

CAA Club Group

**Selected Financial Information of Consolidated Financial Statements
December 31, 2020**

*Selected Financial Information only.
Audited Consolidated Financial Statements are available upon request.*

CAA Club Group

Consolidated Statement of Financial Position

As at December 31

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 341,376	\$ 293,222
Instalment premiums	262,556	206,853
Accounts receivable	83,751	57,948
Prepaid expenses and deposits	20,034	18,318
Deferred policy and membership acquisition expenses (note 7)	136,059	60,665
Deferred income tax asset (note 17)	49,379	40,943
Reinsurers' share of provision for unpaid claims and adjustment expenses (note 9)	106,039	37,950
Ceded unearned premiums (note 4)	55,174	36,324
Deferred claims fees	361	2,930
Investments (note 5)	888,250	795,416
Investments lent through securities lending program (note 5)	85,373	58,677
Investments in joint arrangements and associates (note 10)	6,226	7,314
Property and equipment (note 11)	54,335	58,624
Right-of-use assets (note 12)	16,423	19,119
Intangible assets (note 13)	95,087	95,515
Other assets	707	400
Goodwill (note 14)	29,753	29,753
Total assets	<u>\$ 2,230,883</u>	<u>\$ 1,819,971</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 115,906	\$ 104,906
Lease liabilities (note 12)	17,045	19,446
Income taxes payable	13,431	5,317
Future dated premiums	1,451	17,895
Unearned premiums (note 4)	598,298	429,297
Unearned commissions	10,193	7,671
Contract liabilities (note 18)	120,284	121,349
Borrowings (note 19)	58,000	58,000
Provision for unpaid claims and adjustment expenses (note 9)	672,424	542,630
Other financial liabilities (note 19)	3,156	453
Employee defined benefit liabilities, net (note 8)	43,643	30,264
Retirement benefits, other than pension (note 8)	15,324	20,311
Total liabilities	<u>1,669,155</u>	<u>1,357,539</u>
Surplus		
Surplus before accumulated other comprehensive income	582,859	480,898
Accumulated other comprehensive income (loss) (AOCI) (note 6)	<u>(51,296)</u>	<u>(42,573)</u>
Surplus attributable to members of CAA (note 15)	531,563	438,325
Non-controlling interest (NCI)	<u>30,165</u>	<u>24,107</u>
Total surplus	<u>561,728</u>	<u>462,432</u>
Total liabilities and surplus	<u>\$ 2,230,883</u>	<u>\$ 1,819,971</u>

CAA Club Group
Consolidated Statement of Income
For the year ended December 31

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
Revenues		
Revenue from contracts with customers (note 18)	\$ 237,775	\$ 263,492
Gross premiums written	1,157,528	789,651
Premiums ceded to reinsurers	(239,898)	(64,781)
Net premiums written	917,630	724,870
Change in net unearned premiums	(150,151)	(50,910)
Net premiums earned	767,479	673,960
Investment income (note 5)	68,880	40,044
Service charges and other income	35,267	14,046
Total revenues	<u>1,109,401</u>	<u>991,542</u>
Expenses		
Member services	141,443	159,299
Advertising and promotion	22,071	27,677
Administration	32,829	49,167
Claims expenses, commissions, and other	853,880	672,338
Claims expenses recovered from reinsurers	(139,255)	(31,417)
Net claims incurred and other expenses	714,625	640,921
Retail centres	71,620	83,526
Finance costs	871	862
Other expenses	1,586	9,749
Total expenses	<u>985,045</u>	<u>971,201</u>
Operating profit	124,356	20,341
Income (loss) from equity investments in joint arrangements and associates (note 10)	111	(124)
Net income before income taxes	<u>124,467</u>	<u>20,217</u>
Provision for income taxes (note 17)		
Current	23,806	10,907
Deferred	(7,099)	(17,831)
Total income tax expense (recovery)	<u>16,707</u>	<u>(6,924)</u>
Net income for the year	107,760	27,141
Less: net income attributable to NCI	(6,058)	(3,125)
Net income attributable to members of CAA	<u>\$ 101,702</u>	<u>\$ 24,016</u>

CAA Club Group

Consolidated Statement of Comprehensive Income

For the year ended December 31

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
Net income attributable to members of CAA	\$ 101,702	\$ 24,016
Other comprehensive (loss) income (OCI)		
Items that may be reclassified subsequently to net income:		
Change in net unrealized loss on interest rate swap	(2,702)	(453)
Items that will not be reclassified subsequently to net income:		
Remeasurement loss on employee defined benefit and post-retirement benefit plans, net of tax recovery of \$1,337 (2019 - \$3,304)	<u>(5,762)</u>	<u>(9,207)</u>
Total OCI for the year	(8,464)	(9,660)
Comprehensive income attributable to members of CAA	<u>\$ 93,238</u>	<u>\$ 14,356</u>

CAA Club Group

Consolidated Statement of Surplus

For the year ended December 31

(in thousands of dollars)

	Surplus before AOCI attributable to members of CAA	AOCI attributable to members of CAA	Surplus attributable to members of CAA	NCI	Total surplus
Balance as at January 1, 2020	\$ 480,898	\$ (42,573)	\$ 438,325	\$ 24,107	\$ 462,432
Net income	101,702	-	101,702	6,058	107,760
OCI	-	(8,464)	(8,464)	-	(8,464)
Total comprehensive income (loss) for the year	101,702	(8,464)	93,238	6,058	99,296
Transfer of re-measurement gain on pension plan to surplus	259	(259)	-	-	-
Balance as at December 31, 2020	\$ 582,859	\$ (51,296)	\$ 531,563	\$ 30,165	\$ 561,728
Balance as at January 1, 2019	\$ 455,902	\$ (32,913)	\$ 422,989	\$ 22,982	\$ 445,971
Net income	24,016	-	24,016	3,125	27,141
OCI	-	(9,660)	(9,660)	-	(9,660)
Total comprehensive income (loss) for the year	24,016	(9,660)	14,356	3,125	17,481
Disposal of interest in subsidiary	980	-	980	(2,000)	(1,020)
Balance as at December 31, 2019	\$ 480,898	\$ (42,573)	\$ 438,325	\$ 24,107	\$ 462,432

CAA Club Group

Consolidated Statement of Cash Flows

For the year ended December 31

(in thousands of dollars)

	2020	2019
Cash provided by (used in)		
Operating activities		
Net income attributable to members of CAA	\$ 101,702	\$ 24,016
Adjustments for:		
Amortization of property and equipment and intangible assets	20,260	15,919
Amortization of right-of-use assets	4,116	3,533
Impairment loss on intangible assets	2,069	-
Finance costs	871	862
Transaction costs incurred on acquisition of Echelon	-	2,241
Income tax expense	23,806	10,907
Deferred income tax recovery	(7,099)	(16,437)
Loss on sale of property and equipment	59	5
(Gain) loss on sale of investments	(2,789)	1,221
Fair value gains on investments	(28,377)	(11,025)
Loss on acquisition of control of 2124646 Ontario Inc.	48	-
Changes in employee defined benefit liabilities, net	2,770	1,398
Changes in retirement benefits, other than pension	626	794
Loss on disposition of subsidiary	-	1,063
Equity (income) loss from investments in joint arrangements and associates	(111)	124
NCI	6,058	3,125
Changes in non-cash working capital items (note 16)	49,473	106,101
	<u>173,482</u>	<u>143,847</u>
Income taxes paid, net	(15,674)	(4,472)
Cash provided by operating activities	<u>157,808</u>	<u>139,375</u>
Investing activities		
Purchase of investments	(1,074,366)	(737,541)
Proceeds from sale of investments	986,002	862,398
Dividends received	1,088	305
Acquisition of Echelon	-	(165,950)
Purchase of property and equipment and intangible assets, net	(17,671)	(20,385)
Cash used in investing activities	<u>(104,947)</u>	<u>(61,173)</u>
Financing activities		
Proceeds from borrowings	-	58,000
Payment of lease liabilities	(4,707)	(4,075)
Cash (used in) provided by financing activities	<u>(4,707)</u>	<u>53,925</u>
Increase in cash and cash equivalents during the year	48,154	132,127
Cash and cash equivalents - beginning of year	293,222	53,744
Cash and cash equivalents on disposition	-	(2,185)
Cash and cash equivalents on acquisition	-	109,536
Cash and cash equivalents - end of year	<u>341,376</u>	<u>293,222</u>
Cash and cash equivalents comprise		
Cash	274,353	192,057
Short-term deposits	67,023	101,165
	<u>\$ 341,376</u>	<u>\$ 293,222</u>
Supplementary information		
Interest paid	<u>\$ 2,601</u>	<u>\$ 843</u>