

23 October 2023

Atlas Mara update and summary financial highlights

Update on strategic transactions

- Atlas Mara Limited (“Atlas Mara”) remains focused on executing on its previously announced divestiture programme to maximise value for its creditors and other stakeholders.
- On 24 November 2021, the cancellation of the listing of Atlas Mara’s ordinary shares on the London Stock Exchange became effective.
- With regards to Union Bank of Nigeria (“UBN”), on 23 December 2021, Titan Trust Bank Limited (“Titan Trust”) announced that it had reached an agreement to acquire a 93.41% equity stake in UBN, including Atlas Mara’s direct and indirectly held 49.55% stake in UBN. Following regulatory approvals, on 2 June 2022, the selling shareholders concluded the disposal of UBN to Titan Trust.
- UBN’s UK subsidiary (UBUK) was excluded from the transaction with Titan Trust and transferred to the existing shareholders of UBN, including Atlas Mara. On 28 June 2022, Atlas Mara along with the other shareholders of UBUK entered into an agreement in which Fidelity Bank Plc would acquire UBUK. Following regulatory approvals, the transaction with Fidelity Bank was closed on 25 July 2023.
- On 5 July 2023 Atlas Mara’s subsidiary ABC Holdings (“ABCH”) entered a settlement arrangement with Norsad Finance Limited, Africa Agriculture and Trade Investment Fund S.A, and Afrexim Bank Limited to resolve certain legacy debt facilities extended to the subsidiary.
- On 26 October 2021, Atlas Mara and ABCH entered into a binding agreement to sell its subsidiary in Zambia to Access Bank Plc. On 28 March 2023, ABCH entered into a binding agreement to sell its subsidiary in Tanzania to Access Bank Plc. Both transactions have received regulatory approval and the parties are now working on the closing conditions.
- As at the date of this release, ABCH continues to hold its investment in its operations in Zimbabwe and a number of smaller subsidiaries as it continues to work towards its objective to provide value to all stakeholders.

Update on audited accounts for the 12-month period ended 28 February 2022

- The delays of the audited financial statements of Atlas Mara have been due to the macroeconomic conditions and the ongoing control environment assessment being conducted in Zimbabwe.
- The protracted control environment assessment has not been concluded and is currently being analysed by the auditors. Following the conclusion of the assessment, the work to close out the ABCH audit will progress, following which the work to close out the Atlas Mara audit will commence. At this point we are unable to provide the exact timeline for the auditors to complete these work streams.
- The below summarised financial information for the 12 months ending February 2022 represents an extract from the unaudited financial statements.
- The unaudited book value per share for the year ended 28 February 2022 was \$0.48. However, in light of the previously announced debt restructuring program for the benefit of creditors, in conjunction with macroeconomic and foreign exchange volatility, the book value per share is expected to be lower in forthcoming reporting periods, with a potential risk that there may be insufficient value for the shareholders of the Company.

Summary of results

Table 1: Adjusted operating profit and reconciliation to IFRS profit for 12-months ended 28 February 2022

\$'million	12-months ended 28 February 2022	14-months ended 28 February 2021
Adjusted profit after tax	(41.8)	1.5
Transaction and M & A related items ¹	(228.8)	(12.6)
Reorganisations and restructuring costs	(0.2)	(4.3)
Impact of hyperinflation accounting	(12.4)	(16.9)
Tax and NCI	(16.6)	(25.0)
Reported net profit	(292.5)	(57.3)
Reported return on equity	(418.5%)	(20.5%)
Adjusted return on equity	(60.8%)	0.9%
Reported return on assets	(20.8%)	(2.3%)
Adjusted return on assets	(3.0%)	0.1%
Book value per share (\$)	0.48	1.99
Tangible book value per share (\$)	0.55	2.01
Total Shares in issue ('000)	144,002	144,002

1. Included in the transaction and M&A related items is the impact of the impairment of the investment in UBN of \$220 million, following the classification of the investment as a non-current asset held for sale.

Table 2: Statement of other comprehensive income for 12-months ended 28 February 2022

\$'million	12-months ended 28 February 2022	14-months ended 28 February 2021
Net interest income	56.5	82.2
Impairment credit/(charge) on financial assets	(19.7)	(12.2)
Non-interest income	73.8	104.0
Share of profit of associates	23.6	25.5
Total operating income	134.2	199.5
Operating expenses	(173.2)	(214.1)
Transaction and integration expenses	(0.5)	1.0
Loss on monetary position	(12.4)	(16.9)
Net movement on IFRS 5 remeasurement ¹	(228.8)	(1.4)
(Loss)/profit before tax*	(280.7)	(31.9)
Income tax expense	(11.8)	(25.4)
Loss for the period	(292.5)	(57.3)
Attributable to:		
Ordinary shareholders	(287.8)	(58.6)
Non-controlling interests	(4.7)	1.3
Loss for the period	(292.5)	(57.3)

1 The net movement on IFRS 5 remeasurement includes the impact of the impairment of Atas Mara's investment in UBN to the lower of its carrying value or fair value less cost to sell (\$220 million).

Statement of financial position as at 28 February 2022

\$'million	28 February 2022	28 February 2021	Variance (%)
ASSETS			
Cash and short-term funds	136.4	141.9	(3.9%)
Financial assets at FVTPL	25.6	17.3	48.2%
Loans & advances	71.2	580.5	(87.7%)
Investments	60.5	119.6	(49.4%)
Investment in associates	1.6	471.5	(99.7%)
Goodwill and other intangible assets	5.4	63.9	(91.5%)
Other assets	131.0	112.5	16.5%
Assets included in disposal groups held for sale	952.0	1,101.4	(13.6%)
Total assets	1,383.7	2,608.6	(47.0%)
LIABILITIES			
Deposits	188.2	672.5	(72.0%)
Borrowed funds	407.7	441.7	(7.7%)
Other liabilities	124.5	141.3	(11.8%)
Liabilities included in disposal groups held for sale	599.4	1,022.6	(41.4%)
Total liabilities	1,319.8	2,278.1	(42.1%)
EQUITY			
Equity attributable to parent	68.8	286.8	(76.0%)
Minority interests	(4.9)	43.7	>100%
Total equity	63.9	330.5	(80.7%)
Total equity and liabilities	1,383.7	2,608.6	(47.0%)
Loan to deposit ratio	37.8%	86.3%	
Net book value per share - \$	0.48	1.99	
Tangible book value per share - \$	0.55	2.01	