

CAA Club Group

Consolidated Financial Statements
December 31, 2022

*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)

	2022	2021
Assets		
Cash and cash equivalents	\$ 265,668	\$ 352,239
Instalment premiums	372,681	308,063
Accounts receivable	132,133	93,374
Income taxes recoverable	29,249	5,624
Prepaid expenses and deposits	20,452	20,182
Deferred policy and membership acquisition expenses (note 7)	221,714	164,423
Ceded unearned premiums (note 4)	153,801	112,953
Deferred claims fees	2,708	1,739
Investments (note 5)	1,381,781	1,255,875
Reinsurers' share of provision for unpaid claims and adjustment expenses (note 9)	296,925	187,955
Deferred income tax assets (note 18)	53,089	55,572
Investments in joint arrangements and associates (note 10)	4,105	7,098
Property and equipment (note 11)	51,434	52,672
Right-of-use assets (note 12)	8,971	11,977
Intangible assets (note 13)	113,044	103,488
Other assets	2,084	1,698
Other financial assets (note 20)	1,182	-
Goodwill (note 14)	29,753	29,753
Total assets	<u>\$ 3,140,774</u>	<u>\$ 2,764,685</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 252,606	\$ 216,149
Income taxes payable	210	2,899
Future dated premiums	17,199	9,237
Unearned premiums (note 4)	858,468	710,756
Unearned commissions	39,984	26,108
Contract liabilities (note 19)	130,667	126,283
Lease liabilities (note 12)	9,547	12,739
Borrowings (note 20)	34,300	40,100
Other financial liabilities (note 20)	-	527
Provision for unpaid claims and adjustment expenses (note 9)	1,114,779	889,056
Deferred income tax liabilities (note 18)	6,275	8,318
Employee defined benefit liabilities, net (note 8)	6,621	21,558
Retirement benefits, other than pension (note 8)	9,922	13,735
Total liabilities	<u>2,480,578</u>	<u>2,077,465</u>
Surplus		
Surplus before accumulated other comprehensive income	630,109	675,472
Accumulated other comprehensive loss (AOCI) (note 6)	(3,801)	(23,771)
Surplus attributable to members of CAA (note 15)	626,308	651,701
Non-controlling interest (NCI)	33,888	35,519
Total surplus	<u>660,196</u>	<u>687,220</u>
Total liabilities and surplus	<u>\$ 3,140,774</u>	<u>\$ 2,764,685</u>

CAA Club Group

Consolidated Statement of Income (Loss)

For the year ended December 31

(in thousands of dollars)

	2022	2021
Revenues		
Revenue from contracts with customers (note 19)	\$ 273,217	\$ 248,273
Gross premiums written	1,682,010	1,344,421
Premiums ceded to reinsurers	(385,725)	(275,572)
Net premiums written	1,296,285	1,068,849
Change in net unearned premiums	(106,864)	(54,679)
Net premiums earned	1,189,421	1,014,170
Investment (loss) income (note 5)	(55,382)	48,016
Service charges and other income	20,965	15,902
Total revenues	1,428,221	1,326,361
Expenses		
Member services	177,364	147,495
Advertising and promotion	31,243	25,790
Administration	47,920	40,373
Claims expenses, commissions, and other	1,414,840	1,084,755
Claims expenses recovered from reinsurers	(249,337)	(140,868)
Net claims incurred and other expenses	1,165,503	943,887
Retail centres	69,747	51,431
Finance costs	534	660
Other expenses	47	1,294
Total expenses (note 17)	1,492,358	1,210,930
Operating (loss) profit	(64,137)	115,431
(Loss) income from equity investments in joint arrangements and associates (note 10)	(2,748)	872
Net (loss) income before income taxes	(66,885)	116,303
Income taxes (note 18)		
Current	(14,723)	19,942
Deferred	(4,744)	(2,150)
Total income tax (recovery) expense	(19,467)	17,792
Net (loss) income for the year	(47,418)	98,511
Less: net (loss) income attributable to NCI	(2,055)	5,898
Net (loss) income attributable to members of CAA	\$ (45,363)	\$ 92,613

CAA Club Group

Consolidated Statement of Comprehensive Income (Loss)

For the year ended December 31

(in thousands of dollars)

	<u>2022</u>	<u>2021</u>
Net (loss) income attributable to members of CAA	\$ (45,363)	\$ 92,613
Other comprehensive income (OCI)		
Items that may be reclassified subsequently to net income:		
Change in net unrealized gain on interest rate swap	1,708	2,629
Items that will not be reclassified subsequently to net income:		
Remeasurement gain on employee defined benefit and post-retirement benefit plans, net of tax expense of \$5,184 (2021 - \$4,275)	<u>18,686</u>	<u>24,352</u>
Total OCI for the year	20,394	26,981
Less: other comprehensive income (loss) attributable to NCI	<u>424</u>	<u>(544)</u>
Total OCI attributable to members of CAA	19,970	27,525
Comprehensive (loss) income attributable to members of CAA	<u>\$ (25,393)</u>	<u>\$ 120,138</u>

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Consolidated Statement of Surplus (Deficit)

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, 2022	\$ 675,472	\$ (23,771)	\$ 651,701	\$ 35,519	\$ 687,220
Net loss	(45,363)	-	(45,363)	(2,055)	(47,418)
OCI	-	19,970	19,970	424	20,394
Total comprehensive (loss) income for the year	(45,363)	19,970	(25,393)	(1,631)	(27,024)
Balance as at December 31, 2022	\$ 630,109	\$ (3,801)	\$ 626,308	\$ 33,888	\$ 660,196
Balance as at January 1, 2021	\$ 582,859	\$ (51,296)	\$ 531,563	\$ 30,165	\$ 561,728
Net income	92,613	-	92,613	5,898	98,511
OCI	-	27,525	27,525	(544)	26,981
Total comprehensive income for the year	92,613	27,525	120,138	5,354	125,492
Balance as at December 31, 2021	\$ 675,472	\$ (23,771)	\$ 651,701	\$ 35,519	\$ 687,220

CAA Club Group

Consolidated Statement of Cash Flows

For the year ended December 31

(in thousands of dollars)

	<u>2022</u>	<u>2021</u>
Cash provided by (used in)		
Operating activities		
Net (loss) income attributable to members of CAA	\$ (45,363)	\$ 92,613
Adjustments for:		
Amortization of property and equipment and intangible assets	24,701	21,841
Amortization of right-of-use assets	3,013	3,739
Finance costs	534	660
Income tax (recovery) expense	(14,723)	19,942
Deferred income tax recovery	(4,744)	(2,150)
Loss (gain) on sale of investments	6,017	(3,952)
Fair value loss on investments	88,173	4,618
Changes in employee defined benefit liabilities, net	1,463	4,439
Changes in retirement benefits, other than pension	425	424
Loss on sale of property, equipment and intangible assets, net	1,586	-
Loss on disposition of leases	139	-
Equity loss (income) from investments in joint arrangements and associates	2,748	(872)
NCI	(2,055)	5,898
Changes in non-cash working capital items (note 16)	127,321	232,320
	<u>189,235</u>	<u>379,520</u>
Income taxes paid, net	(12,085)	(36,347)
Cash provided by operating activities	<u>177,150</u>	<u>343,173</u>
Investing activities		
Purchase of investments	(671,937)	(803,883)
Proceeds from sale of investments	451,841	520,965
Dividends received	245	-
Purchase of property and equipment and intangible assets, net	(34,198)	(27,233)
Cash used in investing activities	<u>(254,049)</u>	<u>(310,151)</u>
Financing activities		
Repayment of borrowings	(5,800)	(17,900)
Payment of lease liabilities	(3,872)	(4,259)
Cash used in financing activities	<u>(9,672)</u>	<u>(22,159)</u>
(Decrease) increase in cash and cash equivalents during the year	(86,571)	10,863
Cash and cash equivalents - beginning of year	<u>352,239</u>	<u>341,376</u>
Cash and cash equivalents - end of year	<u>265,668</u>	<u>352,239</u>
Cash and cash equivalents comprise		
Cash	208,712	268,702
Short-term deposits	56,956	83,537
	<u>\$ 265,668</u>	<u>\$ 352,239</u>
Supplementary information		
Interest paid	\$ 1,760	\$ 2,413