

# Fairfax India Holdings Corporation

News Release

TSX Stock Symbol: *FIH.U*

TORONTO, February 16, 2023

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## FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

*(Note: All dollar amounts in this press release are expressed in U.S. dollars except as otherwise noted. The financial results are derived from financial statements prepared using the recognition and measurement requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), except as otherwise noted, and are unaudited. This press release contains certain non-GAAP and other financial measures, including book value per share, book value per share prior to the performance fee, and cash and marketable securities, that do not have a prescribed meaning under IFRS and may not be comparable to similar financial measures presented by other issuers. See "Glossary of non-GAAP and other financial measures" at the end of this press release for further details.)*

Fairfax India Holdings Corporation (TSX: FIH.U) announces fiscal year 2022 net earnings of \$191.4 million (\$1.34 net earnings per diluted share), compared to 2021 net earnings of \$494.5 million (\$3.22 net earnings per diluted share). The company's book value per share at December 31, 2022 of \$19.11 represented a compound annual growth rate of 8.5% (8.7% prior to the performance fee described below) from the initial public offering price of \$10.00 per share.

Highlights for 2022 (with comparisons to 2021, except as otherwise noted) included the following:

- At December 31, 2022 common shareholders' equity was \$2,642.0 million, or book value per share of \$19.11, compared to \$2,774.8 million, or book value per share of \$19.65, at December 31, 2021, a decrease of 2.7%, which includes unrealized foreign currency translation losses of \$288.6 million (\$2.08 per share) primarily as a result of translating Indian rupee-denominated net assets into U.S. dollars for presentation. Since the company's inception, it has recorded cumulative unrealized foreign currency translation losses of \$611.7 million (\$4.42 per share).
- Net change in unrealized gains on investments of \$153.7 million, principally from an increase in the fair value of the company's investments in IIFL Finance (\$218.5 million), NSE (\$62.9 million), CSB Bank (\$19.7 million), 360 ONE WAM Limited ("360 ONE", formerly IIFL Wealth) (\$9.9 million) and Saurashtra (\$8.8 million), partially offset by a decrease in the fair value of Sanmar (\$42.7 million), Fairchem Organics (\$29.7 million), IIFL Securities (\$28.3 million), and 5paisa (\$9.1 million). The net change in unrealized gains on investments also included reversals of unrealized gains on 360 ONE (\$39.3 million) and Other Public Indian Investments (\$21.0 million) recorded in prior periods as a result of sales.
- Net realized gains on investments of \$95.9 million primarily related to realized gains on sales of 360 ONE (\$63.8 million) and Other Public Indian Investments (\$33.4 million).
- On November 11, 2022, Prime Minister Narendra Modi inaugurated Phase 1 of Bangalore International Airport Limited's ("BIAL") Terminal 2, which increases annual passenger capacity at the airport by 25 million. BIAL achieved this historic milestone despite the many challenges it faced over the past two years due to the COVID-19 pandemic. BIAL was severely impacted by the COVID-19 pandemic in 2020 and 2021, but by the end of 2022 domestic passenger traffic had fully recovered and international passenger traffic had recovered to 88% of pre-pandemic levels. At December 31, 2022 BIAL contributed to approximately 42% of the company's book value per share.

FAIRFAX INDIA HOLDINGS CORPORATION

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- The company continued to buy back shares under its normal course issuer bid and during 2022 purchased for cancellation 2,964,452 subordinate voting shares at a net cost of \$35.6 million (\$12.00 per subordinate voting share).
- The company recorded a performance fee recovery of \$36.4 million for 2022 and at December 31, 2022 had accrued \$41.5 million to the benefit of Fairfax Financial Holdings. The performance fee, if any, will only be finally determined on December 31, 2023 at the end of the three year measurement period.

Fairfax India is in strong financial health, with cash and marketable securities of approximately \$334 million.

There were 138.5 million and 141.4 million weighted average common shares outstanding during the fourth quarters of 2022 and 2021 respectively. At December 31, 2022 there were 108,270,900 subordinate voting shares and 30,000,000 multiple voting shares outstanding.

Unaudited balance sheets, earnings (loss) and comprehensive income (loss) information follow and form part of this press release.

Fairfax India Holdings Corporation 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 India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India.

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*This press release may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or an Indian 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, an Indian Investment, or the Indian market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved".*

*Forward-looking statements are based on our opinions and estimates as of the date of this press release, and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors: the COVID-19 pandemic; oil price risk; geographic concentration of investments; foreign currency fluctuation; volatility of the Indian securities markets; investments may be made in foreign private businesses where information is unreliable or unavailable; valuation methodologies involve subjective judgments; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; lawsuits; use of leverage; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; weather risk; taxation risks; emerging markets; MLI; economic risk; and trading price of subordinate voting shares relative to book value per share risk. Additional risks and uncertainties are described in the company's annual information form dated March 4, 2022 which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the company's website at [www.fairfaxindia.ca](http://www.fairfaxindia.ca). These factors and assumptions are not intended to represent a complete list of the*

*factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.*

*Although the company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.*

Information on  
**CONSOLIDATED BALANCE SHEETS**  
*as at December 31, 2022 and December 31, 2021*  
*(unaudited - US\$ thousands)*

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Assets</b>		
Cash and cash equivalents	147,448	30,376
Short term investments	49,692	6,151
Bonds	140,693	214,468
Common stocks	<u>3,020,223</u>	<u>3,325,713</u>
Total cash and investments	<u>3,358,056</u>	<u>3,576,708</u>
Interest and dividends receivable	5,599	5,339
Income taxes refundable	1,012	1,056
Other assets	<u>902</u>	<u>1,243</u>
Total assets	<u><u>3,365,569</u></u>	<u><u>3,584,346</u></u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,143	866
Accrued interest expense	8,611	8,611
Income taxes payable	331	—
Payable to related parties	50,851	95,002
Deferred income taxes	50,554	80,648
Borrowings	<u>497,306</u>	<u>496,785</u>
Total liabilities	<u>608,796</u>	<u>681,912</u>
<b>Equity</b>		
Common shareholders' equity	2,642,036	2,774,792
Non-controlling interests	<u>114,737</u>	<u>127,642</u>
Total equity	<u>2,756,773</u>	<u>2,902,434</u>
	<u><u>3,365,569</u></u>	<u><u>3,584,346</u></u>
<b>Book value per share</b>	<u>\$ 19.11</u>	<u>\$ 19.65</u>

Information on

**CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)**

for the fourth quarters and years ended December 31, 2022 and 2021

(unaudited - US\$ thousands except per share amounts)

	Fourth quarter		Year ended December 31,	
	2022	2021	2022	2021
<b>Income</b>				
Interest	3,397	2,372	11,353	5,500
Dividends	2,850	4,438	23,985	27,468
Net realized gains on investments	68,769	33,550	95,882	227,193
Net change in unrealized gains (losses) on investments	47,705	(186,133)	153,656	438,935
Net foreign exchange losses	(3,161)	(112)	(47,350)	(5,557)
	<u>119,560</u>	<u>(145,885)</u>	<u>237,526</u>	<u>693,539</u>
<b>Expenses</b>				
Investment and advisory fees	9,444	10,120	38,988	40,775
Performance fee (recovery)	8,855	(32,976)	(36,428)	85,193
General and administration expenses	6,317	994	13,470	5,526
Interest expense	6,380	6,381	25,521	28,515
	<u>30,996</u>	<u>(15,481)</u>	<u>41,551</u>	<u>160,009</u>
<b>Earnings (loss) before income taxes</b>	<b>88,564</b>	<b>(130,404)</b>	<b>195,975</b>	<b>533,530</b>
Provision for (recovery of) income taxes	(3,996)	(12,679)	4,487	39,030
<b>Net earnings (loss)</b>	<b><u>92,560</u></b>	<b><u>(117,725)</u></b>	<b><u>191,488</u></b>	<b><u>494,500</u></b>
<b>Attributable to:</b>				
Shareholders of Fairfax India	92,574	(117,716)	191,439	494,514
Non-controlling interests	(14)	(9)	49	(14)
	<u>92,560</u>	<u>(117,725)</u>	<u>191,488</u>	<u>494,500</u>
<b>Net earnings (loss) per share</b>	\$ 0.67	\$ (0.83)	\$ 1.38	\$ 3.38
<b>Net earnings (loss) per diluted share</b>	\$ 0.65	\$ (0.83)	\$ 1.34	\$ 3.22
<b>Shares outstanding</b> (weighted average)	<b>138,481,733</b>	<b>141,398,140</b>	<b>139,066,682</b>	<b>146,379,346</b>

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

for the fourth quarters and years ended December 31, 2022 and 2021

(unaudited - US\$ thousands)

	Fourth quarter		Year ended December 31,	
	2022	2021	2022	2021
<b>Net earnings (loss)</b>	<b><u>92,560</u></b>	<b><u>(117,725)</u></b>	<b><u>191,488</u></b>	<b><u>494,500</u></b>
<b>Other comprehensive loss, net of income taxes</b>				
<b>Item that may be subsequently reclassified to net earnings (loss)</b>				
Unrealized foreign currency translation losses, net of income taxes of nil (2021 - nil)	(48,570)	(1,125)	(301,507)	(46,262)
<b>Other comprehensive loss, net of income taxes</b>	<b><u>(48,570)</u></b>	<b><u>(1,125)</u></b>	<b><u>(301,507)</u></b>	<b><u>(46,262)</u></b>
<b>Comprehensive income (loss)</b>	<b><u>43,990</u></b>	<b><u>(118,850)</u></b>	<b><u>(110,019)</u></b>	<b><u>448,238</u></b>
<b>Attributable to:</b>				
Shareholders of Fairfax India	45,947	(118,656)	(97,114)	449,672
Non-controlling interests	(1,957)	(194)	(12,905)	(1,434)
	<u>43,990</u>	<u>(118,850)</u>	<u>(110,019)</u>	<u>448,238</u>

## **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 this press release, which have been used consistently and disclosed regularly in the company's Annual Reports and interim financial reporting, do not have a prescribed meaning under IFRS and may not be comparable to similar measures presented by other companies. Those measures are described below.

**Book value per share** - The company considers book value per share a key performance measure in evaluating its objective of long term capital appreciation, while preserving capital. This measure is also closely monitored as it is used to calculate the performance fee, if any, to Fairfax Financial Holdings. This measure is calculated by the company as common shareholders' equity divided by the number of common shares outstanding.

**Book value per share prior to the performance fee** - This measure adjusts common shareholders' equity in the book value per share calculation to remove the performance fee accrued, and is a key performance measure.

**Cash and marketable securities** - This measure is calculated by the company as the sum of cash, cash equivalents, short term investments, Government of India bonds and Other Public Indian Investments. The company uses this measure to monitor short term liquidity risk.