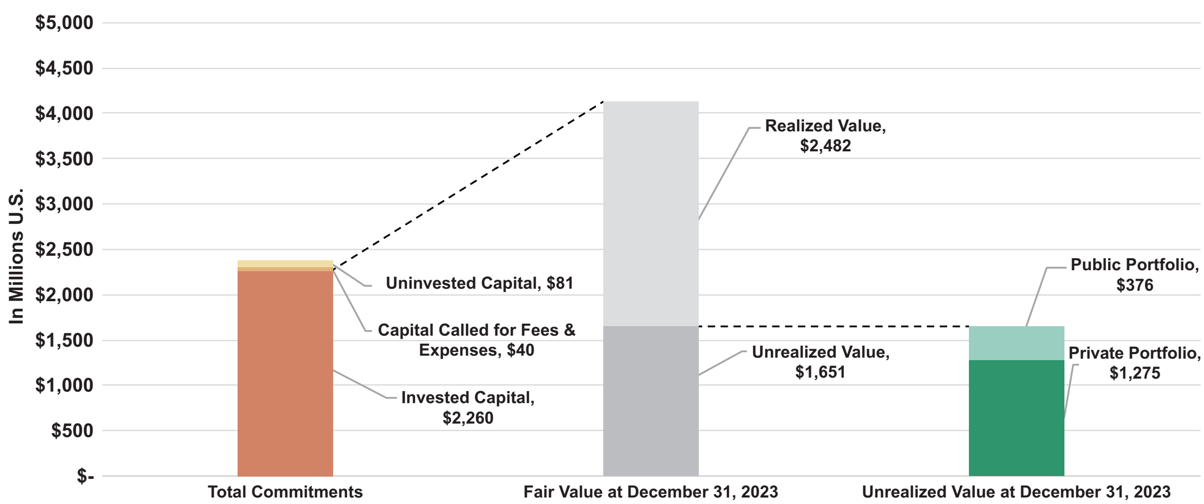
Business Overview

TopCo LP is the investment vehicle through which HFP receives cash flows from its entitlement to certain Helios fee streams, including excess management fees and carried interest. TopCo LP is the portfolio advisor of the company and its consolidated subsidiaries and has entered into a sub-advisory agreement with the Manager to provide the investment and advisory services to HFP, for which it receives investment advisory fees.

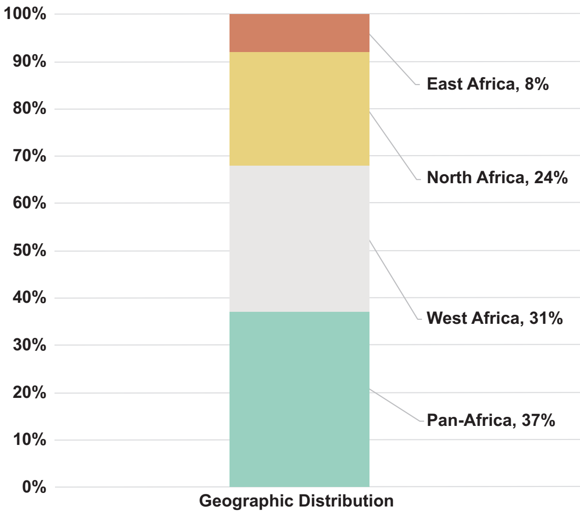
The Helios fee streams to which TopCo LP is entitled are currently derived predominantly from three private equity funds managed by Helios. Each fund was formed with the purpose of investing in African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa. In each fund, the general partner receives a 20% carried interest above an 8% hurdle and a management fee which varies with time and other factors.

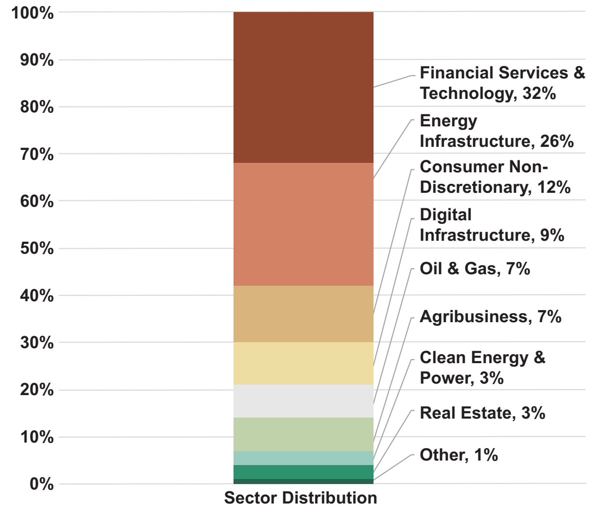
Helios Fund II, in which TopCo LP is entitled to a 25% share of the general partner's carried interest, is a private equity fund domiciled in the Cayman Islands that was formed in 2009 with $908,500 in committed capital; Helios Fund III (from which TopCo LP is entitled to 25% carried interest) is a private equity fund domiciled in the Cayman Islands that was formed in 2014 with $1,117,000 in committed capital; and Helios Fund IV (from which TopCo LP is entitled to 50% carried interest) is a private equity fund domiciled in the Cayman Islands that was formed in 2020 with $355,000 in committed capital.

As at December 31, 2023 the status and composition of the Helios Funds was as follows:



As at December 31, 2023 the composition of the Funds' unrealized portfolio was as follows:





For the year ended December 31, 2023, the companies in which the Funds have invested experienced growth in revenue of 11.3%, growth in profits of 10.2% and a decrease in fair value of 4%, excluding investment exits. The decline in fair value is due mainly to lower valuations of Fund II companies driven by lower multiples and foreign exchange fluctuations and a significant decline in the fair value of a financial services company within Fund III's portfolio, offset by higher valuations of Fund IV companies driven by revenue and profitability growth in the underlying companies.

As at December 31, 2023, the five largest investments in the Helios Funds by unrealized value, were: (i) a private company operating in the gas distribution sector principally in Nigeria; (ii) a private company engaged in midstream LNG operations in Ghana; (iii) a public company providing cross border payment and foreign exchange services across Africa; (iv) a private company operating electronic payments platform across Pan-Africa; and (v) a private company operating in the agricultural sector in Egypt.

Summarized below is unrealized carried interest from the Helios Funds as at December 31, 2023 and December 31, 2022. Unrealized carried interest represents the amount of carried interest that would have been realized if all the portfolio investments in the respective Helios Funds were to be exited at their reporting date fair values.

Unrealized carried interest
(unaudited – US$ thousands)

	December 31, 2023	**December 31, 2022**
Total unrealized carried interest	**16,902**	174,067
TopCo LP's share of the unrealized carried interest	**8,451**	45,777

Total unrealized carried interest decreased by $157,165 (90.3%) at December 31, 2023 compared to December 31, 2022. TopCo LP's share of unrealized carried interest decreased by $37,326 (81.5%) at December 31, 2023 compared to December 31, 2022. The decrease was driven by a combination of reduced expectations of the value that is to be realized from various investments (in particular a Helios Fund III investment in the financial services sector) and expected delays in the timing of certain exits (relating to Helios Fund II investments in the telecom and electronic payment sectors, resulting in the expected carried interest from Fund II to decrease to nil). The valuation of TopCo LP Class A Limited Partnership Interests is particularly sensitive to the expected value and timing of exits when the overall fund returns are close to the 8% preferred investor return, as is the case for Helios Fund II and Helios Fund III. In 2022, Peak Co-investment LP distributed carried interest to its partners and the company received $3,608 as part of the distribution from TopCo LP. In the year ended 2023, the company received total distributions of $363 representing carried interest from TopCo LP.

Key Business Drivers, Events, and Risks

TopCo LP is structured to accumulate and distribute carried interest proceeds from the carried interest recipients and Excess Management Fees from the Helios Holdings Group to HFP by virtue of HFP's TopCo LP Class A and Class B Limited Partnership Interests respectively, and the investment and advisory fees from HFP to the Helios Holdings Group.

TopCo LP Class A Limited Partnership Interest

HFP is entitled to receive carried interest proceeds received by TopCo LP, through its ownership of TopCo LP Class A Limited Partnership Interests, when relevant amounts become available for distribution. The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent it has received carried interest proceeds and a clawback is required. At December 31, 2023 and December 31, 2022, the company was not subject to any clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest.

HFP is committed to contribute its pro rata share, being 50% of Management Team Commitments that are required to be made into any fund or investment vehicle in which HFP earns carried interest. HFP's Management Team Commitment is not subject to management fees and carried interest.

In 2023, the company received total distributions of $363 (2022 – $3,608) representing carried interest from TopCo LP. In 2023, the company funded capital calls of $1,295 (2022 – $478) from TopCo LP for its share of HIP Equity IV Management Team Commitment in Helios Fund IV. At December 31, 2023, the company's net capital contribution to TopCo LP in respect of Management Team Commitments was $5,017 (December 31, 2022 – $3,722) and the remaining capital commitment was $2,483 (December 31, 2022 – $3,778).

TopCo LP Class B Limited Partnership Interest

TopCo LP receives management fees from certain Helios Holdings Group entities and pays all expenses incurred which results in Excess Management Fees to be paid to HFP. HFP's ownership of TopCo LP Class B Limited Partnership Interests entitles HFP to receive the Excess Management Fees after a six-month holding period by TopCo LP.

At December 31, 2023 and December 31, 2022, HFP held all of the issued and outstanding Class A and Class B Limited Partnership Interests of TopCo LP.

In 2022, the company earned Excess Management Fees of $1,278 through its TopCo LP Class B Limited Partnership Interest and recognized a distribution receivable at December 31, 2022. A partial payment was received in 2023.

Valuation and Consolidated Financial Statement Impact

TopCo LP Class A Limited Partnership Interest

At December 31, 2023, the company estimated the fair value of its TopCo LP Class A Limited Partnership Interest using a sum-of-the-parts valuation comprised of:

(i) Fair value of carried interest proceeds from Helios Funds which were determined using a discounted cash flow analysis based on multi-year free cash flow forecasts with assumed discount rates ranging from 26.9% to 30.9% (December 31, 2022 – 25.8% to 31.8%), target exit multiples of invested capital averaging 2.1x to 3.2x across Helios Funds II, III, and IV (December 31, 2022 – 2.4x to 3.0x), and forecasted exit dates ranging from 2024 to 2026 for Helios Funds II and III, and from 2025 to 2028 for Helios Fund IV (December 31, 2022 – 2023 to 2025 and 2023 to 2028). At December 31, 2023, free cash flow forecasts were based on estimates of carried interest proceeds derived for each fund in accordance with waterfall provisions, prepared by Helios' management; and

(ii) Fair value of TopCo LP's direct interest in Helios Fund IV arising from its $7,500 Management Team Commitment which was valued based on the net asset value of Helios Fund IV; TopCo LP's interest in Helios Fund IV does not bear management fees or carried interest.

The limited partnership agreement for each Helios Fund includes a distribution waterfall provision, which is common in private equity fund structures, and requires that proceeds (generated following realizations or partial realizations of the relevant fund's investments or as other income becomes available to the relevant fund for distribution) be distributed in accordance with each specific waterfall provision.

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are the exit assumptions on Helios Funds' underlying portfolio investments, including the planned exit strategy, target exit multiples of invested capital and timing of exit. The target exit multiple of invested capital for an underlying portfolio investment is equal to the fund's expected total proceeds divided by the expected total cost from initial investment to exit. Carried interest proceeds which may arise from future Helios Funds have been excluded from free cash flow estimates. In the event that the target exit amount and timings are not met and delayed in future periods, this may result in a negative and potentially significant impact on the fair value of the company's TopCo LP Class A Limited Partnership Interest.

Current Model Assumptions

The following table provides a summary of inputs used in the company's internal valuation model to estimate the fair value of the company's investment in the TopCo LP Class A Limited Partnership Interest at December 31, 2023:

Valuation Technique	Model Inputs	Inputs at December 31, 2023	Inputs at December 31, 2022	Description
Discounted cash flow and net asset value	Discount rates	26.9% – 30.9%	25.8% – 31.8%	Based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment of the investment.
	Target exit dates	2024 – 2028	2023 – 2028	Based on the timing of the fund's expected disposition of the underlying portfolio investment.
	Exit multiple of invested capital	2.1x – 3.2x	2.4x – 3.0x	Calculated as the fund's expected total proceeds divided by the expected total cost from initial investment to exit.
	HFP's share of carried interest	25% – 50%	25% – 50%	Reflected HFP's entitlement to carried interest proceeds received by TopCo LP, through its ownership of TopCo LP Class A Limited Partnership Interests.

The continued growth in these underlying companies' businesses is expected to yield attractive exit valuations, subject to prevailing market conditions at the time of exit. Helios Funds III and IV, which together form a significant part of the fair value of carried interest proceeds, are actively evaluating exit options for their portfolio investments with carried interest proceeds expected to be realized beginning in 2025.

At December 31, 2023, the company's internal valuation model indicated that the fair value of its TopCo LP Class A Limited Partnership Interest was $55,815 (December 31, 2022 – $76,823). Fair value at December 31, 2023 reflected a decrease in valuation of $21,940 and a distribution of carried interest of $363, offset by a capital contribution of $1,295.

The decrease in fair value of TopCo LP Class A Limited Partnership Interest from the December 31, 2022 fair value of $76,823 was driven by a combination of reduced expectations of the value that is to be realized from various investments (in particular a Helios Fund III investment in the financial services sector) and expected delays in the timing of certain exits (relating to Helios Fund II investments in the telecom and electronic payment sectors, resulting in the expected carried interest from Fund II to decrease to nil).

The decrease in fair value of TopCo LP Class A Limited Partnership Interest from the September 30, 2023 fair value of $91,894 was driven by a combination of reduced expectations of the value that is to be realized from various investments (in particular a Helios Fund III investment in the financial services sector) and expected delays in the timing of certain exits (relating to Helios Fund II investments in the telecom and electronic payment sectors, resulting in the expected carried interest from Fund II to decrease to nil).

The valuation of TopCo LP Class A Limited Partnership Interests is particularly sensitive to the expected value and timing of exits when the overall fund returns are close to the 8% preferred investor return, as is the case for Helios Fund II and Helios Fund III.

TopCo LP Class B Limited Partnership Interest

At December 31, 2023, the company estimated the fair value of its TopCo LP Class B Limited Partnership Interest using a discounted cash flow analysis based on multi-year probability-weighted free cash flow forecasts and an assumed discount rate. At December 31, 2023, free cash flow forecasts were based on Excess Management Fee forecasts prepared by Helios' management.

Free Cash Flow Forecast Inputs

The primary drivers of the free cash flow estimates are the forecasted growth in management fee revenue over eight years through the creation of new Helios private equity funds, as well as raising capital for new strategies such as Helios Digital Ventures, Helios Sports and Entertainment Group, Helios Seven Rivers Fund, Helios CLEAR and Helios Energy Transition Infrastructure. The $24.8 million in management fee revenue for the year ended December 31, 2023 is expected to grow to $134.4 million over the eight year forecasting period, implying a compound annual growth rate of 23.5%. Growth in profit margins is expected to be driven by growth in management fee revenue, combined with expected operating leverage. In the event that TopCo LP does not achieve its forecasted growth in management fee revenue in future periods, this may result in a negative impact on the fair value of the company's TopCo LP Class B Limited Partnership Interest.

Current Model Assumptions

The following table provides a summary of inputs used in the company's internal valuation model to estimate the fair value of the company's investment in the TopCo LP Class B Limited Partnership Interest at December 31, 2023:

Valuation Technique	Model Inputs	Inputs at December 31, 2023	Inputs at December 31, 2022	Description
Discounted cash flow	Discount rate	16.2%	15.8%	Included certain risk premiums commensurate with the risks inherent in the probability-weighted expected future cash flows.
	Growth in management fee revenue	23.5%	21.0%	Represented the compound annual growth rate in management fee revenue over eight years from $24.8 million at December 31, 2023 to $134.4 million (December 31, 2022 – $28.9 million to $132.7 million), before taking into account probability weightings.
	Long term pre-tax profit margin	34.6%	42.2%	Estimated by Helios' management based on probability-weighted management fee income and expected operating leverage, resulting in expected long term pre-tax profit margins that were comparable to publicly listed global private equity asset managers.
	Long term growth rate	4.5%	4.5%	Based on the expected long term sustainable growth rate of the economic environments and sectors in which the investment operates.

At December 31, 2023, the company's internal valuation model indicated that the fair value of its TopCo LP Class B Limited Partnership Interest was $99,942 (December 31, 2022 – $148,575).

The decrease in fair value of TopCo LP Class B Limited Partnership Interest from the December 31, 2022 fair value of $148,575 was due primarily to the lower forecasted management fees.

The decrease in fair value of TopCo LP Class B Limited Partnership Interest from the September 30, 2023 fair value of $146,975 was due primarily to the lower forecasted management fees partially offset by the impact of a decrease in the discount rate.

The lower forecasted management fees were a result of the rising interest rate environment adversely impacting fundraising for private equity funds globally.

TopCo LP's Summarized Financial Information

Summarized below is TopCo LP's balance sheet at December 31, 2023.

Balance Sheet
(unaudited – US$ thousands)

	December 31, 2023
Assets	
Cash	**583**
Equity interest in limited partnerships	**55,815**
Future net fee related earnings	**99,942**
Due from affiliates	**1,051**
Total Assets	**157,391**
Liabilities	
Due to affiliates	**637**
Amounts due to Class A interest holder	**55,815**
Distributions payable to Class A interest holder	**6**
Amounts due to Class B interest holder	**99,942**
Distributions payable to Class B interest holder	**991**
Total Liabilities	**157,391**

Summarized below is selected information from TopCo LP for the year ended December 31, 2023.

Realized gain from future net fee related earnings
(unaudited – US$ thousands)

	Year ended December 31, 2023
Gross management fees	**24,775**
Gross expenses	**24,775**
Excess Management Fees to HFP	**–**

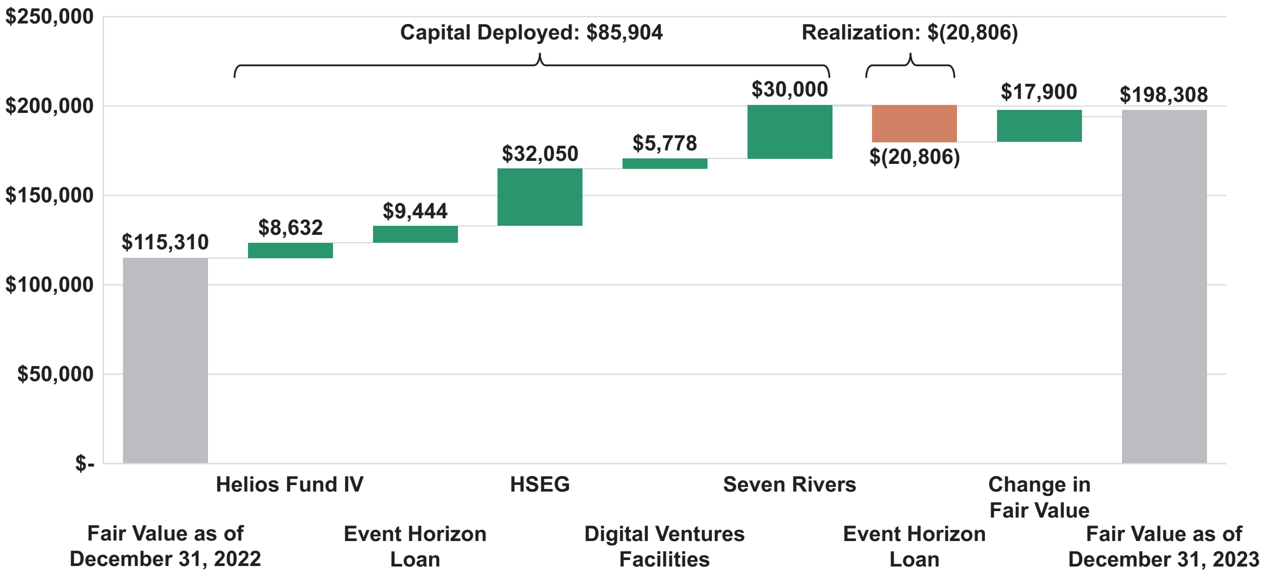
Subsequent to December 31, 2023

Subsequent to December 31, 2023, the company received a distribution of $991 from TopCo LP, representing payment of the remaining Excess Management Fees earned.

Helios Managed Investments

As at December 31, 2023, the company has deployed $161,692 into Helios Managed Investments representing $48,974 in direct or co-investments and $112,718 to accelerate the development of new strategies. Since the company's initial investments, the fair value has increased by $36,616 (22.6%) to $198,308 as a result of the strong performance of the underlying investee companies.

During the year, the company deployed capital of $85,904 and received proceeds from realizations or distributions of $20,806 from its Helios Managed Investments. The realizations or distributions of $20,806 pertains to the transfer of the Event Horizon Loan to HSEG in exchange for shares. The company recognized an increase in total fair value of these investments of $17,900. The activities during the year are outlined in the table below.



Co-Investments

Helios Fund IV

Helios Investors IV, L.P. ("Helios Fund IV") is a limited partnership based in the Cayman Islands, structured to receive, and deploy capital from limited partners with the objective of earning returns from investments directly or indirectly in Africa. Helios Fund IV is controlled by its general partner, Helios Investors Genpar IV, Ltd. ("Helios Fund IV GP").

On March 31, 2021, the company committed to invest $50,000 in Helios Fund IV. As agreed with the Helios Fund IV GP, the company was admitted to Helios Fund IV as a "Listed Fund" under the terms of Helios Fund IV's limited partnership agreement, as amended and restated (the "Helios Fund IV LPA"), meaning that the company will not incur any management fees nor any carried interest payable to Helios Fund IV GP with respect to its investment in Helios Fund IV, which would otherwise be incurred in accordance with the Helios Fund IV LPA.

As of December 31, 2023, Helios Fund IV is managing $355 million of committed capital and has made investments in: (i) TTMFS Singapore, a private company that provides electronic payment processing services globally (including Africa); (ii) Africa Specialty Risks, a private reinsurance company established in 2020 operating across Africa; (iii) BIM Stores Morocco, a private company operating in the discount grocery retail space in Morocco; (iv) Trone, a private company operating in medical devices, in vitro diagnostics and pharmaceuticals in Morocco and Francophone Africa; (v) IXAfrica, a private company developing and operating hyperscale-ready data centers in Kenya; and (vi) MDC, a carrier neutral data center in Morocco.

In 2023, the company funded capital calls of $8,632 (2022 – $3,184). At December 31, 2023, the company had funded aggregate capital calls of $33,447, representing 14.1% (December 31, 2022 – $24,815 and 14.1%) of the limited partnership interest in Helios Fund IV based on committed capital.

At December 31, 2023, the company's remaining capital commitment to Helios Fund IV was $16,553 (December 31, 2022 – $25,185), which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

At December 31, 2023, the company estimated the fair value of its investment in Helios Fund IV Limited Partnership Interest to be $51,996 (December 31, 2022 – $33,785). The increase in fair value since December 31, 2022 reflected a net capital contribution of $8,632 and an increase in fair value of the underlying investments of $9,579, primarily in the technology and insurance sectors of Helios Fund IV.

Since the company's initial investment, the fair value of Helios Fund IV has increased by $18,550 (55.5%) as a result of the strong performance of the underlying investee companies.

Trone Holdings

Trone Investment Holdings (UK) ("Trone Holdings") is a holding company based in London, United Kingdom, created for the purpose of holding an equity interest in a Moroccan medical technology distribution group ("Trone"). Trone distributes and maintains medical imaging and diagnostic equipment and produces and distributes contrast pharmaceuticals for imaging.

At December 31, 2023 and December 31, 2022, the company had invested $15,528 for a 22.0% equity interest in Trone Holdings. Helios Fund IV holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings, together with the founding partner and management of Trone, holds the entire equity interest in SPV Rayon Holdings ("SPV Rayon"), a Moroccan holding company which owns 100.0% of Trone's operating businesses.

At December 31, 2023, the company estimated the fair value of its 22.0% equity interest in Trone Holdings to be $18,652 (December 31, 2022 – $17,506). The increase in fair value since December 31, 2022 of $1,146 was due to the strong performance in the current year and securing significant multi-year projects that will help support its future growth plan for 2024.

Since the company's initial investment, the fair value of Trone Holdings has increased by $3,124 (20.1%).

Seeding Investments

The investment in NBA Africa and the loan to Event Horizon are seeding investments for Helios' sports and entertainment strategy.

NBA Africa

NBA Africa, LLC ("NBA Africa"), is an entity formed by the National Basketball Association ("NBA") to conduct the league's business in Africa including the Basketball Africa League, a partnership between the NBA and the International Basketball Federation. HFP's investment in NBA Africa is the company's first investment into the sports and entertainment sector, a strategy that was launched in 2021.

At December 31, 2023 and December 31, 2022, the company had invested $30,000 in exchange for an equity interest in NBA Africa.

At December 31, 2023, the company estimated the fair value of its investment in NBA Africa to be $39,182 (December 31, 2022 – $39,219). The decrease in fair value from December 31, 2022 of $37 was due primarily to an increase in the discount rate driven by rising interest rates in response to high inflation. Since the company's initial investment, the fair value has increased by $9,182 (30.6%).

Event Horizon Loan

Event Horizon Entertainment Limited, a company based in the United Kingdom, is a leading live entertainment and content company, creating and producing global events and travel experiences, with a focus on events that promote African culture. The investment in Event Horizon represented a logical next step into the sports and entertainment sector and was originally structured as a loan.

On June 1, 2022, the company entered into a loan agreement for $9,418 (7,500 pounds sterling) (the "Event Horizon Loan"). The Event Horizon loan bears interest at a rate of 10% per annum, accrued and capitalized semi-annually, was unsecured and matured on January 31, 2023.

Effective February 1, 2023, the Event Horizon Loan agreement was amended. The maturity date was extended to November 30, 2023 and the interest rate was increased to reflect the 3-month SOFR reference rate plus a margin of 9.38%, with a floor rate of 12% and a ceiling rate of 16%. Interest continued to be accrued and capitalized on a semi-annual basis. In addition, the loan was converted from pounds sterling to U.S. dollars and the loan facility was increased to $14,214. The additional loan facility of $4,944 was funded on April 6, 2023.

On September 1, 2023, the Event Horizon Loan agreement was amended to increase the loan facility to $18,714. All other terms of the loan facility remained the same. The additional loan facility of $4,500 was funded on September 5, 2023.

On November 10, 2023, the company transferred the Event Horizon Loan to HSEG at its fair value of $21,050, composed of $20,806 of principal and capitalized interest and $244 of accrued interest, in exchange for 21,050,194 shares. Subsequently, HSEG transferred the Event Horizon Loan to HSEH. On November 20, 2023, the outstanding Event Horizon Loan amount plus certain deal costs, totaling $21,737, was discharged by TMG issuing 9,745 Preference Shares to HSEH on a cashless basis and derecognized by the company (see discussion under the header "Helios Sports and Entertainment Group").

In 2023, the company recorded interest income of $1,797 (2022 – $524) within the consolidated statements of loss and comprehensive loss related to the Event Horizon Loan.

Helios Sports and Entertainment Group

Helios Sports and Entertainment Group Ltd. (“HSEG”) was incorporated under the laws of Guernsey and is a wholly owned subsidiary of the company. HSEG is an investment holding company, which invests in companies, businesses and opportunities in the sports and entertainment sector in Africa. On April 14, 2023, Helios Sports and Entertainment Holdings Ltd. (“HSEH”) was incorporated under the laws of Guernsey and is a wholly owned subsidiary of HSEG.

During the year, the company seeded this new strategy by investing cash of $11,000 in exchange for shares in HSEG and by transferring the Event Horizon Loan to HSEG at its fair value of $21,050 in exchange for 21,050,194 shares of HSEG. As at December 31, 2023, the company had invested $32,050 and has a 100% equity interest in HSEG.

HSEG transferred the Event Horizon Loan to HSEH at its fair value of $21,050 in exchange for 21,050,194 shares of HSEH and provided non-interest-bearing loans of $8,500 to HSEH.

The company, through HSEG and HSEH, subscribed for a 25% equity interest in Zaria Group Limited (“Zaria”, formerly Cooper Limited) for no consideration and made a maximum financial commitment of $12,000 to Zaria. Zaria was incorporated in Guernsey on April 17, 2023, for the purposes of acquiring, owning, developing, investing in, and operating development sites for mixed-use sports, recreation and entertainment properties in the major urban centers in Africa. Using $4,000 of the cash from the non-interest-bearing loan from HSEG, HSEH subscribed to a $4,000 loan note instrument issued by Zaria (the “Zaria Loan”, formerly the “Cooper Loan”), representing fulfillment of part of the financial commitment. The Zaria Loan bears interest at a rate of the 3-month SOFR reference rate plus a margin of 5% per annum, accrued and capitalized quarterly, is unsecured and matures on June 8, 2033.

Using $4,500 of the cash from the non-interest-bearing loan from HSEG, HSEH subscribed to preference shares in The Malachite Group (“TMG”). TMG was incorporated in the United Kingdom on November 20, 2023, for the purpose of holding the “Afro Nation” related business activities that were previously a division of Event Horizon Entertainment Limited. HSEH subscribed for additional preference shares of TMG as repayment of the Event Horizon Loan – which had been assumed by TMG and matured on November 30, 2023. The preference shares accrue dividends at a fixed rate of 12%, compounding semi-annually.

At December 31, 2023, the company’s investment of $32,050 in exchange for a 100% ownership in HSEG and HSEH, also gives the company a 57.92% equity interest in TMG, a junior loan and a 25% equity interest in Zaria. At December 31, 2023, the fair value of the company’s investment in HSEG was $31,625.

Digital Ventures Facilities

Helios Digital Ventures LP (“HDV”), a limited partnership domiciled in Guernsey, is a venture capital fund with a focus on investing in early-stage technology businesses in thematic areas such as financial services, food security, healthcare, human capital, and sustainability.

On May 30, 2022, the company entered into a loan facility agreement for $40,000 with HDV (the “Digital Ventures $40M Facility”). The Digital Ventures $40M Facility is available to fund approved investments consistent with the strategy of HDV. Concurrently, the company entered into a loan facility for $1,000 with Obashe Trust (“Obashe”), a company domiciled in the United States (the “Digital Ventures $1M Facility”). Obashe is the sole limited partner of HDV. The Digital Ventures $1M Facility is available to fund Obashe’s limited partnership commitment to HDV pro rata with the investments made with funds drawn on the Digital Ventures $40M Facility. The facilities provide the company with the opportunity to include early-stage growth investments in its Portfolio Investments. As at December 31, 2023, drawdowns of $20,181 were funded for the Digital Ventures $40M Facility and drawdowns of $487 were funded for the Digital Ventures $1M Facility.

The funds were used by HDV to invest in Paymob, a merchant acquirer offering a diversified product suite of payment solutions in Egypt and the Middle East; Nomba, a financial services provider with a goal of making fintech services accessible and affordable for all Africans through services including cash in/cash out, funds transfers and bill payments through digital and physical channels; and Conduit, a company enabling businesses in emerging markets to access financial products built on blockchain technology.

The Digital Ventures $40M Facility bore interest at a rate of 8% per annum, accrued and capitalized quarterly, was unsecured and matured on May 30, 2023. Effective June 1, 2023, the Digital Ventures $40M Facility was amended to extend the maturity date to June 1, 2024. All other terms of the facility remain unchanged. Upon maturity of the Digital Ventures $40M Facility, the company expects to become a limited partner of HDV.

The Digital Ventures $1M Facility bears interest at a rate of 6% per annum, accrued and capitalized quarterly, is unsecured and matures on June 7, 2037.

At December 31, 2023, the company estimated the fair values of the amounts drawn on the Digital Ventures $40M Facility and the Digital Ventures $1M Facility to be $21,508 and $518 (December 31, 2022 – $14,956 and $371).

In 2023, the company recorded interest income of $1,290 (2022 – $533) and $23 (2022 – $10) within the consolidated statements of loss and comprehensive loss related to the Digital Ventures $40M Facility and the Digital Ventures $1M Facility, respectively.

Subsequent to December 31, 2023

Subsequent to December 31, 2023, the company funded a drawdown of $822 on the Digital Ventures $40M Facility.

Helios Seven Rivers Fund

Helios Seven Rivers Fund Ltd. (“Seven Rivers”) was incorporated in the Cayman Islands to focus on investing in publicly traded African equity and credit securities, utilizing a macro hedging overlay to manage systemic risk. Seven Rivers’ objective is to invest in securities that exhibit highly profitable unit economics and long growth runways to achieve strong absolute returns over a long horizon, while minimizing drawdowns and NAV volatility.

In April 2023, the company seeded this new strategy by contributing its investment in Other Common Shares of $15,841 and cash of $14,159, for a total investment of $30,000, in exchange for a 93.7% equity interest in Seven Rivers.

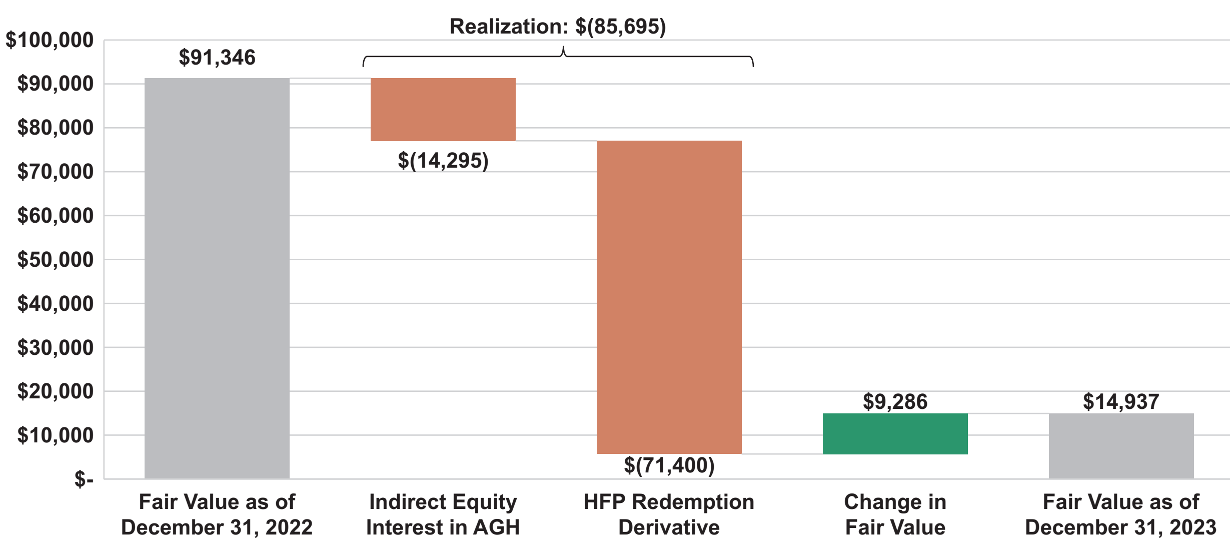
At December 31, 2023, the fair value of the company’s investment in Seven Rivers was $34,827. Since the company’s initial investment, the fair value of Seven Rivers has increased by $4,827 (16.1%) due to the strong performance of the underlying portfolio.

Helios CLEAR Loan

Subsequent to December 31, 2023, the company entered into a loan agreement with Helios Investors Genpar Clear Fund S.À.R.L., the general partner of Helios CLEAR Fund SCSp, a fund that intends to deploy growth equity into opportunities in renewable energy solutions, climate-smart agriculture and food, green transport and logistics, recycling and resource efficiency and digital and financial climate enablers. Pursuant to the loan agreement, a drawdown of $5,600 was funded subsequent to year end further supporting the company’s strategy of seeding Helios Strategies.

Insured and Guaranteed Legacy Non-core Investments

During the year the company exited a significant portion of the remaining Insured and Guaranteed Legacy Non-core Investments realizing $14,295 in cash and $71,400 settled on a net basis with the HFP 3.0% Debentures, and entered into agreements to exit the remainder in 2024. The company recognized an increase in fair value of $9,286 to align with the agreed upon transaction prices of the investments that were realized and to be realized. The activities during the year are outlined in the table below.



Indirect equity interest in AGH

AFGRI Holdings Proprietary Limited ("AFGRI Holdings") is a private holding company based in South Africa that owns 100.0% of AFGRI Group Holdings Proprietary Limited ("AGH"), an investment holding company with interests in a number of agricultural and food-related companies.

At August 28, 2023 and December 31, 2022, the company had invested $98,876 in Joseph Investment Holdings ("Joseph Holdings") (comprised of $88,744 for 74.6% interest in common shares and 73.7% interest in Class A shares of Joseph Holdings, providing a 74.6% voting interest; and $10,132 as a shareholder loan). Through its investment in Joseph Holdings, HFP was the largest beneficial shareholder of AGH.

On July 28, 2023, the company entered into a Sale and Purchase Agreement whereby it agreed to sell a portion of its investment in Joseph Holdings (comprised of 158,429,106 Ordinary Shares, 26,363,011 Class A Shares of Joseph Holdings, and the shareholder loan) for an aggregate consideration of $14,000 (the "Tranche 1 Sale and Purchase"). On August 29, 2023, the Tranche 1 Sale and Purchase was completed and the company received the payment of sale proceeds of $14,000 in full. In addition, the company received $295 from Joseph Holdings. Following the Tranche 1 Sale and Purchase, HFP retained a 16.3% indirect equity interest (December 31, 2022 – 46.8%) in AGH.

Pursuant to the terms of the Agreement and subject to the completion of the Tranche 1 Sale and Purchase, the company will sell its remaining investment in Joseph Holdings (comprised of its remaining interest in common shares and Class A shares of Joseph Holdings) for an aggregate consideration of $2,400 (the "Tranche 2 Sale and Purchase"). The Tranche 2 Sale and Purchase is subject to certain closing conditions and regulatory approvals and will close on the later of August 29, 2024 and the third Business Day following the date on which the Tranche 2 Sale and Purchase conditions are fulfilled or waived.

The Sale and Purchase Agreement contains an Anti-Embarrassment Clause, which outlines a provision for additional payments to the company in the event of a significant post-transaction value increase within the 24-month period commencing on August 29, 2023, triggered by specific types of share or asset disposals. The Sale and Purchase Agreement also contains a Claw Back Clause which represents a liability of up to $8,200 to the company, the payment of which is conditional upon material agreement terminations within the 24-month period commencing on August 29, 2023. Additionally, the Sale and Purchase Agreement includes an Indemnity Clause establishing a liability related to certain ongoing claims, allowing the acquirer to potentially claim amounts under specified conditions within the 24-month period from July 28, 2023, which could result in a maximum liability of $16,400 to the company. The company has not attributed any value to these assets and liabilities, as management has assessed the probability of receipt or payment as a result of these clauses being triggered is remote and therefore the fair value of the asset and liabilities are nominal as at December 31, 2023. The Claw Back Clause and Indemnity Clause are not covered by the HFP Redemption Derivative as discussed later in this section.

On December 4, 2023, through the Mauritius Sub, the company and Fairfax entered into an Indemnity Agreement, pursuant to which Fairfax agreed to pay up to $8,200 for the Claw Back Clause and indemnify the company for Indemnified Losses incurred as per the Sale and Purchase Agreement dated July 28, 2023. The company has not attributed any value to these assets, as management has assessed the probability of receiving payment due to these clauses being triggered as remote.

At December 31, 2023, the company estimated the fair value of its 16.3% indirect equity interest in AGH to be $2,400 (December 31, 2022 – $17,456). The decrease reflects the realization of $14,295 and a fair value adjustment of $761 to align with the agreed upon transaction price.

For the year ended December 31, 2023, the company recognized a net gain on investments of $1,064, comprised of a realized loss of $52,882 offset by a change in unrealized gain of $53,946, and a net foreign exchange loss of $1,865 within the consolidated statements of loss and comprehensive loss due to the Tranche 1 Sale and Purchase.

Philafrica Foods Proprietary Ltd.

Philafrica Foods Proprietary Ltd. ("Philafrica") is a South African entity that owns and operates maize and wheat mills and animal feed factories.

At December 31, 2023 and December 31, 2022, the company had invested $23,254 (325.0 million South African rand) into 26,000 common shares or 26.0% equity interest in Philafrica. Philafrica is controlled by AGH through AGH's 60.0% equity interest.

On July 28, 2023, the company entered into a Sale and Purchase Agreement (the "Agreement"). Pursuant to the terms of the Agreement, the company is in discussion regarding the sale of its equity interest in Philafrica for an aggregate consideration of not less than $4,400 and expects to receive full repayment of the principal and accrued interest of the Philafrica Facility on or before August 29, 2024 or such later date as may be agreed upon by the company (the “Liquidity Transactions”). Additionally, the Agreement stipulates that if the Liquidity Transactions are not completed on or before August 29, 2024 or such later date as may be notified by the company in writing to the purchaser, the purchaser will acquire the company’s equity interest in Philafrica for an aggregate consideration of not less than $4,400 and all rights and obligations under the Philafrica Facility including the principal and accrued interest (see discussion under the header “Indirect equity interest in AGH”).

At December 31, 2023, the company estimated the fair value of its investment in Philafrica common shares to be $4,400 (December 31, 2022 – $4,408).

Subsequent to December 31, 2023

Subsequent to December 31, 2023, the company, through its SA Sub, entered into a Sale of Shares and Claims Agreement with AGH and Philafrica, whereby the company committed to selling its 26,000 common shares or 26.0% equity interest in Philafrica to AGH for an aggregate consideration of $4,400, subject to the fulfillment or waiver of certain closing conditions.

Philafrica Facility

At December 31, 2023 and December 31, 2022, the company had advanced $5,622 (98.0 million South African rand), net of a 2.0% transaction fee, to Philafrica under a secured lending arrangement (the “Philafrica Facility”). The Philafrica Facility bears interest at a rate of South African prime plus 2.0% per annum, which is accrued and capitalized monthly. The repayment of the Philafrica Facility is subordinated against other third-party debt and is currently not repayable under its existing terms. The company continues to engage Philafrica and its lenders on the repayment of the Philafrica Facility. The Philafrica Facility is secured by a general guarantee from AGH and AGH’s pledge of equity interests in Philafrica. In March 2023, the company and Philafrica entered into an agreement whereby the Philafrica Facility was amended to increase the margin to 4% and the allowance of a prepayment of the Philafrica Facility through the issuance of ordinary shares by Philafrica to the company.

On July 28, 2023, the company entered into a Sale and Purchase Agreement (the “Agreement”). Pursuant to the terms of the Agreement, the company is in discussion regarding the sale of its equity interest in Philafrica for an aggregate consideration of not less than $4,400 and expects to receive full repayment of the principal and accrued interest of the Philafrica Facility on or before August 29, 2024 or such later date as may be agreed upon by the company (the “Liquidity Transactions”). Additionally, the Agreement stipulates that if the Liquidity Transactions are not completed on or before August 29, 2024 or such later date as may be notified by the company in writing to the purchaser, the purchaser will acquire the company’s equity interest in Philafrica for an aggregate consideration of not less than $4,400 and all rights and obligations under the Philafrica Facility including the principal and accrued interest (see discussion under the header “Indirect equity interest in AGH”).

At December 31, 2023, the company estimated the fair value of the Philafrica Facility to be $8,137 (December 31, 2022 – $7,346).

In 2023, the company recorded interest income of $1,119 (2022 – $776) within the consolidated statement of loss and comprehensive loss related to the Philafrica Facility.

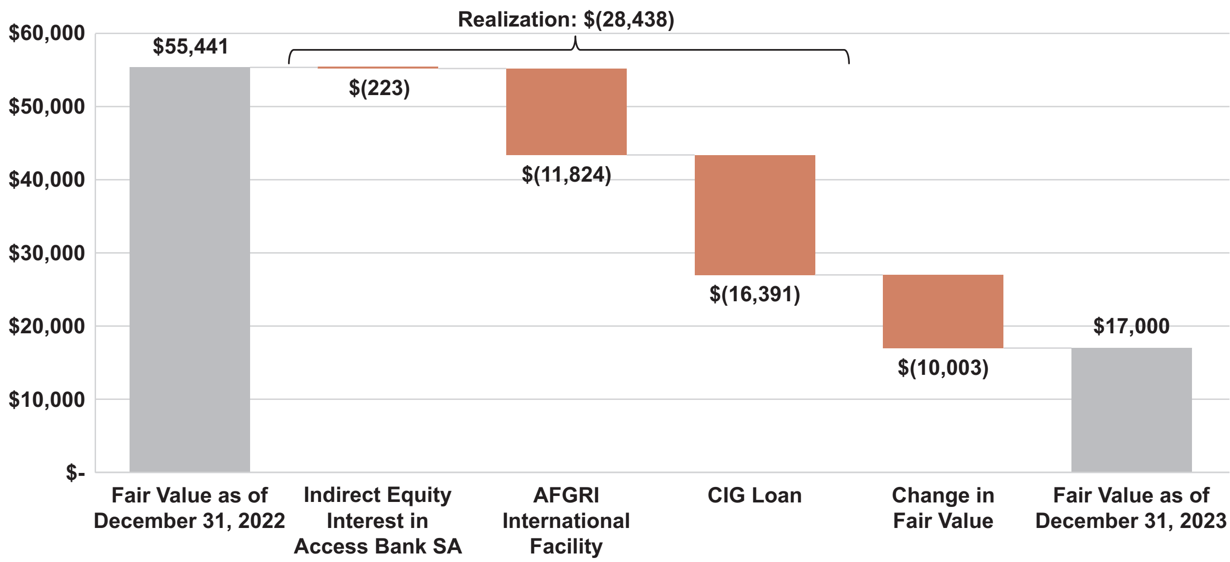
HFP Redemption Derivative

In December 2023, and prior to the maturity date, the company redeemed the HFP 3.0% Debentures on a net basis with the HFP Redemption Derivative at the price of $28,400 plus any accrued and unpaid interest. As a result of the redemption, the company derecognized the HFP Redemption Derivative and recognized a net gain on investments of $9,264, comprised of a realized gain of $49,535 offset by a reversal of unrealized gain of $40,271, within the consolidated statements of loss and comprehensive loss.

At December 31, 2023, the fair value of the HFP Redemption Derivative was $nil (December 31, 2022 – $62,136). The decrease reflects the realization of $71,400 settled on a net basis with the HFP 3.0% Debentures, and a fair value increase of $9,264 to align with the agreed upon redemption price of the debentures.

Other Legacy Non-core Investments

During the year the company exited a significant portion of the remaining Legacy Non-core Investments realizing $28,438. The company expects to complete the orderly exit of the remaining assets in 2024 or 2025. The company recognized a decrease in fair value of these assets of $10,003 to align with the agreed upon transaction prices of the investments that were realized and the value expected to be realized from the remaining assets. The activities during the year are outlined in the table below.



Indirect equity interest in Nova Pioneer

Nova Pioneer Education Group ("Nova Pioneer") is a Pan-African independent school network offering preschool through secondary education. Nova Pioneer is wholly-owned by Ascendant Learning Limited ("Ascendant"), its Mauritius-based parent entity.

At December 31, 2023 and December 31, 2022, the company had invested an aggregate of $38,811 for a 56.3% equity interest in Ascendant ("Indirect equity interest in Nova Pioneer").

At December 31, 2023, the company estimated the fair value of its indirect equity interest in Nova Pioneer to be $17,000 (December 31, 2022 – $25,468). The investment was valued using a discounted cash flow analysis at December 31, 2022. At December 31, 2023, the valuation technique was changed from a discounted cash flow analysis to offer price. The decrease in fair value from December 31, 2022, was primarily driven by ongoing negotiations and offers received during the period.

AFGRI International Facility

On August 26, 2021 the company advanced $9,600, net of $400 in transaction fees, to AFGRI International Proprietary Limited ("AFGRI International"), a wholly-owned South African subsidiary of AGH, pursuant to a secured lending arrangement (the "AFGRI International Facility"). On August 24, 2022, the secured lending arrangement was amended. The maturity date was extended to August 25, 2023, and the interest rate was increased to 13.25% per annum, increasing by 50 basis points ("bps") every 3-month interest period.

On March 8, 2023, the company received full repayment of the principal of $10,000 and accrued interest of $1,824 and derecognized the AFGRI International Facility.

In 2023, the company recorded interest income of $201 (2022 – $1,492) within the consolidated statements of loss and comprehensive loss related to the AFGRI International Facility.

CIG Loan

At December 31, 2022, the company had advanced $23,270 (292.5 million South African rand), net of a 2.5% raising fee to CIG (the "CIG Loan"). The CIG Loan bears interest at South African prime plus 2.0% per annum and has a maturity date of June 4, 2023. The CIG Loan is secured by CIG's pledge of its equity interests in Conlog Proprietary Limited ("Conlog"), a wholly-owned subsidiary of CIG that provides metering solutions to utilities, municipalities and property management companies in South Africa, the Middle East and across Africa.

In 2023, the company received full repayment of the principal of $16,391 (300 million South African rand) and an interest payment of $1,036 and derecognized the CIG Loan. The interest payment was recognized as interest income in the consolidated statements of loss and comprehensive loss.

Bonds

At December 31, 2023 and December 31, 2022, the company had invested $16,000 in Atlas Mara convertible bonds with a stated coupon of 11.0% per annum, accrued quarterly and payable in kind ("Atlas Mara 11.0% Convertible Bonds").

Interest receivable relating to the Atlas Mara 11.0% Convertible Bond was accrued and capitalized up to December 28, 2020.

In 2023, the company received an interest payment of $643 on the Atlas Mara 11.0% Convertible Bonds, which was recognized as interest income in the consolidated statements of loss and comprehensive loss.

At December 31, 2023 and December 31, 2022, the company estimated the fair value of the Atlas Mara 11.0% Convertible Bonds to be $nil.

Public Portfolio Investments

The company's Public Portfolio Investments are as follows:

Common Shares

At December 31, 2022, the company held less than 5.0% of the common shares of public companies in various sectors, listed on the Johannesburg Stock Exchange ("Other Common Shares").

In April 2023, the company transferred its investment in Other Common Shares of $15,841 and cash of $14,159, for a total investment of $30,000, to Seven Rivers in exchange for a 93.7% equity interest in Seven Rivers, described earlier in this section.

Results of Operations

HFP's consolidated statements of loss and comprehensive loss for the years ended December 31, 2023, 2022 and 2021 are shown in the following table:

	2023	2022	2021
Income			
Interest and dividends	**12,036**	9,947	853
Net gains (losses) on investments	**(53,143)**	(23,189)	8,777
Net foreign exchange losses	**(4,816)**	(8,814)	(12,907)
	(45,923)	(22,056)	(3,277)
Expenses			
Investment and advisory fees	**3,492**	3,642	4,146
Performance fee (recovery)	**–**	(938)	938
General and administration expenses	**12,153**	14,623	10,562
Loss on uncollectible accounts receivable	**–**	–	6,073
Interest expense	**3,372**	3,593	2,700
	19,017	20,920	24,419
Loss before income taxes	**(64,940)**	(42,976)	(27,696)
Provision for (recovery of) income taxes	**6,747**	7,801	(1,774)
Net loss and comprehensive loss	**(71,687)**	(50,777)	(25,922)
Net loss per share	**$ (0.66)**	$ (0.47)	$ (0.24)

Total loss from income of $45,923 in 2023 increased from $22,056 in 2022 principally as a result of increased in net losses on investments, partially offset by increase in interest and dividends and decreased net foreign exchange losses.

Net losses on investments in 2023 and 2022 were comprised as follows:

	2023			2022		
	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)
Net gains (losses) on investments:						
Limited partnership investments	**–**	**(60,872)**	**(60,872)**	–	(17,475)	(17,475)
Common shares	**(63,748)**	**61,616**	**(2,132)**	5,197	(55,546)	(50,349)
Loans	**421**	**176**	**597**	(9,885)	6,940	(2,945)
Bonds	**–**	**–**	**–**	–	(28)	(28)
Derivatives and guarantees	**49,535**	**(40,271)**	**9,264**	33,424	14,184	47,608
	(13,792)	**(39,351)**	**(53,143)**	28,736	(51,925)	(23,189)

Net realized losses on investments of $13,792 in 2023 were principally comprised of a realized loss on the partial sale of Indirect equity interest in AGH ($52,882) and Indirect Equity Interest in Access Bank SA ($19,125), partially offset by realized gains on the sale of Other Common Shares by Seven Rivers ($8,259) and the HFP Redemption Derivative embedded in the HFP 3.0% Debentures ($49,535).

Net realized gains on investments of $28,736 in 2022 principally related to realized gains on the cancellation of the Atlas Mara Facility ($33,424) and disposal of Other Common Shares ($5,197), partially offset by a realized loss on assignment of the Atlas Mara Facility ($10,363).

The net change in unrealized losses on investments of $39,351 in 2023 was primarily comprised of the reversal of unrealized gains on the HFP Redemption Derivative ($40,271) and Other Common Shares ($8,324) and unrealized losses on TopCo Class A Limited Partnership Interest ($21,940) and TopCo Class B Limited Partnership Interest ($48,511) and Indirect equity interest in Nova Pioneer ($8,468). These were partially offset by the reversal of unrealized losses on the Indirect equity interest in AGH ($53,946), Indirect equity interest in Access Bank SA ($18,627) and unrealized gains on Helios Fund IV ($9,579), Seven Rivers ($4,827), and Trone Holdings ($1,146).

The net change in unrealized losses on investments of $51,925 in 2022 was principally comprised of unrealized losses on Indirect equity interest in AGH ($40,488), Nova Pioneer Common Shares ($13,343), TopCo LP Class B Limited Partnership Interest ($10,106), TopCo LP Class A Limited Partnership Interest ($8,924), and Philafrica Common Shares ($3,484), partially offset by unrealized gains on the HFP Redemption Derivative ($46,230) and NBA Africa ($5,803), and the reversal of previously recognized unrealized losses on the Atlas Mara Facility ($7,907).

Net foreign exchange losses on investments in 2023 and 2022 were comprised as follows:

	2023	2022
	Net losses	**Net losses**
Net foreign exchange losses on:		
Cash and cash equivalents	**(434)**	(570)
Common shares	**(2,822)**	(6,044)
Loans	**(1,480)**	(2,038)
Other	**(80)**	(162)
	(4,816)	(8,814)

Net foreign exchange losses of $4,816 in 2023 were principally a result of the weakening of the South African rand relative to the U.S. dollar during the period. Net foreign exchange losses of $8,814 in 2022 were principally a result of the weakening of the South African rand and pounds sterling relative to the U.S. dollar during the period.

Total expenses of $19,017 in 2023 decreased from total expenses of $20,920 in 2022, principally as a result of lower general and administrative expenses in 2023. General and administrative expenses include costs attributable to the company's investment activities of $511 (2022 – $1,116). The expenses attributable to investment activities include legal and other professional services required to complete the investment process. As these costs relate directly to the company's investment activities and are not expected to be recurring for an individual investment, they are not considered by management to be general and administrative expenses required for the day-to-day operations of the company.

In 2023, investment and advisory fees, calculated as 0.5% of the value of undeployed capital and 1.5% of the company's common shareholders' equity less the value of undeployed capital and the fair value of TopCo LP, were $3,492 (2022 – $3,642).

In 2023, a performance fee of $nil (2022 – performance fee recovery of $938) was recorded as the company determined that a performance fee of $nil should be accrued to TopCo LP (December 31, 2022 – $nil) since the Adjusted Book Value per Share of $2.92 (before factoring in the impact of the performance fee) at December 31, 2023, was less than the hurdle per share at that date of $3.42.

Interest expense of $3,372 in 2023 (2022 – $3,593) related to the HFP 3.0% Debentures and lease liability.

The provision for income taxes of $6,747 in 2023 differed from the recovery of income taxes that would be determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's losses before income taxes primarily as a result of the tax rate differential on income outside of Canada, non-taxable losses on investments, UK tax liability, unused tax losses, and changes in unrecorded tax benefit of losses and temporary differences, partially offset by realized gains and foreign exchange effects. The provision for income taxes of $7,801 in 2022 differed from the provision for income taxes that would be determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's losses before income taxes primarily as a result of the tax rate differential on earnings outside of Canada, foreign exchange effects, partially offset by the non-taxable portion of unrealized gains and losses on investments and change in unrecorded tax benefit of losses and temporary differences.

The company reported a net loss of $71,687 (net loss of $0.66 per basic and diluted share) in 2023 compared to a net loss of $50,777 (net loss of $0.47 per basic and diluted share) in 2022. The increase in net loss primarily reflects higher net losses on investments, partially offset by increase interest and dividends, lower net foreign exchange losses, lower provision for income taxes and lower general and administration expenses compared to 2022.

Consolidated Balance Sheet Summary

The assets and liabilities reflected on the company's consolidated balance sheet at December 31, 2023, were primarily impacted by changes in the Portfolio Investments. These changes include the repayment of the CIG Loan, the AFGRI International Facility, the Fairfax Loan, and the partial sale of Indirect equity interest in AGH and the redemption of the HFP 3.0% Debentures and the related HFP Redemption Derivative. The Portfolio Investments also reflects investments in Seven Rivers and HSEG, funding of the Event Horizon Loan, the Digital Ventures $40M Facility and the Digital Ventures $1M Facility and capital contributions to Helios Fund IV and TopCo LP.

	December 31, 2023	December 31, 2022	December 31, 2021
Assets			
Cash and cash equivalents	**95,913**	125,241	76,284
Related party loan	**–**	19,030	19,608
Related party derivatives and guarantees	**–**	62,136	47,952
Portfolio Investments	**386,002**	441,954	539,546
Total cash and investments	**481,915**	648,361	683,390
Interest receivable	**412**	405	2,978
Income tax refundable	**2,874**	1,695	5,632
Other receivables from related parties	**991**	1,319	11,002
Property and equipment	**974**	–	–
Other assets	**1,167**	832	1,390
Total assets	**488,333**	652,612	704,392
Liabilities			
Accounts payable and accrued liabilities	**1,601**	218	136
Automatic share purchase plan liability	**–**	–	500
Payable to related parties	**1,096**	803	8,803
Deferred income taxes	**10,492**	8,058	4,419
Lease liability	**548**	–	–
Borrowings	**–**	99,226	98,632
Total liabilities	**13,737**	108,305	112,490
Equity			
Common shareholders' equity	**474,596**	544,307	591,902
	488,333	652,612	704,392

Total Assets

Total assets at December 31, 2023 of $488,333 decreased compared to total assets of $652,612 at December 31, 2022. The decrease was principally comprised of the following:

Total cash and investments decreased to $481,915 at December 31, 2023 from $648,361 at December 31, 2022.

Cash and cash equivalents decreased to $95,913 at December 31, 2023 from $125,241 at December 31, 2022. This decline was driven primarily by investments in Seven Rivers and HSEG, funding of the Digital Ventures $40M Facility, the Digital Ventures $1M Facility and the Event Horizon Loan. Additionally, capital contributions made to Helios Fund IV and TopCo LP Class A, the redemption of the HFP 3.0% Debentures net of the HFP Redemption Derivative embedded therein, and operating expenses contributed to the decrease. This was partially offset by the receipt of full repayment of the CIG Loan, the AFGRI International Facility and the Fairfax Loan and the partial sale of Indirect equity interest in AGH.

Portfolio investments – The company is actively seeking investment opportunities in Africa and will continue to redirect capital from its cash and cash equivalents into Portfolio Investments as and when those opportunities are identified. For more information about recent Portfolio Investments, see the Portfolio Investments section of this MD&A.

Related party loan decreased to $nil at December 31, 2023 from $19,030 at December 31, 2022 as the Fairfax Loan was repaid in full on December 8, 2023.

Income tax refundable increased to $2,874 at December 31, 2023 from $1,695 at December 31, 2022 primarily due to tax losses in the current year expected to result in refunds through loss carry back mechanism and tax installments made during the year expected to be refunded.

Other receivables from related parties decreased to $991 at December 31, 2023 from $1,319 at December 31, 2022. The balances at December 31, 2023 and December 31, 2022 primarily reflected a distribution receivable from TopCo LP Class B Limited Partnership Interest in connection with Excess Management Fees earned.

Subsequent to December 31, 2023

Subsequent to December 31, 2023, the company received a distribution of $991 from TopCo LP, representing payment of the remaining Excess Management Fees.

Total Liabilities

Total liabilities at December 31, 2023 of $13,737 decreased compared to $108,305 at December 31, 2022. The decrease was principally comprised of the following:

Payable to related parties increased to $1,096 at December 31, 2023 from $803 at December 31, 2022. The balance at December 31, 2023 and December 31, 2022 primarily reflected management fees due to TopCo LP.

Deferred income taxes increased to $10,492 at December 31, 2023 from $8,058 at December 31, 2022, primarily due to increases in the fair value of the company's investments, specifically investment held in Seven Rivers, resulting in higher taxes expected on future settlement.

Accounts payable and accrued liabilities increased to $1,601 at December 31, 2023 from $218 at December 31, 2022, primarily due to additional operating expenses incurred at the end of 2023.

Borrowings decreased to $nil at December 31, 2023 from $99,226 at December 31, 2022. The decrease was due to the redemption of the HFP 3.0% Debentures prior to maturity at the price of $28,400 plus any accrued and unpaid interest. In conjunction with the redemption of the debentures, the company derecognized the HFP Redemption Derivative embedded in the HFP 3.0% Debentures.

Comparison of 2022 to 2021 – Total assets decreased from $704,392 at December 31, 2021, to $652,612 at December 31, 2022. This decline was primarily driven by the company's disposal of non-core assets, including full and partial repayment of the Atlas Mara 7.5% Bonds and the Atlas Mara Facility, as well as the cancellation of the Atlas Mara Guarantee. Additionally, there was a decrease in income tax refundable and other receivables from related parties. These decreases were partially offset by an increase in cash and cash equivalents.

Financial Risk Management

The primary goals of the company's financial risk management program are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting the company's consolidated balance sheets from events that have the potential to materially impair its financial strength. There were no significant changes in the types of the company's risk exposures or the processes used by the company for managing those risk exposures, at December 31, 2023 compared to those identified at December 31, 2022, other than as outlined in note 12 (Financial Risk Management) to the consolidated financial statements for the year ended December 31, 2023.

Capital Resources and Management

The company's objectives when managing capital is to optimize returns for common shareholders, while seeking attractive risk-adjusted returns. Total capital, comprised of common shareholders' equity and borrowings, was $474,596 at December 31, 2023 (December 31, 2022 – $643,533). The decrease primarily reflected the net loss of $71,687 and the repayment of the HFP 3.0% Debentures of $99,226 which was included in the 2022 equity and borrowings balance.

Book Value per Share

Common shareholders' equity at December 31, 2023 was $474,596 (December 31, 2022 – $544,307). The company's book value per share at December 31, 2023 was $4.39 compared to $5.03 at December 31, 2022, representing a decrease in 2023 of 12.7%, primarily due to a net loss of $71,687 in 2023. At December 31, 2023, the company determined that a performance fee of $nil should be accrued to TopCo LP (December 31, 2022 – $nil) as the Adjusted Book Value per Share of $2.92 (before factoring in the impact of the performance fee) at December 31, 2023 was less than the hurdle per share at that date of $3.42.

The table below presents the book value per share from the company's IPO date of February 17, 2017 to December 31, 2023, and the annual growth (decline) and the compound annual decline in book value per share since IPO.

	Book value per share	Annual growth (decline) in book value per share
February 17, 2017	$10.00	–
December 31, 2017	$10.21	2.1%
December 31, 2018	$9.60	(6.0)%
December 31, 2019	$8.72	(9.2)%
December 31, 2020	$5.50	(36.9)%
December 31, 2021	$5.47	(0.5)%
December 31, 2022	$5.03	(8.0)%
December 31, 2023	$4.39	(12.7)%
Compound annual decline in book value per share		(11.3)%

HFP's book value per share of $4.39 at December 31, 2023, represented a compound annual decline of 11.3% since its initial public offering date of February 17, 2017, underperforming the compound annual decline of the MSCI Emerging Frontier Markets Africa Index of 2.3% during the same period.

During 2023 the total number of shares effectively outstanding decreased as a result of purchases for cancellation of 166,492 subordinate voting shares under the terms of its normal course issuer bid, offset by issuances of 142,338 subordinate voting shares. At December 31, 2023 there were 108,169,817 common shares effectively outstanding.

The company has issued and purchased its common shares since it was federally incorporated on April 28, 2016, as follows:

Date	Number of subordinate voting shares	Number of multiple voting shares(1)	Total number of shares	Average issue / purchase price per share	Net proceeds (purchase cost)
2016 – issuance of shares	–	1	1	$10.00	–
2017 – issuance of shares	20,620,189	29,999,999	50,620,188	$ 9.75	$493,326
2018 – issuance of shares	12,300,000	–	12,300,000	$12.06	$148,316
2018 – purchase of shares	(108,224)	–	(108,224)	$ 9.06	$ (981)
2019 – purchase of shares	(3,315,484)	–	(3,315,484)	$ 8.15	$ (27,018)
2020 – issuance of shares	24,632,413	25,452,865	50,085,278	$ 5.50	$275,299
2020 – purchase of shares	(463,506)	–	(463,506)	$ 3.99	$ (1,850)
2021 – purchase of shares	(858,608)	–	(858,608)	$ 3.01	$ (2,587)
2022 – issuance of shares	23,102	–	23,102	$ 3.10	$ 72
2022 – purchase of shares	(88,776)	–	(88,776)	$ 3.44	$ (305)
	52,741,106	55,452,865	108,193,971		
2023 – issuance of shares	142,338	–	142,338	$ 3.33	$ 473
2023 – purchase of shares	(166,492)	–	(166,492)	$ 2.75	$ (458)
	52,716,952	55,452,865	108,169,817		

(1) Multiple voting shares are not publicly traded.

As of June 23, 2023, the company is entitled, subject to compliance with applicable corporate and securities laws, to purchase for cancellation subordinate voting shares at prevailing market prices under the terms of its normal course issuer bid and in accordance with the rules and policies of the TSX. The Notice of Intention to Make a Normal Course Issuer Bid is available, without charge, by contacting the Corporate Secretary of the company.

During 2023, under the terms of its normal course issuer bid, the company purchased for cancellation 166,492 subordinate voting shares (2022 – 88,776) for a net cost of $458 (2022 – $305) and $893 (2022 – $417) was recorded as a benefit in retained earnings.

Liquidity

Cash and cash equivalents, and the RMB facility (refer to note 7 (Borrowings) to the consolidated financial statements for the year ended December 31, 2023) provide adequate liquidity to meet the company's remaining known significant commitments over the next twelve months, which are principally comprised of undrawn capital commitments to Helios Digital Ventures LP, Obashe Trust, Helios Fund IV, TopCo LP, TMG and the Zaria Loan, investment and advisory fees, general and administration expenses, lease commitments and corporate income taxes.

At December 31, 2023 and December 31, 2022 the company determined that a performance fee of $nil should be accrued to TopCo LP. Refer to the Contractual Obligations section of this MD&A for details on the settlement of the performance fees, if any, at the end of the first calculation period, December 31, 2023.

The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent it has received Carried Interest Proceeds and a clawback is required. The risk is partially mitigated by escrow accounts established by each Helios Fund in accordance with their respective governing documents. At December 31, 2023, and December 31, 2022, the company was not subject to any clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest.

The company may be subject to clawback and indemnity obligations with respect to the sale of a portion of its indirect equity interest in AGH, should certain clauses in the Sale and Purchase Agreement be triggered. On December 4, 2023, through the Mauritius Sub, the company and Fairfax entered into an Indemnity Agreement, pursuant to which Fairfax agreed to pay up to $8,200 for the Claw Back Clause and indemnify the company for Indemnified Losses incurred as per the Sale and Purchase Agreement dated July 28, 2023. The company has not attributed any value to these assets, as management has assessed the probability of receiving payment due to these clauses being triggered as remote.

At December 31, 2023, the company was not subject to any clawback or indemnity obligations with respect to its indirect equity interest in AGH.

The company may also be subject to capital call obligations with respect to its TopCo LP Class A and Class B Limited Partnership Interests to cover its pro rata share of expenses incurred by TopCo LP and TopCo LP's share of commitments to the general partners of the Helios Funds, the risk of which is partially mitigated by the six-month holding period of Excess Management Fee Proceeds by TopCo LP.

Highlights in 2023 (with comparisons to 2022) of major components of the statements of cash flows are presented in the following table:

	2023	2022
Operating activities		
Cash provided by (used in) operating activities excluding net disposals (purchases) of investments, receipt of equalization capital adjustments, receipt of returns of capital and Excess Management Fees, and receipt of carried interest	(12,854)	34,316
Net disposals of investments	12,564	1,940
Receipt of equalization capital adjustments	–	5,402
Receipt of returns of capital and Excess Management Fees	409	8,174
Receipt of carried interest	363	11,341
Investing activities		
Property and equipment	(427)	–
Financing activities		
Repayment of borrowings	(28,400)	–
Subordinate voting shares – purchases for cancellation	(458)	(305)
Increase (decrease) in cash and cash equivalents during the year	(28,803)	60,868

Cash used in operating activities excluding net disposals of investments, receipt of equalization capital adjustments, receipt of returns of capital and Excess Management Fees, and receipt of carried interest of $12,854 in 2023 changed from cash provided by operating activities excluding net disposals of investments, receipt of equalization capital adjustment, receipt of returns of capital and Excess Management fees, and receipt of carried interest of $34,316 in 2022 primarily due to the receipt of amounts related to the cancellation of the Atlas Mara Facility Guarantee in 2022.

Net disposals of investments of $12,564 in 2023 were comprised of disposals of investments of $62,748 related to the full repayment of the CIG Loan and the AFGRI International Facility, settlement of the Fairfax Loan and the partial sale of Indirect equity interest in AGH, and Indirect equity interest in Access Bank SA, offset by purchases of investments of $50,184 related to the company's investments in Seven Rivers, HSEG, the Event Horizon Loan, Helios Fund IV, TopCo LP Class A, the Digital Ventures $40M Facility, and the Digital Ventures $1M Facility.

Net disposals of investments of $1,940 in 2022 were comprised of disposals of investments of $34,629 related to the full repayment of the Atlas Mara 7.5% Bonds, partial repayment of the Atlas Mara Facility, and sale of Other Common Shares, offset by purchases of investments of $32,689 related to the company's investments in the Event Horizon Loan, the Digital Ventures $40M Facility, the Digital Ventures $1M Facility, TopCo Class A Limited Partnership Interest, and Helios Fund IV.

Receipt of equalization adjustments of $5,402 in 2022 related to the receipt of equalization adjustments from Helios Fund IV. There were no equalization adjustments in 2023.

Receipt of returns of capital and Excess Management Fees of $409 in 2023 was comprised of receipt of Excess Management Fees. No return of capital was received during the year.

Receipt of returns of capital and Excess Management Fees of $8,174 in 2022 were comprised of a return of capital from Helios Fund IV of $4,418, a return of capital from TopCo LP Class A Limited Partnership Interest of $1,346, and receipt of Excess Management Fees from TopCo LP Class B Limited Partnership Interest of $2,410.

Receipt of carried interest of $363 in 2023 and $11,341 in 2022 was comprised of realized carried interest from TopCo LP Class A Limited Partnership Interest.

Property and equipment of $427 in 2023 represents construction in progress related to the company's new office space.

Repayment of borrowings of $28,400 in 2023 related to the redemption of the HFP 3.0% Debentures. There were no proceeds from or repayments of borrowings in 2022.

Purchases of subordinate voting shares for cancellation of $458 in 2023 (2022 – $305) related to the cash paid for the company's purchases for cancellation of 166,492 subordinate voting shares (2022 – 88,776 subordinate voting shares) under the terms of its normal course issuer bid that were settled in the year. Refer to the Book Value per Share section of this MD&A for details.

Contractual Obligations

The following table presents the company's contractual obligations by their contractual maturity date:

	December 31, 2023				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Digital Ventures $40M Facility	19,819	19,819	–	–	–
Digital Ventures $1M Facility	513	513	–	–	–
Helios Fund IV Commitment	16,553	16,553	–	–	–
Zaria Loan Commitment	8,000	8,000	–	–	–
TMG Obligation	6,000	6,000	–	–	–
TopCo LP Management Team Commitment	2,483	2,483	–	–	–
Due to related parties	1,096	1,096	–	–	–
Accounts payable and accrued liabilities	1,601	1,601	–	–	–
Lease commitments	2,074	178	407	445	1,044
	58,139	56,243	407	445	1,044

Under the terms of the Investment Advisory Agreement (defined in the Related Party Transactions section later in this MD&A), the company is contractually obligated to pay TopCo LP an investment and advisory fee and, if applicable, a performance fee. These fees will vary based on the company's common shareholders' equity and book value per share. The investment and advisory fees recorded within the consolidated statements of loss and comprehensive loss in 2023 was $3,492 (2022 – $3,642).

Under the Investment Advisory Agreement, the period from January 1, 2021, to December 31, 2023 (the "first calculation period") is the first consecutive three-year period for which a performance fee, if applicable, will be payable to TopCo LP. At December 31, 2023 the company determined that a performance fee of $nil should be accrued to TopCo LP (December 31, 2022 – $nil) as the Adjusted Book Value per Share of $2.92 (before factoring in the impact of the performance fee) at December 31, 2023 was less than the hurdle per share at that date of $3.42. Refer to the Related Party Transactions section of this MD&A for discussion on the performance fee.

Concentration Risk

The company's investments are primarily concentrated in Africa and in African businesses or businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa. As a result, the company's performance is particularly sensitive to economic changes in the countries in Africa in which it invests. The market value of the company's investments, the income generated by the company and the company's performance will be particularly sensitive to changes in the economic condition, interest rates, and regulatory environment of African countries in which the company has investments. Adverse changes to the economic condition, interest rates or regulatory environment in those African countries may have a material adverse effect on the company's business, cash flows, financial condition, and results of operations.

The composition of the company's total cash and cash equivalents and portfolio investments by industry sectors and regions where the primary underlying risk of the issuer's businesses resides is presented in the following table. The fair values of these investments were allocated based on the issuer's revenue from each region.

	December 31, 2023					December 31, 2022				
	North Africa(1)	Sub-Saharan Africa(2)	Pan-Africa(3)	Other	Total	North Africa(1)	Sub-Saharan Africa(2)	Pan-Africa(3)	Other	Total
Cash and cash equivalents	**–**	**55,746**	**–**	**40,167**	**95,913**	–	20,331	–	104,910	125,241
Limited partnership investments:										
Asset management (5)	**–**	**–**	**155,757**	**–**	**155,757**	–	–	225,398	–	225,398
Financial services (4)(5)	**–**	**–**	**16,691**	**–**	**16,691**	–	–	10,511	–	10,511
Insurance (4)(5)	**–**	**–**	**12,947**	**–**	**12,947**	–	–	7,095	–	7,095
Retail and distribution (4)(5)	**13,831**	**8,527**	**–**	**–**	**22,358**	16,179	–	–	–	16,179
Common shares:										
Food and agriculture	**–**	**5,720**	**–**	**1,080**	**6,800**	–	13,625	–	8,239	21,864
Financial services	**–**	**–**	**10,765**	**–**	**10,765**	–	672	–	–	672
Infrastructure	**–**	**–**	**10,640**	**–**	**10,640**	–	–	–	–	–
Sports and entertainment	**–**	**30,671**	**39,182**	**–**	**69,853**	–	–	39,219	–	39,219
Retail and distribution	**18,652**	**–**	**4,213**	**–**	**22,865**	17,506	–	–	–	17,506
Education	**–**	**17,000**	**–**	**–**	**17,000**	–	25,468	–	–	25,468
Other	**–**	**–**	**–**	**10,163**	**10,163**	–	16,595	–	–	16,595
Loans:										
Food and agriculture	**–**	**8,137**	**–**	**–**	**8,137**	–	7,346	–	11,669	19,015
Financial services	**10,300**	**11,726**	**–**	**–**	**22,026**	7,364	7,963	–	–	15,327
Infrastructure	**–**	**–**	**–**	**–**	**–**	–	17,632	–	–	17,632
Sports and entertainment	**–**	**–**	**–**	**–**	**–**	–	–	–	9,473	9,473
	42,783	**137,527**	**250,195**	**51,410**	**481,915**	41,049	109,632	282,223	134,291	567,195

(1) North Africa is geographically, the area of the continent of Africa that lies north of the Sahara Desert. It encompasses 8 of Africa's 54 countries.

(2) Sub-Saharan Africa is geographically, the area of the continent of Africa that lies south of the Sahara Desert. It encompasses 46 of Africa's 54 countries.

(3) Pan-Africa is geographically, the continent of Africa. Investments operating broadly across the continent of Africa are exposed to Pan-African regional risk.

(4) Helios Fund IV has been allocated to industry sectors based on underlying investment holdings.

(5) A significant portion of the returns of TopCo LP Class A Limited Partnership Interest, TopCo LP Class B Limited Partnership Interest, and Helios Fund IV are tied to the performance of Helios.

The company's loans are not rated, with no issuer concentration at December 31, 2023 or December 31, 2022.

During 2023, the company's exposure to concentration risk by sector through its Portfolio Investments changed as follows:

- Asset management sector decreased primarily due to unrealized loss on TopCo LP Class A and TopCo LP Class B.
- Education sector decreased primarily due to an unrealized loss on the Indirect equity interest in Nova Pioneer.
- Sports and entertainment sector increased primarily due to investments in HSEG and the Event Horizon Loan.
- Food and agriculture sector decreased primarily due to the repayment of the AFGRI International Facility and partial sale of Indirect equity interest in AGH.
- Financial services sector increased primarily due to an investment in Seven Rivers.
- Infrastructure sector decreased primarily due to the repayment of the CIG Loan, partially offset by an investment in Seven Rivers.
- Insurance sector increased primarily due to a capital contribution to Helios Fund IV.
- Retail and distribution sector increased primarily due to a capital contribution to Helios Fund IV and an investment in Seven Rivers.

Helios is the sub-advisor of TopCo LP, which is portfolio advisor of the company and provides investment management services, investment advisory services and investment administration services to HFP and its subsidiaries. As of December 31, 2023, the company is exposed to concentration risk as the investments in entities managed by Helios Holdings Group entities represent a significant portion of the company's portfolio investments.

The company will not make a Portfolio Investment if, after giving effect to such investment, the total invested amount of such investment would exceed 20.0% of the company's total assets at the time of the investment, provided, however, that the company is permitted to complete up to two Portfolio Investments where, after giving effect to each such investment, the total invested amount of each such investment would be equal to or no more than 25.0% of the company's total assets (the "Investment Concentration Restriction").

The company intends to make multiple different investments as part of its prudent investment strategy. Portfolio Investments may be financed through equity or debt offerings as part of the company's objective to reduce its cost of capital and provide returns to shareholders. At December 31, 2023 and December 31, 2022, the company determined that it was in compliance with the Investment Concentration Restriction.

Related Party Transactions

Payable to Related Parties

At December 31, 2023, the company's payable to related parties of $1,096 was comprised of a payable to TopCo LP for investment and advisory fees (December 31, 2022 – $803).

Investment Advisory Agreement

The company and its subsidiaries are parties to the Investment Advisory Agreement with TopCo LP. TopCo LP has entered into a sub-investment and advisory agreement with the Manager, pursuant to which the Manager was appointed as TopCo LP's sub-advisor for the purposes of the Investment Advisory Agreement. As compensation for the provision of these services, the company and its subsidiaries pay an investment and advisory fee, and if applicable, a performance fee.

The investment and advisory fees are calculated and payable quarterly as 0.5% of the value of undeployed capital and 1.5% of the company's common shareholders' equity less the value of undeployed capital and the fair value of TopCo LP. In 2023, investment and advisory fees recorded within the consolidated statements of loss and comprehensive loss was $3,492 (2022 – $3,642).

Performance Fee

The performance fee under the Investment Advisory Agreement is accrued quarterly and is calculated, on a cumulative basis, as 20% of any increase in book value per share, excluding investment in and any cash distributions made by TopCo LP ("Adjusted Book Value per Share"), above a 5% per annum increase less any performance fees settled in prior calculation periods. The amount of Adjusted Book Value per Share at any time which must be achieved before any performance fee would be payable is sometimes referred to as the "hurdle per share".

Under the Investment Advisory Agreement, the period from January 1, 2021, to December 31, 2023 (the "first calculation period") is the first consecutive three-year period for which a performance fee, if applicable, will be payable to TopCo LP. At December 31, 2023 the company determined that a performance fee of $nil should be accrued to TopCo LP (December 31, 2022 – $nil) as the Adjusted Book Value per Share of $2.92 (before factoring in the impact of the performance fee) December 31, 2023 was less than the hurdle per share at that date of $3.42.

The performance fee, if applicable, will be paid within 30 days after the company issues its annual audited consolidated financial statements for the year ended December 31, 2023. TopCo LP's general partner may elect, no later than fifteen days from the end of the calculation period (the "election date"), to receive the performance fee, wholly or partly, in cash or in subordinate voting shares of the company. The number of subordinate voting shares to be issued will be calculated based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the election date.

In 2023, a performance fee of $nil was recorded within the consolidated statements of loss and comprehensive loss, compared to a performance fee recovery of $938 in 2022.

Other Receivables from Related Parties

Other receivables from related parties of $991 at December 31, 2023 (December 31, 2022 – $1,319) was comprised of distributions receivable from TopCo LP Class B Limited Partnership Interest in connection with Excess Management Fees earned. Refer to the Private Portfolio Investments section in note 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) to the consolidated financial statements for the year ended December 31, 2023.

Subsequent to December 31, 2023

Subsequent to December 31, 2023, the company received a distribution of $991 from TopCo LP, representing payment of the remaining Excess Management Fees earned.

Fairfax's Voting Rights and Equity Interest

At December 31, 2023, Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares and 7,304,067 subordinate voting shares of HFP (December 31, 2022 – 30,000,000 and 5,302,912 respectively), as well as 3,000,000 HFP Warrants exercisable for one subordinate voting share each, none of which have been exercised.

At December 31, 2023, Fairfax's holdings of multiple and subordinate voting shares represented 53.3% of the voting rights and 34.5% of the equity interest in HFP (December 31, 2022 – 53.3% and 32.6%).

Principal Holdco's Voting Rights and Equity Interest

At December 31, 2023 and 2022, Principal Holdco, a Luxembourg holding company indirectly owned by the co-CEOs of the company, owned 25,452,865 multiple voting shares and 24,632,413 subordinate voting shares of HFP. At December 31, 2023, in addition to his ownership through Principal Holdco, one of the co-CEOs also directly owned 4,500 subordinate voting shares (December 31, 2022 – 4,500) and indirectly owned 97,000 subordinate voting shares through a holding company (December 31, 2022 – 62,000).

At December 31, 2023, Principal Holdco's holdings of multiple and subordinate voting shares represented 45.9% of the voting rights and 46.3% of the equity interest in HFP (December 31, 2022 – 45.9% and 46.3%).

Special Incentive Plan

The company adopted the Special Incentive Plan, pursuant to which options to purchase subordinate voting shares of the company were granted to the SIP Recipients (refer to note 9 (Share-Based Incentive Plans) to the consolidated financial statements for the year ended December 31, 2023). Certain SIP Recipients are key management personnel of the company or employees of the Manager.

Long Term Incentive Plan

The company adopted the Long Term Incentive Plan, pursuant to which restricted share units of the company were granted to the LTIP Recipients (refer to note 9 (Share-Based Incentive Plans) to the consolidated financial statements for the year ended December 31, 2023). Certain LTIP Recipients are key management personnel and directors of the company.

Related Party Investment Transactions

Helios Fund IV

Helios Fund IV is related to HFP by virtue of common key management personnel. In 2023, the company did not receive any distributions from Helios Fund IV. In 2022, the company received total distributions of $9,820 from Helios Fund IV, comprised of an equalization adjustment of $5,402, a return of capital of $4,418, and funded capital calls of $3,184. At December 31, 2023, the company had funded aggregate capital calls of $33,447, representing 14.1% (December 31, 2022 – $24,815 and 14.1%) of the limited partnership interest in Helios Fund IV based on committed capital. The exchange amounts of the transactions represented fair value. At December 31, 2023, the company's remaining capital commitment to Helios Fund IV was $16,553 (refer to notes 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) and 6 (Cash and Investments) to the consolidated financial statements for the year ended December 31, 2023).

Trone Holdings

On December 14, 2021, the company invested $15,528 for a 22.0% equity interest in Trone Holdings. Helios Fund IV, who controls SPV Rayon and the operating businesses of Trone and is a related party of HFP by virtue of common key management personnel, holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings is a related party of HFP by virtue of common key management personnel and is an associate of the company. The exchange amount of the transaction represented fair value on initial recognition (refer to notes 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) and 6 (Cash and Investments) to the consolidated financial statements for the year ended December 31, 2023).

TopCo LP

TopCo LP is a related party of HFP by virtue of common key management personnel and is an associate of the company. At December 31, 2023, the company recognized a distribution receivable from its TopCo LP Class B Limited Partnership Interest of $122, which reflected Excess Management Fees earned. Accordingly, the company recorded a reduction in the valuation of TopCo LP Class B Limited Partnership Interest and a receivable from related parties of $122. In 2023, the company received total distributions of $363 representing carried interest in respect of its TopCo LP Class A Limited Partnership Interest. The exchange amount of the transactions represented fair value (refer to notes 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) and 6 (Cash and Investments) to the consolidated financial statements for the year ended December 31, 2023).

TopCo LP Management Team Commitment

HFP's total commitments to TopCo LP in respect of the Management Team Commitment is $7,500. In 2023, the company funded capital calls of $1,295 in respect of its Management Team's Commitment. At December 31, 2023, the company's remaining capital commitment to TopCo LP with respect to the Management Team Commitment was $2,483 (refer to note 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) to the consolidated financial statements for the year ended December 31, 2023).

HFP 3.0% Debentures

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in HFP 3.0% Debentures and HFP Warrants. In December 2023, and prior to the maturity date, the company redeemed the HFP 3.0% Debentures on a net basis with the HFP Redemption Derivative at the price of $28,400 plus any accrued and unpaid interest. As a result of the redemption, the company derecognized the HFP Redemption Derivative and recognized a net gain on investments of $9,264, comprised of a realized gain of $49,535 offset by a reversal of unrealized gain of $40,271, within the consolidated statements of loss and comprehensive loss (refer to note 7 (Borrowings) to the consolidated financial statements for the year ended December 31, 2023).

Related Party Derivatives

As part of Fairfax's investment in the HFP 3.0% Debentures and HFP Warrants, the HFP Redemption Derivative was recorded in Related Party Derivatives and Guarantees within the consolidated balance sheet (refer to note 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) to the consolidated financial statements for the year ended December 31, 2023). In December 2023, and prior to the maturity date, the company redeemed the HFP 3.0% Debentures on a net basis with the HFP Redemption Derivative at the price of $28,400 plus any accrued and unpaid interest. As a result of the redemption, the company derecognized the HFP Redemption Derivative and recognized a net gain on investments of $9,264, comprised of a realized gain of $49,535 offset by a reversal of unrealized gain of $40,271, within the consolidated statements of loss and comprehensive loss (refer to note 7 (Borrowings) to the consolidated financial statements for the year ended December 31, 2023).

Fairfax Loan

The company issued the $20,000 interest-free Fairfax Loan to Fairfax, due no later than December 8, 2023. The loan was repaid in full on December 8, 2023 (refer to note 6 (Cash and Investments) to the consolidated financial statements for the year ended December 31, 2023).

Digital Ventures Facilities

On May 30, 2022, the company entered into a loan facility agreement for $40,000 with Helios Digital Ventures LP ("HDV"), a limited partnership domiciled in Guernsey (the "Digital Ventures $40M Facility"). HDV is a venture capital fund with a focus on investing in digital infrastructure across Africa. Concurrently, the company entered into a loan facility for $1,000 with Obashe Trust ("Obashe"), a company domiciled in the United States (the "Digital Ventures $1M Facility"). Obashe is the sole limited partner of HDV. HDV is related to HFP by virtue of common key management personnel. Obashe is also related to HFP. In 2023, the company funded drawdowns of $5,654 and $124 on the Digital Ventures $40M Facility and Digital Ventures $1M Facility, respectively. At December 31, 2023, the company's remaining capital commitments to the Digital Ventures $40M Facility and the Digital Ventures $1M Facility were $19,819 and $513, respectively (refer to notes 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) and 6 (Cash and Investments) to the consolidated financial statements for the year ended December 31, 2023).

Helios Sports and Entertainment Group

At December 31, 2023, the company had invested $32,050 and has a 100% equity interest in HSEG. HSEG is a related party of HFP as HFP controls HSEG. On June 8, 2023, the company, through HSEG and HSEH, subscribed for 25% equity interest in Zaria for no consideration and made a maximum financial commitment of $12,000 to Zaria. On June 23, 2023, HSEH subscribed to a $4,000 loan note instrument issued by Zaria (the "Zaria Loan", formerly the "Cooper Loan"), representing fulfillment of part of the financial commitment. The Zaria Loan bears interest at a rate of the 3-month SOFR reference rate plus a margin of 5% per annum, accrued and capitalized quarterly, is unsecured and matures on June 8, 2033 (refer to notes 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) and 6 (Cash and Investments) to the consolidated financial statements for the year ended December 31, 2023). Zaria Holdings Limited owns the remaining 75% equity interest in Zaria and is a related party of HFP by virtue of common key management personnel. Zaria is a related party of HFP by virtue of being an associate of HFP.

Helios Seven Rivers Fund

In April 2023, the company invested a total of $30,000 in Seven Rivers in exchange for a 93.7% equity interest. Seven Rivers is a related party of HFP as HFP controls Seven Rivers. The exchange amount of the transaction represented fair value (refer to notes 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) and 6 (Cash and Investments) to the consolidated financial statements for the year ended December 31, 2023).

Related Party Indemnity

In 2022, the company entered into an agreement with Fairfax in respect of which Fairfax agreed to indemnify the company for all claims and liabilities that may arise from the settlement, in 2021, of the Atlas Mara Zambia Term Deposit Guarantee of $13,495, inclusive of interest.

On December 4, 2023, through the Mauritius Sub, the company and Fairfax entered into an Indemnity Agreement, pursuant to which Fairfax agreed to pay up to $8,200 for the Claw Back Clause and indemnify the company for Indemnified Losses incurred as per the Sale and Purchase Agreement dated July 28, 2023. The company has not attributed any value to these assets, as management has assessed the probability of receiving payment due to these clauses being triggered as remote.

Accounting and Disclosure Matters

Management's Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the company's management, including the company's Co-CEOs and CFO, the company conducted an evaluation of the effectiveness of its disclosure controls and procedures as of December 31, 2023, as required by the Canadian securities legislation. Disclosure controls and procedures are designed to ensure that the information required to be disclosed by the company in the reports it files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and reported to management, including the company's Co-CEOs and CFO, as appropriate, to allow required disclosures to be made in a timely fashion. Based on their evaluation, the Co-CEOs and CFO have concluded that as of December 31, 2023, the company's disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined under National Instrument 52-109). The company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS Accounting Standards, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The company's management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2023. In making this assessment, the company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013). Based on that assessment, the company's management concluded that internal control over financial reporting was not effective as of December 31, 2023. A material weakness is a control deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement in the annual or interim financial statements will not be prevented or detected on a timely basis.

As of December 31, 2023, the following material weakness has been identified and included in Management's assessment:

- The company relies on the controls implemented by its Manager to ensure the accuracy of the inputs and the reasonableness of the assumptions used in its level 3 valuation process. Specifically, the controls implemented by the Manager and relied upon by the company did not include effective review and monitoring to (i) verify the accuracy of valuation model inputs; and (ii) assess the reasonability of valuation assumptions. This control deficiency resulted in a material audit adjustment to reduce the estimated fair value of Portfolio Investments, which also impacted reported net losses on investments. The adjustment was made prior to issuing the annual audited consolidated financial statements and no restatement is required.

This material weakness could result in misstatements of the company's financial statement accounts and disclosures that could result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

Management is committed to ensuring the implementation of the remediation efforts designed to ensure the control deficiencies that contributed to the material weakness are remediated, such that these controls are designed, implemented and operating effectively. A plan has been developed and includes the following improvements (i) enhancing the review process to include peer review, detailed analysis of all available information and benchmarking key model assumptions; and (ii) additional training for staff involved in the process.

There were no other changes in the company's internal control over financial reporting that occurred during the fourth quarter ended December 31, 2023, that have materially affected or are reasonably likely to affect our internal control over financial reporting.

Critical Accounting Estimates and Judgments

In the preparation of the company's consolidated financial statements, management has made a number of critical accounting estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses recorded during the period at the date of the consolidated financial statements. Actual results could differ from those estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effects on the company's development of critical accounting estimates are further described below.

Determination of Investment Entity Status

The company exercised judgment and concluded that it continues to meet the definition of an investment entity. The company's conclusion was supported by the following key factors: (i) the company's strategic objective of investing and providing investment management services to investors for the purpose of generating returns in the form of long-term capital appreciation remains unchanged; and (ii) the company's most indicative measure of performance continues to be the fair value of its underlying investments.

The company's investment in TopCo LP Class A and Class B Limited Partnership units entitles it to Carried Interest Proceeds and Excess Management Fees (defined later in note 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) to the consolidated financial statements for the year ended December 31, 2023) respectively from current and future funds managed by Helios Holdings Group or any of its affiliates (the "Helios Funds" or "Helios Strategies"), which are solely driven by the asset management activities of Helios Holdings Group, for which the company does not have any performance obligations. TopCo LP was formed to allow the company to receive cash flows from its entitlement to Carried Interest Proceeds and Excess Management Fees from the underlying Helios Funds or Helios Strategies as well as returns from contributions to Management Team Commitments (defined later in note 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) to the consolidated financial statements for the year ended December 31, 2023) in the underlying Helios Funds or Helios Strategies. While the company does not have exit strategies for its TopCo LP Class A and Class B Limited Partnership Interests, the underlying Helios Funds have exit strategies in place for each of their underlying portfolio investments.

The company's assessment of its investment entity status requires an ongoing assessment of the company's strategic objectives, business activities, and its method of measuring and evaluating its performance. Accordingly, the company's investment entity status may change in future reporting periods based on the facts and circumstances at that time.

The company exercised judgment and concluded that its subsidiary, Helios Seven Rivers Fund, meets the definition of an investment entity and should, therefore, be recognized as a portfolio investment recorded at fair value through profit and loss. The company's conclusion is supported by the following key factors: (i) Helios Seven Rivers Fund has the objective of investing and providing investment management services for the purpose of generating returns from capital appreciation, investment income, or both; and (ii) Helios Seven Rivers Fund measures the value of its underlying investments at fair value through profit and loss and uses fair value to assess the performance of the investments.

The company's assessment that Helios Seven Rivers Fund is an investment entity requires an ongoing assessment of Helios Seven Rivers Fund's strategic objectives, business activities, and method of measuring and evaluating its performance. Accordingly, Helios Seven Rivers Fund's investment entity status may change in future reporting periods based on the facts and circumstances at that time.

Valuation of Private Portfolio Investments

The valuations of Private Portfolio Investments are assessed at the end of each reporting period and requires the company to exercise significant judgment when determining the fair value in the absence of quoted market values, the nature of these investments, and change from the acquisition transaction price, such as the significant variances from budgeted earnings; changes in market conditions; changes to the regulatory environment; movements in interest rates, foreign exchange rates and other market variables; and the passage of time.

Estimates and judgments for the valuation of the company's Private Portfolio Investments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Valuation methodologies include discounted cash flow analyses, earnings multiples, industry accepted discounted cash flow and option pricing models, expected recovery models, net asset value and transaction price. There was added uncertainty related to the economic disruption caused by the ongoing geopolitical conflicts and inflation and rising interest rates in the company's development of unobservable inputs. Significant judgments and assumptions were applied such as the timing of future cash flows, exit multiples of invested capital, target exit dates, growth in management fee revenue, probability weighting on future fundraising initiatives, long term profit margins, discount rates, growth rates, market multiples, net asset values, and other inputs. Additional volatility in the fair values of Private Portfolio Investments may arise in future periods if actual results differ materially from the company's estimates.

Income taxes

The company is subject to income taxes in Canada, the United States, Mauritius and South Africa, and the company's determination of its tax liability or receivable is subject to review by those applicable tax authorities. The company exercised judgment in assessing that unremitted earnings related to its subsidiaries' holdings of Portfolio Investments are not expected to result in taxable amounts as the company has determined it is not probable that those unremitted earnings will be repatriated in the foreseeable future. Where the company's interpretations differ from those of tax authorities or the timing of realization is not as expected, the provision for income taxes may increase or decrease in future periods to reflect actual experience. The company engages external specialist tax personnel who assist the company with its assessment of the income tax consequences of planned transactions and the undertaking of appropriate tax planning.

Realization of deferred income tax assets is dependent upon the generation of taxable income in those jurisdictions where the relevant tax losses and temporary differences exist. Tax legislation of each jurisdiction in which the company operates is interpreted to determine the provision for (recovery of) income taxes and expected timing of the reversal of deferred income tax assets and liabilities. The company exercised judgment that certain carryforwards of unused losses disclosed in note 11 (Income Taxes) to the consolidated financial statements for the year ended December 31, 2023 should not be recognized as an asset as it was considered not probable that those losses could be utilized by the company.

Future Accounting Changes

The following new standards and amendments have been issued by the IASB and were not yet effective for the fiscal year beginning January 1, 2023. The company does not expect to adopt any of them in advance of their respective effective dates.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* to clarify the criteria for classifying a liability as non-current. The amendments are to be applied retrospectively to annual reporting periods beginning on or after January 1, 2024. The company is assessing the impact of these amendments on its consolidated financial statements.

Non-current Liabilities with Covenants (Amendments to IAS 1)

In October 2022, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*. The amendments clarify the impact of covenants of loan arrangements on the classification of a liability as current or non-current at the reporting date. The amendments are effective for annual periods beginning on or after January 1, 2024, with early adoption permissible. The company is assessing the impact of these amendments on its consolidated financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

On September 22, 2022, the IASB issued amendments to IFRS 16 *Leases*. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a sale-and-leaseback transaction in a way that does not result in recognition of a gain or loss related to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The company is assessing the impact of these amendments on its consolidated financial statements.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

On May 25, 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments:* Disclosures. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The company is assessing the impact of these amendments on its consolidated financial statements.

Risk Management

Overview

The following risks, among others, should be considered in evaluating the outlook for the company. Additional risks not currently known to the company or that are currently deemed immaterial may become important factors that affect the company's future financial conditions and results of operations. The company, its consolidated subsidiaries, and the Manager monitor these risks on an on-going basis and take actions as needed to mitigate their impact. For additional details about the risks relating to the company, please see Risk Factors in HFP's most recent annual information form, which is available on SEDAR+ at www.sedarplus.ca.

Risks

Geopolitical Risks, Inflation, and Rising Interest Rates

Geopolitical conflicts ongoing around the world have disrupted global supply chains, particularly the energy and food markets, resulting in volatile energy and commodity prices. The global impacts of these conflicts have resulted in increasing inflation, causing central banks in major economies to raise interest rates. Rising interest rates have the potential to impact discount rates used in the company's valuations of Private Portfolio Investments and could also impact foreign exchange risk as currencies appreciate or depreciate depending on local monetary policy responses. Such further developments could have a material adverse effect on the company's business, financial condition, results of operations, and cash flows.

Financial Market Fluctuations

The company invests in both private businesses and publicly traded businesses. With respect to publicly traded businesses, fluctuations in the market prices of such securities may negatively affect the value of such investments. In addition, general instability in the public debt market and other securities markets may impede the ability of businesses to refinance their debt through selling new securities, thereby limiting the company's investment options with regard to a particular Portfolio Investment.

Financial market and economic conditions may have a negative effect on the valuations of, and the ability of the company to exit or partially divest from, investment positions.

For example, rising interest rates have the potential to impact discount rates used in the company's valuations of Private Portfolio Investments and could also impact foreign exchange risk as currencies appreciate or depreciate depending on local monetary policy responses. A deterioration in business and economic conditions, which may erode consumer and investor confidence levels, and/or increase volatility of financial markets (such as the recent volatility of the banking sector), could also have a material adverse effect on the company's business, financial condition, results of operations, and cash flows. Depending on market conditions, the company may incur substantial realized and unrealized losses in future periods, all of which may materially adversely affect its results of operations and the value of any investment in the company.

Pace of Completing Investments

The company's business is to identify, with the assistance of the Portfolio Advisor, suitable investment opportunities, pursuing such opportunities and consummating such investment opportunities. If the company is unable to source and manage its investments effectively, it would adversely impact the company's financial position and earnings. There can be no assurance as to the pace of finding and implementing investment opportunities.

Conversely, there may only be a limited number of suitable investment opportunities at any given time. This may cause the company, while it deploys cash proceeds not yet invested, to hold significant levels of cash and cash equivalents. A lengthy period prior to which capital is deployed may adversely affect the company's overall performance.

Minority Investments

The company may make minority equity investments in which the company does not participate in the management or otherwise influence the business or affairs of such businesses. The company will monitor the performance of each investment and maintain an ongoing dialogue with each business's management team. However, day-to-day operations will primarily be the responsibility of each businesses' management team and the company may not have the right to influence such operations.

Reliance on Key Personnel and Risks Associated with the Investment Advisory Agreement

The management and governance of the company depends on the services of certain key personnel, including key personnel of the Portfolio Advisor, the Manager, as sub-advisor of the Portfolio Advisor, and certain executive officers of the company. The loss of the services of any key personnel, particularly Tope Lawani and Babatunde Soyoye, could have a material adverse effect on the company and materially adversely affect the company's financial condition and results of operations.

The company relies on the Portfolio Advisor and any of its sub-advisors or consultants, from time to time, including the Manager, with respect to the sourcing and advising, as applicable, with respect to their investments. Consequently, the company's ability to achieve its investment objectives depends in large part on the Portfolio Advisor and the Manager, in its role as sub-advisor, and their respective ability to identify and advise the company on attractive investment opportunities. This means that the company's investments are dependent upon the business contacts of the Portfolio Advisor and the Manager, in its role as sub-advisor, and their respective ability to (i) successfully hire, train, supervise and manage their personnel and (ii) to maintain their operating systems. If the company were to lose the services provided by the Portfolio Advisor, the Manager, in its role as sub-advisor, or their key personnel or if the Portfolio Advisor or the Manager, in its role as sub-advisor, fail to satisfactorily perform the Portfolio Advisor's obligations under the Investment Advisory Agreement, the company's investments and growth prospects may decline.

The company may be unable to duplicate the quality and depth of management from the Portfolio Advisor or the Manager, in its role as sub-advisor, if the company were to source and manage its own investments or if it were to hire another investment advisor. Prospective investors should not purchase any securities of the company unless they are prepared to rely on the Directors, the Sub Directors, each of their respective executive officers and the Portfolio Advisor and any of its sub-advisors (including the Manager). The Investment Advisory Agreement may be terminated in certain circumstances and is only renewable on certain conditions. Accordingly, there can be no assurance that the company will continue to have the benefit of the services of the Portfolio Advisor and the Manager, in its role as sub-advisor, including their respective executive officers, investment professionals and other personnel, that the Portfolio Advisor will continue to be the company's investment advisor, that the Manager will continue to be the Portfolio Advisor's sub-advisor, or that the Portfolio Advisor will continue to provide investment administration services to the company. If the Portfolio Advisor or Manager, in its role as sub-advisor, should cease for whatever reason to be the investment advisor of the company, or sub-advisor of the Portfolio Advisor, the cost of obtaining substitute services may be greater than the fees the company will pay the Portfolio Advisor under the Investment Advisory Agreement. Such increased fees may adversely affect the company's ability to meet its objectives and execute its strategy, which could materially and adversely affect the company's cash flows, net earnings and financial condition.

Operating and Financial Risks of Portfolio Investments

Businesses in which the company invests could deteriorate as a result of, among other factors, an adverse development in their business operations, a change in the competitive environment or an economic downturn. As a result, businesses that the company expects to be stable may operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or experience financial distress. In some cases, the success of the company's investment strategy will depend, in part, on the ability of the company to restructure and effect improvements in the operations of a business in which it has invested. The activity of identifying and implementing restructuring programs and operating improvements at businesses entails a high degree of uncertainty. There can be no assurance that the company will be able to successfully identify and implement such restructuring programs and improvements.

Valuation Methodologies Involve Subjective Judgments

For the purposes of IFRS-compliant financial reporting, the company's financial assets and liabilities will be valued in accordance with IFRS Accounting Standards. Accordingly, the company is required to follow a specific framework for measuring the fair value of its assets and liabilities and, in its audited consolidated financial statements, to provide certain disclosures regarding the use of fair value measurements.

The fair value measurement accounting guidance establishes a hierarchical disclosure framework that ranks the observability of market inputs used in measuring financial instruments at fair value. The observability of inputs depends on a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a high degree of market price observability and less judgment applied in determining fair value.

A portion of the company's Portfolio Investments are in the form of securities that are not publicly traded and thus have no readily ascertainable market prices. The fair value of securities and other investments that are not publicly traded may not be readily determinable. The company will value these securities quarterly at fair value as determined in good faith by the company and in accordance with the valuation policies and procedures under IFRS Accounting Standards. The company may utilize the services of an independent valuation firm to aid it in determining the fair value of these securities. The types of factors that may be considered in fair value pricing of the company's investments include the nature and realizable value of any collateral, the portfolio business' ability to make payments and its earnings, the markets in which the Portfolio Investment does business, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, such valuations may fluctuate over short periods of time and may be based on estimates. Thus, the company's determinations of fair value may differ materially from the prices that would have been obtained if a ready market for these securities existed. The value of the company's total assets could be materially adversely affected if the company's determinations regarding the fair value of its investments were materially higher than the values that it ultimately realizes upon the disposition of such securities.

The value of the company's investment portfolio may also be affected by changes in accounting standards, policies or practices. From time to time, the company will be required to adopt new or revised accounting standards or guidance. It is possible that future accounting standards that the company is required to adopt could change the valuation of the company's assets and liabilities.

Due to a wide variety of market factors and the nature of certain securities to be held by the company, there is no guarantee that the fair value determined by the company or any third-party valuation agents will represent the value that will be realized by the company on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Moreover, the valuations to be performed by the company or any third-party valuation agents are inherently different from the valuation of the company's securities that would be performed if the company were forced to liquidate all or a significant portion of its securities, which liquidation valuation could be materially lower.

In addition, the values of the company's investments are subject to significant volatility, including due to a number of factors beyond the company's control. These include actual or anticipated fluctuations in the quarterly and annual results of these companies or companies in their industries, market perceptions concerning the availability of additional securities for sale, general economic, social or political developments, changes in industry conditions or government regulations, changes in management or capital structure and significant acquisitions or dispositions. In addition, because the company often holds substantial positions in its investees, the disposition of these securities often is delayed for, or takes place over, long periods of time, which can further expose the company to volatility risk. Even if the company holds an investment that may be difficult to liquidate in a single transaction, the company may not discount the market price of the security sufficiently for purposes of its valuations. If the company realizes value on an investment that is significantly lower that the value at which it was recorded in its balance sheet, the company would recognize investment losses.

Lawsuits

The company manages day-to-day regulatory and legal risk primarily by implementing appropriate policies, procedures and controls. Internal and external legal counsel also work closely with the company to identify and mitigate areas of potential regulatory and legal risk. However, the company may, from time to time, become party to a variety of legal claims and regulatory proceedings in Canada, Africa (including Mauritius) or elsewhere. The existence of such claims against the company or its affiliates, directors or officers could have various adverse effects, including the incurrence of significant legal expenses defending such claims, even those claims without merit. Any lawsuit or regulatory action brought against the company that results in a finding of substantial legal liability could materially adversely affect the company from a financial operational and liquidity perspective and could result in significant reputational damage. The company depends to a large extent on its business relationships and reputation to attract and pursue investment opportunities. Allegations of improper conduct coupled with negative publicity and press speculation may harm the company's reputation. The pervasiveness of social media and the Internet could also lead to faster and wider dissemination of any adverse publicity or inaccurate information about the company and thereby magnify the reputational risks associated with negative publicity.

Use of Leverage

The company may rely on the use of leverage when making its investments. As such, the ability to achieve attractive rates of return on such investments will significantly depend on the company's continued ability to access sources of debt financing on attractive terms. An increase in either market interest rates or in the risk spreads demanded by lenders would make it more expensive for the company to finance its investments and, in turn, would reduce net returns therein. Increases in interest rates could also make it more difficult for the company to locate and consummate investments because other potential buyers, including operating companies acting as strategic buyers, may be able to bid for an asset at a higher price due to a lower overall cost of capital. Availability of capital from debt capital markets is subject to significant volatility and the company may not be able to access those markets on attractive terms, or at all, when completing an investment. Any of the foregoing circumstances could have a material adverse effect on the financial condition and results of operations of the company.

Foreign Currency Fluctuation

All of the company's Portfolio Investments have been and will be made in Africa and in African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa or in Permitted Investments, and the financial position and results for these investments are expected to be principally denominated in currencies other than the United States dollar (other than Permitted Investments). The company's functional and reporting currency is the United States dollar. Changes in the fair value of such Portfolio Investments will be translated at average rates of exchange in effect during the applicable reporting period. Assets and liabilities will be translated at the exchange rates in effect at the balance sheet date. As a result, the company's consolidated financial position is subject to foreign currency fluctuation risk, which could materially adversely impact its operating results and cash flows. In addition, a significant depreciation in the value of the currency utilized in one or more countries where the company has a significant presence may have a material adverse effect on the results of the company's operations and financial position. Although the company may enter into currency hedging arrangements in respect of its foreign currency cash flows, there can be no assurance that the company will do so or, if they do, that the full amount of the foreign currency exposure will be hedged at any time.

Investments May Be Made in Foreign Private Businesses Where Information Is Unreliable or Unavailable

In pursuing the company's investment strategy, the company may seek to make one or more investments in privately-held businesses (ex., the privately held Portfolio Investments) as disclosed in note 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) to the consolidated financial statements for the year ended December 31, 2023. As minimal public information exists about private businesses, the company could be required to make investment decisions on whether to pursue a potential investment in a private business on the basis of limited information, which may result in an investment in a business that is not as profitable as the company initially suspected, if at all.

Investments in private African businesses pose certain incremental risks as compared to investments in public businesses, including that they:

- have reduced access to the capital markets, resulting in diminished capital resources and ability to withstand financial distress;
- may have limited financial resources and may be unable to meet their obligations under any debt securities that the company may hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the company realizing any guarantees that it may have obtained in connection with its investment;
- may have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and changing market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a Portfolio Investment and, as a result, the company; and
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position.

Significant Ownership by Fairfax and Principal Holdco May Adversely Affect the Market Price of the Subordinate Voting Shares

As of March 29, 2024, Fairfax and its affiliates hold a 53.3% and 34.5% voting and equity interest, respectively, in the company through ownership of 30,000,000 issued and outstanding multiple voting shares and 7,304,067 subordinate voting shares. Fairfax and its affiliates also own 3,000,000 warrants exercisable for one subordinate voting share each.

As of March 29, 2024, Principal Holdco and its affiliates hold a 45.9% and 46.3% voting and equity interest, respectively, in the company through ownership of 25,452,865 issued and outstanding multiple voting shares and 24,632,413 subordinate voting shares.

For so long as Fairfax and Principal Holdco, respectively, either directly or through one or more subsidiaries and affiliates, maintain a significant voting interest in the company, Fairfax, and Principal Holdco, as applicable, will have the ability to exercise substantial influence with respect to the company's affairs and significantly affect the outcome of shareholder votes, and may have the ability to prevent certain fundamental transactions.

Accordingly, the subordinate voting shares may be less liquid and trade at a relative discount compared to such subordinate voting shares in circumstances where Fairfax and Principal Holdco did not have the ability to significantly influence or determine matters affecting the company. Additionally, Fairfax's and Principal Holdco's respective significant voting interests in the company may discourage transactions involving a change of control of the company, including transactions in which an investor, as a holder of subordinate voting shares, might otherwise receive a premium for its subordinate voting shares over the then-current market price.

Emerging Markets

The company's investment objective is to achieve long-term capital appreciation, while preserving capital, by investing in Portfolio Investments. Foreign investment risk is particularly high given that the company invests in securities of issuers based in or doing business in emerging market countries.

The economies of emerging market countries have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of emerging market countries may also be predominantly based on only a few industries or dependent on revenues from particular commodities. In addition, custodial services and other investment-related costs may be more expensive in emerging markets than in many developed markets, which could reduce the company's income from securities or debt instruments of emerging market country issuers.

Certain African countries still have some form of exchange control regulation that can lead to additional costs, delays and/or restrictions/requirements on the repatriation of profits for the company. There is a heightened possibility of imposition of withholding taxes on interest or dividend income generated from emerging market securities. In this regard, certain African countries seek to impose tax on the sale of shares of companies that are resident in their jurisdiction. Furthermore, there are legislative developments in certain jurisdictions aimed to allow for tax in the event of an indirect disposal or change of control. It is also possible that certain African revenue authorities will apply a withholding tax in breach of the relevant tax treaty and the company may be unable to reclaim this undue tax in the form of a tax credit. Governments of emerging market countries may engage in confiscatory taxation or expropriation of income and/or assets to raise revenues or to pursue a domestic political agenda. In the past, emerging market countries have nationalized assets, companies and even entire sectors, including the assets of foreign investors, with inadequate or no compensation to the prior owners. Certain governments in African countries may also restrict or control the ability of foreign investors to invest in securities by varying degrees. These restrictions and controls may limit or preclude foreign investment, require governmental approval, special licenses, impose certain costs and expenses, and/or limit the amount of foreign investment, or limit such investment to certain classes of securities that may be less advantageous than the classes available for purchase by domestic investors. There can be no assurance that the company will not suffer a loss of any or all of its investments or, interest or dividends thereon, due to adverse fiscal or other policy changes in emerging market countries.

Governments of many emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest in the country. Crime, corruption and fraud in certain African countries, as well as ties between government, agencies or officials and the private sector, have resulted, and could in the future result, in preferential treatment for local competitors, inefficient resource allocation, arbitrary decisions and other practices or policies. Accordingly, government actions could have a significant effect on economic conditions in an emerging country and on market conditions, prices and yields of securities in the company's portfolio.

Bankruptcy law and creditor reorganization processes in the African countries in which the company may invest may differ substantially from those in Canada and the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain emerging market countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. In addition, it may be impossible to seek legal redress against an issuer that is a sovereign state.

Also, because publicly traded debt instruments of emerging market issuers represent a relatively recent innovation in the world debt markets, there is little historical data or related market experience concerning the attributes of such instruments under all economic, market and political conditions.

Other heightened risks associated with emerging markets investments include without limitation: (i) risks due to less social, political and economic stability, including the risk of war, terrorism, nationalization, limitations on the removal of funds or other assets, or diplomatic developments that affect investments in these countries; (ii) the smaller size of the market for such securities and a lower volume of trading, resulting in a lack of liquidity and in price volatility; (iii) certain national policies and other factors which may restrict the company's investment opportunities, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests and requirements that government approval be obtained prior to investment by foreign persons; (iv) certain national policies that may restrict the company's repatriation of investment income, capital or the proceeds of sales of securities, including temporary restrictions on foreign capital remittances and shortages of foreign currency; (v) the lack of uniform accounting and auditing standards and/or standards that may be significantly different from the standards required in Canada; (vi) less publicly available financial and other information regarding issuers; (vii) potential difficulties in enforcing contractual obligations; (viii) higher rates of inflation, higher interest rates and other economic concerns; and (ix) less development and/or obsolescence in banking systems and practices, postal systems, communications and information technology and transportation networks. The company may invest to a substantial extent in emerging market securities that are denominated in currencies other than the United States dollar, subjecting the company to a greater degree of foreign currency risk. Also, investing in emerging market countries may entail purchases of securities of issuers that are insolvent, bankrupt or otherwise of questionable ability to satisfy their payment obligations as they become due, subjecting the company to a greater amount of credit risk and/or high yield risk. Additionally, the demand for securities of the company may be more volatile due to general market volatility in demand for investments in emerging markets.

As reflected in the above discussion, investments in emerging market securities involve a greater degree of risk than, and special risks in addition to the risks associated with, investments in domestic securities or in securities of foreign developed countries.

South African Black Economic Empowerment

As a company that has invested, and may seek to complete further investment, in South Africa, the entities in which the company has invested and may invest could be required to comply with the South African government's policy and legal framework relating to black economic empowerment in respect of any South African investments. Black economic empowerment is governed generally by the Broad-Based Black Economic Empowerment Act of 2003 and the Codes of Good Practice, promulgated under that Act. The relevant South African entities may be required to comply with local procurement, employment equity, ownership and other regulations which are designated to address social and economic transformation issues, redress social and economic inequalities and ensure socio-economic stability from time to time. Where applicable, compliance with the said legislation and policies, including the need to meet minimum equity ownership targets depending on the sector of the proposed investment, may result in the dilution of the company's indirect interest in its South African investments whilst non-compliance with the said legislation and policies may result in financial penalties, the loss of key customer contacts with state owned entities and parastatals or the suspension or revocation of any underlying licenses that the relevant entity requires in order to conduct its business which, in either case, could have an adverse effect on the company's business, financial condition and results of operations.

South Africa's grey-listing

The Financial Action Task Force ("FATF"), of which South Africa is a member, has placed South Africa on its 'grey list' effective from February 24, 2023. This means that South Africa is subject to increased monitoring by the FATF and is required to actively work on addressing identified deficiencies in its national legislation and regulations to counter money laundering, terrorist financing and proliferation financing. Further, this means that South Africa is considered as a money laundering, terrorist financing and proliferation financing high-risk country, subjecting South Africa and South African entities to enhanced scrutiny from their international counterparties and to an increased administrative burden in the context of international transactions. South Africa has made a political commitment to strengthen the effectiveness of its anti/counter money laundering, terrorist financing and proliferation financing regime and has already developed a plan of action to be taken off the grey list as quickly as possible.

Economic Risk

The economies of certain African countries have grown rapidly during the past several years and there is no assurance that this growth rate will be maintained. Certain countries in Africa may experience substantial (and, in some cases, extremely high) rates of inflation or economic recessions causing a negative effect on such economies. Certain countries in Africa may also impose restrictions on the exchange or export of currency, institute adverse currency exchange rates or experience a lack of available currency hedging instruments. Any of these events could have a material adverse effect on their respective economies.

Climate Change, Natural Disaster, and Weather Risks

The ongoing changes to the physical climate and the occurrence of natural disasters, including fires, droughts, severe weather, insect infestations, explosions and pandemic diseases, could adversely affect returns from Portfolio Investments and, in turn, the company, as certain Portfolio Investments are operating in industries exposed to climate change risk. The revenue of these portfolio companies may be adversely affected during a period of severe weather conditions in Africa. Because weather and other climate events are by their nature unpredictable, historical results of operations of certain Portfolio Investments may not be indicative of its future results of operations. Climate change may also increase the frequency and severity of severe weather conditions that are difficult to predict. As a result of the occurrence of one or more major weather catastrophes, in any given period, the expected returns from Portfolio Investments impacted by such risks may fall short of the company's expectations.

Taxation Risks

The company structures its business according to prevailing taxation law and practice in Canada, Mauritius, South Africa, and the United States. Any change in tax policy, tax legislation (including in relation to taxation rates), the interpretation of tax policy or legislation or practice could adversely affect the company's return earned on investments and on the capital available to be invested. Further, taxes and other constraints that would apply to the company and its consolidated subsidiaries in such jurisdictions may not apply to other parties, and such parties may therefore have a significantly lower effective cost of capital and a corresponding competitive advantage in pursuing investments. A number of other factors may increase the effective tax rates, which would have a negative impact on net earnings. These include, but are not limited to, changes in the valuation of our deferred tax assets and liabilities, and any reassessment of taxes by a taxation authority. The company engages external specialist tax personnel who assist the company with its assessment of the income tax consequences of planned transactions and the undertaking of appropriate tax planning. Tax legislation of each jurisdiction in which the company operates is interpreted to determine income taxes and expected timing of the reversal of deferred income tax assets and liabilities.

Tax Laws in Mauritius and South Africa

The South African National Treasury is weighing the need to implement its decision to reduce the corporate tax rate, limit the use of trade tax losses and the availability of incentives with the need to stimulate growth in the economy. It is possible that SA Sub and its investments in South Africa could become subject to material changes in tax law, or it may become subject to a higher effective rate of taxation, where deductions/incentives are further limited or removed, which could have a materially adverse effect on its business, financial position and results of operations in South Africa. This process is ongoing, certain changes have already been implemented and others continue to be considered, by way of example, rules may be introduced to impose taxes on cross-border e-commerce trade in line with the OECD proposals (most commonly known as Pillar II).

With regard to the recommendations that have been adopted, the corporate income tax rate has been lowered to 27 per cent for companies with years of assessment commencing on or after March 31, 2023. The reduction of the corporate income tax rate has been implemented alongside a broadening of the corporate income tax base by limiting interest deductions and assessed losses, reducing the availability of tax incentives. Section 23M of the South African Income Tax Act has been amended to broaden the application of the interest limitation rules. The revised section 23M will come into effect for taxpayers with years of assessments ending on or after March 31, 2023. Similarly, the offset of the balance of assessed losses carried forward to the greater of R1 million or 80% of taxable income will come into effect for taxpayers with years of assessments ending on or after March 31, 2023.

Changes in Law

The Republic of Mauritius or South African legal framework under which Mauritius Sub and SA Sub, respectively, invest in Africa may undergo changes in the future, which could impose additional costs or burdens on the company's operations. Future changes to Mauritian or South African law, or the relevant tax treaties, or the interpretations given to them by regulatory or tax authorities, could impose additional costs or obligations on Mauritius Sub's and SA Sub's activities in Mauritius or South Africa. Significant adverse tax consequences could result if Mauritius Sub or SA Sub do not qualify for benefits under the relevant tax treaties. There can be no assurance that Mauritius Sub or SA Sub will continue to qualify for or receive the benefits of the relevant tax treaties or that the terms of the relevant tax treaties will not be modified. It is possible that provisions of the relevant tax treaties will be overridden by local legislation in a way that materially adversely affects the company, Mauritius Sub and SA Sub. Further, there can be no assurance that changes in the law or government policies of Mauritius or South Africa that may limit or eliminate a non-Mauritian or non-South African investor's ability to make investments into other countries in Africa via Mauritius or South Africa will not occur.

Canada

In February 2022, the Department of Finance Canada released for public comment draft legislative proposals which, if enacted, may limit the deductibility of interest and financing expenses for Canadian tax purposes. In November 2022, a revised version of the draft legislation was released, which delayed the effective date by one year and made a number of technical corrections to the initial draft legislation. The draft legislative proposals are generally intended to apply in respect of taxation years beginning on or after October 1, 2023. In November 2023, Bill C-59, which included the interest deductibility limitation proposals, received first reading in the House of Commons and is not considered substantively enacted for accounting purposes as of December 31, 2023. The company will continue to monitor the Base Erosion and Profit Shifting ("BEPS") and the interest deductibility limitation proposals and any impact on the company, which may result in an increase in future taxes and an adverse effect on the company. No assurance can be given that the applicable tax laws or the interpretation thereof will not change or that new taxes will not be implemented, which would adversely affect the company.

United Kingdom

Certain members of the company's Board and senior management team are based in the United Kingdom ("UK"), from where they conduct some of their duties for the company. These UK-based activities may result in UK tax considerations, in respect of which the company has been undertaking a detailed review. While the company does not consider that it should be treated as a UK corporate tax resident, there is a risk that it could be viewed as having a permanent establishment in the UK. The potential consequence for a permanent establishment is that a proportion of the company's profits or loss is required to be attributed to the UK activities and subject to UK corporation tax. However, any such liability may be mitigated by foreign tax credits in respect of Canadian income tax paid for the relevant period. The company has recognized a provision in respect of its best estimate of the potential UK corporation tax liability, based on the analysis undertaken to date. In addition, the company is considering engagement with the UK tax authority, as well as considering how to manage the potential risk on a prospective basis.

MLI

It is possible that changes in applicable tax treaties in connection with BEPS could result in a loss of benefits or taxation that is not currently anticipated. Under a mandate given by G20 nations to address global tax avoidance, in 2015, the OECD developed 15 action plans aimed at tackling BEPS strategies. Action Plan15 of the BEPS project envisaged a multilateral instrument ("MLI") for modifying the global DTA network in a timely and synchronized manner. South Africa, Mauritius and Canada (along with 97 other jurisdictions as of February 28, 2022) are signatories to the MLI, and deposited their instruments of ratification with the OECD in 2019 or later. The MLI entered into force for Mauritius on February 1, 2020. South Africa deposited its instrument of ratification with the OECD in 2022. The MLI entered into force for South Africa on January 1, 2023.

Trading Price of Subordinate Voting Shares Relative to Book Value per Share

The company is neither a mutual fund nor an investment fund, and due to the nature of its business and investment strategy, and the composition of its investment portfolio, the market price of the subordinate voting shares, at any time, may vary significantly from its book value per share. This risk is separate and distinct from the risk that the market price of the subordinate voting shares may decrease.

Other

Quarterly Data (unaudited)

US$ thousands, except per share amounts

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2023					
Income (loss)	11,447	5,092	3,147	(65,609)	(45,923)
Expenses	4,995	4,261	4,467	5,294	19,017
Provision for (recovery of) income taxes	(586)	(3,157)	494	9,996	6,747
Net earnings (loss)	7,038	3,988	(1,814)	(80,899)	(71,687)
Net earnings (loss) per basic	$ 0.07	$ 0.04	$ (0.02)	$ (0.75)	$ (0.66)
Net earnings (loss) per diluted share	$ 0.06	$ 0.04	$ (0.02)	$ (0.75)	$ (0.67)
2022					
Income (loss)	1,465	(30,207)	(21,551)	28,237	(22,056)
Expenses	4,288	5,042	4,373	7,217	20,920
Provision for (recovery of) income taxes	112	1,166	3,047	3,476	7,801
Net earnings (loss)	(2,935)	(36,415)	(28,971)	17,544	(50,777)
Net loss per share (basic and diluted)	$ (0.03)	$ (0.34)	$ (0.27)	$ 0.16	$ (0.47)

Income (loss) is composed of net gains (losses) on investments, net foreign exchange gains (losses), interest income, and dividend income. Net loss in the fourth quarter of 2023 was primarily due to net losses on investments, the timing of which are not predictable, general and administration expenses, interest expense, and investment and advisory fees, partially offset by net foreign exchange gains, the timing of which is not predictable, and interest and dividend income. The losses on investments were primarily from unrealized losses related to TopCo LP Class B. These losses were driven by impact of lower forecasted management fees for the Funds which reduces the excess management fees to TopCo LP Class B. The lower forecasted fees were driven by the adverse effect of the rising interest rate environment impact fundraising for private equity funds globally.

Also contributing to the loss on investments in the fourth quarter was unrealized losses related to carried interest expected to be received from, TopCo LP 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 a Helios Fund III investment in the financial services sector) and expected delays in the timing of certain exits (including Helios Fund II investments in the telecom and electronic payments sectors). The valuation of TopCo LP Class A is particularly sensitive to the expected value and timing of exits when the overall fund returns are close to the 8% preferred investor return, as is the case for Helios Fund II and Helios Fund III.

Individual quarterly results have been (and may in the future be) affected by increased expenses impacted by the change in fair value of the company's Portfolio Investments which may result in higher performance fees, if applicable, and investment and advisory fees.

Stock Prices and Share Information

At March 29, 2024 the company had 52,641,242 subordinate voting shares and 55,452,865 multiple voting shares outstanding (an aggregate of 108,094,107 common shares effectively outstanding). Each subordinate voting share carries one vote per share at all meetings of shareholders except for separate meetings of holders of another class of shares. The company's subordinate voting shares trade on the TSX under the symbol HFPC.U. Each multiple voting share carries fifty votes per share at all meetings of shareholders except for separate meetings of holders of another class of shares. Fairfax and Principal Holdco, through their respective subsidiaries and affiliates, own all the issued and outstanding multiple voting shares, which are not publicly traded.

Compliance with Corporate Governance Rules

HFP is a Canadian reporting issuer with securities listed on the TSX and trading in U.S. dollars under the symbol HFPC.U. It has in place corporate governance practices that comply with all applicable rules and substantially comply with all applicable guidelines and policies of the Canadian Securities Administrators and the practices set out therein.

The company's Board of Directors has adopted a set of Corporate Governance Guidelines (which include a written mandate of the Board), established an Audit Committee and Governance, Compensation and Nominating

Committee, approved written charters for all of its committees, approved a Code of Business Conduct and Ethics applicable to all directors, officers and employees of the company and established, in conjunction with the Audit Committee, a Whistleblower Policy. The company continues to monitor developments in the area of corporate governance as well as its own procedures.

Glossary of Non-GAAP and Other Financial Measures

Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in the MD&A do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies.

Supplementary Financial Measures

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. Those amounts are presented in the consolidated balance sheets and note 8 (Common Shareholders' Equity under the heading Common Stock) respectively within the consolidated financial statements for the year ended December 31, 2023.

Non-GAAP Financial Measures

Adjusted book value per share – This measure adjusts common shareholders' equity in the book value per share calculation to remove the fair value of TopCo LP Class A and B Limited Partnership Interests and any undeployed cash received in respect of TopCo LP distributions at the end of the current reporting period as presented in note 5 (Portfolio Investments and Related Party Loan, Derivatives and Guarantees) within the consolidated financial statements for the year ended December 31, 2023. This measure is also closely monitored as it is used to calculate the performance fee, if any, to TopCo LP for the benefit of the Manager.

Cash provided by (used in) operating activities excluding net disposals (purchases) of investments, receipt of equalization capital adjustments, receipt of returns of capital and Excess Management Fees, and receipt of carried interest – provides a measure of the cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, interest expense, investment and advisory fees, current income taxes, and general and administration expenses, and excludes the impact of purchases and sales of investments, receipt of equalization capital adjustment, receipt of returns of capital and Excess Management Fees, and receipt of carried interest.

Compound annual growth (decline) rate – The company uses the compound annual growth (decline) rate to measure performance of certain of the above-noted metrics over a specified period of time. Compound annual growth (decline) rate is calculated using the formula: (ending value / beginning value) ^ (1 / number of years) – 1.

Unrealized carried interest – provides a measure of the amount of carried interest that would be allocatable to TopCo LP if all the portfolio investments in the respective Helios Funds were to be exited at their fair values at the reporting date.

Management's Responsibility for the Consolidated Financial Statements

The preparation and presentation of the accompanying consolidated financial statements, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and all financial information are the responsibility of management and have been approved by the Board of Directors (the "Board").

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Financial statements, by nature, are not precise since they include certain amounts based upon estimates and judgments. When alternative methods exist, management has chosen those it deems to be the most appropriate in the circumstances.

Management maintains appropriate systems of internal controls. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of the consolidated financial statements.

We, as HFP's Co-Chief Executive Officers and Chief Financial Officer, have certified HFP's annual disclosure documents filed with the Canadian Securities Administrators in accordance with Canadian securities legislation.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and MD&A. The Board carries out this responsibility principally through its Audit Committee which is independent from management.

As more fully described in the accompanying MD&A, based on management's assessment of the company's Internal Control over Financial Reporting ("ICFR") using the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013), it was concluded that effective processes and controls over the completeness and accuracy of inputs and the reasonableness of assumptions used in the level 3 valuation process was not maintained. This was determined to be a material weakness and could result in misstatements of the company's financial statement accounts and disclosures that could result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

The Audit Committee is appointed by the Board and reviews the consolidated financial statements and MD&A; considers the report of the independent auditor; assesses the adequacy of the internal controls of the company; examines the fees and expenses for audit services; and recommends to the Board the independent auditor for appointment by the shareholders. The independent auditor has full access to the Audit Committee and meet with it to discuss their audit work, HFP's internal control over financial reporting and financial reporting matters. The Audit Committee reports its findings to the Board for consideration when approving the consolidated financial statements and MD&A for issuance to the shareholders.

March 29, 2024

T. Lawani		
Tope Lawani	Babatunde Soyoye	Belinda Blades
Co-Chief Executive Officer	*Co-Chief Executive Officer*	*Chief Financial Officer*

Independent auditor's report

To the Shareholders of Helios Fairfax Partners Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Helios Fairfax Partners Corporation and its subsidiaries (together, the Company) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2023 and 2022;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Valuation of Certain Private Portfolio Investments
 	
Refer to note 3 – Material accounting policies, note 4 – Critical accounting estimates and judgments, note 5 – Portfolio investments and related party loan, derivatives and guarantees and note 6 – Cash and investments to the consolidated financial statements. (All numbers are in thousands)
 	
The Company held financial instruments categorized as Private Investments measured at fair value of $386,002 as at December 31, 2023, of which the majority was related to certain limited partnership investments and certain common shares valued by management using discounted cash flow models that use significant unobservable inputs. The valuation of these financial instruments required management to exercise significant judgment when determining the fair value in the absence of quoted market values.
 	
Limited partnership investments include TopCo LP limited partnership interests, which consist of TopCo LP Class A Limited Partnership Interest (TopCo A) and TopCo LP Class B Limited Partnership Interest (TopCo B). TopCo A was valued by management using a discounted cash flow model. Significant unobservable inputs included the discount rates, target exit dates and exit multiples of invested capital of the Helios Funds. TopCo B was valued by management using a discounted cash flow model. Significant unobservable inputs included the discount rate, growth in management fee revenue, long term pre-tax profit margin and long term growth rate.
 	
Common shares include NBA Africa LLC (NBA Africa), which was valued by management using a discounted cash flow model. Significant unobservable inputs included after-tax discount rate and terminal revenue multiple.
 	
We considered this a key audit matter due to (i) the significance of TopCo A, TopCo B and NBA Africa and (ii) the significant judgment required by management in determining the fair value estimates of these Private Investments, including the significant unobservable inputs. This has resulted in a high degree of auditor subjectivity, judgment and effort in performing procedures relating to the valuation of these Private Investments. Professionals with specialized skills and knowledge in the field of valuation assisted us in performing our procedures.
	Our approach to addressing the matter included the following procedures, among others:
	
	• Tested how management determined the fair values of certain Private Investments, which included the following:
	
	  • For TopCo A:
	
	    • With the assistance of professionals with specialized skill and knowledge in the field of valuation, assessed the appropriateness of the discounted cash flow model and the reasonableness of the discount rates used in the model.
	
	    • Evaluated the reasonableness of target exit dates and exit multiples of invested capital of the Helios Funds, by considering, as applicable:
	
	      • current and past performance of the Helios Funds and certain underlying investments held by the Helios Funds;
	
	      • past holding periods for the Helios Funds and certain underlying investments held by the Helios Funds; and
	
	      • relevant external market and industry data, including peer data.
	
	    For a sample of the underlying investments held by the Helios Funds, professionals with specialized skill and knowledge in the field of valuation also assisted us in our assessment of the exit multiples of invested capital.
	
	    • Tested certain underlying data used in the model.
	
	    • Tested the mathematical accuracy of the calculation.
	
	  • For TopCo B:
	
	    • With the assistance of professionals with specialized skill and knowledge in the field of valuation, assessed the appropriateness of the discounted cash flow model and the reasonableness of the discount rate, long term pre-tax profit margin and long term growth rate used in the model.
	
	    • Evaluated the reasonableness of growth in management fee revenue, by considering, as applicable:
	
	      • current and past performance of the underlying Helios Funds and Strategies and the overall historical growth in management fee revenue; and

Key audit matter	How our audit addressed the key audit matter

	- relevant external market and industry data, including peer data.
	- Tested certain underlying data used in the model.
	- Tested the mathematical accuracy of the calculation.
	
	- For NBA Africa:
	  - With the assistance of professionals with specialized skill and knowledge in the field of valuation, assessed the appropriateness of the discounted cash flow model and the reasonableness of the after-tax discount rate and terminal revenue multiple used in the model.
	  - Tested certain underlying data used in the model.
	  - Tested the mathematical accuracy of the calculation.
	
	- Evaluated the disclosures made in the consolidated financial statements, including the sensitivity analysis related to significant unobservable inputs used in the discounted cash flow models.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Catriona Read.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 02, 2024

Consolidated Financial Statements

Consolidated Balance Sheets
as at December 31, 2023 and December 31, 2022
(US$ thousands)

	Notes	December 31, 2023	December 31, 2022
Assets			
Cash and cash equivalents	6, 19	**95,913**	125,241
Portfolio Investments	5, 6, 13	**386,002**	441,954
Related party derivatives and guarantees	5, 6, 13	**–**	62,136
Related party loan	5, 6, 13	**–**	19,030
Total cash and investments		**481,915**	648,361
Interest receivable		**412**	405
Income taxes refundable	11	**2,874**	1,695
Other receivables from related parties	13	**991**	1,319
Property and equipment	14	**974**	–
Other assets	15	**1,167**	832
Total assets		**488,333**	652,612
Liabilities			
Accounts payable and accrued liabilities		**1,601**	218
Payable to related parties	13	**1,096**	803
Deferred income taxes	11	**10,492**	8,058
Lease liability	14	**548**	–
Borrowings	7	**–**	99,226
Total liabilities		**13,737**	108,305
Equity			
Common shareholders' equity	8	**474,596**	544,307
		488,333	652,612

See accompanying notes.

Signed on behalf of the Board

Director

Director

Consolidated Statements of Loss and Comprehensive Loss
for the years ended December 31, 2023 and 2022
(US$ thousands except per share amounts)

	Notes	2023	2022
Income			
Interest and dividends	6	**12,036**	9,947
Net losses on investments	6	**(53,143)**	(23,189)
Net foreign exchange losses	6	**(4,816)**	(8,814)
		(45,923)	(22,056)
Expenses			
Investment and advisory fees	13	**3,492**	3,642
Performance fee recovery	13	**–**	(938)
General and administration expenses	13, 16	**12,153**	14,623
Interest expense	7	**3,372**	3,593
		19,017	20,920
Loss before income taxes		**(64,940)**	(42,976)
Provision for income taxes	11	**6,747**	7,801
Net loss and comprehensive loss		**(71,687)**	(50,777)
Net loss per share	10	**$ (0.66)**	$ (0.47)
Shares outstanding (weighted average)	10	**108,258,852**	108,193,971

See accompanying notes.

Consolidated Statements of Changes in Equity

for the years ended December 31, 2023 and 2022
(US$ thousands)

	Subordinate voting shares	Multiple voting shares	Share-based payments, net	Warrants	Contributed surplus	Retained earnings (deficit)	Common share-holders' equity
Balance as of January 1, 2023	**432,963**	**439,904**	**8,375**	**5,557**	**24,515**	**(367,007)**	**544,307**
Net loss	**–**	**–**	**–**	**–**	**–**	**(71,687)**	**(71,687)**
Issuances (note 8)	**473**	**–**	**–**	**–**	**–**	**–**	**473**
Reduction of stated capital (note 8)	**(179,550)**	**(179,550)**	**–**	**–**	**359,100**	**–**	**–**
Purchases for cancellation (note 8)	**(1,351)**	**–**	**–**	**–**	**–**	**893**	**(458)**
Amortization of share-based payments (note 8)	**–**	**–**	**(33)**	**–**	**–**	**–**	**(33)**
Tax benefit on equity transactions (note 11)	**–**	**–**	**–**	**–**	**1,994**	**–**	**1,994**
Balance as of December 31, 2023	**252,535**	**260,354**	**8,342**	**5,557**	**385,609**	**(437,801)**	**474,596**
Balance as of January 1, 2022	432,370	439,904	5,562	5,557	24,337	(315,828)	591,902
Net loss	–	–	–	–	–	(50,777)	(50,777)
Issuances (note 8)	–	–	72	–	–	–	72
Purchases for cancellation (note 8)	(722)	–	–	–	–	417	(305)
Amortization of share-based payments (note 8)	–	–	2,741	–	–	–	2,741
Automatic share purchase plan commitment (note 8)	1,319	–	–	–	–	(819)	500
Tax benefit (expense) on equity transactions (note 11)	(4)	–	–	–	178	–	174
Balance as of December 31, 2022	432,963	439,904	8,375	5,557	24,515	(367,007)	544,307

See accompanying notes.

Consolidated Statements of Cash Flows
for the years ended December 31, 2023 and 2022
(US$ thousands)

	Notes	2023	2022
Operating activities			
Net loss		**(71,687)**	(50,777)
Items not affecting cash and cash equivalents:			
Net bond discount accretion		**54**	(310)
Capitalized interest on loans and bonds	5	**(4,713)**	(3,109)
Performance recovery	13	**–**	(938)
Deferred income taxes	11	**2,434**	3,690
Amortization of share-based payment awards	9	**(34)**	2,741
Issuance of share-based payment awards	9	**473**	72
Depreciation of right-of-use asset	14	**16**	–
Net losses on investments	6	**53,143**	23,189
Net foreign exchange losses	6	**4,816**	8,814
Purchases of investments	5, 19	**(50,184)**	(32,689)
Disposals of investments	5, 19	**62,748**	34,629
Receipt of equalization capital adjustments	5, 19	**–**	5,402
Receipt of returns of capital and Excess Management Fees	5, 19	**409**	8,174
Receipt of carried interest	5, 19	**363**	11,341
Settlement of guarantee asset	13	**–**	33,424
Recovery of guaranteed amounts	15	**–**	602
Changes in operating assets and liabilities:			
Interest receivable		**(2)**	2,573
Accounts payable and accrued liabilities		**1,385**	82
Other receivables from related parties		**41**	818
Income taxes refundable		**(1,179)**	3,937
Payable to related parties		**293**	(2,344)
Other		**2,106**	511
Cash provided by operating activities		**482**	49,832
Investing activities			
Property and equipment	14	**(427)**	–
Cash used in investing activities		**(427)**	–
Financing activities			
Repayment of borrowings	7	**(28,400)**	–
Subordinate voting shares – purchases for cancellation	8	**(458)**	(305)
Cash used in financing activities		**(28,858)**	(305)
(Decrease)/ Increase in cash and cash equivalents		**(28,803)**	49,527
Cash and cash equivalents – beginning of year		**125,241**	76,284
Foreign currency translation		**(525)**	(570)
Cash and cash equivalents – end of year	19	**95,913**	125,241

See accompanying notes.

Index to Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements
for the years ended December 31, 2023 and 2022
(in US$ and thousands except share and per share amounts and as otherwise indicated)

1. Business Operations

Helios Fairfax Partners Corporation ("the company" or "HFP") is an investment holding company whose 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 ("Portfolio Investments"). Generally, subject to compliance with applicable law, the company will make Portfolio Investments with a view to acquiring control or significant influence positions.

Fairfax Financial Holdings Limited ("Fairfax") and HFP Investments Holdings SARL ("Principal Holdco") are the company's ultimate controlling parties. Refer to note 13 for details on voting rights and equity interest in the company.

HFA Topco, L.P. ("TopCo LP" or the "Portfolio Advisor") is the portfolio advisor of the company and, through its sub-advisor, Helios Investment Partners LLP ("Helios" or the "Manager"), provides investment management services, investment advisory services and investment administration services to the company. The company makes its investments either directly or through one of its wholly-owned subsidiaries, which include a South Africa-based subsidiary HFP South Africa Investments Proprietary Limited ("SA Sub") and a Mauritius-based subsidiary HFP Investments Limited ("Mauritius Sub").

The company is federally incorporated and is domiciled in Ontario, Canada. The principal office of the company is located at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 1301, Toronto, ON, M5J 2J2.

2. Basis of Presentation

The company's consolidated financial statements for the year ended December 31, 2023 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). At December 31, 2023, the company has determined that it continues to meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* ("IFRS 10") as its strategic objective of investing in Portfolio Investments and providing investment management services to investors for the purpose of generating returns in the form of long-term capital appreciation, investment income, or both, remains unchanged. As a result, HFP's investments in subsidiaries are measured at fair value through profit (loss) ("FVTPL") rather than through consolidation (other than those subsidiaries that provide services to the company).

The company has determined that SA Sub and Mauritius Sub are not investment entities. Their main purpose and activities are providing investment related services to the company and should therefore continue to be consolidated. All intercompany balances, profits and transactions with consolidated subsidiaries are fully eliminated.

The company accounts for its investments held by its other subsidiaries (HFP US Investments, Inc. ("U.S. Holdco"), Joseph Investment Holdings ("Joseph Holdings"), and Ascendant Learning Limited ("Ascendant") at FVTPL rather than by consolidation. The company accounts for its investments in associates, Trone Investment Holdings Limited ("Trone Holdings"), Philafrica Foods Proprietary Ltd. ("Philafrica"), Helios Fund IV, and TopCo LP at FVTPL rather than under the equity method of accounting.

These consolidated financial statements were approved for issue by the company's Board of Directors on March 29, 2024.

3. Material Accounting Policies

The material accounting policies applied to the preparation of these consolidated financial statements and the methods of computation have been consistently applied to all periods presented unless otherwise stated and are as set out below.

Determination of investment entity status

An entity that meets the IFRS 10 Consolidated Financial Statements ("IFRS 10") definition of an investment entity is required to measure its investments in subsidiaries (other than those subsidiaries that provide services related to the investment entity's investment activities) at FVTPL rather than consolidate them.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis. An investment entity may provide investment-related services, either directly or through a subsidiary, to third parties as well as to its investors, even if those activities are substantial to the entity, subject to the entity continuing to meet the definition of an investment entity. The company continues to meet the definition of an investment entity, as its strategic objective of investing in Portfolio Investments and providing investment management services to investors for the purpose of generating returns in the form of long-term capital appreciation, remains unchanged. The company has determined that SA Sub and Mauritius Sub continue to provide investment related services to the company and should continue to be consolidated. The company's determination of its investment entity status was a critical accounting judgment and is discussed further in note 4.

Foreign currency translation

The consolidated financial statements are presented in U.S. dollars which is the functional currency of the company and its consolidated subsidiaries as it is the currency of the primary economic environment in which it operates.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at period end exchange rates. Non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates. Income and expenses are translated at the average rate of exchange for the period. Net foreign exchange gains (losses), including those resulting from the settlement of such transactions are recognized in the consolidated statements of earnings (loss) and comprehensive income (loss).

Total cash and investments

Recognition and initial measurement – The company recognizes purchases and sales of investments on the trade date, which is the date on which the company commits to purchase or sell the asset. Transactions pending settlement are reflected on the consolidated balance sheet in other receivables from related parties, other assets, accounts payable and accrued liabilities, and payable to related parties. The company measures cash and investments at fair value upon initial recognition.

Classification – Portfolio Investments (comprised of limited partnership interests, loans, bonds, and common stocks), derivatives and guarantees, and related party loans are classified at FVTPL. The company manages these investments on a fair value basis, using fair value information to assess investment performance and to make investment decisions.

Subsequent measurement – Subsequent to initial recognition, investments classified at FVTPL are measured at fair value with changes in fair value reported in the consolidated statements of earnings (loss) and comprehensive income (loss) as income, comprised of interest and dividends, and net gains (losses) on investments, as described below:

Interest and dividends

Interest represents interest income on cash and cash equivalents, loans, and bonds. For loans and bonds, the sum of interest income and net gains (losses) on investments is equal to their total change in fair value for the reporting period. Interest receivable is shown separately on the consolidated balance sheets based on the debt instruments' stated rates of interest.

Dividends represent dividends received on common and preferred stock holdings and are recognized when the company's right to receive payment is established. For common shares, the sum of dividend income and net gains (losses) on investments is equal to their total change in fair value for the reporting period.

Net gains (losses) on investments

Where a financial instrument continues to be held by the company at the end of a reporting period, changes in the fair value of that instrument during the reporting period, excluding those changes reported as interest and dividends, are presented in net gains (losses) on investments. Gains and losses resulting from changes in the fair value of financial instruments are reflected in the net gain (loss) on investment in the consolidated statements of earnings (loss) and comprehensive income (loss) in the period they occur.

Derecognition – An investment is derecognized when substantially all the rights to receive cash flows from the investment have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Transaction costs – Costs incurred when purchasing investments that are classified at FVTPL are expensed as incurred in the consolidated statements of earnings (loss) and comprehensive income (loss).

Fair value

Fair value is the price that would either be received to sell an asset or be paid to transfer a liability in an orderly transaction (i.e., an exit price) between market participants at the measurement date. In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets. The company's financial assets and their determination of fair value is as follows:

a. **Cash and cash equivalents** – Cash and cash equivalents consist of cash on hand, demand deposits with banks and other short term highly liquid investments with maturities of three months or less when purchased, and exclude cash that is restricted. The carrying value of cash and cash equivalents approximates fair value.

b. **Portfolio Investments**

   i. *Common shares* – The fair values of the company's investments in publicly traded common shares are determined using the bid prices of those investments (without adjustments or discounts) and the company's investments in privately held common shares are determined using industry accepted valuation techniques and models, or net asset values. Market observable inputs are used where possible, with unobservable inputs used where necessary.

   ii. *Limited partnership interests* – The fair values of the company's investments in limited partnership interests are determined using industry accepted valuation techniques and models or net asset values, adjusted where applicable. Market observable inputs are used where possible, with unobservable inputs used where necessary. Distributions are recognized as a reduction in the fair value of the investment when the company's right to receive payment is established.

   iii. *Loans and bonds* – Loans and bonds are lending arrangements with public or private African businesses. The fair values are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. The carrying value of loans and bonds excludes the debt instrument's accrued interest receivable at the stated rate of interest.

c. **Derivatives** – Derivatives derive their value primarily from changes in underlying financial instruments. The fair values of derivatives are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. The fair value of derivatives in a gain position are presented on the consolidated balance sheets within related party derivatives and guarantees while those in a loss position, if any, are presented in related party derivative obligations. The initial premium paid for a derivative contract, if any, would be recorded as a derivative asset and subsequently adjusted for changes in the fair value of the contract at each reporting date. Changes in the fair value of derivatives are recorded within net gains (losses) on investments in the consolidated statements of earnings (loss) and comprehensive income (loss).

d. **Guarantees –** Guarantee contracts are commitments to reimburse the holder for potential losses the holder incurs because a specified debtor fails to meet its debt obligations and are measured at fair value. The fair values of guarantees are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. Changes in the fair value of guarantees are recorded within net gains (losses) on investments in the consolidated statements of earnings (loss) and comprehensive income (loss).

e. **Related party loans –** Related party loans are lending arrangements with related parties. The fair values are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. The carrying value of related party loans excludes the debt instrument's accrued interest receivable at the stated rate of interest.

Fair value hierarchy

Fair values for substantially all of the company's investments are measured using market or income approaches. The fair values of investments are based on bid prices for financial assets and ask prices for financial liabilities. The company categorizes its fair value measurements using a three-level hierarchy in accordance with IFRS Accounting Standards ("fair value hierarchy") as described below:

Level 1 – Inputs represent unadjusted quoted prices for identical instruments exchanged in active markets. The fair values of the company's Public Portfolio Investments are based on published quotes in active markets.

Level 2 – Inputs include directly or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar financial instruments exchanged in active markets, quoted prices for identical or similar financial instruments exchanged in inactive markets and other market observable inputs.

Level 3 – Inputs include unobservable inputs used in the measurement of financial instruments. Management is required to use its own assumptions regarding unobservable inputs as there is little, if any, market activity in these instruments or related observable inputs that can be corroborated at the measurement date. The fair values of the company's privately held investments ("Private Portfolio Investments") are based on discounted cash flow analyses, market multiples, expected recovery and industry accepted discounted cash flow and option pricing models which utilize inputs that are not market observable such as discount rates, target exit timings and multiples of invested capital, growth in management fee revenue, probability weighting on future fundraising initiatives, long term pre-tax profit margins, long term growth rates, expected recovery rates, historical share price volatilities, share prices, credit spreads, market multiples, and net asset values.

Transfers between fair value hierarchy categories are considered effective from the beginning of the reporting period in which the transfer is identified.

Related party transactions

Related party transactions include those between the company and shareholders with control or significant influence, the company's subsidiaries and associates, and entities under common control. The company also considers key management personnel and the Board of Directors to be related parties.

To the extent that the exchange amount of a transaction with a related party in their capacity as a shareholder does not represent the fair value on initial recognition, the difference between fair value and the exchange amount, representing the unrealized gain (loss) on initial recognition, is recorded in common shareholders' equity.

Performance fees

Performance fees are estimated and accrued at the end of each reporting period within the calculation period and expensed as incurred. An estimate is also made for the number of shares to be issued, if any, on settlement for the purposes of the calculation of diluted earnings per share based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the last day of the reporting period. The amount of the performance fee payable and the subordinate voting shares to be issued which are determined at the end of each calculation period, if any, may differ when performance fee is settled in accordance with the terms.

Income taxes

The provision for income taxes for the period comprises current and deferred income taxes. Income taxes are recognized in the consolidated statements of earnings (loss) and comprehensive income (loss), except to the extent that they relate to items recognized directly in equity. In those cases, the related taxes are also recognized directly in equity.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income tax is calculated under the liability method whereby deferred income tax assets and liabilities are recognized for temporary differences between the financial statements carrying amounts of assets and liabilities and their respective income tax bases at current substantively enacted tax rates. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Carry forwards of unused losses or unused tax credits are tax effected and recognized as deferred tax assets when it is probable that future taxable profits will be available against which these losses or tax credits can be utilized.

A deferred income tax liability has not been recognized on unremitted earnings from the company's subsidiaries' holdings of Portfolio Investments where the company has determined it is not probable that those unremitted earnings will be repatriated in the foreseeable future.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and there is a legally enforceable right of offset.

Borrowings

Borrowings are initially recognized at fair value, net of incremental and directly attributable transaction costs, and subsequently measured at amortized cost. Interest expense on borrowings is recognized in the consolidated statements of earnings (loss) and comprehensive income (loss) using the effective interest method. Borrowings are derecognized when extinguished, with any gain or loss on extinguishment recognized in interest expense in the consolidated statements of earnings (loss) and comprehensive income (loss). Debt issuance costs are amortized over the term of the related debt agreement into interest expense using the effective interest rate method.

Equity

Common stock issued by the company is classified as equity when there is no contractual obligation to transfer cash or other financial assets to the holder of the shares. Common stock issued in a private placement is valued based on the fair value of consideration received provided it can be reliably measured and readily determined. Incremental costs directly attributable to the issue or purchase for cancellation of equity instruments are recognized in equity, net of tax.

Dividends and other distributions to holders of the company's equity instruments are recognized directly in equity.

Warrants

Warrants issued by the company are classified as equity when there is no contractual obligation to transfer cash or other financial assets to the holder of the warrants, or if the warrants will or may be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments. Warrants are measured at fair value at inception and are not subsequently remeasured.

Hybrid contracts

Hybrid contracts are comprised of a non-derivative host contract and an embedded derivative. At inception, the company will bifurcate an embedded derivative from a non-derivative host contract that is not a financial asset within the scope of IFRS 9 if the economic characteristics and risks of the two are not closely related, the embedded derivative meets the definition of a derivative on a standalone basis, and the company has not irrevocably designated the entire hybrid contract as measured at FVTPL. The bifurcated non-derivative host contract and embedded derivative are recognized and measured in accordance with their respective accounting policies.

Share-based compensation

The company applies the fair value method of accounting for share-based compensation. The company has made certain share-based awards to its directors, employees and members, partners, consultants or employees of the Manager with vesting periods of up to five years from the date of grant, including a special incentive plan (the "Special Incentive Plan" or "SIP") and a long-term incentive plan (the "Long-Term Incentive Plan" or "LTIP").

Pursuant to the Special Incentive Plan, options to purchase subordinate voting shares of the company were granted to the SIP Recipients. Options issued under the Special Incentive Plan vest immediately on grant date. The fair values at grant date of options are estimated using an industry accepted option pricing model.

The Long-Term Incentive Plan allows the company's Board of Directors or the Governance, Compensation and Nominating Committee to grant long-term incentives to certain recipients, including directors, officers and employees of the company and its affiliates, certain consultants and service providers, and employees and members of the Manager or an affiliate thereof that provides services to the Portfolio Advisor or any related entity of the Portfolio Advisor for the benefit of the company. Awards granted under the LTIP may consist of options, restricted shares, stock appreciation rights, restricted share units, deferred share units or performance share units.

Compensation costs relating to the share-based and option awards are recognized as salaries and employee benefit expenses and are included in general and administration expenses in the consolidated statements of earnings (loss) and comprehensive income (loss) based on the expected vesting period of the share-based compensation.

Net earnings (loss) per share

Basic net earnings (loss) per share is calculated by dividing the net earnings (loss) by the weighted average number of subordinate and multiple voting shares issued and outstanding during the period.

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of subordinate and multiple voting shares outstanding during the period for the dilutive effect, if any, of the potentially issuable subordinate voting shares relating to share option awards and warrants, and the contingently issuable subordinate voting shares relating to the performance fee payable to TopCo LP for the benefit of the Manager that would have been outstanding during the period had all potential subordinate voting shares been issued at the beginning of the period.

Leases

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use, with the exception of leases of low-value assets and leases with a term of 12 months or less, which are recognized on a straight-line basis as an expense. Each lease payment is allocated between the repayment of the lease liability and finance cost. The finance cost is charged to the consolidated statements of earnings (loss) and comprehensive earnings (loss) over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability. The lease liability at the initial date of the lease represents the net present value of the lease payments, less any lease incentive receivable, including any exercise price of a purchase option if it is reasonably certain of being exercised, discounted by using the interest rate implicit in the lease or, if this cannot be readily determined, the incremental borrowing rate of the company at the date of the lease. The interest calculated on the lease liability is expensed as interest expense. The right-of-use asset is equal to the lease liability plus any prepayments, less any lease incentive received, initial restoration costs and any direct costs incurred. The right-of-use asset is depreciated on a straight-line basis over the term of the lease. Right-of-use assets are included within Property and equipment in the consolidated balance sheets. Liabilities arising from a lease are included within Lease liability in the consolidated balance sheets.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any net accumulated impairment losses. Cost includes expenditures that are directly attributable to the asset acquisition or are directly attributable to making the asset available for its intended use. Depreciation is calculated on a straight-line basis, after taking into account residual values, over the expected useful lives of the assets.

New accounting pronouncements adopted in 2023

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgments* to help entities decide which accounting policies to disclose in their financial statements. The amendments are applied prospectively on or after January 1, 2023. Adoption of these amendments on January 1, 2023 did not have a significant impact on the company's consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to help entities distinguish between accounting policies and accounting estimates. The amendments are applied prospectively to changes in accounting estimates and changes in accounting policies occurring on or after January 1, 2023. Adoption of these amendments on January 1, 2023 did not have a significant impact on the company's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

On May 7, 2021, the IASB issued amendments to IAS 12 *Income Taxes* to clarify how companies account for deferred tax on transactions that give rise to equal taxable and deductible temporary differences. The amendments preclude the use of the initial recognition exemption on such transactions and are effective for annual periods beginning on or after January 1, 2023 with early application permitted. Adoption of these amendments on January 1, 2023 did not have a significant impact on the company's consolidated financial statements.

International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

On May 23, 2023, the IASB issued amendments to IAS 12 *Income Taxes*. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure. The mandatory exception applies retrospectively. As the company is not expected to be subject to the global minimum tax rules, the amendments are not expected to materially impact the consolidated financial statements.

New accounting pronouncements issued but not yet effective

The following new standards and amendments have been issued by the IASB and were not yet effective for the fiscal year beginning January 1, 2023. The company does not expect to adopt any of them in advance of their respective effective dates.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* to clarify the criteria for classifying a liability as non-current. The amendments are to be applied retrospectively to annual reporting periods beginning on or after January 1, 2024. The company is assessing the impact of these amendments on its consolidated financial statements.

Non-current Liabilities with Covenants (Amendments to IAS 1)

In October 2022, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*. The amendments clarify the impact of covenants of loan arrangements on the classification of a liability as current or non-current at the reporting date. The amendments are effective for annual periods beginning on or after January 1, 2024, with early adoption permissible. The company is assessing the impact of these amendments on its consolidated financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

On September 22, 2022, the IASB issued amendments to IFRS 16 *Leases*. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a sale-and-leaseback transaction in a way that does not result in recognition of a gain or loss related to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The company is assessing the impact of these amendments on its consolidated financial statements.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

On May 25, 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows and* IFRS 7 *Financial Instruments: Disclosures.* These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The company is assessing the impact of these amendments on its consolidated financial statements.

4. Critical Accounting Estimates and Judgments

In the preparation of the company's consolidated financial statements, management has made a number of critical accounting estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses recorded during the period at the date of the consolidated financial statements. Actual results could differ from those estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effects on the company's development of critical accounting estimates are further described below.

Determination of Investment Entity Status

The company exercised judgment and concluded that it continues to meet the definition of an investment entity. The company's conclusion was supported by the following key factors: (i) the company's strategic objective of investing and providing investment management services to investors for the purpose of generating returns in the form of long-term capital appreciation remains unchanged; and (ii) the company's most indicative measure of performance continues to be the fair value of its underlying investments.

The company's investment in TopCo LP Class A and Class B Limited Partnership units entitles it to Carried Interest Proceeds and Excess Management Fees (defined later in note 5) respectively from current and future funds managed by Helios Holdings Limited ("HHL", together with one or more of its affiliates, as the context requires, the "Helios Holdings Group") or any of its affiliates (the "Helios Funds" or "Helios Strategies"), which are solely driven by the asset management activities of Helios Holdings Group, for which the company does not have any performance obligations. TopCo LP was formed to allow the company to receive cash flows from its entitlement to Carried Interest Proceeds and Excess Management Fees from the underlying Helios Funds or Helios Strategies as well as returns from contributions to Management Team Commitments (defined later in note 5) in the underlying Helios Funds or Helios Strategies. While the company does not have exit strategies for its TopCo LP Class A and Class B Limited Partnership Interests, the underlying Helios Funds have exit strategies in place for each of their underlying portfolio investments.

The company's assessment of its investment entity status requires an ongoing assessment of the company's strategic objectives, business activities, and its method of measuring and evaluating its performance. Accordingly, the company's investment entity status may change in future reporting periods based on the facts and circumstances at that time.

The company exercised judgment and concluded that its subsidiary, Helios Seven Rivers Fund, meets the definition of an investment entity and should, therefore, be recognized as a portfolio investment recorded at fair value through profit and loss. The company's conclusion is supported by the following key factors: (i) Helios Seven Rivers Fund has the objective of investing and providing investment management services for the purpose of generating returns from capital appreciation, investment income, or both; and (ii) Helios Seven Rivers Fund measures the value of its underlying investments at fair value through profit and loss and uses fair value to assess the performance of the investments.

The company's assessment that Helios Seven Rivers Fund is an investment entity requires an ongoing assessment of Helios Seven Rivers Fund's strategic objectives, business activities, and method of measuring and evaluating its performance. Accordingly, Helios Seven Rivers Fund's investment entity status may change in future reporting periods based on the facts and circumstances at that time.

Valuation of Private Portfolio Investments

The valuations of Private Portfolio Investments are assessed at the end of each reporting period and requires the company to exercise significant judgment when determining the fair value in the absence of quoted market values, the nature of these investments, and change from the acquisition transaction price, such as the significant variances from budgeted earnings; changes in market conditions; changes to the regulatory environment; movements in interest rates, foreign exchange rates and other market variables; and the passage of time.

Estimates and judgments for the valuation of the company's Private Portfolio Investments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Valuation methodologies include discounted cash flow analyses, earnings multiples, industry accepted discounted cash flow and option pricing models, expected recovery models, net asset value and transaction price. There was added uncertainty related to the economic disruption caused by geopolitical conflicts and inflation and rising interest rates in the company's development of unobservable inputs. Significant judgments and assumptions were applied such as the timing of future cash flows, exit multiples of invested capital, target exit dates, growth in management fee revenue, probability weighting on future fundraising initiatives, long term profit margins, discount rates, growth rates, market multiples, net asset values, and other inputs. Additional volatility in the fair values of Private Portfolio Investments may arise in future periods if actual results differ materially from the company's estimates.

Income taxes

The company is subject to income taxes in Canada, the United States, Mauritius and South Africa, and the company's determination of its tax liability or receivable is subject to review by those applicable tax authorities. The company exercised judgment in assessing that unremitted earnings related to its subsidiaries' holdings of Portfolio Investments are not expected to result in taxable amounts as the company has determined it is not probable that those unremitted earnings will be repatriated in the foreseeable future. Where the company's interpretations differ from those of tax authorities or the timing of realization is not as expected, the provision for income taxes may increase or decrease in future periods to reflect actual experience. The company engages external specialist tax personnel who assist the company with its assessment of the income tax consequences of planned transactions and the undertaking of appropriate tax planning.

Realization of deferred income tax assets is dependent upon the generation of taxable income in those jurisdictions where the relevant tax losses and temporary differences exist. Tax legislation of each jurisdiction in which the company operates is interpreted to determine the provision for (recovery of) income taxes and expected timing of the reversal of deferred income tax assets and liabilities. The company exercised judgment that certain carryforwards of unused losses disclosed in note 11 should not be recognized as an asset as it was considered not probable that those losses could be utilized by the company.

5. Portfolio Investments and Related Party Loan, Derivatives and Guarantees

Summary of Changes in Fair Value of the Company's Portfolio Investments

A summary of changes in the fair value of the company's Public and Private Portfolio Investments during 2023 and 2022 were as follows:

	2023					
	Balance as of January 1	Purchases / Contributions(1)	Sales / Distributions / Redemptions / Conversions	Net gains (losses) on investments(2)	Net foreign exchange losses on investments	Balance as of December 31
Portfolio Investments:						
Public Investments:						
Common shares	**16,595**	**–**	**(15,856)**	**(65)**	**(674)**	**–**
Total Public Investments	**16,595**	**–**	**(15,856)**	**(65)**	**(674)**	**–**
Private Investments:						
Limited partnership investments:						
TopCo LP limited partnership interests	**225,398**	**1,295**	**(485)**	**(70,451)**	**–**	**155,757**
Helios Fund IV limited partnership interest	**33,785**	**8,632**	**–**	**9,579**	**–**	**51,996**
Common shares	**104,729**	**62,090**	**(14,518)**	**(2,067)**	**(2,148)**	**148,086**
Loans	**61,447**	**19,590**	**(49,021)**	**(373)**	**(1,480)**	**30,163**
Total Private Investments	**425,359**	**91,607**	**(64,024)**	**(63,312)**	**(3,628)**	**386,002**
Total Portfolio Investments	**441,954**	**91,607**	**(79,880)**	**(63,377)**	**(4,302)**	**386,002**

(1) Inclusive of capitalized interest and accretion of $1,114 on Philafrica Facility, $1,629 on Event Horizon Loan, $1,250 on Digital Ventures $40M Facility and $23 on Digital Ventures $1M Facility.

(2) Total net change in unrealized losses on investments is ($39,351). Within this change, the unrealized losses on investment for Level 3 investments still held as of December 31, 2023 is ($63,664).

	2022					
	Balance as of January 1	Purchases / Contributions(1)	Sales / Distributions / Redemptions / Conversions	Net gains (losses) on investments(2)	Net foreign exchange losses on investments	Balance as of December 31
Portfolio Investments:						
Public Investments:						
Common shares	29,292	–	(10,264)	(1,309)	(1,124)	16,595
Total Public Investments	29,292	–	(10,264)	(1,309)	(1,124)	16,595
Private Investments:						
Limited partnership investments:						
TopCo limited partnership interests	250,182	478	(6,232)	(19,030)	–	225,398
Helios Fund IV limited partnership interest	38,866	3,184	(9,820)	1,555	–	33,785
Common shares	158,614	75	–	(49,040)	(4,920)	104,729
Loans	42,564	27,452	(4,366)	(2,165)	(2,038)	61,447
Bonds	20,028	–	(20,000)	(28)	–	–
Total Private Investments	510,254	31,189	(40,418)	(68,708)	(6,958)	425,359
Total Portfolio Investments	539,546	31,189	(50,682)	(70,017)	(8,082)	441,954

(1) Inclusive of capitalized interest and accretion of $1,351 on AFGRI International Facility, $776 on Philafrica Facility, $458 on Event Horizon Loan.

(2) Total net change in unrealized losses on investments is ($51,925). Within this change, the unrealized losses on investment for Level 3 investments still held as of December 31, 2022 is ($23,254).

Public Portfolio Investments

The company's Public Portfolio Investments are as follows:

Common Shares

At December 31, 2022, the company held less than 5.0% of the common shares of public companies in various sectors, listed on the Johannesburg Stock Exchange ("Other Common Shares").

In April 2023, the company transferred its investment in Other Common Shares of $15,841 and cash of $14,159, for a total investment of $30,000, to Helios Seven Rivers Fund Ltd. ("Seven Rivers") in exchange for a 93.7% equity interest in Seven Rivers, described later in this note.

Private Portfolio Investments

The company's Private Portfolio Investments are as follows:

Limited Partnership Investments

TopCo LP

At December 31, 2023 and December 31, 2022, HFP held all of the issued and outstanding Class A and Class B Limited Partnership Interests of TopCo LP, a limited partnership established under the laws of Guernsey and controlled by its general partner, HFA GP (Guernsey) Limited, an affiliate of Helios Holdings Limited ("HHL").

HFP is entitled to receive carried interest proceeds received by TopCo LP, through its ownership of TopCo LP Class A Limited Partnership Interests, when relevant amounts become available for distribution. The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent it has received carried interest proceeds and a clawback is required. At December 31, 2023 and December 31, 2022, the company was not subject to any clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest.

TopCo LP also entered into contractual arrangements with certain Helios Holdings Group entities, pursuant to which the Helios Holdings Group entities entitled to receive management fees assigned their respective rights to receive all management fees to TopCo LP and TopCo LP agreed to pay all expenses incurred in order to receive the management fees ("Excess Management Fees"). HFP's ownership of TopCo LP Class B Limited Partnership Interests entitles HFP to receive Excess Management Fees after a six-month holding period by TopCo LP.

TopCo LP is a limited partner of HIP Equity IV, L.P. ("HIP Equity IV"), which is the general partner of Helios Fund IV. HFP is committed to contribute $7,500 to TopCo LP in respect of Management Team Commitments for Helios Fund IV. HFP is committed to contribute its pro rata share, being 50% of Management Team Commitments that are required to be made into any fund or investment vehicle in which HFP earns carried interest. HFP's Management Team Commitment is not subject to management fees and carried interest. This commitment is funded from capital contributed via HFP's TopCo LP Class A Limited Partnership Interest. At December 31, 2023, HFP's net capital contribution to TopCo LP in respect of Management Team Commitments represents an indirect equity interest of 2% in Helios Fund IV (December 31, 2022 – 2%).

In 2023, the company received total distributions of $363 representing carried interest from TopCo LP. In 2023, the company funded capital calls of $1,295 from TopCo LP related to its share of HIP Equity IV Management Team Commitment in Helios Fund IV. At December 31, 2023, the company's remaining capital commitment to TopCo LP with respect to the Management Team Commitment was $2,483.

At December 31, 2023, the fair value of the company's investment in TopCo LP Limited Partnership Interests was $155,757 (December 31, 2022 – $225,398).

The decrease in fair value of TopCo LP Class A Limited Partnership Interest from the December 31, 2022 fair value of $76,823 was driven by a combination of reduced expectations of the value that is to be realized from various investments (in particular a Helios Fund III investment in the financial services sector) and expected delays in the timing of certain exits (relating to Helios Fund II investments in the telecom and electronic payment sectors, resulting in the expected carried interest from Fund II to decrease to nil).

The decrease in fair value of TopCo LP Class A Limited Partnership Interest from the September 30, 2023 fair value of $91,894 was driven by a combination of reduced expectations of the value that is to be realized from various investments (in particular a Helios Fund III investment in the financial services sector) and expected delays in the timing of certain exits (relating to Helios Fund II investments in the telecom and electronic payment sectors, resulting in the expected carried interest from Fund II to decrease to nil).

The valuation of TopCo LP Class A Limited Partnership Interests is particularly sensitive to the expected value and timing of exits when the overall fund returns are close to the 8% preferred investor return, as is the case for Helios Fund II and Helios Fund III.

The decrease in fair value of TopCo LP Class B Limited Partnership Interest from the December 31, 2022 fair value of $148,575 was due primarily to the lower forecasted management fees.

The decrease in fair value of TopCo LP Class B Limited Partnership Interest from the September 30, 2023 fair value of $146,975 was due primarily to the lower forecasted management fees partially offset by the impact of a decrease in the discount rate.

Subsequent to December 31, 2023

Subsequent to December 31, 2023, the company received a distribution of $991 from TopCo LP, representing payment of the remaining Excess Management Fees earned.

Helios Fund IV

On March 31, 2021, the company committed to invest $50,000 in Helios Fund IV, a limited partnership based in the Cayman Islands. As agreed with the Helios Fund IV GP, the company was admitted to Helios Fund IV as a "Listed Fund" under the terms of Helios Fund IV's limited partnership agreement, as amended and restated (the "Helios Fund IV LPA"), meaning that the company will not incur any management fees nor any carried interest payable to Helios Fund IV GP with respect to its investment in Helios Fund IV, which would otherwise be incurred in accordance with the Helios Fund IV LPA.

In 2023, the company funded capital calls of $8,632. At December 31, 2023, the company had funded aggregate capital calls of $33,447, representing 14.1% (December 31, 2022 – $24,815 and 14.1%) of the limited partnership interest in Helios Fund IV based on committed capital.

At December 31, 2023, the company's remaining capital commitment to Helios Fund IV was $16,553 (December 31, 2022 – $25,185), which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

At December 31, 2023, the company estimated the fair value of its investment in Helios Fund IV Limited Partnership Interest to be $51,996 (December 31, 2022 – $33,785).

Common Shares

NBA Africa

HFP US Investments, Inc. ("U.S. Holdco") is a wholly-owned holding company, formed for the sole purpose of investing in NBA Africa, LLC ("NBA Africa"), an entity formed by the National Basketball Association ("NBA").

At December 31, 2023 and December 31, 2022, the company, through its U.S. Holdco, had invested $30,000 in exchange for an equity interest in NBA Africa.

At December 31, 2023, the company estimated the fair value of its investment in NBA Africa to be $39,182 (December 31, 2022 – $39,219).

Trone Holdings

At December 31, 2023 and December 31, 2022, the company had invested $15,528 for a 22.0% equity interest in Trone Investment Holdings (UK) ("Trone Holdings"), a holding company based in London, United Kingdom, created for the purpose of holding an equity interest in a Moroccan medical technology distribution group ("Trone"). Helios Fund IV holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings, together with the founding partner and management of Trone, holds the entire equity interest in SPV Rayon Holdings ("SPV Rayon"), a Moroccan holding company which owns 100.0% of Trone's operating businesses.

At December 31, 2023, the company estimated the fair value of its 22.0% equity interest in Trone Holdings to be $18,652 (December 31, 2022 – $17,506).

Helios Seven Rivers Fund

Helios Seven Rivers Fund Ltd. ("Seven Rivers") was incorporated in the Cayman Islands to focus primarily on investing in publicly traded financial instruments, including equities and credit, listed either on local African exchanges or non-African exchanges or traded OTC. In all cases the securities are issued by entities that are domiciled in Africa or are expected to generate a significant share of the revenues or profits from African sources.

In April 2023, the company seeded this new strategy by contributing its investment in Other Common Shares of $15,841 and cash of $14,159, for a total investment of $30,000, in exchange for a 93.7% equity interest in Seven Rivers.

At December 31, 2023, the fair value of the company's investment in Seven Rivers was $34,827.

Helios Sports and Entertainment Group

Helios Sports and Entertainment Group Ltd. ("HSEG") was incorporated under the laws of Guernsey and is a wholly owned subsidiary of the company. HSEG is an investment holding company, which invests in companies, businesses and opportunities in the sports and entertainment sector in Africa. On April 14, 2023, Helios Sports and Entertainment Holdings Ltd. ("HSEH") was incorporated under the laws of Guernsey and is a wholly owned subsidiary of HSEG. On June 23, 2023, the company seeded this new strategy by investing cash of $6,000 in exchange for shares in HSEG, which provided a non-interest bearing loan of $4,000 to HSEH, repayable on demand.

In June 2023, the company, through HSEG and HSEH, subscribed for a 25% equity interest in Zaria Group Limited ("Zaria", formerly Cooper Limited) for no consideration and made a maximum financial commitment of $12,000 to Zaria. Zaria was incorporated in Guernsey on April 17, 2023 for the purposes of acquiring, owning, developing, investing in, and operating development sites for mixed-use sports, recreation and entertainment properties in the major urban centers in Africa. On June 23, 2023, HSEH subscribed to a $4,000 loan note instrument issued by Zaria (the "Zaria Loan", formerly the "Cooper Loan"), representing fulfillment of part of the financial commitment. The Zaria Loan bears interest at a rate of the 3-month SOFR reference rate plus a margin of 5% per annum, accrued and capitalized quarterly, is unsecured and matures on June 8, 2033. The Zaria Loan incorporates a feature adjusting the interest rate based on Zaria's election to use additional loan notes for interest payment. Additionally, the Zaria Loan features a cash sweep, requiring Zaria to redeem notes with a principal balance equal to 50% of excess cash flow annually for each financial year ending after June 8, 2028, prioritizing additional loan notes and then all other notes among noteholders.

During the year, the company entered into a Loan Purchase Agreement and a Deed of Assignment with HSEG and HSEG entered into a Loan Purchase Agreement and a Deed of Assignment with HSEH. Pursuant to these agreements, HFP initially transferred the Event Horizon Loan to HSEG, receiving 21,050,194 ordinary shares in HSEG. Subsequently, HSEG transferred the Event Horizon Loan to HSEH, receiving 21,050,194 ordinary shares in HSEH. On November 15, 2023, HFP subscribed for 5,000,000 ordinary shares in HSEG, for cash consideration of $5,000. Concurrently, HSEG provided an interest-free loan of $4,500 to HSEH.

On November 20, 2023, Event Horizon transferred the Event Horizon Loan, along with all the rights and obligations to The Malachite Group Limited ("TMG"). HSEH entered into Shareholders' and Subscription Agreements, whereby HSEH subscribed for 4,707 Preference Shares in TMG at $2,230.59 per Preference Share, for a total consideration of $10,499. A cash payment of $4,500 was made upon completion. The remaining subscription amount of $5,999 is scheduled for payment within 15 Business Days following TMG's Business Plan adoption. Additionally, the outstanding Event Horizon Loan amount plus certain deal costs, totaling $21,737, was discharged by TMG issuing 9,745 Preference Shares to HSEH on a cashless basis. As a result, HFP has 57.92% interest in TMG.

HSEH, the holder of the preference shares, is entitled to a fixed, cumulative, preferential dividend at the rate of 12% per annum accrued on a daily basis and compound semi-annually. The Preference Shares contain a conversion option, which allows the holders of the Preference Shares to convert the Preference Shares into Ordinary Shares on a one-for-one basis. The conversion ratio will be adjusted to ensure a cumulative return of 12% per annum is achieved based on the fair value of the Ordinary Shares at the end of the conversion period, which is November 20, 2030. The Preference Shares may be redeemed at any time by TMG during the conversion period and shall be redeemed after the end of the conversion period.

At December 31, 2023, the company had invested $32,050 and has a 100% equity interest in HSEG. At December 31, 2023, the fair value of the company's investment in HSEG was $31,625.

Indirect equity interest in AGH

At August 28, 2023 and December 31, 2022, the company had invested $98,876 in Joseph Investment Holdings ("Joseph Holdings") (comprised of $88,744 for 74.6% interest in common shares and 73.7% interest in Class A shares of Joseph Holdings, providing a 74.6% voting interest; and $10,132 as a shareholder loan). Through its investment in Joseph Holdings, HFP was the largest beneficial shareholder of AFGRI Holdings Proprietary Limited ("AFGRI Holdings"), a private holding company based in South Africa that owns 100.0% of AFGRI Group Holdings Proprietary Limited ("AGH"), an investment holding company with interests in a number of agricultural and food-related companies.

On July 28, 2023, the company entered into a Sale and Purchase Agreement whereby it agreed to sell a portion of its investment in Joseph Holdings (comprised of 158,429,106 Ordinary Shares, 26,363,011 Class A Shares of Joseph Holdings, and the shareholder loan) for an aggregate consideration of $14,000 (the "Tranche 1 Sale and Purchase"). On August 29, 2023, the Tranche 1 Sale and Purchase was completed and the company received the payment of sale proceeds of $14,000 in full. For the year ended December 31, 2023, the company recognized a net gain on investments of $1,064, comprised of a realized loss of $52,882 offset by a change in unrealized gain of $53,946, and a net foreign exchange loss of $1,865 within the consolidated statements of loss and comprehensive loss due to the Tranche 1 Sale and Purchase. Following the Tranche 1 Sale and Purchase, HFP retained a 16.3% indirect equity interest (December 31, 2022 – 46.8%) in AGH.

Pursuant to the terms of the Agreement and subject to the completion of the Tranche 1 Sale and Purchase, the company will sell its remaining investment in Joseph Holdings (comprised of its remaining interest in common shares and Class A shares of Joseph Holdings) for an aggregate consideration of $2,400 (the "Tranche 2 Sale and Purchase"). The Tranche 2 Sale and Purchase is subject to certain closing conditions and regulatory approvals and will close on the later of August 29, 2024 and the third Business Day following the date on which the Tranche 2 Sale and Purchase conditions are fulfilled or waived.

The Sale and Purchase Agreement contains an Anti-Embarrassment Clause, which outlines a provision for additional payments to the company in the event of a significant post-transaction value increase within the 24-month period commencing on August 29, 2023, triggered by specific types of share or asset disposals. The Sale and Purchase Agreement also contains a Claw Back Clause which represents a liability of up to $8,200 to the company, the payment of which is conditional upon material agreement terminations within the 24-month period commencing on

August 29, 2023. Additionally, the Sale and Purchase Agreement includes an Indemnity Clause establishing a liability related to certain ongoing claims, allowing the acquirer to potentially claim amounts under specified conditions within the 24-month period from July 28, 2023, which could result in a maximum liability of $16,400 to the company. The company has not attributed any value to these assets and liabilities, as management has assessed the probability of receipt or payment as a result of these clauses being triggered is remote and therefore the fair value of the asset and liabilities are nominal as at December 31, 2023. The Claw Back Clause and Indemnity Clause are not covered by the HFP Redemption Derivative as discussed later in this note.

On December 4, 2023, through the Mauritius Sub, the company and Fairfax entered into an Indemnity Agreement, pursuant to which Fairfax agreed to pay up to $8,200 for the Claw Back Clause and indemnify the company for Indemnified Losses incurred as per the Sale and Purchase Agreement dated July 28, 2023. The company has not attributed any value to these assets, as management has assessed the probability of receiving payment due to these clauses being triggered as remote.

At December 31, 2023, the company estimated the fair value of its 16.3% indirect equity interest in AGH to be $2,400 (December 31, 2022 – $17,456).

Philafrica Foods Proprietary Ltd.

At December 31, 2023 and December 31, 2022, the company had invested $23,254 (325.0 million South African rand) into 26,000 common shares or 26.0% equity interest in Philafrica Foods Proprietary Ltd. (“Philafrica”), a South African entity that owns and operates maize and wheat mills and animal feed factories. Philafrica is controlled by AGH through AGH’s 60.0% equity interest.

On July 28, 2023, the company entered into a Sale and Purchase Agreement (the “Agreement”). Pursuant to the terms of the Agreement, the company is in discussion regarding the sale of its equity interest in Philafrica for an aggregate consideration of not less than $4,400 and expects to receive full repayment of the principal and accrued interest of the Philafrica Facility on or before August 29, 2024 or such later date as may be agreed upon by the company (the “Liquidity Transactions”). Additionally, the Agreement stipulates that if the Liquidity Transactions are not completed on or before August 29, 2024 or such later date as may be notified by the company in writing to the purchaser, the purchaser will acquire the company’s equity interest in Philafrica for an aggregate consideration of not less than $4,400 and all rights and obligations under the Philafrica Facility including the principal and accrued interest (see discussion under the header “Indirect equity interest in AGH”).

At December 31, 2023, the company estimated the fair value of its investment in Philafrica common shares to be $4,400 (December 31, 2022 – $4,408).

Subsequent to December 31, 2023

Subsequent to December 31, 2023, the company, through its SA Sub, entered into a Sale of Shares and Claims Agreement with AGH and Philafrica, whereby the company committed to selling its 26,000 common shares or 26.0% equity interest in Philafrica to AGH for an aggregate consideration of $4,400, subject to the fulfillment or waiver of certain closing conditions.

Indirect equity interest in Nova Pioneer

Nova Pioneer Education Group (“Nova Pioneer”) is a Pan-African independent school network offering preschool through secondary education and is wholly-owned by Ascendant Learning Limited (“Ascendant”), its Mauritius-based parent entity.

At December 31, 2023 and December 31, 2022, the company had invested an aggregate of $38,811 for a 56.3% equity interest in Ascendant (“Indirect equity interest in Nova Pioneer”).

At December 31, 2023, the company estimated the fair value of its indirect equity interest in Nova Pioneer to be $17,000 (December 31, 2022 – $25,468).

Loans

AFGRI International Facility

On August 26, 2021 the company advanced $9,600, net of $400 in transaction fees, to AFGRI International Proprietary Limited (“AFGRI International”), a wholly-owned South African subsidiary of AGH, pursuant to a secured lending arrangement (the “AFGRI International Facility”). On August 24, 2022, the secured lending arrangement was amended. The maturity date was extended to August 25, 2023 and the interest rate was increased to 13.25% per annum, increasing by 50 basis points (“bps”) every 3-month interest period.

On March 8, 2023, the company received full repayment of the principal of $10,000 and accrued interest of $1,824 and derecognized the AFGRI International Facility.

In 2023, the company recorded interest income of $201 (2022 – $1,492) within the consolidated statements of loss and comprehensive loss related to the AFGRI International Facility.

Philafrica Facility

At December 31, 2023 and December 31, 2022, the company had advanced $5,622 (98.0 million South African rand), net of a 2.0% transaction fee, to Philafrica under a secured lending arrangement (the “Philafrica Facility”). The Philafrica Facility bears interest at a rate of South African prime plus 2.0% per annum, which is accrued and capitalized monthly. The repayment of the Philafrica Facility is subordinated against other third-party debt and is currently not repayable under its existing terms. The company continues to engage Philafrica and its lenders on the repayment of the Philafrica Facility. The Philafrica Facility is secured by a general guarantee from AGH and AGH’s pledge of equity interests in Philafrica. In March 2023, the company and Philafrica entered into an agreement whereby the Philafrica Facility was amended to increase the margin to 4% and the allowance of a prepayment of the Philafrica Facility through the issuance of ordinary shares by Philafrica to the company.

On July 28, 2023, the company entered into a Sale and Purchase Agreement (the “Agreement”). Pursuant to the terms of the Agreement, the company is in discussion regarding the sale of its equity interest in Philafrica for an aggregate consideration of not less than $4,400 and expects to receive full repayment of the principal and accrued interest of the Philafrica Facility on or before August 29, 2024 or such later date as may be agreed upon by the company (the “Liquidity Transactions”). Additionally, the Agreement stipulates that if the Liquidity Transactions are not completed on or before August 29, 2024 or such later date as may be notified by the company in writing to the purchaser, the purchaser will acquire the company’s equity interest in Philafrica for an aggregate consideration of not less than $4,400 and all rights and obligations under the Philafrica Facility including the principal and accrued interest (see discussion under the header “Indirect equity interest in AGH”).

At December 31, 2023, the company estimated the fair value of the Philafrica Facility to be $8,137 (December 31, 2022 – $7,346).

In 2023, the company recorded interest income of $1,119 (2022 – $776) within the consolidated statement of loss and comprehensive loss related to the Philafrica Facility.

CIG Loan

At December 31, 2022, the company had advanced $23,270 (292.5 million South African rand), net of a 2.5% raising fee to CIG (the “CIG Loan”). The CIG Loan bore interest at South African prime plus 2.0% per annum and has a maturity date of June 4, 2023. The CIG Loan was secured by CIG’s pledge of its equity interests in Conlog Proprietary Limited (“Conlog”), a wholly-owned subsidiary of CIG that provides metering solutions to utilities, municipalities and property management companies in South Africa, the Middle East and across Africa.

On September 30, 2022, CIG signed a purchase and sale agreement (the “CIG PSA”) whereby CIG would sell its shares in Conlog. The sale was completed in March 2023.

In 2023, the company received full repayment of the principal of $16,391 (300 million South African rand) and derecognized the CIG Loan. Additionally, the company received an interest payment of $1,036, which was recognized as interest income in the consolidated statements of loss and comprehensive loss.

Atlas Mara Facility

In 2022, the company received a repayment of $4,365 from Atlas Mara and entered into an Assignment Agreement with Fairfax, whereby the company assigned its legal and beneficial rights, title and interests in the Atlas Mara Facility to Fairfax and cancelled the Atlas Mara Facility Guarantee effective August 29, 2022 in exchange for $33,424, which was received in full on August 30, 2022. In 2022, the company recorded (i) a realized loss of $10,363 on the Atlas Mara Facility; and (ii) a realized gain of $33,424 on the Atlas Mara Facility Guarantee in net gains (losses) on investments within the consolidated statements of loss and comprehensive loss.

Event Horizon Loan

On June 1, 2022, the company entered into a loan agreement for $9,418 (7,500 pounds sterling) with Event Horizon Entertainment Limited, a leading live entertainment and content company based in the United Kingdom and focused on events and travel experiences that promote African culture (the “Event Horizon Loan”). The Event Horizon Loan bore interest at a rate of 10% per annum, accrued and capitalized semi-annually, was unsecured and matured on January 31, 2023.

Effective February 1, 2023, the Event Horizon Loan agreement was amended. The maturity date was extended to November 30, 2023 and the interest rate was increased to reflect the 3-month SOFR reference rate plus a margin of 9.38%, with a floor rate of 12% and a ceiling rate of 16%. Interest continued to be accrued and capitalized on a semi-annual basis. In addition, the loan was converted from pounds sterling to U.S. dollars and the loan facility was increased to $14,214. The additional loan facility of $4,944 was funded on April 6, 2023.

On September 1, 2023, the Event Horizon Loan agreement was amended to increase the loan facility to $18,714. All other terms of the loan facility remained the same. The additional loan facility of $4,500 was funded on September 5, 2023.

On November 10, 2023, the company transferred the Event Horizon Loan to HSEG. Subsequently, HSEG transferred the Event Horizon Loan to HSEH. On November 20, 2023, the outstanding Event Horizon Loan amount plus certain deal costs, totaling $21,737, was discharged by TMG issuing 9,745 Preference Shares to HSEH on a cashless basis and derecognized by the company (see discussion under the header “Helios Sports and Entertainment Group”).

In 2023, the company recorded interest income of $1,797 (2022 – $524) within the consolidated statements of loss and comprehensive loss related to the Event Horizon Loan.

Digital Ventures Facilities

On May 30, 2022, the company entered into a loan facility agreement for $40,000 with Helios Digital Ventures LP (“HDV”), a limited partnership domiciled in Guernsey (the “Digital Ventures $40M Facility”). HDV is a venture capital fund with a focus on investing in digital infrastructure across Africa. Concurrently, the company entered into a loan facility for $1,000 with Obashe Trust (“Obashe”), a trust domiciled in the United States (the “Digital Ventures $1M Facility”). Obashe is the sole limited partner of HDV. Both facilities allow for multiple drawdowns.

The Digital Ventures $40M Facility bore interest at a rate of 8% per annum, accrued and capitalized quarterly, was unsecured and matured on May 30, 2023. Effective June 1, 2023, the Digital Ventures $40M Facility was amended to extend the maturity date to June 1, 2024. All other terms of the facility remain unchanged. The Digital Ventures $1M Facility bears interest at a rate of 6% per annum, accrued and capitalized quarterly, is unsecured and matures on June 7, 2037.

In 2023, the company funded drawdowns of $5,654 and $124 (2022 – $14,527 and $363), on the Digital Ventures $40M Facility and Digital Ventures $1M Facility, respectively.

At December 31, 2023, the company’s remaining capital commitments to the Digital Ventures $40M Facility and the Digital Ventures $1M Facility were $19,819 and $513, respectively (December 31, 2022 – $25,473 and $637), which may be called at any time in accordance with the respective loan facility agreements.

At December 31, 2023, the company estimated the fair values of the amounts drawn on the Digital Ventures $40M Facility and the Digital Ventures $1M Facility to be $21,508 and $518 (December 31, 2022 – $14,956 and $371), respectively, including capitalized interest of $1,250 and $23 (December 31, 2022 – $429 and $7), respectively.

In 2023, the company recorded interest income of $1,290 (2022 – $533) within the consolidated statements of loss and comprehensive loss related to the Digital Ventures $40M Facility.

In 2023, the company recorded interest income of $23 (2022 – $10) within the consolidated statements of loss and comprehensive loss related to the Digital Ventures $1M Facility.

Subsequent to December 31, 2023

Subsequent to December 31, 2023, the company funded a drawdown of $822 on the Digital Ventures $40M Facility.

Helios CLEAR Loan

Subsequent to December 31, 2023, the company entered into a loan agreement with Helios Investors Genpar Clear Fund S.À.R.L., the general partner of Helios CLEAR Fund SCSp, a fund that intends to deploy growth equity into opportunities in renewable energy solutions, climate-smart agriculture and food, green transport and logistics, recycling and resource efficiency and digital and financial climate enablers. Pursuant to the loan agreement, a drawdown of $5,600 was funded subsequent to year end.

Bonds

Atlas Mara Bonds

At December 31, 2023, the company had invested $16,000 in Atlas Mara convertible bonds with a stated coupon of 11.0% per annum, accrued quarterly and payable in kind (“Atlas Mara 11.0% Convertible Bonds”). In addition, at June 16, 2022, the company had invested $20,000 in Atlas Mara bonds with a stated coupon of 7.5% per annum, payable semi-annually (“Atlas Mara 7.5% Bonds”) (collectively, the Atlas Mara 11.0% Convertible Bonds and the Atlas Mara 7.5% Bonds are referred to as the “Atlas Mara Bonds”). The Atlas Mara 7.5% Bonds were secured by Atlas Mara’s shares in the Union Bank of Nigeria (“UBN”) and the Atlas Mara 11.0% Convertible Bonds are unsecured.

On June 17, 2022, the company received full repayment of the principal of $20,000 and unpaid interest of $6,202 on the Atlas Mara 7.5% Bonds.

Interest receivable relating to the Atlas Mara 11.0% Convertible Bond has been accrued and capitalized up to December 28, 2020.

In 2023, the company received an interest payment of $643 on the Atlas Mara 11.0% Convertible Bonds, which was recognized as interest income in the consolidated statements of loss and comprehensive loss.

At December 31, 2023 and December 31, 2022, the company estimated the fair value of the Atlas Mara 11.0% Convertible Bonds to be $nil.

Related Party Loan, Derivatives and Guarantees

A summary of changes in the fair value of the company’s related party loan during 2023 and 2022 were as follows:

	2023				
	Balance as of January 1	**Additions**	**Redemptions**	**Net gain**	**Balance as of December 31**
Related party loan:					
Fairfax Loan	**19,030**	**–**	**(20,000)**	**970**	**–**
Total related party loan	**19,030**	**–**	**(20,000)**	**970**	**–**

	2022				
	Balance as of January 1	**Additions**	**Redemptions**	**Net loss**	**Balance as of December 31**
Related party loan:					
Fairfax Loan	19,608	201	–	(779)	19,030
Total related party loan	19,608	201	–	(779)	19,030

Fairfax Loan

The company issued the $20,000 interest-free Fairfax Loan to Fairfax, due no later than December 8, 2023 (refer to note 13).

On December 8, 2023, the company received full repayment of the principal of $20,000 and derecognized the Fairfax Loan.

A summary of changes in the fair value of the company's related party derivatives and guarantees during 2023 and 2022 were as follows:

	2023				
	Balance as of January 1	**Additions**	**Redemptions**	**Net gain**	**Balance as of December 31**
Related party derivatives and guarantees:					
HFP Redemption Derivative	**62,136**	**–**	**(71,400)**	**9,264**	**–**
Total related party derivatives and guarantees	**62,136**	**–**	**(71,400)**	**9,264**	**–**

	2022				
	Balance as of January 1	**Additions**	**Redemptions**	**Net gains**	**Balance as of December 31**
Related party derivatives and guarantees:					
Atlas Mara Facility Guarantee	32,046	–	(33,424)	1,378	–
HFP Redemption Derivative	15,906	–	–	46,230	62,136
Total related party derivatives and guarantees	47,952	–	(33,424)	47,608	62,136

The company's related party derivatives and guarantees are as follows:

Atlas Mara Facility Guarantee

On July 10, 2020, the company entered into an agreement with Fairfax whereby Fairfax guaranteed all principal and interest obligations of Atlas Mara under the Atlas Mara Facility, giving rise to a guarantee (the "Atlas Mara Facility Guarantee"), which was recorded in Related party derivatives and guarantees within the consolidated balance sheet.

In 2022, the company received a repayment of $4,365 from Atlas Mara and entered into an Assignment Agreement with Fairfax, whereby the company assigned its legal and beneficial rights, title and interests in the Atlas Mara Facility to Fairfax and cancelled the Atlas Mara Facility Guarantee effective August 29, 2022 in exchange for $33,424, which was received in full on August 30, 2022. In 2022, the company recorded (i) a realized loss of $10,363 on the Atlas Mara Facility; and (ii) a realized gain of $33,424 on the Atlas Mara Facility Guarantee in net gains (losses) on investments within the consolidated statements of loss and comprehensive loss.

HFP Redemption Derivative

On March 31, 2021, as part of the $100,000 HFP 3.0% Debentures transaction (refer to note 7) the company entered into the HFP Redemption Derivative. At maturity, the principal amount to be repaid will be adjusted for the amount, if any, by which the aggregate fair value of the company's investments in AGH (indirect via Joseph Holdings), Philafrica common shares, the Philafrica Facility (see discussion under the headers "Indirect equity interest in AGH", "Philafrica Foods Proprietary Ltd." and "Philafrica Facility"), and the PGR2 Loan (collectively, the "Reference Investments") is lower than $102,600.

In December 2023, and prior to the maturity date, the company redeemed the HFP 3.0% Debentures on a net basis with the HFP Redemption Derivative at the price of $28,400 plus any accrued and unpaid interest. As a result of the redemption, the company derecognized the HFP Redemption Derivative and recognized a net gain on investments of $9,264, comprised of a realized gain of $49,535 offset by a reversal of unrealized gain of $40,271, within the consolidated statements of loss and comprehensive loss.

6. Cash and Investments

Fair Value Disclosures

The company's use of quoted market prices (Level 1), valuation models using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities by type of issuer was as follows:

	December 31, 2023				December 31, 2022			
	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets
Cash and cash equivalents	**95,913**	**–**	**–**	**95,913**	125,241	–	–	125,241
	95,913	**–**	**–**	**95,913**	125,241	–	–	125,241
Portfolio Investments:								
Limited partnership investments	**–**	**–**	**207,753**	**207,753**	–	–	259,183	259,183
Common shares	**–**	**34,827**	**113,259**	**148,086**	16,595	–	104,729	121,324
Loans	**–**	**–**	**30,163**	**30,163**	–	–	61,447	61,447
Total Portfolio Investments	**–**	**34,827**	**351,175**	**386,002**	16,595	–	425,359	441,954
Related party derivatives and guarantees	**–**	**–**	**–**	**–**	–	–	62,136	62,136
Related party loan	**–**	**–**	**–**	**–**	–	–	19,030	19,030
Total cash and investments	**95,913**	**34,827**	**351,175**	**481,915**	141,836	–	506,525	648,361
	19.9%	**7.2%**	**72.9%**	**100.0%**	21.9%	–%	78.1%	100.0%

The fair values of HFP's Private Portfolio Investments and related party derivatives, guarantees and loans cannot be derived from an active market and accordingly, are determined using industry accepted valuation techniques and models determined quarterly. Market observable inputs are used where possible, with unobservable inputs used where necessary.

Estimates and judgments for Private Portfolio Investments and Related Party Loan, Derivatives and Guarantees are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company utilizes valuation personnel from Helios to assist with the valuation of its investment portfolio. Detailed valuations are performed for those financial instruments that are priced internally, while external pricing received from independent pricing service providers are evaluated by the company for reasonableness. The company's Chief Financial Officer oversees the valuation function and regularly reviews valuation processes and results, including at each quarterly reporting period. Significant valuation matters, particularly those requiring extensive judgment, are communicated to the company's Valuation Committee. The Valuation Committee consists of members who are knowledgeable and experienced in the fair value techniques for the Portfolio Investments held by the company. The Valuation Committee provides administration and oversight of the company's valuation policies and procedures and is responsible for reviewing and approving the valuation results every quarter.

Transfers between fair value hierarchy levels are considered effective from the beginning of the reporting period in which the transfer is identified. The company's investment in Seven Rivers was classified as Level 2. During the year ended 2023, there were no transfers of financial instruments between Level 1 and Level 2 and there were no transfers of financial instruments into or out of Level 3 as a result of changes in the observability of valuation inputs. The changes in fair value of the company's Private Portfolio Investments (classified as Level 2 and 3) are disclosed in note 5.

The tables that follow describe the valuation technique and significant unobservable inputs and illustrates the potential impact on net earnings (loss) of various combinations of changes in unobservable inputs in the company's internal valuation model for its financial instruments classified as Level 3 at December 31, 2023. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on analysis of the return on various equity indices, management's knowledge of the applicable equity markets and the potential impact of changes in interest rates. The reasonably possible ranges of discount rates reflect increased market volatility due to the rising inflation, elevated oil and commodity prices, and interest rate hikes. The range also reflects the additional uncertainty in determining recoverability, market multiples and the discounted cash flows for assessing the fair values of Private Portfolio Investments and related party derivatives and guarantees.

Investments	Valuation technique	Significant unobservable inputs	Inputs at December 31, 2023	Inputs at December 31, 2022	Relationship of unobservable inputs to fair value
Limited partnership investments					
TopCo LP Class A Limited Partnership Interest	Discounted cash flow and net asset value	Discount rates	26.9% to 30.9%	25.8% to 31.8%	Increases (decreases) in discount rates (decrease) increase fair value
		Target exit dates	2024 to 2028	2023 to 2028	Increases (decreases) in target exit dates (decrease) increase fair value
		Exit multiple of invested capital	2.1x to 3.2x	2.4x to 3.0x	Increases (decreases) in exit multiples increase (decrease) fair value
TopCo LP Class B Limited Partnership Interest	Discounted cash flow	Discount rate	16.2%	15.8%	Increases (decreases) in discount rates (decrease) increase fair value
		Growth in management fee revenue	23.5%	21.0%	Increases (decreases) in growth in management fee revenue increase (decrease) fair value
		Long term pre-tax profit margin	34.6%	42.2%	Increases (decreases) in long term pre-tax profit margin increase (decrease) fair value
		Long term growth rate	4.5%	4.5%	Increases (decreases) in long term growth rates increase (decrease) fair value
Common shares					
Trone	Market multiples	Multiples of EBITDA	9.0x	9.0x	Increases (decreases) in multiples of EBITDA increase (decrease) fair value
NBA Africa	Discounted cash flow	After-tax discount rate	15.4%	14.5%	Increases (decreases) in discount rates (decrease) increase fair value
		Terminal revenue multiple	7.0x	7.0x	Increases (decreases) in terminal revenue multiple increase (decrease) fair value
Helios Sports and Entertainment Group	Discounted cash flow and transaction price	Discount rate	12.3%	N/A	Increases (decreases) in discount rates (decrease) increase fair value

Investments	Fair value of Investment	Valuation technique	Significant unobservable inputs	Sensitivity Factor	Hypothetical $ change effect on fair value measurement	Hypothetical $ change effect on net earnings (loss)[1]
	December 31, 2023					
Limited partnership investments:						
TopCo LP Class A Limited Partnership Interest	$55,815	Discounted cash flow and net asset value	Discount rates	Increase/(decrease) 200 bps	(2,027) / 2,156	(1,759) / 1,871
			Target exit dates	Increase/(decrease) 1 year	(13,106) / 15,776	(11,369) / 13,685
			Exit multiple of invested capital	Increase/(decrease) 5%	5,085 / (5,085)	4,411 / (4,411)
TopCo LP Class B Limited Partnership Interest	$99,942	Discounted cash flow	Discount rate	Increase/(decrease) 150 bps	(14,514) / 19,036	(12,591) / 16,514
			Growth in management fee revenue	Implied CAGR of management fee revenue of 21.8% to 24.9%	24,724 / (24,724)	21,448 / (21,448)
			Long term pre-tax profit margin	Increase/(decrease) 200 bps	3,554 / (3,554)	3,083 / (3,083)
			Long term growth rate	Increase/(decrease) 50 bps	2,752 / (2,526)	2,387 / (2,191)
Common shares						
Trone	$18,652	Market multiples	Multiples of EBITDA	Increase/(decrease) 0.5x	1,518 / (1,518)	1,317 / (1,317)
NBA Africa	$39,182	Discounted cash flow	After-tax discount rate	(Increase)/decrease 100 bps	(2,803) / 3,031	(2,432) / 2,629
			Terminal revenue multiple	Increase/(decrease) 0.5x	2,949 / (2,949)	2,559 / (2,559)
Helios Sports and Entertainment Group	$31,625	Discounted cash flow and transaction price	Discount rate	(Increase)/decrease 100 bps	(327) / 359	(284)/ 312

(1) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings (loss) includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

	December 31, 2022					
Investments	Fair value of Investment	Valuation technique	Significant unobservable inputs	Sensitivity Factor	Hypothetical $ change effect on fair value measurement	Hypothetical $ change effect on net earnings (loss)[1]
Limited partnership investments:						
TopCo LP Class A Limited Partnership Interest	$76,823	Discounted cash flow and net asset value	Discount rates	Increase/(decrease) 200 bps	(2,650) / 2,814	(2,299) / 2,441
			Target exit dates	Increase/(decrease) 1 year	(20,459) / 23,343	(17,748) / 20,250
			Exit multiple of invested capital	Increase/(decrease) 5%	7,587 / (8,120)	6,582 / (7,044)
TopCo LP Class B Limited Partnership Interest	$148,575	Discounted cash flow	Discount rate	Increase/(decrease) 150 bps	(21,444) / 28,302	(18,603) / 24,552
			Growth in assets under management	Implied CAGR of committed capital of 23.0% to 26.1%	31,288 / (31,288)	27,143 / (27,143)
			Long term pre-tax profit margin	Increase/(decrease) 100 bps	2,121 / (2,121)	1,840 / (1,840)
			Long term growth rate	Increase/(decrease) 50 bps	4,133 / (3,784)	3,585 / (3,282)
Common shares						
Trone	$17,506	Market multiples	Multiples of EBITDA	Increase/(decrease) 0.5x	1,360 / (1,360)	1,180 / (1,180)
NBA Africa	$39,219	Discounted cash flow	After-tax discount rate	Increase/(decrease) 100 bps	(2,965) / 3,236	(2,572) / 2,807
			Terminal revenue multiple	Increase/(decrease) 0.5x	2,757 / (2,757)	2,392 / (2,392)
Indirect equity interest in Nova Pioneer	$25,468	Discounted cash flow	After-tax discount rate	Increase/(decrease) 100 bps	(4,492) / 5,711	(3,897) / 4,954
			Long-term growth rate	Increase/(decrease) 50 bps	1,357 / (1,210)	1,177 / (1,050)
Related party derivatives and guarantees:						
HFP Redemption Derivative	$62,136	Discounted cash flow and option pricing model	Total fair value of the Reference Investments	Increase/(decrease) 10%	(2,921) / 2,921	(2,534) / 2,534

(1) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings (loss) includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment of the investment. For expected future cash flows which were probability-weighted, risk premiums commensurate with the risks inherent in the expected cash flows were applied.

Target exit date for an underlying portfolio investment is the timing of the fund's expected disposition of the investment.

Exit multiple of invested capital for an underlying portfolio investment is equal to the fund's expected total proceeds divided by the expected total cost from initial investment to exit.

Growth in management fee revenue represents the compound annual growth rate in management fee revenue over eight years from $24.8 million at December 31, 2023 to $134.4 million (December 31, 2022 – $28.9 million to $132.7 million), before taking into account probability weightings.

Long term pre-tax profit margins were estimated by Helios' management based on pre-tax management fee-related earnings margins. Pre-tax profit margins are forecasted to increase over an eight-year period driven primarily by growth in management fee revenue and operating leverage. Fee-related earnings on future fundraising initiatives were probability weighted, resulting in expected long term pre-tax profit margins that were comparable to publicly listed global private equity asset managers.

Long term growth rates were based on the expected long term sustainable growth rate of the economic environments and sectors in which the investment operates.

Multiples of EBITDA were based on the expected valuation contribution of a certain business unit to the investee as a whole and were assessed with reference to peer comparative multiples.

The following investments have been excluded from the sensitivity analysis above as the company determined that there were no significant unobservable inputs suited for a sensitivity analysis for the investment in certain limited partnership interests and common shares, or in the case of the investments in loans, the impact of the sensitivity analysis is not significant.

	Valuation technique at		Fair value of investment at
Investments	**December 31, 2023**	**December 31, 2022**	**December 31, 2023**
Limited partnership investments:			
Helios Fund IV limited partnership interest	Adjusted net asset value	Adjusted net asset value	$51,996
Common shares:			
Indirect equity interest in AGH	Transaction price	Offer price	$ 2,400
Philafrica	Transaction price	Offer price	$ 4,400
Indirect equity interest in Nova Pioneer(1)	Offer price	Discounted cash flow	$17,000
Loans:			
Philafrica Facility	Transaction price	Offer price	$ 8,137
Digital Ventures $40M Facility	Discounted cash flow	Initial transaction price	$21,508
Digital Ventures $1M Facility	Discounted cash flow	Initial transaction price	$ 518

(1) The investment was valued using a discounted cash flow analysis at December 31, 2022. At December 31, 2023, the valuation technique was changed from a discounted cash flow analysis to offer price as it is more indicative of the fair value of the investment.

Investment Income

An analysis of investment income for the years ended December 31 is summarized in the table that follows:

	2023	**2022**
Interest:		
Cash and cash equivalents	**5,679**	1,654
Limited partnership investments	**–**	362
Loans	**5,506**	3,611
Bonds	**643**	3,370
	11,828	8,997
Dividends: Common stocks	**208**	950

Net gains (losses) on investments and net foreign exchange gains (losses)

	2023	**2022**
	Net gains (losses)	**Net gains (losses)**
Net gains (losses) on investments:		
Limited partnership investments	**(60,872)**	(17,475)
Common shares	**(2,132)**	(50,349)
Loans	**597**	(2,945)
Bonds	**–**	(28)
Derivatives and guarantees	**9,264**	47,608
	(53,143)	(23,189)
Net foreign exchange gains (losses) on:		
Cash and cash equivalents	**(434)**	(570)
Common shares	**(2,822)**	(6,044)
Loans	**(1,480)**	(2,038)
Other	**(80)**	(162)
	(4,816)	(8,814)

7. Borrowings

HFP 3.0% Debentures

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in 3.0% unsecured debentures of HFP (the "HFP 3.0% Debentures") and 3,000,000 warrants (the "HFP Warrants"). The Warrants are exercisable for one subordinate voting share of HFP, have an exercise price of $4.90 and are exercisable at any time prior to March 31, 2026. The HFP Warrants include anti-dilution features, which may increase or decrease the total number of subordinate voting shares issuable per HFP Warrant, in the event that certain share transactions are undertaken by the company which may increase or decrease the company's outstanding subordinate voting shares. The net proceeds from the HFP 3.0% Debentures will be or have been used primarily to invest in Portfolio Investments. The HFP 3.0% Debentures mature on March 31, 2024. At maturity or on redemption by Fairfax, the principal amount to be repaid will be adjusted for the amount, if any, by which the aggregate fair value of the company's investments in the Reference Investments is lower than $102,600.

The company determined that the variability of cash flows arising from the redemption price, either on maturity or upon Fairfax's exercise of its put option, held economic characteristics and risks which were not closely related to the debt instrument and reflected those of a separate derivative financial instrument. Furthermore, Fairfax's put option and the adjustment to the redemption amount are both linked to the Reference Investments, and the exercise of Fairfax's put option and the adjustment to the redemption amount are not mutually exclusive. Accordingly, at inception, the company recorded the embedded derivative, inclusive of Fairfax's put option (the "HFP Redemption Derivative"), as a derivative financial instrument under Related party derivatives and guarantees within the consolidated balance sheet, separately from the host debt instrument (the "HFP Host Debentures") recorded in borrowings within the consolidated balance sheets. The company did not elect to irrevocably designate the entire hybrid contract as measured at fair value through profit or loss.

In December 2023, and prior to the maturity date, the company redeemed the debentures on a net basis with the HFP Redemption Derivative at the price of $28,400 plus any accrued and unpaid interest. As a result of the redemption, the company derecognized the HFP Redemption Derivative and recognized a net gain on investments of $9,264, comprised of a realized gain of $49,535 offset by a reversal of unrealized gain of $40,271, within the consolidated statements of loss and comprehensive loss.

Interest Expense

In 2023, the company recorded interest expense of $3,359 related to interest on the HFP 3.0% Debentures (2022 – $3,593) and lease liability interest expense of $13 (refer to note 14).

Revolving Credit Facility

On March 3, 2022, the company closed a $70,000 secured revolving credit facility with FirstRand Bank Limited (acting through its Rand Merchant Bank division) (the "RMB Facility"), bearing interest at a rate of the compound reference rate plus 6.88%, payable quarterly. In addition, the company will pay a standby fee of 2.41% of the unused portion of the credit facility, payable quarterly.

In 2023, the company incurred $1,704 (2022 – $1,414) in standby fees, which were included in general and administrative expenses as an administrative expense.

The RMB Facility matures on March 3, 2027. The RMB Facility is collateralized by the company's rights, title and interests in the securities held in the Mauritius Sub and SA Sub, Mauritius Sub's bank accounts and its receivables and includes a floating charge over the company's other assets, both present and future, movable and immovable.

Under the terms of the RMB Facility, the company is required to maintain an asset cover ratio, being the ratio of total cash and cash equivalents plus the fair value of Portfolio Investments (excluding the fair value of the TopCo Limited Partnership Interests) to total borrowings, an asset cover ratio (listed), being the ratio of total cash and cash equivalents plus the fair value of listed Portfolio Investments to total borrowings, and an adjusted tangible net worth of at least $350,000, being the total equity of the Company less 75% of the fair value of the TopCo Limited Partnership Interests. At December 31, 2023, the RMB Facility was undrawn, and the company was in compliance with the covenants of the RMB Facility.

8. Common Shareholders' Equity

Authorized Capital

The company's authorized share capital consists of: (i) an unlimited number of multiple voting shares that may only be issued to Fairfax, Principal Holdco, and certain of their respective subsidiaries and affiliates and are not publicly traded; (ii) an unlimited number of subordinate voting shares, which are publicly traded; and (iii) an unlimited number of preference shares, issuable in series. Except as provided in any special rights or restrictions attaching to any series of preference shares issued from time to time, the preference shares will not be entitled to vote at any meeting of the shareholders of the company.

Issued Capital

Issued capital at December 31, 2023 included 55,452,865 (December 31, 2022 – 55,452,865) multiple voting shares and 52,716,952 (December 31, 2022 – 52,741,106) subordinate voting shares. Each subordinate voting share carries one vote per share at all meetings of shareholders except for separate meetings of holders of another class of shares. Each multiple voting share carries fifty votes per share at all meetings of shareholders except for separate meetings of holders of another class of shares. At December 31, 2023 and December 31, 2022 there were no preference shares outstanding.

Principal Holdco and its subsidiaries and affiliates may not, without the prior written consent of Fairfax and the approval of the Board of Directors by simple majority approval, transfer any of their shares in the company prior to the earlier of December 8, 2025 or upon termination of the Investment Advisory Agreement. In the event Fairfax transfers shares, Principal Holdco and its affiliates may transfer an equal proportion of their shares without the prior written consent of Fairfax or the Board of Directors.

Fairfax, through its subsidiaries and affiliates, and Principal Holdco own all the issued and outstanding multiple voting shares, which are not publicly traded.

Common Stock

The number of shares outstanding was as follows:

	2023	2022
Subordinate voting shares – January 1	**52,741,106**	52,806,780
Issuance of shares (note 9)	**142,338**	23,102
Purchases for cancellation	**(166,492)**	(88,776)
Subordinate voting shares – December 31	**52,716,952**	52,741,106
Multiple voting shares – beginning and end of year	**55,452,865**	55,452,865
Common shares effectively outstanding – December 31	**108,169,817**	108,193,971

Purchase of Shares

As of June 23, 2023, the company is entitled, subject to compliance with applicable corporate and securities laws, to purchase for cancellation subordinate voting shares at prevailing market prices under the terms of its normal course issuer bid and in accordance with the rules and policies of the TSX. During 2023, under the terms of its normal course issuer bid, the company purchased for cancellation 166,492 subordinate voting shares (2022 – 88,776) for a net cost of $458 (2022 – $305) and $893 (2022 – $417) was recorded as a benefit in retained earnings.

Automatic Share Purchase Plan

On December 20,2023, in connection with the normal course issuer bid, the company gave instructions under its automatic share purchase plan with a designated broker to allow for the purchase of subordinated voting shares at times when the company normally would not be active in the market. Such purchases are determined by the broker in its sole discretion based on parameters established by the company prior to commencement of the applicable trading black-out period.

Subsequent to December 31, 2023

Subsequent to December 31, 2023, under the terms of the automatic share purchase plan in place for the normal course issuer bid, 75,710 subordinate voting shares were purchased on behalf of the company for a net cost of $200.

Warrants

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in HFP 3.0% Debentures and HFP Warrants (refer to note 7). At inception, the company determined that the fair value of the HFP Warrants issued was $5,557 which was recorded in warrants within common shareholders' equity.

Dividends

The company adopted a policy to provide for an annual dividend with respect to the subordinate voting shares and the multiple voting shares of an amount sufficient to produce a non-cumulative and non-accruing 2.0% dividend yield per share (the "Dividend Policy"), calculated based on the average closing market price of the subordinate voting shares on each trading day of the last fiscal quarter for the prior fiscal year. The declaration of any dividends is conditional upon assets exceeding the aggregate of liabilities and stated capital of multiple voting shares and subordinate voting shares after such declaration and will be determined by the Board of Directors in its sole discretion. The company did not pay any dividends on its outstanding multiple and subordinate voting shares during 2023 and 2022.

Capital Contributions

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in HFP 3.0% Debentures and HFP Warrants. At maturity or on redemption by Fairfax, the principal amount to be repaid will be adjusted for the amount, if any, by which the aggregate fair value of the company's investments in the Reference Investments is lower than $102,600. At inception, the difference of $18,107 between the total net fair value of the financial instruments issued (HFP 3.0% Debentures – $98,200; HFP Warrants – $5,557) and received (HFP Redemption Derivative ($21,864)) and the transaction amount ($100,000) was recorded in contributed surplus within common shareholders' equity, in line with the company's accounting policy on related party transactions.

In December 2023, and prior to the maturity date, the company redeemed the HFP 3.0% Debentures on a net basis with the HFP Redemption Derivative at the price of $28,400 plus any accrued and unpaid interest. As a result of the redemption, the company derecognized the HFP Redemption Derivative and recognized a net gain on investments of $9,264, comprised of a realized gain of $49,535 offset by a reversal of unrealized gain of $40,271, within the consolidated statements of loss and comprehensive loss.

Reduction of Stated Capital

On May 11, 2023, the company's shareholders approved at the company's annual general meeting a reduction of the stated capital of the company's multiple voting shares by $179,550 and subordinate voting shares by $179,550, effective May 31, 2023. The reduction of stated capital reduced common stock by $359,100, increased contributed surplus by $359,100 and did not result in any change to total equity.

9. Share-Based Incentive Plans

Special Incentive Plan

Under the Special Incentive Plan ("SIP"), on December 8, 2020, 2,505,637 options to purchase subordinate voting shares of the company were granted to certain employees, officers, members, partners or consultants of the Manager (the "SIP Recipients").

Options issued under the SIP vested immediately on grant date and have an exercise price of $3.99 per share and maturity date of December 8, 2030. Since December 8, 2020, certain options issued under the SIP have been reallocated to additional SIP participants. These reallocated options vested immediately on grant date and mature on March 3, 2031 and September 19, 2032. The options may also be exercised by way of a cashless exercise, at the participant's option, where the company will issue shares equivalent to the amount by which the aggregate fair market value of the shares at time of exercise exceed the exercise price, less any applicable withholding taxes.

The number of options outstanding under the SIP were as follows:

	2023	**Weighted average exercise price**	**2022**	**Weighted average exercise price**
Options outstanding, beginning of year	**2,049,241**	**3.90**	1,879,228	3.99
Options granted	**–**	**–**	876,409	3.93
Options forfeited	**(313,203)**	**3.99**	(706,396)	4.16
Options outstanding and exercisable, end of year	**1,736,038**	**3.89**	2,049,241	3.90

The company estimated the fair value of the options granted under the SIP using a Black-Scholes option pricing model that incorporated the following range of assumptions:

Underlying share price	$2.86 – $4.09
Exercise price	$2.63 – $4.45
Expected volatility	45.8%
Risk-free interest rate	1.3% – 5.0%
Expected life	10 years
Black-Scholes factor	1.9 – 2.7

Expected volatility was determined based on daily historical volatility of HFPC.U since initial public offering on February 17, 2017. The weighted average remaining contractual life of the share options outstanding at December 31, 2023 was 7.25 years.

Long-Term Incentive Plan

On April 20, 2022, the company's Long-Term Incentive Plan was approved at the annual and special meeting of shareholders. The LTIP allows the company's Board of Directors or the Governance, Compensation and Nominating Committee to grant long-term incentives to (i) directors, officers and employees of the company and its affiliates; (ii) certain consultants and service providers, including consultants and other persons that provide services to the company and its affiliates or any partnership or other entity in which the company or any of its affiliates has made an investment; and (iii) employees and members of the Manager or an affiliate thereof that provides services to the Portfolio Advisor or any related entity of the Portfolio Advisor for the benefit of the company. Awards granted under the LTIP may consist of options, restricted shares, stock appreciation rights, restricted share units, deferred share units or performance share units. Each award will be subject to the terms and conditions set forth in the LTIP and to those other terms and conditions specified by the company's Governance, Compensation and Nominating Committee.

In 2022, 484,265 restricted share units with a cost per unit of $3.33 were granted to certain directors and officers of the company. The cost per unit was determined based solely on the 5-day volume-weighted average price on the date of grant. The restricted share units vest according to a time-based vesting schedule over a period of three to five years. The time-based vesting schedule varies by participant. No additional grants were made in 2023.

At December 31, 2023, under the terms of the LTIP, 142,338 restricted share units (December 31, 2022 – 23,102) had vested and 142,338 subordinate voting shares (December 31, 2022 – 23,102) were issued out of treasury stock at a cost of $473 (December 31, 2022 – $72), which was included in general and administrative expenses as a salaries and employee benefit expense.

In 2023, the company recorded share-based compensation expense of $440 (2022 – $2,741) related to the share-based incentive plans within the consolidated statements of loss and comprehensive loss.

10. Net Loss per Share

Net loss per common share is calculated in the following table based on the weighted average common shares outstanding:

	2023	2022
Net loss – basic and diluted	**(71,687)**	(50,777)
Weighted average shares outstanding – basic and diluted	**108,258,852**	108,193,971
Net loss per share – basic and diluted	**$ (0.66)**	$ (0.47)

At December 31, 2023 and December 31, 2022, there were no contingently issuable subordinate voting shares related to the performance fee payable to TopCo LP. Under the Investment Advisory Agreement, the performance fee for the first calculation period, if applicable, will be payable after December 31, 2023. TopCo LP's general partner may elect, no later than fifteen days from the end of the calculation period (the "election date"), to receive the performance fee, wholly or partly, in cash or in subordinate voting shares of the company. The number of subordinate voting shares to be issued will be calculated based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the election date.

At December 31, 2023, there were 250,000 (December 31, 2022 – 214,436) potential subordinate voting shares issuable relating to the Special Incentive Plan (refer to note 9), of which 26,361 were dilutive and 318,825 potential subordinate voting shares issuable relating to the Long-Term Incentive Plan (December 31, 2022 – nil), which were excluded from the calculation of diluted weighted average common shares outstanding because their effect would have been anti-dilutive. There were no potential subordinate voting shares issuable relating to the HFP Warrants (refer to note 7) because the HFP Warrants were out of the money.

11. Income Taxes

The company's provision for income taxes for the years ended December 31 is summarized in the following table:

	2023	2022
Current income tax:		
Current year expense	**2,918**	4,117
Adjustment to prior years' income taxes	**(599)**	(6)
	2,319	4,111
Deferred income tax:		
Origination and reversal of temporary differences	**3,917**	3,675
Adjustments to prior years' deferred income taxes	**511**	15
	4,428	3,690
Provision for income taxes	**6,747**	7,801

The components of the company's provision for income taxes for the years ended December 31 are summarized in the following table:

	2023	2022
Current income tax:		
Canada	**(3,474)**	4,112
Outside of Canada	**5,793**	(1)
	2,319	4,111
Deferred income tax:		
Canada	**4,368**	2,149
Outside of Canada	**60**	1,541
	4,428	3,690
Provision for income taxes	**6,747**	7,801

A significant portion of the company's loss before income taxes is earned or incurred in Canada. The statutory income tax rates for jurisdictions outside of Canada generally differ from the Canadian statutory income tax rate (and may be significantly higher or lower).

A reconciliation of the provision for income taxes calculated at the Canadian statutory income tax rate to the provision for income taxes at the effective tax rate in the consolidated financial statements for the years ended December 31 are summarized in the following table:

	2023	2022
Canadian statutory income tax rate	**26.5%**	26.5%
Recovery of income taxes at the Canadian statutory income tax rate	**(17,209)**	(11,389)
Non-taxable losses (gains) on investments	**16,726**	(2,172)
Tax rate differential on income incurred outside of Canada	**6,647**	22,080
Provision (recovery) relating to prior years	**(88)**	8
Unused tax losses	**4,367**	(323)
Change in unrecorded tax benefit of losses and temporary differences	**5,737**	(8,271)
Realized gains and foreign exchange effect	**(14,749)**	6,843
UK tax liability	**5,622**	—
Other, including permanent differences	**(306)**	1,025
Provision for income taxes at the effective tax rate	**6,747**	7,801

Non-taxable losses on investments of $16,726 in 2023 principally reflected the non-taxable portion of net unrealized losses on investments in TopCo LP and Helios Fund IV of $10,472, and the non-taxable portion of unrealized losses on other investments of $6,254. Non-taxable gains on investments of $2,172 in 2022 principally reflected the non-taxable portion of unrealized losses on investments in TopCo LP and Helios Fund IV of $5,107, and the non-taxable portion of the unrealized gains on other investments of $7,279.

Tax rate differential on income outside of Canada of $6,647 in 2023 (2022 – $22,080) principally reflected the current and deferred tax impact of foreign accrual property income and losses, foreign accrual capital losses, and net investment income and losses taxed at different rates in jurisdictions outside of Canada.

Recovery relating to prior years of $88 in 2023 principally reflected adjustments for taxable income allocations from TopCo LP and Helios Fund IV Limited Partnership, tax recovery from the application of unused tax loss, and taxes paid in jurisdictions outside of Canada. Provision relating to prior years of $8 in 2022 principally reflected adjustments for taxable income allocations from TopCo LP and Helios Fund IV Limited Partnership, capitalized professional fees, and foreign taxes paid.

Unused tax losses of $4,367 in 2023 principally reflected the reduction of the company's net capital loss carryforward from the settlement of the HFP 3.0% Debentures for less than its principal amount. Unused tax losses of ($323) in 2022 reflected the company's net capital loss carryforward arising from an intercompany transaction and settlement of investments.

The change in unrecorded tax benefit of losses and temporary differences of $5,737 in 2023 principally reflected the change in deferred tax assets in foreign accrual capital losses of ($223), investment and other temporary timing differences of $10,179 that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS Accounting Standards, and deferred tax assets in South Africa on investments of ($4,219).

The change in unrecorded tax benefit of losses and temporary differences of ($8,271) in 2022 principally reflected the change in deferred tax assets in foreign accrual capital losses of $1,501, investment and other temporary timing differences of ($2,535) that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS Accounting Standards, and deferred tax assets in South Africa on investments of ($4,235).

Realized gains and foreign exchange effect of ($14,749) in 2023 (2022 – $6,843) principally reflected the non-taxable realized gains related to the HFP Redemption Derivative, as well as the impact of fluctuations in the value of the Canadian dollar relative to the U.S. dollar as the company computes its corporate tax liability in Canadian dollars pursuant to the requirements of Canadian tax authorities, whereas the functional currency of the company and its subsidiaries is U.S. dollar.

UK tax liability of $5,622 in 2023 (2022 - nil) reflects management's best estimate of the potential UK tax liability related to the company's profits or loss required to be attributed to UK activities and subject to UK corporation tax. The UK tax liability should give rise to Canadian foreign tax credits, for which no deferred tax assets have been recognized. These unused foreign tax credits are expected to start expiring in 9 years.

Other, including permanent differences of $306 in 2023 (2022 – $1,025) principally reflected non-deductible expenses.

Changes in net income taxes refundable for the years ended December 31 were as follows:

	2023	2022
Balance – January 1	**(1,695)**	(5,632)
Amounts recorded in the consolidated statements of loss and comprehensive loss	**2,319**	4,111
Amounts recorded in total equity	**–**	(123)
Payments made during the year	**(3,498)**	(51)
Balance – December 31	**(2,874)**	(1,695)

Changes in net deferred income tax asset (liability) for the years ended December 31 were as follows:

	2023				
	Investments	Borrowings	Tax Loss Carryforwards	Other	Total
Balance – January 1	**(6,333)**	**(6,796)**	**5,584**	**(484)**	**(8,029)**
Amounts recorded in the consolidated statements of loss and comprehensive loss	**(4,694)**	**4,802**	**(4,895)**	**330**	**(4,457)**
Amounts recorded in equity	**–**	**1,994**	**–**	**–**	**1,994**
Balance – December 31	**(11,027)**	**–**	**689**	**(154)**	**(10,492)**

	2022				
	Investments	Borrowings	Tax Loss Carryforwards	Other	Total
Balance – January 1	(5,478)	(1,672)	3,040	(309)	(4,419)
Amounts recorded in the consolidated statements of loss and comprehensive loss	(855)	(5,302)	2,544	(48)	(3,661)
Amounts recorded in equity	–	178	–	(127)	51
Balance – December 31	(6,333)	(6,796)	5,584	(484)	(8,029)

The temporary differences included in the deferred income tax liability at December 31, 2023 related to investments, tax loss carryforwards, and other temporary timing differences. The temporary differences on investments are primarily due to net investment differences in Canada, South Africa, and the United States. The temporary differences on tax loss carryforwards are related to the company's net capital losses. The other temporary timing differences primarily relate to intercompany debt.

Management reviews the recoverability of potential deferred tax assets on an ongoing basis and adjusts, as necessary, to reflect their anticipated realization. At December 31, 2023, deferred income tax assets not recorded by the company of $40,221 (December 31, 2022 – $34,664) were principally comprised of: (i) losses on South African investments of $2,423 (December 31, 2022 – $6,642); (ii) net capital losses and foreign accrual capital losses of $1,890 (December 31, 2022 – $5); and (iii) other investment differences of $35,908 (December 31, 2022 – $28,017). In addition, the company has unused non-capital losses of $2,590 and unused net capital losses of $15,264 related to its operations in South Africa for which no deferred tax asset is recognized. These losses are not expected to expire.

At December 31, 2023 and 2022, net unrealized losses related to the company's investments resulted in no deferred income tax consideration for withholding and other taxes that could be payable on unremitted earnings of investments.

12. Financial Risk Management

Overview

The primary goals of the company's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting the company's consolidated balance sheet from events that have the potential to materially impair its financial strength. The company's activities expose it to certain financial risks during or at the end of the reporting period. There were no significant changes in the types of the company's risk exposures or the company's framework used to monitor, evaluate and manage the company's risk exposures at December 31, 2023 compared to those identified at December 31, 2022, except as described below.

Geopolitical Risks, Inflation, and Rising Interest Rates

Geopolitical conflicts ongoing around the world have disrupted global supply chains, particularly the energy and food markets, resulting in volatile energy and commodity prices. The global impacts of these conflicts have resulted in increasing inflation, causing central banks in major economies to raise interest rates. Rising interest rates have the potential to impact discount rates used in the company's valuations of Private Portfolio Investments and could also impact foreign exchange risk as currencies appreciate or depreciate depending on local monetary policy responses. Such further developments could have a material adverse effect on the company's business, financial condition, results of operations, and cash flows.

Market Risk

Market risk (comprised of foreign currency risk, interest rate risk and market price fluctuations) is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market price. The company is exposed to market risk principally in its investing activities and to the extent that those activities expose the company to foreign currency risk, interest rate risk, and market price fluctuations. The valuation of the company's investment portfolio is dependent upon the underlying performance of the companies within the portfolio, but may also be affected, along with other financial statement items, by fluctuations in foreign currency exchange rates, interest rates, and market prices.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument or another asset or liability will fluctuate due to changes in exchange rates and as a result, could produce an adverse effect on net earnings (loss) and common shareholders' equity when measured in U.S. dollars, the company's functional currency.

The company has significant cash and cash equivalents and Portfolio Investments in South African rand and significant cash and cash equivalents in Canadian dollars. In addition, the company has cash and cash equivalents in Mauritian rupees and pounds sterling, for which the impact of currency fluctuations would be insignificant. At December 31, 2023, the company's direct exposure to South African rand decreased significantly compared to its exposure at December 31, 2022 due to the repayment of the CIG Loan, the sale of Other Common Shares, and the partial sale of the Indirect equity investment in AGH (refer to note 5) and the company's exposure to pounds sterling decreased significantly compared to its exposure at December 31, 2022 due to the conversion of the Event Horizon Loan to U.S. dollars (refer to note 5).

The company's common shareholders' equity and net earnings (loss) may be significantly affected by foreign currency movements resulting from the company's South African rand-denominated investments. The company is also indirectly exposed to the pounds sterling, Egyptian pounds, and South African rand through its investment in Seven Rivers, which has investments in those currencies. The company's investment in Seven Rivers may be significantly affected by foreign currency movements resulting from Seven Rivers' pounds sterling, Egyptian pounds, and South African rand-denominated investments.

At December 31, 2023 and December 31, 2022, the company's net foreign currency exposure was as follows:

	December 31, 2023	December 31, 2022
South African rand(1)	**26,786**	74,299
Pounds sterling(1)	**6,140**	9,582
Egyptian pounds(1)	**5,235**	–
Canadian dollars	**2,515**	964
Mauritian rupees	**67**	33

(1) The company is exposed to South African rand, pounds sterling, and Egyptian pounds through its investment in Seven Rivers, which owns investments denominated in these currencies. The impact of fluctuations in South African rand, pounds sterling, and Egyptian pounds for Seven Rivers' investments has been included in this table.

At December 31, 2023 and December 31, 2022, had the U.S. dollar strengthened or weakened by 5% or 10% relative to the currencies to which it has significant exposure with all other variables held constant, the net increase or decrease in net earnings (loss) would have been as follows:

	December 31, 2023		December 31, 2022	
	Sensitivity factor	Hypothetical $ change effect on net earnings (loss)(1)	Sensitivity factor	Hypothetical $ change effect on net earnings (loss)(1)
South African rand(2)	Increase / (decrease) 5.0%	984 / (984)	Increase / (decrease) 5.0%	2,731 / (2,731)
	Increase / (decrease) 10.0%	1,969 / (1,969)	Increase / (decrease) 10.0%	5,461 / (5,461)
Pounds sterling(2)	Increase / (decrease) 5.0%	226 / (226)	Increase / (decrease) 5.0%	352 / (352)
	Increase / (decrease) 10.0%	451 / (451)	Increase / (decrease) 10.0%	704 / (704)
Canadian dollars	Increase / (decrease) 5.0%	93 / (93)	Increase / (decrease) 5.0%	35 / (35)
	Increase / (decrease) 10.0%	185 / (185)	Increase / (decrease) 10.0%	79 / (79)
Egyptian pounds(2)	Increase / (decrease) 5.0%	193 / (193)	Increase / (decrease) 5.0%	nil / (nil)
	Increase / (decrease) 10.0%	385 / (385)	Increase / (decrease) 10.0%	nil / (nil)

(1) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings (loss) includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

(2) The company is exposed to South African rand, pounds sterling, and Egyptian pounds through its investment in Seven Rivers, which owns investments denominated in these currencies. The impact of fluctuations in South African rand, pounds sterling, and Egyptian pounds for Seven Rivers' investments has been included in this table.

The company has not hedged its foreign currency risk. Certain shortcomings are inherent with this method of analysis, including the assumption that the hypothetical appreciation or depreciation of the South African rand, pounds sterling, Canadian dollar, or Egyptian pounds against the U.S. dollar occurred with all other variables held constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Typically, as interest rates rise, the fair values of fixed income investments decline and, conversely, as interest rates decline, the fair values of fixed income investments rise. In each case, the longer the maturity of the financial instrument, the greater the consequence of a change in interest rates.

At December 31, 2023, the company held fixed income investments with a fair value of $30,163 (December 31, 2022 – $80,477). These investments are exposed to interest rate risk due to changes in market interest rates. The company has determined the impact of interest rate changes is not significant for these fixed income investments due to the short-term nature of the investments (refer to note 6).

In addition, through the company's investments in HSEG and Seven Rivers (refer to note 5), the company is indirectly exposed to interest rate risk due to HSEG's investment in the Zaria Loan and Seven Rivers' investment in US treasury bills. The company has determined that the impact of interest rate changes is not significant for HSEG's investment in the Zaria Loan (refer to note 6). The company has determined that the impact of interest rate changes is not significant for Seven Rivers' investment in US treasury bills due to the short-term nature of the investment.

Market Price Fluctuations

Market price fluctuation is the risk that the fair value of future cash flows of an equity investment, limited partnership investment, or related party derivative and guarantee will fluctuate due to changes in market prices (other than those arising from foreign currency risk and interest rate risk).

The company holds significant equity and limited partnership investments and is exposed to market price risk. The market value and the liquidity of these investments are volatile and may vary dramatically either up or down in short periods, and their ultimate value will therefore only be known over a period of time or on disposition.

At December 31, 2023, the hypothetical impact of a 10.0% increase or decrease in the fair value of Seven Rivers' investments classified as Level 2 in the fair value hierarchy, with all other variables held constant, would have resulted in a corresponding net increase or decrease in the company's investment in Seven Rivers of $2,516.

At December 31, 2022, the hypothetical impact of a 10.0% increase or decrease in the fair value of the company's investments classified as Level 1 in the fair value hierarchy, with all other variables held constant, would have resulted in a corresponding net increase or decrease in net earnings (loss) of $1,220. Refer to note 6 for the hypothetical impact on net earnings (loss) of various combinations of changes in significant unobservable inputs in the company's internal valuation models for the company's investments classified as Level 3 in the fair value hierarchy.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a counterparty to honour its financial obligations to the company and arises predominantly with respect to cash and cash equivalents, receivables, and investments in debt instruments.

Cash and Cash Equivalents

The company monitors risks associated with cash and cash equivalents by regularly reviewing the financial strength and creditworthiness of these financial institutions. From these reviews, the company may transfer balances from financial institutions where it perceives heightened credit risk to others considered to be more stable.

At December 31, 2023, the company's cash and cash equivalents of $95,913 (December 31, 2022 – $125,241) were comprised of $40,167 (December 31, 2022 – $104,910) at the holding company (principally in major Canadian financial institutions) and $55,746 (December 31, 2022 – $20,331) at the company's wholly-owned subsidiaries (principally in major South African and Mauritian financial institutions). In addition, through its investments in Seven Rivers and HSEG, the company has exposure to cash and cash equivalents of $4,314 (principally in major Cayman Island and Guernsey financial institutions).

Other Receivables from Related Parties

The company monitors risks associated with other receivables from related parties by regularly reviewing the financial strength and creditworthiness of these related parties and has determined that the credit risk associated with related parties is minimal.

At December 31, 2023, the company's other receivables from related parties of $991 (December 31, 2022 – $1,319) was comprised of a $991 receivable from TopCo LP. The receivable at December 31, 2022 was primarily comprised of a $1,278 receivable from TopCo LP (refer to note 13).

Subsequent to December 31, 2023

Subsequent to December 31, 2023, the company received a distribution of $991 from TopCo LP, representing payment of the remaining Excess Management Fees earned.

Other Assets

At December 31, 2023, the company's other assets of $1,167 (December 31, 2022 – $832) were primarily comprised of prepaid expenses and amounts receivable from Atlas Mara relating to the guarantee provided to TLG Credit Opportunities Fund ("TLG Capital") on Atlas Mara's facility with TLG Capital (the "TLG Facility"). At December 31, 2023, the company estimated the recoverable amount of its receivable from Atlas Mara to be $441 (December 31, 2022 – $587) based on amounts received and expected to be received from the UBN sale. Refer to note 15 for the company's valuation of the receivable from Atlas Mara.

Investments in Debt Instruments

The company's risk management strategy for debt instruments is to limit the amount of credit exposure with respect to any one corporate issuer. The company endeavours to limit credit exposure by monitoring fixed income portfolio limits on individual corporate issuers and limits based on credit quality.

The company assesses the creditworthiness of each new counterparty prior to entering into contracts. Management monitors credit risk from its Portfolio Investments in debt instruments through reviewing financial performance of its counterparties, collateral arrangements, diversification, and other credit risk mitigation techniques. Where appropriate, credit risk has been factored into the determination of fair value.

At December 31, 2023, the company had debt instruments with a fair value of $30,163 (December 31, 2022 – $80,477) that were subject to credit risk, representing 6.3% (December 31, 2022 – 12.4%) of the total cash and investments. In addition, through the investment in HSEG (refer to note 5), the company is exposed to credit risk due to HSEG's investment in the Zaria Loan, which matures on June 8, 2033.

The company's exposure to credit risk from its investments in fixed income securities decreased to $22,026 at December 31, 2023 from $73,131 at December 31, 2022 primarily as a result of full repayment of the CIG Loan and the AFGRI International Facility. Investments in fixed income securities include the related party loan receivable from Fairfax (refer to note 5).

Loans and bonds are summarized by their earliest contractual maturity date in the table that follows. Actual maturities may differ from maturities shown below due to the existence of call and put features.

	December 31, 2023		December 31, 2022	
	Cost(1)	**Fair value**	**Cost(1)**	**Fair value**
Loans:				
Due in 1 year or less(2)	**30,471**	**29,645**	86,893	80,106
Due after 5 years	**518**	**518**	371	371
	30,989	**30,163**	87,264	80,477
Bonds:				
Due in 1 year or less(2)	**20,073**	**–**	20,073	–
	20,073	**–**	20,073	–

(1) Cost is comprised of fair value on initial recognition and capitalized interest.

(2) At December 31, 2023, includes instruments for which the contractual maturity has passed but have not yet been repaid.

At December 31, 2023, loans with fair values of $8,137 and bonds with fair values of $nil (December 31, 2022 – $36,647 and $nil) contained call features. At December 31, 2023 and 2022, there were no debt instruments containing put features.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The company manages liquidity risk by maintaining sufficient liquid assets and access to a loan facility to enable settlement of financial commitments on their respective due dates. All accounts payable and accrued liabilities are due within three months, and income taxes payable must be remitted to the respective tax jurisdictions as they are due.

Cash and cash equivalents and the RMB facility (refer to note 7) at December 31, 2023 provide adequate liquidity to meet the company's remaining known significant commitments over the next twelve months, which are principally comprised of undrawn capital commitments to Helios Digital Ventures LP, Helios Fund IV, TopCo LP, TMG and the Zaria Loan, investment and advisory fees, general and administration expenses, lease commitments and corporate income taxes.

The following table presents the company's contractual obligations by their contractual maturity date:

	December 31, 2023					December 31, 2022	
	Total	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**	**Total**	**Less than 1 year**
HFP 3.0% Debenture – Principal repayment	**–**	**–**	–	–	–	100,000	100,000
HFP 3.0% Debenture – Interest	**–**	**–**	–	–	–	750	750
Digital Ventures $40M Facility	**19,819**	**19,819**	–	–	–	25,473	25,473
Digital Ventures $1M Facility	**513**	**513**	–	–	–	637	637
Helios Fund IV Commitment	**16,553**	**16,553**	–	–	–	25,185	25,185
Zaria Loan Commitment	**8,000**	**8,000**	–	–	–	–	–
TMG Obligation	**6,000**	**6,000**	–	–	–	–	–
TopCo LP Management Team Commitment	**2,483**	**2,483**	–	–	–	3,778	3,778
Due to related parties	**1,096**	**1,096**	–	–	–	803	803
Accounts payable and accrued liabilities	**1,601**	**1,601**	–	–	–	218	218
Lease commitments	**2,074**	**178**	407	445	1,044	–	–
	58,139	**56,243**	**407**	**445**	1,044	156,844	156,844

The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent it has received carried interest proceeds and a clawback is required (refer to note 5).

The company may be subject to capital call obligations with respect to its TopCo LP Class A and Class B Limited Partnership Interests to cover its pro rata share of expenses incurred by TopCo LP and TopCo LP's share of commitments to the general partners of the Helios Funds, the risk of which is partially mitigated by the six-month holding period of Excess Management Fee Proceeds by TopCo LP. The company may be subject to clawback and indemnity obligations with respect to the sale of a portion of its indirect equity interest in AGH, should certain clauses in the Sale and Purchase Agreement be triggered (refer to note 5).

Concentration Risk

The company's investments are primarily concentrated in Africa and in African businesses or businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa. The market value of the company's investments, the income generated by the company and the company's performance will be particularly sensitive to changes in the economic condition, interest rates, and regulatory environment of African countries in which the company has investments. Adverse changes to the economic condition, interest rates or regulatory environment in those African countries may have a material adverse effect on the company's business, cash flows, financial condition and net earnings.

The composition of the company's total cash and cash equivalents and Portfolio Investments by industry sector and the regions where the primary underlying risk of the issuer's businesses resides is presented in the following table. The fair values of the portfolio investments were allocated based on the issuer's revenue from each region.

	December 31, 2023					December 31, 2022				
	North Africa[1]	Sub-Saharan Africa[2]	Pan-Africa[3]	Other	Total	North Africa[1]	Sub-Saharan Africa[2]	Pan-Africa[3]	Other	Total
Cash and cash equivalents	**–**	**55,746**	**–**	**40,167**	**95,913**	–	20,331	–	104,910	125,241
Limited partnership investments:										
Asset management[5]	**–**	**–**	**155,757**	**–**	**155,757**	–	–	225,398	–	225,398
Financial services[4]	**–**	**–**	**16,691**	**–**	**16,691**	–	–	10,511	–	10,511
Insurance[4]	**–**	**–**	**12,947**	**–**	**12,947**	–	–	7,095	–	7,095
Retail and distribution[4]	**13,831**	**8,527**	**–**	**–**	**22,358**	16,179	–	–	–	16,179
Common shares:										
Food and agriculture	**–**	**5,720**	**–**	**1,080**	**6,800**	–	13,625	–	8,239	21,864
Financial services	**–**	**–**	**10,765**	**–**	**10,765**	–	672	–	–	672
Infrastructure	**–**	**–**	**10,640**	**–**	**10,640**	–	–	–	–	–
Sports and entertainment	**–**	**30,671**	**39,182**	**–**	**69,853**	–	–	39,219	–	39,219
Retail and distribution	**18,652**	**–**	**4,213**	**–**	**22,865**	17,506	–	–	–	17,506
Education	**–**	**17,000**	**–**	**–**	**17,000**	–	25,468	–	–	25,468
Other	**–**	**–**	**–**	**10,163**	**10,163**	–	16,595	–	–	16,595
Loans										
Food and agriculture	**–**	**8,137**	**–**	**–**	**8,137**	–	7,346	–	11,669	19,015
Financial services	**10,300**	**11,726**	**–**	**–**	**22,026**	7,364	7,963	–	–	15,327
Infrastructure	**–**	**–**	**–**	**–**	**–**	–	17,632	–	–	17,632
Sports and entertainment	**–**	**–**	**–**	**–**	**–**	–	–	–	9,473	9,473
	42,783	**137,527**	**250,195**	**51,410**	**481,915**	41,049	109,632	282,223	134,291	567,195

(1) North Africa is geographically, the area of the continent of Africa that lies north of the Sahara Desert. It encompasses 8 of Africa's 54 countries.

(2) Sub-Saharan Africa is geographically, the area of the continent of Africa that lies south of the Sahara Desert. It encompasses 46 of Africa's 54 countries.

(3) Pan-Africa is geographically, the continent of Africa. Investments operating broadly across the continent of Africa are exposed to Pan-African regional risk.

(4) Helios Fund IV, Seven Rivers, and HSEG have been allocated to industry sectors based on underlying investment holdings.

(5) The returns of TopCo LP Class A Limited Partnership Interest and TopCo LP Class B Limited Partnership Interest are tied to the performance of Helios Holdings Group.

The company's loans and bonds are not rated, with no issuer concentration at December 31, 2023 (December 31, 2022 – 0.0%).

Helios is the sub-advisor of TopCo LP, which is portfolio advisor of the company and provides investment management services, investment advisory services and investment administration services to HFP and its subsidiaries. As of December 31, 2023, the company is exposed to concentration risk as the investments in entities managed by Helios Holdings Group entities represent a significant portion of the company's portfolio investments.

The company will not make a Portfolio Investment if, after giving effect to such investment, the total invested amount of such investment would exceed 20.0% of the company's total assets at the time of the investment, provided, however, that the company is permitted to complete up to two Portfolio Investments where, after giving effect to each such investment, the total invested amount of each such investment would be equal to or no more than 25.0% of the company's total assets (the "Investment Concentration Restriction").

The company intends to make multiple different investments as part of its prudent investment strategy. Portfolio Investments may be financed through equity or debt offerings as part of the company's objective to reduce its cost of capital and provide returns to shareholders.

Capital Management

The company's objectives when managing capital is to optimize returns for common shareholders, while seeking attractive risk-adjusted returns. Total capital, comprised of common shareholders' equity and borrowings, was $474,596 at December 31, 2023 (December 31, 2022 – $643,533). The decrease primarily reflected the net loss of $71,687 and the repayment of the HFP 3.0% Debentures of $99,226 which was included in the 2022 equity and borrowings balance.

13. Related Party Transactions

Payable to Related Parties

At December 31, 2023, the company's payable to related parties of $1,096 was comprised of a payable to TopCo LP for investment and advisory fees of $1,096 (December 31, 2022 – $803).

Investment Advisory Agreement

The company and its subsidiaries are parties to the Investment Advisory Agreement with TopCo LP. TopCo LP has entered into a sub-investment and advisory agreement with the Manager, pursuant to which the Manager was appointed as TopCo LP's sub-advisor for the purposes of the Investment Advisory Agreement. As compensation for the provision of these services, the company and its subsidiaries pay an investment and advisory fee, and if applicable, a performance fee.

The investment and advisory fees are calculated and payable quarterly as 0.5% of the value of undeployed capital and 1.5% of the company's common shareholders' equity less the value of undeployed capital and the fair value of TopCo LP. In 2023, investment and advisory fees recorded within the consolidated statements of loss and comprehensive loss was $3,492 (2022 – $3,642).

Performance Fee

The performance fee under the Investment Advisory Agreement is accrued quarterly and is calculated, on a cumulative basis, as 20% of any increase in book value per share, excluding investment in and any cash distributions made by TopCo LP ("Adjusted Book Value per Share"), above a 5% per annum increase less any performance fees settled in prior calculation periods. The amount of Adjusted Book Value per Share at any time which must be achieved before any performance fee would be payable is sometimes referred to as the "hurdle per share".

Under the Investment Advisory Agreement, the period from January 1, 2021, to December 31, 2023 (the "first calculation period") is the first consecutive three-year period for which a performance fee, if applicable, will be payable to TopCo LP. At December 31, 2023 and 2022 the company determined that a performance fee of $nil should be accrued to TopCo LP as the Adjusted Book Value per Share of $2.92 (December 31, 2022-$2.91) (before factoring in the impact of the performance fee) was less than the hurdle per share at that date of $3.42.

The performance fee, if applicable, will be paid within 30 days after the company issues its annual audited consolidated financial statements for the year ended December 31, 2023. TopCo LP's general partner may elect, no later than fifteen days from the end of the calculation period (the "election date"), to receive the performance fee, wholly or partly, in cash or in subordinate voting shares of the company. The number of subordinate voting shares to be issued will be calculated based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the election date.

In 2023, a performance fee of $nil (2022 – performance fee recovery of $938) was recorded within the consolidated statements of loss and comprehensive loss.

Other Receivables from Related Parties

Other receivables from related parties of $991 at December 31, 2023 (December 31, 2022 – $1,319) was comprised of distributions receivable from TopCo LP Class B Limited Partnership Interest in connection with Excess Management Fees earned. Refer to the Private Portfolio Investments section in note 5.

Subsequent to December 31, 2023

Subsequent to December 31, 2023, the company received a distribution of $991 from TopCo LP, representing payment of the remaining Excess Management Fees earned.

Fairfax's Voting Rights and Equity Interest

At December 31, 2023, Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares and 7,304,067 subordinate voting shares of HFP (December 31, 2022 – 30,000,000 and 5,302,912 respectively), as well as 3,000,000 HFP Warrants exercisable for one subordinate voting share each, none of which have been exercised.

At December 31, 2023, Fairfax's holdings of multiple and subordinate voting shares represented 53.3% of the voting rights and 34.5% of the equity interest in HFP (December 31, 2022 – 53.3% and 32.6%).

Principal Holdco's Voting Rights and Equity Interest

At December 31, 2023 and 2022, Principal Holdco, a Luxembourg holding company indirectly owned by the co-CEOs of the company, owned 25,452,865 multiple voting shares and 24,632,413 subordinate voting shares of HFP. At December 31, 2023, in addition to his ownership through Principal Holdco, one of the co-CEOs also directly owned 4,500 subordinate voting shares (December 31, 2022 – 4,500) and indirectly owned 97,000 subordinate voting shares through a holding company (December 31, 2022 – 62,000).

At December 31, 2023, Principal Holdco's holdings of multiple and subordinate voting shares represented 45.9% of the voting rights and 46.3% of the equity interest in HFP (December 31, 2022 – 45.9% and 46.3%).

Key Management Personnel Compensation

Management Compensation

Compensation for the company's key management personnel for the years ended December 31 was recognized in general and administration expenses in the consolidated statements of loss and comprehensive loss as follows:

	2023	2022
Short-term employee benefits	**1,914**	1,767
Share-based payments	**136**	641
	2,050	2,408

Director Compensation

Compensation for the company's Board of Directors for the years ended December 31 was recognized in general and administration expenses in the consolidated statements of loss and comprehensive loss as follows:

	2023	2022
Retainers and fees	**410**	402
Share-based payments	**211**	240
	621	642

Special Incentive Plan

The company adopted the Special Incentive Plan, pursuant to which options to purchase subordinate voting shares of the company were granted to the SIP Recipients (refer to note 9). Certain of the SIP Recipients are key management personnel of the company or employees of the Manager.

Long Term Incentive Plan

The company adopted the Long Term Incentive Plan, pursuant to which restricted share units of the company were granted to the LTIP Recipients (refer to note 9). Certain of the LTIP Recipients are key management personnel and directors of the company.

Related Party Investment Transactions

Helios Fund IV

Helios Fund IV is related to HFP by virtue of common key management personnel. In 2023, the company did not receive any distributions from Helios Fund IV. In 2022, the company received total distributions of $9,820, comprised of an equalization adjustment of $5,402, a return of capital of $4,418, and funded capital calls of $3,184. At December 31, 2023, the company had funded aggregate capital calls of $33,447, representing 14.1% (December 31, 2022 – $24,815 and 14.1%) of the limited partnership interest in Helios Fund IV based on committed capital. The exchange amounts of the transactions represented fair value (refer to notes 5 and 6). At December 31, 2023, the company's remaining capital commitment to Helios Fund IV was $16,553 (refer to note 5).

Trone Holdings

On December 14, 2021, the company invested $15,528 for a 22.0% equity interest in Trone Holdings. Helios Fund IV, who controls SPV Rayon and the operating businesses of Trone and is a related party of HFP by virtue of common key management personnel, holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings is a related party of HFP by virtue of common key management personnel and is an associate of the company. The exchange amount of the transaction represented fair value on initial recognition (refer to notes 5 and 6).

TopCo LP

TopCo LP is a related party of HFP by virtue of common key management personnel and is an associate of the company. At December 31, 2023, the company recognized a distribution receivable from its TopCo LP Class B Limited Partnership Interest of $122, which reflected Excess Management Fees earned. Accordingly, the company recorded a reduction in the valuation of TopCo LP Class B Limited Partnership Interest and a receivable from related parties of $122. The exchange amount of the transaction represented fair value (refer to notes 5 and 6).

TopCo LP Management Team Commitment

HFP's total commitments to TopCo LP in respect of the Management Team Commitment of 25% following the final close of Helios Fund IV. In 2023, the company received total distributions of $363 representing carried interest from TopCo LP. In 2023, the company funded capital calls of $1,295 from TopCo LP related to its share of HIP Equity IV Management Team Commitment in Helios Fund IV. At December 31, 2023, the company's remaining capital commitment to TopCo LP with respect to the Management Team Commitment was $2,483 (refer to note 5).

HFP 3.0% Debentures

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in HFP 3.0% Debentures and HFP Warrants. In December 2023, and prior to the maturity date, the company redeemed the HFP 3.0% Debentures at the price of $28,400 plus any accrued and unpaid interest (refer to note 7).

Related party derivatives

As part of Fairfax's investment in the HFP 3.0% Debentures and HFP Warrants, the HFP Redemption Derivative was recorded in Related party derivatives and guarantees within the consolidated balance sheet (refer to note 5).

In December 2023, and prior to the maturity date, the company redeemed the HFP 3.0% Debentures on a net basis with the HFP Redemption Derivative at the price of $28,400 plus any accrued and unpaid interest. As a result of the redemption, the company derecognized the HFP Redemption Derivative and recognized a net gain on investments of $9,264, comprised of a realized gain of $49,535 offset by a reversal of unrealized gain of $40,271, within the consolidated statements of loss and comprehensive loss.

Fairfax Loan

The company issued the $20,000 interest-free Fairfax Loan to Fairfax, due no later than December 8, 2023. The loan was repaid in full on December 8, 2023 (refer to note 6).

Digital Ventures Facilities

On May 30, 2022, the company entered into a loan facility agreement for $40,000 with Helios Digital Ventures LP ("HDV"), a limited partnership domiciled in Guernsey (the "Digital Ventures $40M Facility"). HDV is a venture capital fund with a focus on investing in digital infrastructure across Africa. Concurrently, the company entered into a loan facility for $1,000 with Obashe Trust ("Obashe"), a company domiciled in the United States (the "Digital Ventures $1M Facility"). Obashe is the sole limited partner of HDV. HDV is related to HFP by virtue of common key management personnel. Obashe is also related to HFP. In 2023, the company funded drawdowns of $5,654 and $124 on the Digital Ventures $40M Facility and Digital Ventures $1M Facility, respectively (refer to notes 5 and 6). At December 31, 2023, the company's remaining capital commitments to the Digital Ventures $40M Facility and the Digital Ventures $1M Facility were $19,819 and $513, respectively (refer to note 5).

Helios Sports and Entertainment Group

At December 31, 2023, the company had invested $32,050 and has a 100% equity interest in HSEG. HSEG is a related party of HFP as HFP controls HSEG. On June 8, 2023, the company, through HSEG and HSEH, subscribed for 25% equity interest in Zaria for no consideration and made a maximum financial commitment of $12,000 to Zaria. On June 23, 2023, HSEH subscribed to a $4,000 loan note instrument issued by Zaria (the "Zaria Loan", formerly the "Cooper Loan"), representing fulfillment of part of the financial commitment. The Zaria Loan bears interest at a rate of the 3-month SOFR reference rate plus a margin of 5% per annum, accrued and capitalized quarterly, is unsecured and matures on June 8, 2033 (refer to notes 5 and 6). Zaria Holdings Limited owns the remaining 75% equity interest in Zaria and is a related party of HFP by virtue of common key management personnel. Zaria is a related party of HFP by virtue of being an associate of HFP.

Helios Seven Rivers Fund

In April 2023, the company invested a total of $30,000 in Seven Rivers in exchange for a 93.7% equity interest. Seven Rivers is a related party of HFP as HFP controls Seven Rivers. The exchange amount of the transaction represented fair value (refer to notes 5 and 6).

Related Party Indemnity

In 2022, the company entered into an agreement with Fairfax in respect of which Fairfax agreed to indemnify the company for all claims and liabilities that may arise from the settlement, in 2021, of the Atlas Mara Zambia Term Deposit Guarantee of $13,495, inclusive of interest.

On December 4, 2023, through the Mauritius Sub, the company and Fairfax entered into an Indemnity Agreement, pursuant to which Fairfax agreed to pay up to $8,200 for the Claw Back Clause and indemnify the company for Indemnified Losses incurred as per the Sale and Purchase Agreement dated July 28, 2023. The company has not attributed any value to these assets, as management has assessed the probability of receiving payment due to these clauses being triggered as remote.

14. Property and equipment

Property and equipment

At December 31, 2023 , the company's Property and equipment consisted of the following:

	Right of Use Assets	Construction in Progress	Total
Cost	563	427	990
Accumulated depreciation	(16)	–	(16)
Net balance, December 31, 2023	**547**	**427**	**974**

The changes in net carrying amounts of Property and equipment during 2023 are as follows:

	Right of Use Assets	Construction in Progress	Total
Net balance, December 31, 2022	–	–	–
Additions	563	427	990
Depreciation expense	(16)	–	(16)
Net balance, December 31, 2023	**547**	**427**	**974**

Depreciation expense of $16 was recorded for the year ended December 31, 2023.

The company did not have any Property and equipment at December 31, 2022.

Right of use asset

During the year ended December 31, 2023, the company entered into a lease for a permanent office space. The initial term of the lease is 10 years and contains an option to extend beyond the initial lease period. The lease contract entered into by the company does not contain any significant restrictions or covenants.

Lease liability

The company's lease liability related to the aforementioned lease at December 31, 2023 was $548 and is included in Lease liability on the consolidated balance sheets. The annual minimum payment requirements for this liability were as follows:

For the year:	
2024	**36**
2025	**96**
2026	**115**
2027	**116**
2028	**116**
Thereafter	**552**
Total minimum lease payments	**1,031**
Less: imputed interest	**(483)**
Balance of obligations under lease	**548**

During the year ended December 31, 2023, the company incurred $263 in expenses (December 31, 2022 – $35) relating to a short-term lease for its temporary office space. During 2023, the company recognized $13 in interest expense relating to its lease liability, which was included in interest expense. The company had total cash disbursements of $15 related to its lease liability.

The company did not have a lease liability in 2022.

15. Other Assets

Other assets at December 31, 2023 and December 31, 2022 were comprised as follows:

	December 31, 2023			December 31, 2022		
	Gross	Provision	Net	Gross	Provision	Net
Receivable from Atlas Mara	**761**	**320**	**441**	1,016	429	587
Sales tax refundable	**293**	**–**	**293**	2,504	2,446	58
Other	**433**	**–**	**433**	187	–	187
	1,487	**320**	**1,167**	3,707	2,875	832

Receivable from Atlas Mara

At December 31, 2023 the receivable from Atlas Mara relates to the guarantee provided by the company during 2021 to TLG Capital on the TLG Facility in the amount of $8,474. During the third quarter of 2023, the company received partial repayment of $145 on the TLG Facility Guarantee, for total partial repayments at December 31, 2023 of $4,406 (December 31, 2022 – $4,261). The company expects further repayments on the TLG Facility Guarantee as Atlas Mara receives the remaining tranche of proceeds from the sale.

At December 31, 2023, the company estimated the recoverable amount on its receivable from Atlas Mara to be $441 based on amounts received and expected to be received from the UBN sale.

16. General and Administration Expenses

General and administration expenses for the years ended December 31 were comprised as follows:

	2023	2022
Audit, legal, tax and professional fees	**4,164**	4,543
Administrative expenses	**3,479**	3,102
Management service fees	**58**	835
Depreciation of right-of-use asset	**16**	–
Salaries and employee benefit expenses	**4,436**	6,109
Brokerage fees	**–**	34
	12,153	14,623

17. Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns, that are different from those of segments operating in other economic environments.

The company has concluded that HFP is engaged in a single geographic and business segment, that of investing in Africa and Portfolio Investments.

18. Legal Proceedings

The company is a defendant in a current legal action and intends to vigorously defend itself against all legal claims arising from such action. Although the ultimate outcome of this matter cannot be ascertained at this time and the results of such legal proceedings cannot be predicted with certainty, it is the opinion of management, based on information currently available and the indemnity in place, that this is not a significant exposure and the resolution of this matter will not have a material adverse effect on the consolidated financial position of the company.

19. Supplementary Cash Flow Information

Cash and cash equivalents were included within the consolidated balance sheets and statements of cash flows as follows:

	December 31, 2023	December 31, 2022
Cash and balances with banks	**95,913**	49,473
Cash equivalents	**–**	75,768
	95,913	125,241

Details of certain cash flows included within the consolidated statements of cash flows for the years ended December 31 were as follows:

	2023	2022
Purchases of investments		
Limited partnership investments	**(9,927)**	(8,380)
Common shares	**(25,159)**	–
Loans	**(15,098)**	(24,309)
	(50,184)	(32,689)
Disposals of investments		
Loans	**48,215**	4,365
Bonds	**–**	20,000
Common stocks	**14,533**	10,264
Related party derivatives and guarantees	**–**	33,424
	62,748	68,053
Interest received (paid)		
Interest received	**7,162**	8,615
Interest paid on borrowings	**(2,786)**	(3,000)
	4,376	5,615
Dividends received	**208**	950
Income taxes paid	**(6,129)**	(51)

20. Reclassification of Comparative Amounts

During the year ended December 31, 2023, the company changed its accounting policy related to the presentation of the Net realized gains (losses) on investments, Net change in unrealized gains (losses) on investments and Interest and Dividends line items in the consolidated statements of loss and comprehensive loss. The prior presentation of these line items was changed to combine the Net realized gains (losses) on investments and Net change in unrealized gains (losses) on investments into Net gains (losses) on investments and combine the Interest and Dividends as one line item. The adjustment in presentation was made to better reflect the characteristics of the line items presented in the consolidated statements of loss and comprehensive loss. As at December 31, 2022, line items within the consolidated statements of loss and comprehensive loss were adjusted as follows

a. Net change in unrealized losses on investments of $51,925 for the year ended December 31, 2022, was reclassified to Net gains (losses) on portfolio investments within the consolidated statements of loss and comprehensive loss.
b. Net change in realized gains on investments of $28,736 for the year ended December 31, 2022, was reclassified to Net gains (losses) on portfolio investments within the consolidated statements of loss and comprehensive loss.
c. Interest of $8,997 for the year ended December 31, 2022, was reclassified to Interest and Dividends within the consolidated statements of loss and comprehensive loss.
d. Dividends of $950 for the year ended December 31, 2022, was reclassified to Interest and Dividends within the consolidated statements of loss and comprehensive loss.

Directors of the company

Kofi Adjepong-Boateng
Co-Founder and Partner
Pembani Remgro Infrastructure Managers
Senior Operating Partner
Sanlam Africa Real Estate Advisor Pty Ltd.

Ken Costa
Director
K J Costa Advisory Limited

Katherine Cunningham
Chief Financial Officer
The Globe and Mail Inc.

Lieutenant-General (ret.) Roméo Dallaire
President
Roméo Dallaire Inc.

Christopher D. Hodgson
President
Ontario Mining Association

Tope Lawani
Co-Founder and Managing Partner
Helios Investment Partners LLP
Co-Chief Executive Officer of the company

Quinn McLean
Managing Director, Middle East and Africa
Hamblin Watsa Investment Counsel

Sahar Nasr
Professor, School of Business,
Department of Economics
American University in Cairo

Babatunde Soyoye
Co-Founder and Managing Partner
Helios Investment Partners LLP
Co-Chief Executive Officer of the company

Masai Ujiri
Vice Chairman and President of Basketball
Operations Toronto Raptors, Maple Leaf
Sports and Entertainment Ltd.

Operating Management
HFP South Africa Investments Proprietary Limited
HFP Investments Limited

Dylan Buttrick
Managing Director, South Africa and Mauritius

Officers of the company

Belinda Blades
Chief Financial Officer

Ken Costa
Chairman

Luciana Germinario
Chief Operating Officer

Julia Gray
General Counsel and Corporate Secretary

Tope Lawani
Co-Chief Executive Officer

Babatunde Soyoye
Co-Chief Executive Officer

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Auditor
PricewaterhouseCoopers LLP

Transfer Agent and Registrar
Computershare Trust Company of Canada, Toronto

Share Listing
Toronto Stock Exchange
Stock Symbol: HFPC.U

Annual Meeting
The annual general meeting of shareholders of Helios Fairfax Partners Corporation will be held virtually on May 14, 2024 at 11:00 a.m. (Eastern Time) via live webcast at
web.lumiagm.com/ 477964891.

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