FIRST QUARTER

Fiscal 2024 Report to Shareholders

Canaccord Genuity

Canaccord Genuity Group Inc. Reports First Quarter Fiscal 2024 Results

Excluding significant items, quarterly earnings per common share of $0.07[(1)]
First quarter dividend of $0.085 per common share

TORONTO, August 3, 2023 – Canaccord Genuity Group Inc. (Canaccord Genuity Group, the Company, TSX: CF) today announced its financial results for the first fiscal quarter ended June 30, 2023.

"Following a brief period of modest recovery, market conditions in our first fiscal quarter continued to be challenging for capital raising and M&A activities. Our wealth management businesses have continued to perform well, providing resiliency in our results," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "The environment appears to be improving as our clients begin to anticipate recovery and we are hopeful for stronger business activity towards the second half of this fiscal year."

First fiscal quarter highlights:

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise indicated)

- First quarter revenue of $343.3 million, an increase of 8.2% over the same period in the prior year
- First quarter net income before taxes excluding significant items[(1)] of $32.9 million, an increase of 19.8% or $5.4 million year-over-year (on an IFRS basis, net income before taxes amounted to $6.3 million, a year-over-year increase of 231.7%)
- Q1/24 profitability was impacted by both higher interest expense and higher interest revenue reflecting market rate increases, reduced advisory fees revenue due to delays in completion of ongoing mandates, increased development costs in connection with the expired management-led bid, as well as higher general & administrative costs due to elevated conference and promotional expenses and professional fees
- Diluted earnings per common share excluding significant items[(1)] for the first fiscal quarter of $0.07 per share (diluted loss per common share of $0.15 on an IFRS basis)
- Total client assets[(1)] in our global wealth management business increased by 7.2% year-over-year to $97.3 billion, reflecting year-over-year increases of 9.8% in Canada, 4.8% in the UK & Crown Dependencies and 15.2% in Australia
- First quarter common share dividend of $0.085 per share

(1) See Non-IFRS Measures on page 4

	Three months ended June 30		Year-over-year change	Three months ended March 31	Quarter-over-quarter change
	Q1/24	Q1/23		Q4/23	
First fiscal quarter highlights – adjusted[1]					
Revenue excluding significant items[1]	$ **343,443**	$ 328,817	4.4%	$ 430,389	(20.2)%
Expenses excluding significant items[1]	$ **310,547**	$ 301,365	3.0%	$ 414,055	(25.0)%
Diluted earnings per common share excluding significant items[1]	$ **0.07**	$ 0.11	(36.4)%	$ 0.07	—
Net Income excluding significant items[1]	$ **19,433**	$ 19,935	(2.5)%	$ 17,428	11.5%
Net Income attributable to common shareholders excluding significant items[1][3]	$ **7,578**	$ 11,879	(36.2)%	$ 6,793	11.6%
First fiscal quarter highlights – IFRS					
Revenue	$ **343,324**	$ 317,370	8.2%	$ 430,389	(20.2)%
Expenses	$ **337,042**	$ 315,476	6.8%	$ 424,962	(20.7)%
Diluted loss per common share	$ **(0.15)**	$ (0.14)	(7.1)%	$ (0.08)	(87.5)%
Net (loss) Income[2]	$ **(268)**	$ (3,004)	91.1%	$ 3,763	(107.1)%
Net loss attributable to common shareholders[3]	$ **(13,388)**	$ (12,564)	(6.6)%	$ (7,178)	(86.5)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 4
(2) Before non-controlling interests and preferred share dividends paid on the Series A and Series C Preferred Shares
(3) Net income (loss) attributable to common shareholders is calculated as the net income adjusted for non-controlling interests and preferred share dividends

Core business performance highlights:

Canaccord Genuity Wealth Management

The Company's combined global wealth management operations earned revenue of $191.0 million for the first fiscal quarter, a year-over-year increase of 17.8%. Net income before taxes excluding significant items[1] for this segment increased by 45.6% year-over-year, to $36.0 million.

- Wealth management operations in the UK & Crown Dependencies generated first quarter revenue of $103.2 million, an increase of 40.7% compared to the same period last year and reflects significantly increased interest revenue and higher commissions & fees revenue, primarily attributable to the integration of PSW which was acquired in Q1/23. Measured in local currency (GBP), revenue was £61.4 million in Q1/24 compared to £45.7 million in Q1/23, an increase of 34.4% compared to the same quarter last year. Net income before taxes excluding significant items[1] for this business was $26.7 million in Q1/24, up 42.2% year-over-year.
- Canaccord Genuity Wealth Management (North America) generated $72.6 million in fiscal first quarter revenue, which was in-line with the same quarter a year ago. Revenue in this business continues to reflect the impact of the prolonged weaker environment for investment banking activity, partially offset by increased interest revenue attributable to the higher interest rate environment. Excluding significant items[1] net income before taxes for this business amounted to $9.0 million in Q1/24, which represents a year-over-year increase of 38.7%.
- Wealth management operations in Australia generated $15.2 million in fiscal first quarter revenue, a decrease of 4.3% compared to the first quarter of last year. Excluding significant items[1] net income before taxes for this business was $0.3 million in Q1/24, up from net loss of $0.5 million in Q1/23.

Total client assets in the Company's global wealth management businesses at the end of the first fiscal quarter amounted to $97.3 billion, an increase of $6.5 billion or 7.2% from Q1/23.

- Client assets in the UK & Crown Dependencies were $54.7 billion (£32.5 billion) as at June 30, 2023, a year-over-year increase of 4.8% (a decrease of 2.4% in local currency).
- Client assets in North America were $37.2 billion as at June 30, 2023, an increase of 4.2% from $35.7 billion at the end of the previous quarter and an increase of 9.8% from $33.9 billion at June 30, 2022 due to net new inflows from existing IAs, recruitment activity and new assets from our acquisition of Mercer's Canadian Private Wealth acquisition which was completed on May 29, 2023.
- Client assets[1] in Australia were $5.4 billion (AUD 6.1 billion) at June 30, 2023, a decrease of 0.5% from $5.4 billion (AUD 6.0 billion) at the end of the previous quarter, and an increase of 15.2% from the first quarter of fiscal 2023. In addition, client assets[1] totalling $14.5 billion (AUD 16.4 billion) are also held on record in less active and transactional accounts through our Australian platform.

Canaccord Genuity Capital Markets

On a consolidated basis, Canaccord Genuity Capital Markets earned revenue of $145.7 million for the first fiscal quarter, a year-over-year decrease of 11.2%.

During the three-month period, Canaccord Genuity Capital Markets participated in 87 investment banking transactions globally, raising total proceeds of $3.9 billion. While capital raising activities have remained below historic levels, first quarter revenue in our investment banking segment increased by 136.5% compared to Q1/23, attributable to increased contributions from our operations in Canada, the US and Australia.

Advisory revenue declined by 51.2% year-over-year, due to lower contributions from our US and UK businesses which reflects the more challenging environment for completions despite a solid pipeline of engagements. Commissions and fees revenue increased by 14.6% year-over-year due to higher contributions from Canada and the UK & Europe, which were partially offset by declines in the US and Australia. On a consolidated basis, revenue from principal trading activity amounted to $23.0 million, a year-over-year decrease of 18.8%. Trading revenue in our Canadian and UK businesses increased by 252.1% and 188.3% respectively, while revenue contributed by our US operation decreased by 35.5% reflecting lower volatility in the quarter and reduced market activity.

Excluding significant items[1], our global capital markets division recorded a net loss of $7.6 million for the quarter compared to net income before taxes excluding significant items[1] of $4.1 million in the same period a year ago. Our Canadian business contributed net income before taxes of $2.5 million, which was offset by losses in our UK and US businesses reflecting the impact of higher fixed costs in a reduced revenue environment and increased general and administrative expenses, largely attributable to promotional expenses and professional fees.

Summary of Corporate Developments

During Q1/24, the Company made the following changes in executive leadership roles in its North American businesses: Stuart Raftus was appointed CEO, Canaccord Genuity Corp. with responsibility for oversight of the Canadian broker-dealer business. He continues to lead CG Wealth Management in Canada, a role he has had since 2014. Jason Melbourne was promoted to Head of Canadian Capital Markets and will retain his existing role as Global Head of Distribution. Jeff Barlow become CEO, Canaccord Genuity LLC (US), a title change that reflects the increased importance to our global franchise of our US business for which he has been President since 2015.

Subsequent to the end of the quarter the Company implemented a number of cost-saving initiatives, including a headcount reduction of approximately 7.0% in Canada and the US, new controls and procedures to reduce promotion and travel activities and a comprehensive review of all communication, technology and other costs. In connection with these initiatives, we expect to record a restructuring provision of approximately $10.0 million in Q2 fiscal 2024.

Results for the First Quarter of Fiscal 2024 were impacted by the following significant items:

- Fair value adjustments on certain illiquid or restricted marketable securities recorded for IFRS reporting purposes, but which are excluded for management reporting purposes and are not used by management to assess operating performance.
- Restructuring costs.
- Amortization of intangible assets acquired in connection with business combinations.
- Certain incentive-based costs related to acquisitions in US capital markets and CGWM UK.
- Certain components of the non-controlling interest expense associated with CGWM UK.

Summary of Results for Q1 Fiscal 2024 and Selected Financial Information Excluding Significant Items[1]:

(C$ thousands, except per share and % amounts)	Three months ended June 30 2023	Three months ended June 30 2022	Quarter-over-quarter change
Revenue			
Revenue per IFRS	**$ 343,324**	$ 317,370	8.2%
Significant items recorded in Corporate and Other			
Fair value adjustments on certain illiquid and restricted marketable securities	**$ 119**	$ 11,447	(99.0)%
Total revenue excluding significant item	**$ 343,443**	$ 328,817	4.4%
Expenses			
Expenses per IFRS	**$ 337,042**	$ 315,476	6.8%
Significant items recorded in Canaccord Genuity Capital Markets			
Amortization of intangible assets	**$ 350**	$ 1,264	(72.3)%
Incentive-based costs related to acquisitions	**$ 573**	$ 367	56.1%
Significant items recorded in Canaccord Genuity Wealth Management			
Amortization of intangible assets	**$ 5,639**	$ 4,312	30.8%
Acquisition-related costs	**—**	$ 7,582	(100.0)%
Incentive-based costs related to acquisitions	**$ 1,288**	$ 586	119.8%
Significant items recorded in Corporate and Other			
Restructuring costs	**$ 3,358**	—	n.m.
Development costs	**$ 15,287**	—	n.m.
Total significant items – expenses	**$ 26,495**	$ 14,111	87.8%
Total expenses excluding significant items	**$ 310,547**	$ 301,365	3.0%
Net income before taxes excluding significant items[1]	**$ 32,896**	$ 27,452	19.8%
Income taxes – adjusted	**$ 13,463**	$ 7,517	79.1%
Net income excluding significant items[1]	**$ 19,433**	$ 19,935	(2.5)%
Significant items impacting net income attributable to common shareholders			
Non-controlling interests – IFRS	**$ 10,268**	$ 7,169	43.2%
Amortization of equity component of the non-controlling interests in CGWM UK and other adjustment	**$ 1,265**	$ 1,504	(15.9)%
Non-controlling interests (adjusted)[1]	**$ 9,003**	$ 5,665	58.9%
Net income attributable to common shareholders, excluding significant items[1]	**$ 7,578**	$ 11,879	(36.2)%
Earnings per common share excluding significant items – basic[1]	**$ 0.10**	$ 0.13	(23.1)%
Earnings per common share excluding significant items – diluted[1]	**$ 0.07**	$ 0.11	(36.4)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 4.

Diluted earnings per common share (diluted EPS) is computed using the treasury stock method, giving effect to the exercise of all dilutive elements. The Convertible Preferred Shares issued by CGWM UK are factored into the diluted EPS by adjusting net income attributable to common shareholders of the Company to reflect our proportionate share of CGWM UK's earnings on an as converted basis if the calculation is dilutive. For the quarter ended June 30, 2023, the effect of reflecting our proportionate share of CGWM UK's earnings is anti-dilutive for diluted EPS purposes under IFRS but dilutive for the purpose of determining diluted EPS excluding significant items[1]. Accordingly, net income attributable to common shareholders excluding significant items[1] and diluted EPS excluding significant items[1] for the first quarter of fiscal 2024 reflects the Company's proportionate share of CGWM UK's net income on an as converted basis. Diluted EPS under IFRS is computed on net income attributable to common shareholders less accrued and paid dividends on the Convertible Preferred Shares issued by CGWM UK.

Financial Condition at the End of First Quarter Fiscal 2024 vs. Fourth Quarter of Fiscal 2023:

- Cash and cash equivalents balance of $0.6 billion, a decrease of $402.6 million from $1.0 billion
- Working capital of $725.1 million, a decrease of $24.5 million from $749.6 million
- Total shareholders' equity of $1.0 billion, a decrease of $48.9 million from $1.1 billion

Common and Preferred Share Dividends:

On August 3, 2023, the Board of Directors approved a dividend of $0.085 per common share, payable on September 15, 2023, with a record date of September 1, 2023.

On August 3, 2023, the Board approved a cash dividend of $0.25175 per Series A Preferred Share payable on October 2, 2023 to Series A Preferred shareholders of record as at September 15, 2023.

On August 3, 2023, the Board approved a cash dividend of $0.42731 per Series C Preferred Share payable on October 2, 2023 to Series C Preferred shareholders of record as at September 15, 2023.

(1) See Non-IFRS Measures on page 4

Non-IFRS Measures

Certain non-IFRS measures, non-IFRS ratios and supplementary financial measures are utilized by the Company as measures of financial performance. Non-IFRS measures, non-IFRS ratios and supplementary financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies.

Management believes that these non-IFRS measures, non-IFRS ratios and supplementary financial measures allow for a better evaluation of the operating performance of the Company's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Non-IFRS measures presented in this earnings release include certain figures from our statement of operations that are adjusted to exclude significant items. Although figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results, a limitation of utilizing these figures that exclude significant items is that the IFRS accounting effects of these items do in fact reflect the underlying financial results of the Company's business. Accordingly, these effects should not be ignored in evaluating and analyzing the Company's financial results. Therefore, management believes that the Company's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

Non-IFRS Measures (Adjusted Figures)

Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results. Financial statement items that exclude significant items are non-IFRS measures. To calculate these non-IFRS financial statement items, we exclude certain items from our financial results prepared in accordance with IFRS. The items which have been excluded are referred to herein as significant items. The following is a description of the composition of the non-IFRS measures used in this earnings release (note that some significant items excluded may not be applicable to the calculation of the non-IFRS measures for each comparative period): (i) *revenue excluding significant items*, which is composed of revenue per IFRS less any applicable fair value adjustments on certain illiquid or restricted marketable securities as recorded for IFRS reporting purposes but which are excluded for management reporting purposes and are not used by management to assess operating performance; (ii) *expenses excluding significant items*, which is composed of expenses per IFRS less any applicable amortization of intangible assets acquired in connection with a business combination, certain costs included in Corporate & Other development costs related to the expired management-led takeover bid for the common shares of the Company, restructuring costs, certain incentive-based costs related to the acquisitions and growth initiatives in CGWM UK and US capital markets; (iii) *net income before taxes excluding significant items*, which is composed of revenue excluding significant items less expenses excluding significant items; (iv) *income taxes (adjusted)*, which is composed of income taxes per IFRS adjusted to reflect the associated tax effect of the excluded significant items; (v) *net income excluding significant items*, which is composed of net income before income taxes excluding significant items less income taxes (adjusted); (vi) *non-controlling interests (adjusted)*, which is composed of non-controlling interests per IFRS less the amortization of the equity component of non-controlling interests in CGWM UK; and (vii) *net income attributable to common shareholders excluding significant items*, which is composed of net income excluding significant items less non-controlling interests (adjusted) and preferred share dividends paid on the Series A and Series C Preferred Shares.

A reconciliation of non-IFRS measures that exclude significant items to the applicable IFRS measures from the interim condensed consolidated financial statements for the first quarter of fiscal 2024 can be found above in the table entitled "Summary of results for Q1 fiscal 2024 and selected financial information excluding significant items".

Non-IFRS Ratios

Non-IFRS ratios are calculated using the non-IFRS measures defined above. For the periods presented herein, we have used the following non-IFRS ratios: (i) *total expenses excluding significant items as a percentage of revenue*, which is calculated by dividing expenses excluding significant items by revenue excluding significant items; (ii) *earnings per common share excluding significant items*, which is calculated by dividing net income attributable to common shareholders excluding significant items by the weighted average number of common shares outstanding (basic); (iii) *diluted earnings per common share excluding significant items* which is calculated by dividing net income attributable to common shareholders excluding significant items by the weighted average number of common shares outstanding (diluted); and (iv) *pre-tax profit margin* which is calculated by dividing net income before taxes excluding significant items by revenue excluding significant items.

Supplementary Financial Measures

Client assets are supplementary financial measures that do not have any definitions prescribed under IFRS but do not meet the definition of a non-IFRS measure or non-IFRS ratio. Client assets, which include both assets under management (AUM) and assets under administration (AUA), is a measure that is common to the wealth management business. Client assets is the market value of client assets managed and administered by the Company from which the Company earns commissions and fees. This measure includes funds held in client accounts as well as the aggregate market value of long and short security positions. The Company's method of calculating client assets may differ from the methods used by other companies, and therefore these measures may not be comparable to other companies. Management uses these measures to assess operational performance of the Canaccord Genuity Wealth Management business segment.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements" (as defined under applicable Canadian securities laws). These statements relate to future events or future performance and reflect management's expectations, beliefs, plans, estimates, intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward looking statements include, but are not limited to, statements about the Company's objectives, strategies, business prospects and opportunities; the execution of management's plans and potential outcomes; the impacts of global events and economic conditions on the Company's operations and business; and the outlook for the Company's business and for the global economy. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend", "could" or the negative of these terms or other comparable terminology. Disclosure identified as an "Outlook" including the section titled "Outlook" contains forward-looking information.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions; the dynamic nature of the financial services industry; inflationary pressures; credit, market, liquidity, strategic, insurance, operational, reputation, conduct and legal, regulatory and environmental risk; currency value and interest rate fluctuations, including as a result of market and oil price volatility; the effectiveness and adequacy of our risk management and valuation models and processes; legislative or regulatory developments in the jurisdictions where we operate; climate change and other ESG related risks; and the impact of the war in Ukraine and the resulting humanitarian crisis on the global economy, in particular, its effect on global oil, commodity and agricultural markets. Additional risks and factors that could cause actual results to differ materially from expectations are described in the Company's unaudited interim condensed and audited annual consolidated financial statements and the Company's Annual Report and Annual Information Form (AIF) filed on www.sedar.com as well as the factors discussed in the sections titled "Risk Management" in this Management's Discussion and Analysis (MD&A) and "Risk Factors" in the AIF, which include market, liquidity, credit, operational, legal, cybersecurity and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2024 Outlook section in this MD&A and those discussed from time to time in the Company's unaudited interim condensed and audited annual consolidated financial statements and its Annual report and AIF filed on www.sedar.com. Readers are cautioned that the preceding lists of material factors and assumptions are not exhaustive.

Although the forward-looking information contained in this document is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this document are made as of the date of this document and should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. Certain statements included in this MD&A may be considered a "financial outlook" for the purposes of applicable Canadian securities laws. The financial outlook may not be appropriate for purposes other than this MD&A. Except as may be required by applicable law, the Company does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, further developments or otherwise.

PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES

This MD&A is based on the unaudited interim condensed consolidated financial statements for the three- month period ended June 30, 2023 (First quarter 2024 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The First quarter 2024 Financial Statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), and using accounting policies consistent with those applied in preparing the Company's Audited Annual Consolidated Financial Statements for the year ended March 31, 2023.

Management's Discussion and Analysis

First quarter fiscal year 2024 for the three months ended June 30, 2023 – this document is dated August 3, 2023

The following discussion of the financial condition and results of operations for Canaccord Genuity Group Inc. is provided to enable the reader to assess material changes in our financial condition and to assess results for the three-month period ended June 30, 2023 compared to the corresponding period in the preceding fiscal year. The three-month period ended June 30, 2023 is also referred to as first quarter 2024 and Q1/24. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Genuity Group Inc. and "Canaccord Genuity Group" refers to the Company and its direct and indirect subsidiaries. This discussion should be read in conjunction with: the unaudited interim condensed consolidated financial statements for the three-month period ended June 30, 2023, beginning on page 36 of this report; our Annual Information Form (AIF) dated June 28, 2023; and the 2023 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2023 (Audited Annual Consolidated Financial Statements) in the Company's annual report dated June 28, 2023 (the 2023 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2023 except as disclosed in this MD&A. The Company's financial information is expressed in Canadian dollars unless otherwise specified.

Non-IFRS Measures

Certain non-IFRS measures, non-IFRS ratios and supplementary financial measures are utilized by the Company as measures of financial performance. Non-IFRS measures, non-IFRS ratios and supplementary financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies.

Management believes that these non-IFRS measures, non-IFRS ratios and supplementary financial measures allow for a better evaluation of the operating performance of the Company's business and facilitate a meaningful comparison of results in the current period to those in prior periods and future periods. Non-IFRS measures presented in this MD&A include certain figures from our Statement of Operations that are adjusted to exclude significant items. Although figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results, a limitation of utilizing these figures that exclude significant items is that the IFRS accounting effects of these items do in fact reflect the underlying financial results of the Company's business. Accordingly, these effects should not be ignored in evaluating and analyzing the Company's financial results. Therefore, management believes that the Company's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

Non-IFRS Measures (Adjusted Figures)

Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results. Financial statement items that exclude significant items are non-IFRS measures. To calculate these non-IFRS financial statement items, we exclude certain items from our financial results prepared in accordance with IFRS. The items which have been excluded are referred to herein as significant items. The following is a description of the composition of the non-IFRS measures used in this MD&A (note that some significant items excluded may not be applicable to the calculation of the non-IFRS measure for each comparative period): (i) revenue excluding significant items, which is composed of revenue per IFRS excluding any applicable fair value adjustments on certain illiquid or restricted marketable securities, warrants and options as recorded for IFRS reporting purposes but which are excluded for management reporting purposes and are not used by management to assess operating performance; (ii) expenses excluding significant items, which is composed of expenses per IFRS less any applicable amortization of intangible assets acquired in connection with a business combination, acquisition-related expense items, which includes costs recognized in relation to both prospective and completed acquisitions, restructuring expense, certain incentive-based costs related to the acquisitions and growth initiatives of CGWM UK and the US and UK capital markets divisions, certain costs included in Corporate & Other development costs related to the expired management-led takeover bid for the common shares of the Company, impairment of goodwill and intangible assets in our Canadian capital markets operations, costs associated with the redemption of convertible debentures, costs associated with the reorganization of CGWM UK, fair value adjustment of certain contingent consideration in connection with prior acquisitions, and fair value adjustments to the derivative liability component of non-controlling interests in CGWM UK; (iii) overhead expenses excluding significant items, which are calculated as expenses excluding significant items less compensation expense; (iv) net income before taxes after intersegment allocations and excluding significant items, which is composed of revenue excluding significant items less expenses excluding significant items; (v) income taxes (adjusted), which is composed of income taxes per IFRS adjusted to reflect the associated tax effect of the excluded significant items; (vi) net income excluding significant items, which is net income before income taxes excluding significant items less income taxes (adjusted); (vii) non-controlling interests (adjusted), which is composed of the non-controlling interests per IFRS less the amortization of the equity component of the non-controlling interests in CGWM UK; and (viii) net income attributable to common shareholders excluding significant items, which is net income excluding significant items less non-controlling interests (adjusted) and preferred share dividends paid on the Series A and Series C Preferred Shares. Other items which have been excluded as significant items in prior periods for purposes of determining expenses, net income before taxes, net income and net income attributable to common shareholders all excluding significant items include impairment of goodwill and other assets, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, restructuring costs, certain accounting charges related to the change in the Company's long-term incentive plan (LTIP) as recorded with effect on March 31, 2018, and loss related to the extinguishment of convertible debentures as recorded for accounting purposes.

A reconciliation of non-IFRS measures that exclude significant items to the applicable IFRS measures from the unaudited interim consolidated financial statements for Q1 fiscal 2024 can be found in the table titled "Q1 Fiscal 2024 Selected Financial Information Excluding Significant Items", on page 15.

Non-IFRS Ratios

Non-IFRS ratios are calculated using the non-IFRS measures defined above. For the periods presented herein, we use the following non-IFRS ratios: (i) total expenses excluding significant items as a percentage of revenue, which is calculated by dividing expenses excluding significant items by revenue excluding significant items; (ii) earnings per common share excluding significant items, which is calculated by dividing net income attributable to common shareholders excluding significant items by the weighted average number of common shares outstanding (basic); (iii) diluted earnings per common share excluding significant items, which is calculated by dividing net income attributable to common shareholders excluding significant items by the weighted average number of common shares outstanding (diluted); and (iv) pre-tax profit margin, which is calculated by dividing net income before taxes excluding significant items by revenue excluding significant items.

Supplementary Financial Measures

Client assets are supplementary financial measures that do not have any definitions prescribed under IFRS and do not meet the definition of a non-IFRS measure or non-IFRS ratio. Client assets, which include both Assets under Management (AUM) and Assets under Administration (AUA), is a measure that is common to the wealth management business. Client assets is the market value of client assets managed and administered by the Company from which the Company earns interest, commissions and fees. This measure includes funds held in client accounts as well as the aggregate market value of long and short security positions. The Company's method of calculating client assets may differ from the methods used by other companies and therefore these measures may not be comparable to other companies. Management uses these measures to assess operational performance of the Canaccord Genuity Wealth Management business segment.

Business Overview

Through its principal subsidiaries, Canaccord Genuity Group Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, the Company has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services, advisory and investment banking services. Canaccord Genuity Group has wealth management offices located in Canada, the UK, Guernsey, Jersey, the Isle of Man and Australia. Canaccord Genuity Capital Markets, the Company's international capital markets division, operates in North America, the UK & Europe, Asia, and Australia.

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the Toronto Stock Exchange (TSX). Canaccord Genuity Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. Canaccord Genuity Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C.

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

Canaccord Genuity Group Inc.'s operations are divided into two business segments: Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management. Together, these operations offer a wide range of complementary advisory and investment banking services, investment products and brokerage services to the Company's institutional, corporate and private clients. The Company's administrative segment is referred to as "Corporate and Other".

Canaccord Genuity Capital Markets

Canaccord Genuity Capital Markets is the global capital markets division of Canaccord Genuity Group Inc. (TSX: CF), offering institutional and corporate clients idea-driven investment banking, mergers and acquisitions (M&A), research, sales and trading services with capabilities in North America, the UK & Europe, Asia, and Australia. We are committed to providing valued services to our clients throughout the entire lifecycle of their business and operating as a gold standard independent investment bank – expansive in resources and reach, but targeted in industry expertise, market focus and individual client attention.

Canaccord Genuity Wealth Management

Canaccord Genuity Wealth Management operations provide comprehensive wealth management solutions and brokerage and financial planning services to individual investors, private clients, charities and intermediaries through a full suite of services tailored to the needs of clients in each of its markets. The Company's wealth management division has Investment Advisors (IAs) and professionals in Canada, the UK, Jersey, Guernsey, the Isle of Man and Australia. Guernsey, Jersey and the Isle of Man are together referred to as the "Crown Dependencies". Our wealth management operations in the UK and in the Crown Dependencies are together referred to as CGWM UK.

Corporate and Other

Canaccord Genuity Group's administrative segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest, and activities not specifically allocable to either the Canaccord Genuity Capital Markets or Canaccord Genuity Wealth Management divisions. Also included in this segment are the Company's operations and support services in Canada, which are responsible for front- and back-office information technology (IT) systems, compliance and risk management, operations, legal, finance and other administrative functions of Canaccord Genuity Group Inc.

BUSINESS ACTIVITY

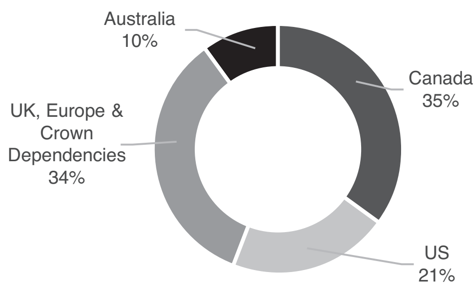
Our business is affected by the overall condition of the worldwide debt and equity markets.

The timing of revenue recognition can also materially affect the Company's quarterly results. The majority of revenue from underwriting and advisory transactions is recorded when the transaction has closed and, as a result, quarterly results can also be affected by the timing of the recognition of such transactions in our capital markets business.

The Company is diversified across industry sectors and geographies. To add to its recurring revenue base and to offset the inherent volatility of the capital markets business, the Company has increased the scale of its global wealth management operations. Historically, the Company's diversification across major financial centres has allowed it to benefit from strong equity markets in certain regions and improve its capability for identifying and servicing opportunities in regional centres and across the Company's focus sectors.

The following charts depict firm-wide revenue contributions by geography for Q1 2024:

Firmwide revenue by geography

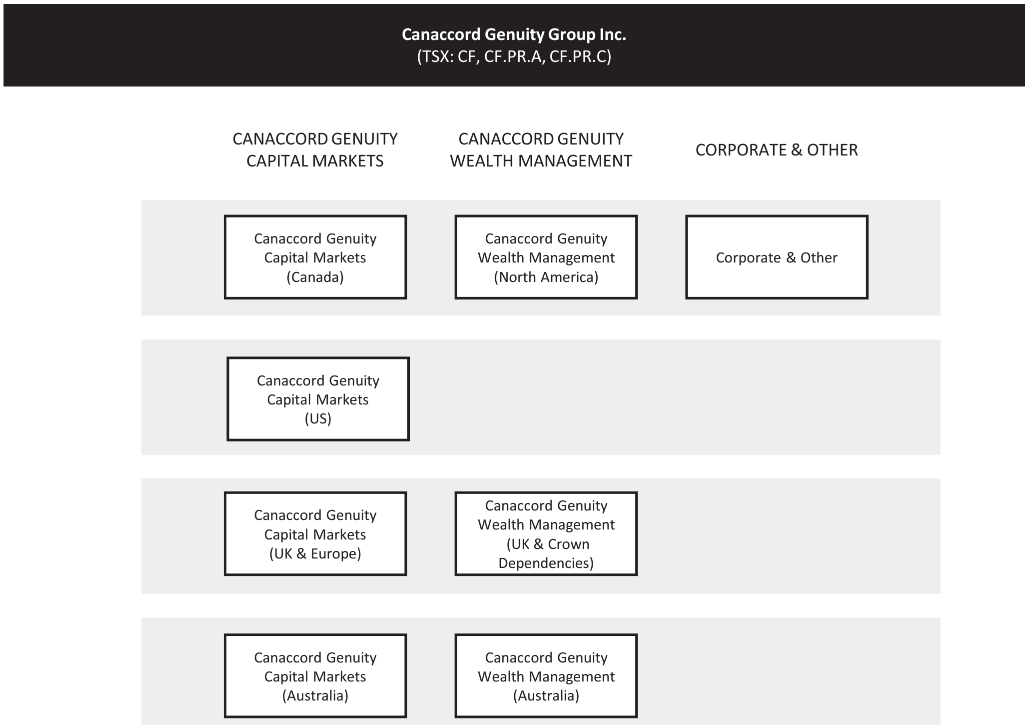


IMPACT OF CHANGES IN CAPITAL MARKETS ACTIVITY

As a brokerage firm, the Company derives its revenue primarily from sales commissions, underwriting, advisory fees and trading activity. As a result, the Company's business is materially affected by conditions in the financial marketplace and the economic environment, primarily in North America and Europe but also to some degree in Asia and Australia. Canaccord Genuity Group's long-term international business development initiatives over the past several years have laid a solid foundation for revenue diversification. A disciplined capital strategy allows the Company to remain competitive in today's changing financial landscape.

The Company's capital markets activities are primarily focused in the following sectors: Healthcare & Life Sciences (which includes cannabis-related companies), Technology, Metals & Mining, Consumer & Retail, and Other. Coverage of these sectors includes investment banking, M&A and advisory services, and institutional equity activities such as sales, trading and research. The value of client assets in the Company's wealth management businesses can be impacted by changes in market values during reporting periods.

BUSINESS SEGMENTS



The principal operating entities included in the business units described above are:

<u>Canaccord Genuity Capital Markets (Canada)</u>

- Canaccord Genuity Corp. (capital markets division)
- Jitneytrade Inc.
- Canaccord Genuity Asia (Beijing) Limited
- Canaccord Genuity (Hong Kong) Limited[1]
- Canaccord Genuity Emerging Markets Ltd.

<u>Canaccord Genuity Wealth Management (North America)</u>

- Canaccord Genuity Corp. (wealth management division)
- Canaccord Genuity Wealth Management (USA) Inc.
- Canaccord Genuity Wealth & Estate Planning Services Ltd.

<u>Corporate and Other</u>

- Canaccord Genuity Corp. (corporate & other division)
- Canaccord Genuity Group Inc.
- Finlogik Inc.

<u>Canaccord Genuity Capital Markets (US)</u>

- Canaccord Genuity LLC
- Canaccord Genuity Petsky Prunier LLC
- CG Sawaya, LLC

<u>Canaccord Genuity Capital Markets (UK & Europe)</u>

- Canaccord Genuity Limited

<u>Canaccord Genuity Wealth Management (UK & Crown Dependencies)</u>

- Canaccord Genuity Wealth Limited
- CG Wealth Planning Ltd.
- Canaccord Genuity Financial Planning Limited
- Canaccord Genuity Asset Management Limited (previously "Hargreave Hale Limited")
- Canaccord Genuity Wealth (International) Limited
- Canaccord Genuity Wealth Group Holdings (Jersey) Limited

<u>Canaccord Genuity Capital Markets (Australia)</u>

- Canaccord Genuity (Australia) Limited
- Canaccord Genuity (Hong Kong) Limited[1]

<u>Canaccord Genuity Wealth Management (Australia)</u>

- Canaccord Genuity Financial Limited

(1) Canaccord Genuity (Hong Kong) Limited is a shared resource for both Canaccord Genuity Capital Markets (Canada) and Canaccord Genuity Capital Markets (Australia).

Certain institutional investors acquired two series of the Convertible Preferred Shares issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited, a subsidiary of the Company and the parent of all operating companies included in CGWM UK. On an as converted basis and subject to the liquidation preference associated with the Convertible Preferred Shares and Preference Shares issued to management and employees of CGWM UK, the Company holds an approximate 66.9% equity equivalent interest in Canaccord Genuity Wealth Group Holdings (Jersey) Limited. Terms of the Convertible Preferred Shares and Preference Shares are disclosed in Note 8 of the audited consolidated financial statements of the Company for the year ended March 31, 2023.

The operating results of Jitneytrade Inc. and Finlogik Inc. (collectively referred to as "Jitneytrade") since the closing date of June 6, 2018 are included as part of Canaccord Genuity Capital Markets Canada and Corporate and Other, respectively. In addition, the operating results of Petsky Prunier LLC ("Petsky Prunier") since the closing date of February 13, 2019 and operating results of CG Sawaya, LLC ("Sawaya") since the closing date of December 31, 2021 are included as part of Canaccord Genuity Capital Markets US. Included as part of CGWM UK are the operating results of McCarthy Taylor Limited ("McCarthy Taylor") (renamed as CG McCarthy Taylor Limited), whose operations were subsequently transferred to CG Wealth Planning Limited since the closing date of January 29, 2019; the operating results of Thomas Miller Wealth Management Limited ("Thomas Miller") (renamed as CG Wealth Planning Limited) since the closing date of May 1, 2019; the private client investment management business of Adam & Company (including the acquisition of the entire issued capital of Adam & Company Investment Management Limited) since the closing date of October 1, 2021; and Punter Southall Wealth Limited ("PSW") as of May 31, 2022. Operating results for the business of Results International Group LLP ("Results") since the closing date of August 17, 2022 are included as part of Canaccord Genuity Capital Markets (UK & Europe).

Market Environment During Q1 Fiscal 2024

Economic backdrop

During the quarter, inflation moderated further, but remained above the US Federal Reserve (Fed) and Bank of Canada (BoC) targets. The Fed decided to pause interest rate increases in June, but projections suggest additional increases in the second half of calendar 2023. Following a brief pause, the BoC resumed increases in June, citing still-tight labour markets and resilient consumer spending.

The S&P 500, the S&P/TSX and the MSCI world index returned 8.7%, 1.1% and 6.3% respectively over the three-month period. A deterioration in projected supply-demand conditions led to a 2.7% drop in commodity prices. Despite lower energy prices, the Canadian dollar gained 2.1% vs. the US dollar and Treasury bond yields increased in conjunction with expectations of higher-for-longer policy rates.

Investment banking and advisory

While the weakness in capital markets activities in Q1/24 continued from the reduced levels experienced through fiscal 2023 there is an expectation that recent improvements in equity and debt issue activity will build as the year progresses.

Index Value at End of	Q1/23		Q2/23		Q3/23		Q4/23		Q1/24		
Fiscal Quarter	2022-06-30	(Y/Y)	2022-09-30	(Y/Y)	2022-12-30	(Y/Y)	2023-03-31	(Y/Y)	2023-06-30	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	266.7	-24.9%	242.7	-28.6%	264.2	-22.3%	274.4	-12.0%	280.7	5.2%	2.3%
S&P IFCI Global Large Cap	223.7	-27.3%	196.9	-29.5%	213.7	-22.2%	221.0	-13.3%	221.1	-1.1%	0.1%

Source: Refinitiv Datastream, Canaccord Genuity estimates

Trading

Trading volumes across most of our core markets moderated during fiscal Q1/24 from year-ago levels. With demand for AI technologies spurring investors' risk appetite, only a small number of sectors led equity market performances worldwide. Being relatively less exposed to these dynamics, the underperformance of small- and mid-cap equity indices led to lower activity levels in our agency trading business through the quarter.

Average Value During	Q1/23		Q2/23		Q3/23		Q4/23		Q1/24			FY23	
Fiscal Quarter/Year	30-Jun-22	(Y/Y)	30-Sep-22	(Y/Y)	30-Dec-22	(Y/Y)	31-Mar-23	(Y/Y)	30-Jun-23	(Y/Y)	(Q/Q)	31-Mar-23	(Y/Y)
Russell 2000	1856.6	-18.0%	1833.3	-17.9%	1793.7	-21.2%	1856.9	-9.7%	1797.8	-3.2%	-3.2%	1835.1	-16.9%
S&P 400 Mid Cap	2474.5	-8.5%	2418.1	-10.3%	2426.1	-13.1%	2555.4	-4.3%	2492.7	0.7%	-2.5%	2468.3	-9.1%
FTSE 100	7435.2	6.1%	7297.3	3.0%	7275.8	0.5%	7755.5	4.2%	7692.6	3.5%	-0.8%	7440.4	3.4%
MSCI EU Mid Cap	1217.0	-9.4%	1136.3	-19.2%	1126.1	-19.5%	1239.3	-5.7%	1229.9	1.1%	-0.8%	1179.5	-13.6%
S&P/TSX	20563.0	5.0%	19328.7	-5.2%	19512.7	-7.3%	20184.0	-5.3%	20187.7	-1.8%	0.0%	19894.9	-3.3%

Source: Refinitiv Datastream, Canaccord Genuity estimates

Global wealth management

The value of clients' assets in our wealth management businesses benefitted from a stronger performance of global equities through our first fiscal quarter. The more modest performance by Canadian equities, a strong Canadian dollar, and a more difficult environment for government bond prices offset some of these gains.

Total Return (excl. currencies)	Q1/23 Change (Q/Q)	Q2/23 Change (Q/Q)	Q3/23 Change (Q/Q)	Q4/23 Change (Q/Q)	Q1/24 Change (Q/Q)	Fiscal 2023 Change (Y/Y)
S&P 500	-16.1%	-4.9%	7.6%	7.5%	8.7%	-7.7%
S&P/TSX	-13.2%	-1.4%	6.0%	4.6%	1.1%	-5.2%
MSCI EMERGING MARKETS	-8.0%	-8.0%	6.7%	3.8%	1.8%	-6.2%
MSCI WORLD	-15.5%	-6.7%	9.9%	7.4%	6.3%	-7.0%
S&P GS COMMODITY INDEX	2.0%	-10.3%	3.4%	-4.9%	-2.7%	-10.0%
US 10-YEAR T-BONDS	-5.5%	-5.8%	0.3%	4.3%	-1.9%	-6.9%
CAD/USD	-2.9%	-6.9%	2.0%	0.3%	2.1%	-7.5%
CAD/EUR	2.5%	-0.4%	-6.6%	-1.0%	1.4%	-5.6%

Source: Refinitiv Datastream, Canaccord Genuity estimates

Outlook

Over the past year, global central banks rapidly increased policy rates to fight inflation in a strong growth environment, and the lagged impact of these rate hikes is now filtering through the economy. Going forward, we expect that central banks will continue taking steps to fight residual inflation in a slowing growth environment.

We are seeing early signs that in the near-term capital market activities could be reaching a low point. However, it remains too early to expect an immediate upturn owing to tighter financial conditions, softening global growth, and the ongoing earnings recession. We believe that a gradual recovery looks likely at some point during our 2024 fiscal year once the global inventory correction passes. Notwithstanding the current environment, we believe the Company remains well positioned to benefit from an eventual upturn in business conditions.

Core Business Performance Highlights for Q1 Fiscal 2024

	Three months ended							
	June 30, 2023				June 30, 2022			
	Global wealth management	**Global capital markets**	**Corporate & Other**	**Total**	Global wealth management	Global capital markets	Corporate & Other	Total
Revenue – adjusted(1)	**191,025**	**145,694**	**6,724**	**343,443**	162,219	164,137	2,461	328,817
Pre-tax income (loss) – adjusted(1)	**35,958**	**(7,642)**	**4,580**	**32,896**	24,699	4,108	(1,355)	27,452
Diluted earnings (loss) per share – adjusted(1)	**$ 0.20**	**$ (0.13)**		**$ 0.07**	$ 0.13	$ (0.02)		$ 0.11

(1) Refer to Non-IFRS Measures on page 7

CANACCORD GENUITY WEALTH MANAGEMENT

Globally, Canaccord Genuity Wealth Management generated revenue of $191.0 million during the first fiscal quarter of 2024 and, excluding significant items, recorded net income before taxes of $36.0 million(1).

- Canaccord Genuity Wealth Management (North America) generated $72.6 million in revenue and, after intersegment allocations and excluding significant items, recorded net income before taxes of $9.0 million(1) in the first quarter of fiscal 2024.
- Wealth management operations in the UK & Crown Dependencies generated $103.2 million in revenue and, after intersegment allocations and excluding significant items, recorded net income before taxes of $26.7 million in the first quarter of fiscal 2024(1).
- Wealth management operations in Australia generated revenue of $15.2 million and, after intersegment allocations and excluding significant items, recorded net income before taxes of $0.3 million in the first quarter of fiscal 2024(1).

Firmwide client assets were $97.3 billion at June 30, 2023 representing an increase of $6.5 billion or 7.2% from $90.7 billion at June 30, 2022(2). Client assets across the individual businesses as at June 30, 2023 were as follows:

- $37.2 billion in North America, an increase of $3.3 billion or 9.8% from June 30, 2022(2)
- $54.7 billion (£32.5 billion) in the UK & Crown Dependencies, an increase of $2.5 billion or 4.8% (a decrease of £0.8 billion or 2.4% in local currency) from $52.2 billion (£33.3 billion) as at June 30, 2022(2)
- $5.4 billion in Australia held through our investment management platform, an increase of $0.7 million or 15.2% from June 30, 2022(2)

CANACCORD GENUITY CAPITAL MARKETS

Globally, Canaccord Genuity Capital Markets earned revenue of $145.7 million for the first fiscal quarter, a year-over-year decrease of 11.2%. The decrease primarily reflected lower revenues in the US and UK, partially offset by an increase of $26.3 million in Canada and $18.5 million in Australia. Net loss before taxes excluding significant items(1) for this segment was $7.6 million for the quarter compared to pre-tax income of $4.1 million a year ago.

Canaccord Genuity Capital Markets participated in a total of 87 investment banking transactions globally, raising total proceeds of $3.9 billion during the three months ended June 30, 2023.

Revenue by activity as a percentage of Canaccord Genuity Capital Markets revenue

	For three months ended June 30		Quarter-over-quarter change
	2023	2022	
Commissions and fees	**28.2%**	21.8%	6.4 p.p.
Investment banking	**20.3%**	7.6%	12.7 p.p.
Advisory fees	**27.7%**	50.3%	(22.6) p.p.
Principal trading	**15.8%**	17.3%	(1.5) p.p.
Interest	**6.7%**	1.6%	5.1 p.p.
Other	**1.3%**	1.4%	(0.1) p.p.
Canaccord Genuity Capital Markets (total)	**100.0%**	100.0%	

p.p.: percentage points

Further detail is provided in the Business Segment Results beginning on page 19.

SUMMARY OF CORPORATE DEVELOPMENTS

During Q1/24, the Company made the following changes in executive leadership roles in its North American businesses: Stuart Raftus was appointed CEO, Canaccord Genuity Corp. with responsibility for oversight of the Canadian broker-dealer business. He continues to lead CG Wealth Management in Canada, a role he has had since 2014. Jason Melbourne was promoted to Head of Canadian Capital Markets and will retain his existing role as Global Head of Distribution. Jeff Barlow become CEO, Canaccord Genuity LLC (US), a title change that reflects the increased importance to our global franchise of our US business for which he has been President since 2015.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 7.
(2) See Non-IFRS Measures on page 7.

Financial Overview

Q1 FISCAL 2024 SELECTED FINANCIAL INFORMATION(1)(2)(5)

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended June 30 2023	2022	2021	Q1/24 vs Q1/23
Canaccord Genuity Group Inc. (CGGI)				
Revenue				
Commissions and fees	$ 184,770	$ 180,923	$ 182,753	2.1%
Investment banking	36,961	18,716	195,638	97.5%
Advisory fees	40,652	82,944	77,994	(51.0)%
Principal trading	22,946	28,221	52,648	(18.7)%
Interest	52,272	14,816	7,667	252.8%
Other	5,723	(8,250)	2,131	(169.4)%
Total revenue	343,324	317,370	518,831	8.2%
Expenses				
Compensation expense	185,923	198,444	322,326	(6.3)%
Other overhead expenses(3)	147,743	109,442	91,340	35.0%
Acquisition-related costs	—	7,582	—	(100.0)%
Restructuring costs	3,358	—	—	n.m.
Costs associated with redemption of convertible debentures	—	—	5,464	n.m.
Share of loss of an associate	18	8	—	125.0%
Total expenses	337,042	315,476	419,130	6.8%
(Loss) income before income taxes	6,282	1,894	99,701	231.7%
Net (loss) income	$ (268)	$ (3,004)	$ 73,053	(91.1)%
Net (loss) income attributable to:				
CGGI shareholders	$ (10,536)	$ (10,173)	$ 72,001	(3.6)%
Non-controlling interests	$ 10,268	$ 7,169	$ 1,052	43.2%
(Loss) earnings per common share – diluted	$ (0.15)	$ (0.14)	$ 0.63	7.1%
Dividends per common share	$ 0.085	$ 0.085	$ 0.075	—
Total assets	$ 5,043,388	$ 6,128,151	$ 7,098,990	(17.7)%
Total liabilities	$ 3,692,090	$ 4,712,254	$ 5,969,409	(21.6)%
Equity attributable to non-controlling interests	$ 346,629	$ 325,914	$ 6,337	6.4%
Equity attributable to equity holders of CGGI	$ 1,004,669	$ 1,089,983	$ 1,123,244	(7.8)%
Number of employees	2,830	2,615	2,383	8.2%
Excluding significant items(4)				
Total revenue	$ 343,443	$ 328,817	$ 523,831	4.4%
Total expenses	$ 310,547	$ 301,365	$ 409,874	3.0%
Income before income taxes	$ 32,896	$ 27,452	$ 113,957	19.8%
Net income	$ 19,433	$ 19,935	$ 84,654	(2.5)%
Net income attributable to:				
CGGI shareholders	$ 10,430	$ 14,270	$ 83,602	(26.9)%
Non-controlling interests	$ 9,003	$ 5,665	$ 1,052	58.9%
Net income attributable to common shareholders, adjusted	$ 7,578	$ 11,879	$ 81,251	(36.2)%
Earnings per common share – diluted	$ 0.07	$ 0.11	$ 0.73	(36.4)%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.
(2) The operating results of the Australian operations have been fully consolidated, and a 32.7% non-controlling interest has been recognized for the three months ended June 30, 2023 [32.7% non-controlling interest has been recognized for the for the first quarter of fiscal 2023]. The operating results of CGWM UK have been fully consolidated, and a 5.55% non-controlling interest in the outstanding ordinary shares of CGWM UK has been recognized for the three months ended June 30, 2023 [three months ended June 30, 2022 – 5.06%] as well as the non-controlling interest represented by the Convertible Preferred Shares issued by CGWM UK.
(3) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible, intangible and right-of-use assets, and development costs.
(4) Net income and earnings per common share excluding significant items reflect tax-effected adjustments related to such items. See Non-IFRS Measures on page 7 and the Q1 Fiscal 2024 Selected Financial Information Excluding Significant Items table on page 15.
(5) Data includes the operating results of PSW since May 31, 2022; and Results since August 17, 2022.
n.m.: not meaningful

Q1 FISCAL 2024 SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

	Three months ended June 30		
(C$ thousands, except per share and % amounts)	**2023**	2022	Quarter-over-quarter change
Revenue			
Revenue per IFRS	**$ 343,324**	$ 317,370	8.2%
Significant items recorded in Corporate and Other			
Fair value adjustments on certain illiquid and restricted marketable securities	**$ 119**	11,447	(99.0)%
Total revenue excluding significant items	**$ 343,443**	$ 328,817	4.4%
Expenses			
Expenses per IFRS	**$ 337,042**	$ 315,476	6.8%
Significant items recorded in Canaccord Genuity Capital Markets			
Amortization of intangible assets	**$ 350**	$ 1,264	(72.3)%
Incentive based costs related to acquisitions	**$ 573**	$ 367	56.1%
Significant items recorded in Canaccord Genuity Wealth Management			
Amortization of intangible assets	**$ 5,639**	$ 4,312	30.8%
Acquisition-related costs	**$ —**	$ 7,582	(100.0)%
Incentive based costs related to acquisitions	**$ 1,288**	$ 586	119.8%
Significant items recorded in Corporate and Other			
Restructuring costs	**$ 3,358**	—	n.m.
Development costs	**$ 15,287**	—	n.m.
Total significant items	**$ 26,495**	$ 14,111	87.8%
Total expenses excluding significant items	**$ 310,547**	$ 301,365	3.0%
Net income before taxes – adjusted	**$ 32,896**	$ 27,452	19.8%
Income taxes – adjusted	**$ 13,463**	$ 7,517	79.1%
Net income – adjusted	**$ 19,433**	$ 19,935	(2.5)%
Significant items impacting net income attributable to common shareholders			
Non-controlling interests – IFRS	**$ 10,268**	$ 7,169	43.2%
Amortization of equity component of the non-controlling interests in CGWM UK and other adjustment	**$ 1,265**	$ 1,504	(15.9)%
Non-controlling interests (adjusted)[1]	**$ 9,003**	$ 5,665	58.9%
Net income attributable to common shareholders excluding significant items[1]	**$ 7,578**	$ 11,879	(36.2)%
Earnings per common share excluding significant items[1] – basic	**$ 0.10**	$ 0.13	(23.1)%
Diluted earnings per common share excluding significant items[1] – diluted	**$ 0.07**	$ 0.11	(36.4)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 7.
n.m.: not meaningful

Impact of Convertible Preferred Shares on EPS

Diluted earnings per common share ("diluted EPS") is computed using the treasury stock method, giving effect to the exercise of all dilutive elements. The Convertible Preferred Shares issued by CGWM UK are factored into the diluted EPS by adjusting net income attributable to common shareholders of the Company to reflect our proportionate share of CGWM UK's earnings on an as converted basis if the calculation is dilutive. For the quarter ended June 30, 2023, the effect of reflecting our proportionate share of CGWM UK's earnings is anti-dilutive under IFRS for diluted EPS purposes but dilutive for the purpose of determining diluted EPS excluding significant items[1]. As such, the diluted EPS under IFRS is computed based on net income attributable to common shareholders less accrued and paid dividends on the Convertible Preferred Shares issued by CGWM UK. Net income attributable to common shareholders excluding significant items[1] and diluted EPS excluding significant items[1] reflects the Company's proportionate share of CGWM UK's net income excluding significant items[1] on an as converted basis.

Foreign exchange

Revenues and expenses from our foreign operations are initially recorded in their respective functional currencies and translated into Canadian dollars at exchange rates prevailing during the period. Fluctuations in foreign exchange contributed to certain changes in revenue and expense items in Canadian dollars when compared to the applicable prior periods and should be considered when reviewing the following discussion in respect of our consolidated results as well as the discussion in respect of Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management.

Geographies

During Q1 fiscal 2024, the Company withdrew from its operations in Dubai. Our Dubai operation was previously included as part of Canaccord Genuity Capital Markets UK & Europe. Our Asian-based operations, comprising China and Hong Kong, have been combined with our Canadian and Australian capital markets operations to reflect the management of these operating units.

(1) See Non-IFRS Measures on page 7.

Goodwill and Indefinite life intangible assets

In determining whether to perform an impairment test, the Company considers factors such as its market capitalization, market conditions generally and overall economic conditions as well as market conditions in the key sectors in which the Company operates and the impact that such conditions are expected to have on the Company's operations.

Utilizing management's preliminary estimates for revenue and operating performance, growth rates and other assumptions typically required in connection with discounted cash flow models the Company determined that there was no impairment in the goodwill associated with any of its wealth management business units in the UK & Crown Dependencies and Australia or its goodwill in Canaccord Genuity Capital Markets US and Canaccord Genuity Capital Markets UK. Notwithstanding this determination as of June 30, 2023, changes or uncertainty in the economic environment may cause this determination to change. If the business climate changes and the Company is unable to achieve its internal forecasts the Company may determine that there has been impairment and the Company may be required to record a goodwill impairment charge in the future. Adverse changes in the key assumptions utilized for purposes of impairment testing for goodwill and indefinite life intangible assets may result in the estimated recoverable amount of some or all of the applicable business units declining below the carrying value with the result that impairment charges may be required. The amount of any impairment charge would affect some or all of the amounts recorded for goodwill and indefinite life intangible assets. Any such impairment charges would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors. In addition, notwithstanding that there may be no change in the performance estimates used by the Company for purposes of determining whether there has been any impairment in its indefinite life intangible asset related to the Genuity brand name, in the event that the Company changes the way in which it uses that asset the Company may be required to record an impairment charge.

FIRST QUARTER 2024 VS. FIRST QUARTER 2023

Revenue

On a consolidated basis, revenue is generated through six primary activities: commissions and fees associated with agency trading and private client wealth management activity, investment banking, advisory fees, principal trading, interest and other.

REVENUE BY ACTIVITY AS A PERCENTAGE OF FIRMWIDE REVENUE

	For three months ended June 30		
	2023	2022	Quarter-over-quarter change
Commissions and fees	**53.8%**	57.0%	(3.2) p.p.
Investment banking	**10.8%**	5.9%	4.9 p.p.
Advisory fees	**11.8%**	26.1%	(14.3) p.p.
Principal trading	**6.7%**	8.9%	(2.2) p.p.
Interest	**15.2%**	4.7%	10.5 p.p.
Other	**1.7%**	(2.6)%	4.3 p.p.
Canaccord Genuity Group Inc. (total)	**100.0%**	100.0%	

p.p.: percentage points

Firm-wide revenue for the three months ended June 30, 2023 was $343.3 million, an increase of 8.2% or $26.0 million compared to the same period a year ago. The increase was largely driven by higher interest revenue in our global wealth management group, partially offset by lower advisory fees revenue earned by our capital market group during the quarter.

Consolidated revenue in the Canaccord Genuity Capital Markets segment decreased by $18.4 million or 11.2% in Q1/24 compared to the same quarter in the prior year. The decline in advisory revenue of $42.3 million or 51.2% was partially offset by a $17.0 million or 136.5% year-over-year increase in investment banking revenue, which amounted to $29.5 million for the three-month period, and $14.1 million of this amount was contributed by our Australian operation, reflecting an increase in new issue activity in that region. Interest revenue also increased by $7.1 million or 265.4% compared to the same period in the prior year due to higher interest rates.

Revenue in our global wealth management operations amounted to $191.0 million for the three-month period, an increase of 17.8% compared to the same period a year ago. This increase was primarily attributable to higher interest revenue.

Commissions and fees revenue is primarily generated from private client investment management trading activity and institutional sales and trading. Firm-wide revenue generated from commissions and fees increased by $3.8 million or 2.1% to $184.8 million in Q1/24, primarily reflecting higher revenue from our Canadian capital markets business, partially offset by a reduction in our Canadian wealth management business.

Firm-wide investment banking revenue increased by $18.2 million or 97.5% to $37.0 million in Q1/24. Our Canadian, US and Australian capital markets operations generated increases of 22.2%, 29.4% and 410.8%, respectively compared to Q1/23. These increases were partially offset by lower investment banking activity in our UK capital markets operations. These increases also reflect relatively low revenue levels in Q1/23 arising from inventory losses concentrated in that quarter. Further contributing to the overall increase in consolidated investment banking revenue was an increase of $1.2 million or 19.3% in our Canaccord Genuity Wealth Management segment compared to Q1/23, reflecting a modest increase in new issue activity.

Firm-wide advisory fee revenue decreased by $42.3 million or 51.0% from the same quarter a year ago, to $40.7 million. Our US operations contributed $25.1 million of advisory revenue, representing a decrease of $38.2 million or 60.4% compared to the same period in the prior year due to delays in completions for active mandates. Our UK & Europe operations also recorded a decrease of $10.6 million or 65.6% compared to the three months ended June 30, 2022. These decreases were partially offset by a growth of $6.5 million or 204.7% from our Canadian capital markets operations.

Firm-wide principal trading revenue was $22.9 million in Q1/24, representing a $5.3 million or 18.7% decrease compared to Q1/23, mainly as a result of decreased market volatility, which led to reduced trading activity compared to the same period in the prior year.

Firm-wide interest revenue was $52.3 million for the three months ended June 30, 2023, representing an increase of $37.5 million or 252.8% from Q1/23, mostly attributable to our global wealth management operations which contributed interest revenue of $38.7 million for the three-month period.

Other revenue was $5.7 million for Q1/24, an increase of $14.0 million from the same period a year ago. The increase was mainly due to the fair value adjustment recorded in Q1/23 on certain illiquid or restricted marketable securities, resulting in a reduction in revenue of $11.4 million in the Corporate & Other segment.

Expenses

Firm-wide expenses for the three months ended June 30, 2023 were $337.0 million, an increase of 6.8% or $21.6 million from Q1/23. Total expenses excluding significant items[1] as a percentage of revenue decreased by 1.2 percentage points compared to the three months ended June 30, 2022.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended June 30		
	2023	2022	Quarter-over-quarter change
Compensation expense	**54.2%**	62.5%	(8.3) p.p.
Other overhead expenses[1]	**43.0%**	34.5%	8.5 p.p.
Restructuring costs	**1.0%**	—	1.0 p.p.
Acquisition-related costs	**—**	2.4%	(2.4) p.p.
Total	**98.2%**	99.4%	(1.2) p.p.

(1) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization and development costs.
p.p.: percentage points

Compensation Expense

Firm-wide compensation expense in Q1/24 was $185.9 million, a decrease of $12.5 million or 6.3% compared to Q1/23. Total compensation expense as a percentage of revenue decreased from 62.5% in Q1/23 to 54.2% in Q1/24, a decrease of 8.3 percentage points. The decrease in compensation ratio was partially due to changes in the value of stock-based compensation awards granted in prior periods.

OTHER OVERHEAD EXPENSES

	Three months ended June 30		
(C$ thousands, except % amounts)	**2023**	2022	Quarter-over-quarter change
Trading costs	**$ 21,978**	$ 24,748	(11.2)%
Premises and equipment	**5,819**	4,823	20.7%
Communication and technology	**22,612**	19,355	16.8%
Interest	**23,311**	7,824	197.9%
General and administrative	**35,156**	30,756	14.3%
Amortization[1]	**9,903**	8,195	20.8%
Amortization of right of use assets	**6,340**	6,815	(7.0)%
Development costs	**22,624**	6,926	226.7%
Total other overhead expenses	**$ 147,743**	$ 109,442	35.0%

(1) Includes amortization of intangible assets. See Q1 fiscal 2024 Selected Financial Information Excluding Significant Items table on page 15.

Other overhead expenses were $147.7 million, an increase of 35.0% in Q1/24 compared to Q1/23. As a percentage of revenue, other overhead expenses were 43.0% in Q1/24 compared to 34.5% in Q1/23, an increase of 8.5 percentage points.

Interest expense increased by $15.5 million or 197.9% compared to Q1/23, primarily as a result of higher interest rates associated with the bank loans in our CGWM UK operation obtained in connection with acquisitions in prior periods. Interest expense in our Canadian capital markets operations increased by $2.7 million or 277.2% due to increased stock borrowing activity and higher interest rates.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 7

General and administrative expense increased by $4.4 million or 14.3% for the quarter ended June 30, 2023, compared to the same period in the prior year; this was due to higher promotion and travel expenses, as activity levels in connection with conferences, client meetings and other events.

Amortization expense increased by $1.7 million or 20.8% compared to Q1 fiscal 2023 largely as a result of the amortization of intangible assets acquired in connection with PSW and Results.

Development costs were $22.6 million in Q1/24, compared to $6.9 million for the same period in the prior year; largely due to expenses in our Corporate & Other segment related to the expired management take-over bid.

Restructuring costs of $3.4 million were recorded in our Corporate & Other segment in Q1/24. There were no restructuring costs in Q1/23.

Income Tax

Income tax expense for the three months ended June 30, 2023 was $6.6 million on income before income taxes of $6.3 million compared to tax expense of $4.9 million on income before income taxes of $1.9 million in Q1/23. The change in effective tax rate was largely due to remeasurement of deferred tax assets related to unvested awards in connection with share-based payment plans, and changes in the value of stock-based awards compared to the previous quarter.

Net Loss

Net loss for Q1/24 was $0.3 million compared to net loss of $3.0 million in the same period a year ago. Net loss attributable to common shareholders was $13.4 million compared to net loss attributable to common shareholders of $12.6 million for the three months ended June 30, 2022. Diluted loss per common share was $0.15 in Q1/24 compared to diluted loss per common share of $0.14 in Q1/23.

Excluding significant items(1), net income for Q1/24 was $19.4 million compared to net income of $19.9 million in Q1/23. Net income attributable to common shareholders excluding significant items(1) was $7.6 million compared to $11.9 million for the same period in the prior year. Diluted earnings per common share excluding significant items(1) was $0.07 in Q1/24 compared to diluted earnings per common share excluding significant items(1) of $0.11 in Q1/23.

(1) See Non-IFRS Measures on page 7.

Business Segment Results – three months ended June 30, 2023 compared with three months ended June 30, 2022

	Three months ended June 30							
	2023				2022			
(C$ thousands, except number of employees)	**Canaccord Genuity Capital Markets $**	**Canaccord Genuity Wealth Management $**	**Corporate and Other $**	**Total $**	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Revenue								
Canada	**40,697**	**71,416**	**6,605**	**118,718**	14,348	71,743	(8,986)	77,105
UK & Europe	**13,330**	**103,172**	**—**	**116,502**	26,014	73,337	—	99,351
US	**73,460**	**1,198**	**—**	**74,658**	124,058	1,218	—	125,276
Australia	**18,207**	**15,239**	**—**	**33,446**	(283)	15,921	—	15,638
Total revenue	**145,694**	**191,025**	**6,605**	**343,324**	164,137	162,219	(8,986)	317,370
Expenses	**149,892**	**157,288**	**29,862**	**337,042**	156,692	143,866	14,918	315,476
Intersegment allocations	**4,367**	**4,706**	**(9,073)**	**—**	4,968	6,134	(11,102)	—
Income (loss) before income taxes	**$ (8,565)**	**$ 29,031**	**$ (14,184)**	**$ 6,282**	$ 2,477	$ 12,219	$ (12,802)	$ 1,894
Excluding significant items(3)								
Revenue	**145,694**	**191,025**	**6,724**	**343,443**	164,137	162,219	2,461	328,817
Expenses	**148,969**	**150,361**	**11,217**	**310,547**	155,061	131,386	14,918	301,365
Intersegment allocations	**4,367**	**4,706**	**(9,073)**	**—**	4,968	6,134	(11,102)	—
Income (loss) before income taxes	**(7,642)**	**35,958**	**4,580**	**32,896**	4,108	24,699	(1,355)	27,452
Number of employees(4)	**867**	**1,495**	**468**	**2,830**	847	1,303	465	2,615

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7. Detailed financial results for the business segments are shown in Note 20 of the interim consolidated financial statements on page 55.
(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 32.7% has been recognized for the first quarter of fiscal 2024 [32.7% for the three months ended June 30, 2022].
(3) See the Q1 fiscal 2024 Selected Financial Information Excluding Significant Items table on page 15.
(4) Certain headcounts have been re-allocated between the Canaccord Genuity Capital Markets and Corporate & Other segment. Comparatives have been restated.

Canaccord Genuity Group's operations are divided into three segments: Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management are the main operating segments while Corporate and Other is mainly an administrative segment.

CANACCORD GENUITY CAPITAL MARKETS

Overview

Canaccord Genuity Capital Markets provides a full range of investment banking, advisory, equity research, and sales and trading services to corporate, institutional and government clients, and it also conducts principal trading activities. The Company has offices and employees in more than 20 locations in Canada, the US, the UK & Europe, Australia and Asia.

Our capital markets division has around 900 employees who are organized into product, industry, geographic and support groups. Our industry coverage groups are focused in key growth sectors of the global economy and are primarily focused in the Technology, Healthcare & Life Sciences (which includes cannabis), Metals & Mining, and Consumer & Retail sectors, with additional exposure to the Diversified, Transportation & Industrials, Energy, and Structured Products & Sustainability sectors. Our capabilities include private placements, equity and debt underwriting, IPOs, follow-on offerings, at-the-market offerings, debt finance and restructuring, advisory (which includes M&A and private capital/financial sponsor advisory services), principal trading, block trades and market making.

A disciplined mid-market focus with global alignment efforts has firmly entrenched Canaccord Genuity Capital Markets as a leading global independent investment bank that specializes in its core focus sectors and geographies. Canaccord Genuity Capital Markets' integrated global platform and disciplined focus in key growth sectors of the global economy provides a competitive advantage. Canaccord Genuity Capital Markets is focused on providing execution capabilities and specialized knowledge across geographies, thereby providing a differentiated service when compared to other global investment banks.

Outlook

Canaccord Genuity Capital Markets continues to take steps to advance its market position as a mid-market leader in many of the Company's key markets. Management intends to focus on capturing operating efficiencies and strengthening the global platform through further integration of our global capabilities and by further enhancing cross-border coordination among our global offices.

The Company expects continued benefits from its investments to grow contributions from higher-margin advisory activities, as it expands its operations with the acquisitions of Results (fiscal 2023), Petsky (fiscal 2019) and Sawaya (fiscal 2022).

The dynamic nature of the operating environment for global mid-market capital markets activities requires us to maintain a level of agility in our business mix that allows us to stay competitive and meet the evolving needs of our clients. For this reason, the Company expects to continue to make disciplined investments, as appropriate, to further strengthen our operations in areas where we believe we can capture additional market share.

The Company remains committed to operating our capital markets businesses as efficiently as possible in order to protect our capacity to deliver market-leading expertise and execution services throughout all market cycles. A culture of cost containment continues to be reinforced throughout the Company, and strategies by which to lower operating costs in this division over the long term continue to be explored.

FINANCIAL PERFORMANCE(1)(2)

	Three months ended June 30, 2023					Three months ended June 30, 2022				
(C$ thousands, except number of employees)	**Canada**	**UK(5)**	**US**	**Australia**	**Total**	Canada	UK(5)	US	Australia	Total
Revenue	**40,697**	**13,330**	**73,460**	**18,207**	**145,694**	14,348	26,014	124,058	(283)	164,137
Expenses										
Compensation expense	**16,543**	**11,319**	**47,335**	**10,009**	**85,206**	12,962	16,409	70,715	(3,546)	96,540
Other overhead expenses	**18,712**	**8,280**	**33,280**	**4,414**	**64,686**	14,769	5,987	34,787	4,609	60,152
Total expenses	**35,255**	**19,599**	**80,615**	**14,423**	**149,892**	27,731	22,396	105,502	1,063	156,692
Intersegment allocations(3)	**2,913**	**344**	**905**	**205**	**4,367**	3,935	214	748	71	4,968
Income (loss) before income taxes(3)	**$2,529**	**$(6,613)**	**$(8,060)**	**$3,579**	**$(8,565)**	$(17,318)	$3,404	$17,808	$(1,417)	$2,477
Non-controlling interests(2)	**—**	**—**	**—**	**840**	**840**	—	—	—	649	649
Excluding significant items(4)										
Total revenue	**40,697**	**13,330**	**73,460**	**18,207**	**145,694**	14,348	26,014	124,058	(283)	164,137
Total expenses	**35,255**	**19,120**	**80,171**	**14,423**	**148,969**	27,671	22,396	103,931	1,063	155,061
Intersegment allocations(3)	**2,913**	**344**	**905**	**205**	**4,367**	3,935	214	748	71	4,968
Income (loss) before income taxes(3)	**$ 2,529**	**$(6,134)**	**$(7,616)**	**$ 3,579**	**$(7,642)**	$(17,258)	$ 3,404	$19,379	$(1,417)	$ 4,108
Number of employees(6)	**219**	**167**	**391**	**90**	**867**	236	143	376	92	847

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.
(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 32.7% has been recognized for the first quarter of fiscal 2024 [32.7% for the three months ended June 30, 2022].
(3) Income before income taxes includes intersegment allocations and excludes non-controlling interests. See the Intersegment Allocated Costs section on page 26.
(4) Refer to the Q1 Fiscal 2024 Selected Financial Information Excluding Significant Items table on page 15.
(5) Includes our Dubai-based operations.
(6) Certain headcounts have been re-allocated between the Canaccord Genuity Capital Markets and Corporate & Other segment. Comparatives have been restated.

REVENUE – CANACCORD GENUITY CAPITAL MARKETS

Revenue from Canaccord Genuity Capital Markets is generated from commissions and fees earned in connection with investment banking and advisory transactions and institutional sales and trading activity, as well as trading gains and losses from Canaccord Genuity Capital Markets' principal trading activity, including its international trading operations. In Australia and Canada, revenue is also earned through inventory positions, which are included as part of investment banking revenue. The value of these positions can fluctuate with changes in the market environment.

REVENUE BY GEOGRAPHY AS A PERCENTAGE OF CANACCORD GENUITY CAPITAL MARKETS REVENUE

	Three months ended June 30		
	2023	2022	Quarter-over-quarter change
Revenue generated in:			
Canada	**27.9%**	8.8%	19.1 p.p
UK & Europe	**9.1%**	15.8%	(6.7) p.p
US	**50.4%**	75.6%	(25.2) p.p
Australia	**12.6%**	(0.2)%	12.8 p.p
Canaccord Genuity Capital Markets (total)	**100%**	100%	

p.p.: percentage points

Canaccord Genuity Capital Markets generated revenue of $145.7 million in Q1/24, a decrease of 11.2% or $18.4 million from the same quarter a year ago. Our US capital markets business contributed 50.4%, or $73.5 million of global capital markets revenue for the three-month period. Consolidated US capital markets revenue decreased by 40.8% year-over-year primarily due to reduced contributions from advisory fees (60.4%) and trading (35.5%), which were partially offset by a 29.4% increase in investment banking revenue.

In Canada, revenue increased by $26.3 million or 183.6% compared to the three months ended June 30, 2022, which reflected a $10.6 million increase in commission and fees revenue, as well as $6.5 million or 204.7% and $3.0 million or 252.1% increases in advisory fees revenue and principal trading revenue, respectively.

Our UK & Europe operations reflected a revenue decrease of $12.7 million or 48.8% due to lower investment banking and advisory fees revenue, which was partially offset by a 188.3% increase in principal trading revenue compared to Q1/23.

Revenue in our Australian operations increased by $18.5 million compared to Q1/23 due to an increase in new issue activity in the current quarter. In addition, revenue in Q1 fiscal 2023 was negatively impacted by substantial market declines related to fee share and warrant inventories.

Investment banking

The substantial reduction in market-wide underwriting activities persisted through the first quarter of fiscal 2024, and this especially impacted smaller issuers in several of our key growth sectors. Revenue from the Metals & Mining sector, a historic area of strength for the Company, reflects contributions from Australia, Canada and the UK. Revenue from the Life Sciences sector was led by our US and Canadian capital markets businesses and includes transactions with companies in the Cannabis sector. Revenue in the Other segment was led by our UK and Canadian businesses and included transactions with companies in the Energy sector.

Investment banking revenue for the three months ended June 30, 2023 was $29.5 million, an increase of $17.0 million or 136.5% compared to the revenue earned in Q1/23, which was impacted by the sharp decline in the market value of certain inventory and warrant positions related to our investment banking activities in Canada and Australia as well as certain market value adjustments related to our facilitation activity in Canada.

Canaccord Genuity Capital Markets' transactions and revenue by focus sectors are detailed below.

INVESTMENT BANKING REVENUE BY SECTOR (AS A % OF INVESTMENT BANKING REVENUE FOR EACH GEOGRAPHIC REGION)

Sectors	Global	Canada	US	UK	Australia
Life Sciences	**21%**	10%	75%	0%	2%
Technology	**14%**	14%	8%	0%	17%
Metals & Mining	**47%**	45%	11%	0%	64%
Energy	**10%**	3%	0%	100%	14%
Other	**8%**	28%	6%	0%	3%
Total	**100.0%**	100.0%	100.0%	100.0%	100.0%

Note in reference to the tables above: Transactions with companies in the Cannabis sector in Canada are included under the Life Sciences sector.

Advisory

Increasing contributions from higher-margin advisory activities continues to be an important strategic priority for the Company. Our specialized expertise in key sectors of the economy and track record of success in equity capital markets activities positions us well to unlock opportunities for our clients as they grow. We lead a wide variety of sell-side and buy-side strategic advisory mandates both domestically and cross border, and we have established leadership in alternative financing vehicles. The first quarter of fiscal 2024 revenue earned through capital markets advisory showed a decrease of 51.2% year-over-year to $40.3 million. Our US business was the largest contributor in this segment, with advisory revenue of $25.1 million, a year over year decrease of 60.4%. Advisory fees revenue in UK & Europe also decreased by 65.6% compared to the first quarter of fiscal 2023. Partially offsetting theses decreases was an increase in advisory fees revenue in Canada of 204.7% or $6.5 million for the three months ended June 30, 2023.

ADVISORY FEES REVENUE BY SECTOR (AS A % OF ADVISORY FEES REVENUE FOR EACH GEOGRAPHIC REGION)

Sectors	Global	Canada	US	UK
Life Sciences	**16%**	46%	0%	35%
Technology	**43%**	11%	59%	25%
Metals & Mining	**2%**	6%	0%	5%
Consumer & Retail	**35%**	32%	39%	18%
Other	**4%**	5%	2%	17%
Total	**100.0%**	100.0%	100.0%	100.0%

Principal trading

Revenue earned from principal trading activity amounted to $23.0 million, a decrease of $5.3 million or 18.8% compared to the same period in the prior fiscal year, primarily a reflection of lower market volatility which decreased market activity and revenue opportunities when compared to the record levels set in the prior year. Our US business contributed $17.2 million of trading revenues largely attributable to the International Equities Group.

Commissions and fees

Commissions and fees revenue was $41.0 million, an increase of $5.2 million or 14.6% compared to Q1/23, reflecting higher client trading activity and new issue activity. The largest increase was recorded in our Canadian operations, where revenue increased by $10.6 million to $11.6 million for the first quarter of fiscal 2024. In the US, commissions and fees revenue decreased by $5.7 million or 21.7% compared to Q1 fiscal 2023.

EXPENSES – CANACCORD GENUITY CAPITAL MARKETS

Expenses in our Capital Markets division for Q1/24 were $149.9 million, a decrease of 4.3% or $6.8 million compared to Q1/23. Excluding significant items(1) total expenses for Q1/24 were $149.0 million, a decrease of 3.9%. As a percentage of revenue, total expenses excluding significant items(1) increased by 7.8 percentage points compared to the same quarter in the prior year.

Compensation expense

Compensation expense in our capital markets division for Q1/24 decreased by $11.3 million or 11.7% compared to Q1/23. Total compensation expense as a percentage of revenue was 58.5% compared to 58.8% for the three months ended June 30, 2022.

In Canada capital markets, total compensation as a percentage of revenue decreased by 49.7 percentage points compared to Q1/23, largely due to the significant drop in revenue and high fixed staff costs relative to revenue changes in Q1/23 leading to an exceptionally high compensation ratio in that prior period. Compared to the same period last year, compensation as a percentage of revenue in our US and UK & Europe operations increased by 7.4 and 21.8 percentage points, respectively, due to the decrease in revenue during the current period without an equivalent decrease in related compensation. In Australia, a large reversal of non-cash bonus accruals related to the significant unrealized losses in certain inventory and warrant positions led to a recovery of $3.5 million of compensation expense in Q1 fiscal 2023, with compensation ratio returning to a more normalized level of 55.0% in Q1 fiscal 2024.

CANACCORD GENUITY CAPITAL MARKETS TOTAL COMPENSATION EXPENSE AS A PERCENTAGE OF REVENUE BY GEOGRAPHY

	Three months ended June 30		
	2023	2022	Quarter-over-quarter change
Canada	**40.6%**	90.3%	(49.7) p.p
UK & Europe	**84.9%**	63.1%	21.8 p.p
US	**64.4%**	57.0%	7.4 p.p
Australia	**55.0%**	n.m.	n.m.
Canaccord Genuity Capital Markets (total)	**58.5%**	58.8%	(0.3) p.p

p.p.: percentage points

Other overhead expenses

Other overhead expenses in this division increased by 7.5% compared to Q1 fiscal 2023, to $64.7 million.

Interest expense increased by $2.5 million or 65.1% compared to the first quarter of fiscal 2023, primarily related to our increased stock borrowing activity in our Canadian operations as well as higher interest rates.

General and administrative expense for Q1/24 increased by $3.4 million or 20.5% over Q1/23, largely due to an increase in promotion and travel and conference expenses in our Canadian and US capital markets operations. Communication and technology expense also increased by $1.2 million or 11.1% to support the expansion of our capital markets operations.

Partially offsetting these increases was a decrease in trading costs of $3.0 million or 15.4% compared to the three months ended June 30, 2022, mainly due to lower trading costs in our US operations in connection with reduced trading activity during the period.

(Loss) income before income taxes

Loss before income taxes, including allocated overhead expenses for Q1/24, was $8.6 million for our combined capital markets business, compared to net income of $2.5 million in the same quarter a year ago. Excluding significant items(1) net loss before taxes was $7.6 million in Q1/24 compared to net income before income taxes of $4.1 million in Q1/23.

CANACCORD GENUITY WEALTH MANAGEMENT

Overview

The Company has wealth management operations in Canada, the UK & Crown Dependencies and Australia.

Canaccord Genuity Group's wealth management division provides a range of comprehensive financial services and investment products to individual investors (private clients), institutions and intermediaries, and charities. Revenue from wealth management operations is generated through traditional commission-based brokerage services; the sale of fee-based products and services; and interest on margin accounts. Additionally, IAs in Canada and Australia earn fees and commissions revenue from investment banking and venture capital transactions.

In the UK & Crown Dependencies, Canaccord Genuity Wealth Management had 16 offices in the UK, Guernsey, Jersey and the Isle of Man on June 30, 2023. Revenue earned by this business is largely generated through fee-based accounts, portfolio management, interest and financial planning activities. Fee-related revenue as a percentage of total revenue in this business was 82.4% for the three months ended June 30, 2023. The business offers services to domestic (UK) and international clients and provides investing options from both third party and proprietary financial products, including investment funds managed by Canaccord Genuity Wealth Management portfolio managers. This business had 257 Investment Professionals on June 30, 2023.

On June 30, 2023, Canaccord Genuity Wealth Management had nine offices located across Canada, including IAs who are also registered in the US. Fee-related revenue as a percentage of total revenue in this business 48.2% for three months ended June 30, 2023. This business had 147 Advisor teams on June 30, 2023.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 7.

In Australia, Canaccord Genuity Wealth Management had nine offices on June 30, 2023. This business had 121 Advisor teams on June 30, 2023.

Outlook

Our strategic shift to strengthening contributions from our global wealth management segment continues to be a major focus for the Company. Management's priorities for Canaccord Genuity Wealth Management will be focused on growing AUA and AUM and increasing the proportion of fee-based revenue as a percentage of total revenue. By increasing recurring revenue streams, we expect to meaningfully make our business less sensitive to trading activity associated with transaction-based revenue.

We continue to explore a range of opportunities for profitable growth in our global wealth management segment. Alongside investments in talent and acquisitions, we are actively building our specialist network in technology, sustainability and other growth areas, to keep pace as investors continue to reshape their investment needs.

The Company expects to continue to pursue strategic opportunities to increase the scale of its wealth management business in the UK & Crown Dependencies.

Certain institutional investors acquired two series of Convertible Preferred Shares issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited, a subsidiary of the Company and the parent of all operating companies included in CGWM UK. On an as converted basis and subject to the liquidation preference associated with the Convertible Preferred Shares and Preference Shares issued to management of CGWM UK, the Company holds an approximate 66.9% equity equivalent interest in Canaccord Genuity Wealth Group Holdings (Jersey) Limited.

In Canada, the Company continues to pursue opportunities for profitable growth with a focus on enhancing margins, managing costs, and growing the business through targeted recruitment and other initiatives aimed at increasing client assets. An important focus is the recruiting and retention of IAs. While the recruiting environment remains competitive, our ability to attract and retain high quality advisors is based on the benefits of our independent platform, which provides access to global resources and expertise, supported by investments to advance our technology and product offering, and a multi-year track record of revenue growth and profitability. We maintain a strong focus on investing in technology and training programs and building a comprehensive suite of products targeted at attracting high net worth investors and providing resources to advisors to help them grow their businesses.

In Australia, the Company intends to continue to build upon the success of its expanded wealth management operations. Continued expansion is expected to occur through targeted recruiting and the build-out of wealth management services and products, in addition to the leveraging of the benefits provided by its connection to Canaccord Genuity's capital markets business in the region.

FINANCIAL PERFORMANCE – CANACCORD GENUITY WEALTH MANAGEMENT NORTH AMERICA(1)(2)

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	Three months ended June 30 2023	Three months ended June 30 2022	Quarter-over-quarter change
Revenue	**$ 72,614**	$ 72,961	(0.5)%
Expenses			
Compensation expense	**37,704**	42,217	(10.7)%
Other overhead expenses	**21,853**	18,432	18.6%
Total expenses	**$ 59,557**	$ 60,649	(1.8)%
Intersegment allocations(2)	**4,065**	5,815	(30.1)%
Income before income taxes(2)	**$ 8,992**	$ 6,497	38.4%
AUM (discretionary)(3)	**10,201**	7,952	28.3%
AUA(4)	**37,184**	33,857	9.8%
Number of Advisory Teams	**147**	146	0.7%
Number of employees	**523**	497	5.2%
Excluding significant items(5)			
Total expenses	**$ 59,537**	$ 60,649	(1.8)%
Intersegment allocations(2)	**4,065**	5,815	(30.1)%
Income before income taxes(2)	**$ 9,012**	$ 6,497	38.7%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.

(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 26.

(3) AUM in Canada include all assets managed on a discretionary basis under programs that include CGWM's Managed Solutions Programs as well as its Private Investment Management Program. Services provided include the selection of investments and the provision of investment advice. See Non-IFRS Measures on page 7.

(4) AUA in Canada is the market value of client assets administered by the Company, from which the Company earns commissions and fees and includes AUM. See Non-IFRS Measures on page 7.

(5) Refer to Non-IFRS Measures on page 7 and the Q1 Fiscal 2024 Selected Financial Information Excluding Significant Items table on page 15.

Revenue from Canaccord Genuity Wealth Management North America was $72.6 million, a slight decrease of $0.3 million or 0.5% compared to the three months ended June 30, 2022. Interest revenue and investment banking increased by 66.4% and 35.3%, respectively, offset by a decline in commission revenue of 11.5%.

AUA[1] in Canada increased by 9.8% to $37.2 billion at June 30, 2023, compared to $33.9 billion at June 30, 2022, largely driven by net inflow of new client assets. At June 30, there were 147 Advisory Teams in Canada, an increase of one from a year ago. Fee-related revenue in our North American operations as a percentage of total revenue decreased by 0.4 percentage points compared to Q1/23 and accounted for 48.2% of the wealth management revenue in Canada during the first quarter of fiscal 2024.

Total expenses in this business for Q1/24 were $59.6 million, a decrease of $1.1 million or 1.8% compared to Q1/23. Total compensation expense as a percentage of revenue decreased by 5.9 percentage points to 51.9% in Q1/24 compared to Q1/23 partially due to a decrease in compensation expense related to the change in value of share-based payment awards made in prior periods.

Other overhead costs in this business increased by $3.4 million compared to the three months ended June 30, 2022. Premises and equipment increased by $0.6 million or 85.2% due to additional allocations from the Corporate and Other segment. General and administrative expense increased by $1.1 million due to higher conference costs in the current quarter. Interest expense increased by $0.8 million or 72.3% due to higher interest rates.

Income before taxes for Q1 fiscal 2024 was $9.0 million, an increase of $2.5 million or 38.4% compared to the same period in the prior year. Excluding significant items[1], income before income taxes for Q1 fiscal 2024 was $9.0 million compared to $6.5 million in Q1 fiscal 2023.

FINANCIAL PERFORMANCE – CANACCORD GENUITY WEALTH MANAGEMENT UK & CROWN DEPENDENCIES[1][5]

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended June 30 2023	2022	Quarter-over-quarter change
Revenue	**$ 103,172**	$ 73,337	40.7%
Expenses			
Compensation expense	**45,119**	38,493	17.2%
Other overhead expenses	**37,628**	20,589	82.8%
Acquisition-related cost	**—**	7,582	(100.0)%
Total expenses	**82,747**	66,664	24.1%
Intersegment allocations[2]	**564**	297	89.9%
Income before income taxes[2]	**19,861**	6,376	211.5%
Non-controlling interest[6]	**9,381**	6,621	41.7%
AUM[3]	**54,670**	52,166	4.8%
Number of investment professionals and fund managers	**257**	221	16.3%
Number of employees	**733**	588	24.7%
Excluding significant items[4]			
Total expenses	**$ 75,955**	$ 54,301	39.9%
Intersegment allocations[2]	**564**	297	89.9%
Income before income taxes[2]	**26,653**	18,739	42.2%
Non-controlling interest[6]	**8,116**	5,117	58.6%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 26.
(3) AUM in the UK & Crown Dependencies is the market value of client assets managed and administered by the Company, from which the Company earns commissions and fees. This measure includes both discretionary and non-discretionary accounts. See Non-IFRS Measures on page 7.
(4) Refer to Non-IFRS Measures on page 7 and the Q1 Fiscal 2024 Selected Financial Information Excluding Significant Items table on page 15.
(5) Includes the operating results of Adam & Company since the acquisition date of October 1, 2021 and PSW as of May 31, 2022.
(6) The non-controlling interest is the portion of the net income after income taxes of CGWM UK not attributable to the Company.

Revenue generated by our UK & Crown Dependencies wealth management operation is largely generated through fee-related accounts and portfolio management activities and, as such, is less sensitive to changes in levels of trading activity although more sensitive to changes in market values. Revenue for Q1/24 was $103.2 million, an increase of 40.7% from the same period in the prior year. Measured in local currency (GBP), revenue was £61.4 million in Q1/24 compared to £45.7 million in Q1/23, an increase of 34.4% compared to the same quarter last year.

AUM[1] in the UK & Crown Dependencies as of June 30, 2023 was $54.7 billion, an increase of 4.8% compared to $52.2 billion as of June 30, 2022, driven by appreciation of the pound sterling against the Canadian dollar. Measured in local currency (GBP), AUM[1] decreased by 2.4% from £33.3 billion at June 30, 2022 to £32.5 billion at June 30, 2023. Fee-related revenue in our UK & Crown Dependencies wealth management operations accounted for 82.4% of total revenue in Q1/24, a an increase of 2.4 percentage points from the same period in the prior year.

Total compensation expense in this business increased by $6.6 million or 17.2% in Q1/24 compared to the three months ended June 30, 2022. Total compensation expense as a percentage of revenue decreased by 8.8 percentage points from 52.5% in Q1/23 to 43.7% in Q1/24.

Other overhead expenses were $37.6 million for Q1/24 compared to $20.6 million in Q1/23, an increase of $17.0 million or 82.8% year-over-year. The most significant increase related to higher interest expense on the bank loans due to higher interest rates and increased borrowings in connection with the acquisitions of Adam & Company and PSW. General and administrative expense increased by $1.9 million or 45.6% over the same period in the prior year due to increased costs to support the expanded operations. Amortization expense increased by $1.5 million or 29.1% compared to Q1/23 partially as a result of the amortization of intangibles acquired in connection with the acquisition of PSW completed on May 31, 2022.

(1) See Non-IFRS Measures on page 7.

There were no acquisition-related costs recorded in Q1/24. In the first quarter of fiscal 2023, there were acquisition costs of $7.6 million related to the acquisition of PSW.

Income before income taxes was $19.9 million compared to $6.4 million in Q1/23. Net income before taxes excluding significant items[1] was $26.7 million, representing a $7.9 million increase from the same period in the prior year.

FINANCIAL PERFORMANCE – CANACCORD GENUITY WEALTH MANAGEMENT AUSTRALIA[1]

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended June 30 2023	2022	Quarter-over-quarter change
Revenue	$ 15,239	$ 15,921	(4.3)%
Expenses			
Compensation expense	10,341	11,684	(11.5)%
Other overhead expenses	4,643	4,869	(4.6)%
Total expenses	14,984	16,553	(9.5)%
Intersegment allocations[2]	77	22	250.0%
Income (loss) before income taxes[2]	178	(654)	127.2%
Non-controlling interest[5]	76	(101)	175.2%
AUM[3]	5,406	4,694	15.2%
Number of investment professionals and fund managers	121	114	6.1%
Number of employees	239	218	9.6%
Excluding significant items[4]			
Total expenses	$ 14,869	$ 16,436	(9.5)%
Intersegment allocations[2]	77	22	250.0%
Income (loss) before income taxes[2][4]	293	(537)	154.6%
Non-controlling interest[5]	76	(101)	175.2%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 26.
(3) AUM is the market value of client assets managed and administered by the Company. See Non-IFRS Measures on page 7.
(4) Refer to Non-IFRS Measures on page 7 and the Q1 Fiscal 2024 Selected Financial Information Excluding Significant Items table on page 15.
(5) The non-controlling interest is the portion of the net income after income taxes of Canaccord Genuity Wealth Management Australia not attributable to the Company.
n.m.: not meaningful

During the three months ended June 30, 2023, Canaccord Genuity Wealth Management Australia generated revenue of $15.2 million, a decrease of $0.7 million or 4.3% compared to Q1/23. AUM[1] in the Australian wealth management operations was $5.4 billion as of June 30, 2023, an increase of 15.2% as a result of an increase in net new assets. In addition, client assets[1] totalling $14.5 billion are also held on record in other less active accounts on our Australian wealth management platforms compared to $14.6 billion as of June 30, 2022. Fee-related revenue in our Australian operations as a percentage of total revenue accounted for 39.7% of the wealth management revenue during the first quarter of fiscal 2024, an increase of 7.2 percentage points from the three months ended June 30, 2022.

Total compensation expense decreased by $1.3 million or 11.5% in Q1/24 compared to Q1/23. Total compensation expense as a percentage of revenue was 67.9% for Q1/24, a decrease of 5.5 percentage points from the same period in the prior year.

Other overhead expenses decreased by $0.2 million or 4.6% compared to the three months ended June 30, 2022. All the overhead expenses remained broadly in line with the first quarter of fiscal 2023.

Net income before income taxes was $0.2 million in Q1/24 compared to net loss before income taxes of $0.7 million in Q1/23. Excluding significant items[1] net income before taxes was $0.3 million for the three months ended June 30, 2023 compared to net loss before taxes of $0.5 million in the same period in the prior year.

(1) See Non-IFRS Measures on page 7.

CORPORATE AND OTHER SEGMENT[1]

FINANCIAL PERFORMANCE – CORPORATE AND OTHER SEGMENT

(C$ thousands, except number of employees and % amounts)	Three months ended June 30 2023	2022	Quarter-over-quarter change
Revenue	$ 6,605	$ (8,986)	173.5%
Expenses			
Compensation expense	7,553	9,510	(20.6)%
Other overhead expenses	18,933	5,400	n.m.
Restructuring costs	3,358	—	n.m.
Share of loss of an associate	18	8	125.0%
Total expenses	29,862	14,918	100.2%
Intersegment allocations[2]	(9,073)	(11,102)	18.3%
Loss before income taxes[2]	(14,184)	(12,802)	(10.8)%
Number of employees[4]	468	465	0.6%
Excluding significant items[3]			
Revenue	$ 6,724	$ 2,461	173.2%
Total expenses	11,217	14,918	(24.8)%
Intersegment allocations[2]	(9,073)	(11,102)	18.3%
Income (loss) before income taxes[2]	4,580	(1,355)	438.0%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.
(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 26.
(3) Refer to Non-IFRS Measures on page 7 and the Q1 Fiscal 2024 Selected Financial Information Excluding Significant Items table on page 15.
(4) Certain headcounts have been re-allocated between the Canaccord Genuity Capital Markets and Corporate & Other segment. Comparatives have been restated.
n.m.: not meaningful

This segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest, foreign exchange gains and losses, and expenses not specifically allocable to either the Canaccord Genuity Capital Markets or Canaccord Genuity Wealth Management divisions. Also included in this segment are the Company's Canadian-based operations and support services, which are responsible for front- and back-office IT systems, compliance and risk management, operations, finance, and all administrative functions. Allocations and charges to the Capital Markets and Wealth Management segments in Canada and other regions are recorded as intersegment allocations.

Revenue in the Corporate and Other segment for the three months ended June 30, 2023 was $6.6 million compared to a loss of $9.0 million in the same quarter a year ago. The increase in revenue was largely due to a change to the fair value adjustment recorded on certain illiquid or restricted marketable securities, resulting in a decrease in revenue of $11.4 million recorded in the first quarter of fiscal 2023.

Expenses in this segment for Q1/24 increased by $14.9 million or 100.2% to $29.9 million compared to the three months ended June 30, 2022. Total expenses excluding significant items[1] decreased by $3.7 million or 24.8% from Q1 fiscal 2023.

Compensation expense decreased by $2.0 million or 20.6% compared to the three months ended June 30, 2022.

The increase in other overhead expenses of $13.5 million over Q1/23 was largely related to legal and professional fees incurred in relation to the expired management take-over bid. The increase was partially offset by a $1.7 million or 43.5% decrease in general and administrative expense.

Overall, the loss before income taxes was $14.2 million in Q1/24 compared to a loss of $12.8 million in Q1/23. The net income before taxes excluding significant items[1] was $4.6 million for the three months ended June 30, 2023, compared to a net loss before taxes excluding significant items[1] $1.4 million for the same period in the prior year.

INTERSEGMENT ALLOCATED COSTS

Included in the Corporate and Other segment are certain support services and other expenses that have been incurred to support the activities within the Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management segments in Canada as well as in all other regions. Certain trading, clearing and settlement charges are included as a trading cost in the applicable business units and as a trading cost recovery in Corporate and Other. In addition, certain overhead costs are charged by Canaccord Genuity Capital Markets UK & Europe to Canaccord Genuity Wealth Management UK & Crown Dependencies and are included in intersegment allocated costs for these business units.

Quarterly Financial Information – Eight Fiscal Quarters Prior to Q1/24[1]

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before June 30, 2023. This information is unaudited but reflects all adjustments of a recurring nature which are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as indications of future performance.

	Fiscal 2024	Fiscal 2023				Fiscal 2022			
(C$ thousands, except number of employees and % amounts)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue									
Canaccord Genuity Capital Markets	**145,694**	**226,140**	196,879	205,697	164,137	312,046	361,893	304,919	324,216
Canaccord Genuity Wealth Management:									
North America	**72,614**	**78,410**	77,364	73,429	72,961	76,165	82,589	72,367	104,158
UK & Crown Dependencies	**103,172**	**103,730**	85,691	80,970	73,337	80,316	81,741	75,109	73,329
Australia	**15,239**	**14,969**	16,633	14,889	15,921	17,793	20,571	18,752	17,517
Corporate and Other	**6,605**	**7,140**	5,549	5,537	(8,986)	13,473	5,423	4,014	(389)
Total revenue	**343,324**	**430,389**	382,116	380,522	317,370	499,793	552,217	475,161	518,831
Net income (loss)	**(268)**	**3,763**	(82,065)	26,564	(3,004)	68,995	66,732	61,785	73,053
(Loss) earnings per common share – basic	**$ (0.15)**	**$ (0.08)**	$ (1.10)	$ 0.17	$ (0.14)	$ 0.62	$ 0.59	$ 0.56	$ 0.72
Diluted (loss) earnings per common share	**$ (0.15)**	**$ (0.08)**	$ (1.10)	$ 0.14	$ (0.14)	$ 0.53	$ 0.52	$ 0.49	$ 0.63
Net Income excluding significant items[1]	**$ 19,433**	**$ 17,428**	$ 28,197	$ 35,426	$ 19,935	$ 66,822	$ 84,632	$ 69,719	$ 84,654
Earnings per common share, excluding significant items[1] – basic	**$ 0.10**	**$ 0.10**	$ 0.20	$ 0.30	$ 0.13	$ 0.62	$ 0.80	$ 0.66	$ 0.84
Diluted earnings per common share, excluding significant items[1]	**$ 0.07**	**$ 0.07**	$ 0.16	$ 0.25	$ 0.11	$ 0.52	$ 0.69	$ 0.58	$ 0.73

(1) Data is in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.

Quarterly financial information excluding significant items[1][2]

	Fiscal 2024	Fiscal 2023				Fiscal 2022			
(C$ thousands, except per share amounts)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue per IFRS	**$ 343,324**	$ 430,389	$ 382,116	$ 380,522	$ 317,370	$ 499,793	$ 552,217	$ 475,161	$ 518,831
Total expenses per IFRS	**337,042**	424,962	462,902	341,490	315,476	403,245	457,234	388,124	419,130
Revenue									
Significant items recorded in Corporate and Other									
Fair value adjustments on certain illiquid and restricted marketable securities	**119**	—	233	1,271	11,447	(9,000)	(1,400)	—	5,000
Total revenue excluding significant items	**$ 343,443**	$ 430,389	$ 382,349	$ 381,793	$ 328,817	$ 490,793	$ 550,817	$ 475,161	$ 523,831
Expenses									
Significant items recorded in Canaccord Genuity Capital Markets									
Amortization of intangible assets	**350**	214	1,643	1,535	1,264	1,283	107	160	293
Change in fair value of contingent consideration	**—**	(14,278)	—	—	—	—	—	—	—
Acquisition-related costs	**—**	—	—	1,477	—	—	537	—	—
Impairment of goodwill and other intangible assets	**—**	—	102,571	—	—	—	—	—	—
Incentive based costs related to acquisitions	**573**	648	523	437	367	364	—	—	—
Significant items recorded in Canaccord Genuity Wealth Management									
Amortization of intangible assets	**5,639**	6,314	5,830	5,944	4,312	4,190	4,113	3,178	3,148
Acquisition-related costs	**—**	—	—	(1,656)	7,582	515	6,225	1,920	—
Incentive based costs related to acquisitions	**1,288**	1,477	649	1,265	586	625	348	2,095	351
Costs associated with reorganization of CGWM UK	**—**	—	—	—	—	—	—	794	—

	Fiscal 2024	Fiscal 2023				Fiscal 2022			
(C$ thousands, except per share amounts)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Significant items recorded in Corporate and Other									
Costs associated with redemption of convertible debentures	**—**	—	—	—	—	—	—	468	5,464
Restructuring costs	**3,358**	—	—	—	—	—	—	—	—
Development costs	**15,287**	4,903	808	1,310	—	—	—	—	—
Fair value adjustment of non-controlling interests derivative liability	**—**	11,629	—	—	—	—	8,519	—	—
Total significant items – expenses	**26,495**	10,907	112,024	10,312	14,111	6,977	19,849	8,615	9,256
Total expenses excluding significant items	**310,547**	414,055	350,878	331,178	301,365	396,268	437,385	379,509	409,874
Net income before income taxes – adjusted	**$ 32,896**	$ 16,334	$ 31,471	$ 50,615	$ 27,452	$ 94,525	$ 113,432	$ 95,652	$ 113,957
Income tax expense (recovery) – adjusted	**13,463**	(1,094)	3,274	15,189	7,517	27,703	28,800	25,933	29,303
Net income – adjusted	**$ 19,433**	$ 17,428	$ 28,197	$ 35,426	$ 19,935	$ 66,822	$ 84,632	$ 69,719	$ 84,654
Net income attributable to common shareholders	**$ 7,578**	$ 6,793	$ 16,561	$ 25,793	$ 11,879	$ 54,678	$ 75,098	$ 63,326	$ 81,251
Earnings per common share adjusted – basic	**$ 0.10**	$ 0.10	$ 0.20	$ 0.30	$ 0.13	$ 0.62	$ 0.80	$ 0.66	$ 0.84
Diluted earnings per common share adjusted – diluted	**$ 0.07**	$ 0.07	$ 0.16	$ 0.25	$ 0.11	$ 0.52	$ 0.69	$ 0.58	$ 0.73

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 7.
(2) Due to the change in the number of fully diluted shares resulting from the convertible debenture redemption in Q4 fiscal 2021 as well as the impact of the Convertible Preferred Shares issued, rounding and the dilutive impact of share issuance commitments in the quarterly and year to date EPS figures, the sum of the quarterly earnings per common share figures may not equal the annual earnings per share figure.

Quarterly trends and risks

Our quarterly results are generally not significantly affected by seasonal factors. However, the Company's revenue and income can experience considerable variations from quarter to quarter and from year to year due to factors beyond the Company's control. The business is affected by the overall condition of the global capital markets and by activity in our core focus sectors, as well as by changes in the market for growth companies and companies in emerging markets and sectors. The Company's revenue from an underwriting transaction is recorded only when a transaction has been substantially completed or closed. Consequently, the timing of revenue recognition can materially affect Canaccord Genuity Group Inc.'s quarterly results.

The Company recorded revenue of $343.3 million in Q1/24, which was 22.8% lower than the average for the previous eight quarters. On a consolidated basis, investment banking revenue declined from record levels recorded in fiscal 2022 to $37.0 million in Q1/24, due to lower market-wide activity in all our geographies. Advisory fees revenue of $40.7 million was 62.1% lower than the average of the last eight fiscal quarters, which included record revenue achieved in fiscal 2022. Firm-wide commissions and fees revenue increased by 2.1% year-over-year to $184.8 million. Revenue from principal trading activities decreased by 18.7% year-over-year to $22.9 million.

The higher interest rate environment supported a 252.8% year-over-year increase in interest revenue to $52.3 million, which was 176.4% higher than the average of the last eight fiscal quarters. When compared to Q4/23, commissions and fees, investment banking, advisory fees and principal trading revenues decreased by 6.1%, 27.5%, 61.2% and 14.8%, respectively.

Global Capital Markets

Our global capital markets operations generated revenue of $145.7 million, a decrease of 44.4% from the average quarterly revenue for the past eight quarters due to the prolonged global market downturn, which has impacted activity levels in all segments, but most notably investment banking and advisory fees. Compared to the previous quarter, revenue was 35.6% lower in Q1/24.

Our US capital markets operation was the biggest contributor to capital markets revenue with $73.5 million for the quarter, a decrease of 35.7% from the previous quarter. First quarter revenue in this region was 48.9% lower than the average of the last eight fiscal quarters. While advisory activity in this business has remained healthy, first quarter revenue in this segment was 64.7% lower than the average of the last eight fiscal quarters, a comparison period that included record quarterly revenues earned in fiscal 2022.

Revenue in our Canadian capital markets operations was $40.7 million in Q1/24, an increase of 183.6% compared to the same period in the prior year but a decrease of 42.0% over Q4 fiscal 2023. First quarter revenue in this business was 33.5% lower than the average of the last eight fiscal quarters; this is primarily attributable to lower advisory and investment banking revenue.

Revenue in our Australian capital markets operations increased by 34.5% sequentially, principally as a result of a 32.0% increase in investment banking revenue which reflects higher activity levels in our core focus sectors. First quarter revenue in this region was 39.2% lower than the average of the last eight fiscal quarters, a comparison period that included record quarterly investment banking revenues earned in the second half of fiscal 2022.

Our UK & Europe capital markets operations recorded revenue of $13.3 million for Q1/24, a decrease of 52.7% compared to the previous quarter. First quarter revenue in this business was 50.8% lower than the average of the last eight fiscal quarters. Advisory fees revenue was sequentially down 65.8%, and 64.7% lower than the average of the previous eight quarters.

Global Wealth Management

First quarter revenue in our global wealth management businesses amounted to $191.0 million, a decrease of 3.1% compared to Q4/23. First quarter revenue in this division was 7.0% higher than the average of the last eight fiscal quarters.

Revenue in our Canaccord Genuity North America wealth management operations decreased by 7.4% compared to Q4/23. First quarter revenue in this business was 8.9% lower than the average of the last eight fiscal quarters as interest revenue increased due to higher interest rates, offset by a decrease in new issue activity. When compared to the average of the past eight fiscal quarters, commission and fees decreased by 5.7%, investment banking revenue decreased by 58.6%, while interest income increased by 58.8%. AUA(1) were $37.2 billion, a slight decline from the peak of $37.9 billion achieved in Q4/22 and an increase of 4.2% when measured against Q4/23, reflecting net inflow of new assets against the challenging market downturn.

The CGWM UK operations have contributed consistently to our revenue and profitability levels. Revenue for Q1/24 was $103.2 million, 26.2% higher than the average for the past eight quarters, supported by stronger commissions and fees and interest revenue. AUM(1) for this group increased by 4.8% as of the end of Q1/24 to $54.7 billion compared to Q1/23 due to movement in foreign exchange rates.

Revenue in our Australia wealth management operations reached $15.2 million in Q1/24, an increase of 1.8% over the previous quarter and a decline of 4.3% compared to the corresponding quarter in fiscal 2023. AUM(1) as of June 30, 2023 were $5.4 billion, an increase of 15.2% compared to the corresponding period in fiscal 2023, reflecting our active recruitment efforts over the last fiscal year.

Corporate and Other

The movement in revenue in the Corporate and Other division was mainly due to fair value adjustment recorded on certain illiquid or restricted marketable securities, as well as changes in interest revenue and foreign exchange gains or losses resulting from fluctuations in the Canadian dollars.

Financial condition

Below are specific changes in selected items on the Q1/24 unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $0.6 billion on June 30, 2023 compared to $1.0 billion on March 31, 2023. Refer to the Liquidity and Capital Resources section on page 30 for more details.

Securities owned were $0.5 billion on June 30, 2023 compared to $0.7 billion on March 31, 2023, mainly due to a decrease in corporate and government debt as well as equities and convertible debentures.

Accounts receivable were $2.7 billion at June 30, 2023 compared to $3.4 billion at March 31, 2023, mainly due to increase in receivable from brokers and dealers.

Goodwill was $622.6 million and intangible assets were $305.3 million on June 30, 2023. On March 31, 2023, goodwill was $622.8 million and intangible assets were $305.9 million. These amounts represent the goodwill and intangible assets acquired through the purchases of Collins Stewart Hawkpoint plc, Eden Financial Ltd., Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier, Thomas Miller, Patersons, Adam & Company, Sawaya, PSW and Results.

Right-of-use assets at June 30, 2023 were $97.2 million compared to $103.7 million at March 31, 2023, mainly due to amortization recorded during the period.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were $193.1 million at June 30, 2023 compared to $191.2 million at March 31, 2023. The decrease in other assets was mainly due to changes in the income taxes receivable and deferred tax assets.

LIABILITIES AND NON-CONTROLLING INTERESTS

Securities sold short were $376.1 million at June 30, 2023 compared to $556.3 million at March 31, 2023, mostly due to a decrease in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $2.7 billion at June 30, 2023, a decrease from $3.7 billion at March 31, 2023, mainly due to a decrease in payables to clients.

Subordinated debt, income taxes payable and deferred tax liabilities were $67.1 million at June 30, 2023, an increase from $65.4 million at March 31, 2023 as a result of an increase in deferred tax liabilities.

There were also lease liabilities of $112.1 million recorded as of June 30, 2023 [March 31, 2023 – $119.2 million].

At the end of June 30, 2023, deferred and contingent consideration was $51.4 million [March 31, 2023 – $54.0 million]. There was contingent consideration recorded of $1.5 million related to the purchase of the wealth management business of Mercer Global Investments Canada Limited.

Certain institutional investors acquired Convertible Preferred Shares issued by the Company's subsidiary, CGWM UK. Both series of the Convertible Preferred Shares and Preference Shares issued to management and employees of CGWM UK were treated as a compound instrument comprised

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 7.

of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. The carrying value of the derivative liability component of £37.0 million (C$62.3 million) [March 31, 2023 – £37.0 million (C$61.7 million)] is included in other liabilities in the statement of financial position as of June 30, 2023.

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and PSW. The loan is repayable in instalments of principal and interest and matures in September 2024. The interest rate on this loan is 7.927% per annum as at June 30, 2023 [March 31, 2023 – 7.1777% per annum]. The total bank loans outstanding as of June 30, 2023, net of financing charges, was $310.6 million [March 31, 2023 – $307.1 million].

Excluding the bank loan in connection with the acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and PSW as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $672.0 million [March 31, 2023 – $667.4 million]. These limited credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of June 30, 2023, there were no balances outstanding under these other credit facilities [March 31, 2023 – $nil].

Non-controlling interests were $346.6 million at June 30, 2023 compared to $344.0 million as at March 31, 2023, an increase of $2.6 million, mainly related to the equity component of the Convertible Preferred Shares issued by CGWM UK, net of dividends received and foreign exchange movement. Non-controlling interests also represent 32.7% [March 31, 2023 – 32.7%] of the net assets of our operations in Australia.

Off-balance sheet arrangements

A subsidiary of the Company has entered into secured irrevocable standby letters of credit from a financial institution totaling $3.1 million (US$2.3 million) [March 31, 2023 – $3.9 million (US$2.9 million)] as rent guarantees for its leased premises in New York. As of June 30, 2023 and March 31, 2023, there were no outstanding balances under these standby letters of credit.

Bank indebtedness and other credit facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of June 30, 2023, and March 31, 2023, the Company had no bank indebtedness outstanding under these facilities.

In the normal course of business, the Company enters into contracts that give rise to commitments of future minimum payments that affect its liquidity.

The following table summarizes the Company's long-term contractual obligations on June 30, 2023:

(C$ thousands)	Total	Fiscal 2025	Fiscal 2026 – Fiscal 2027	Fiscal 2028 – Fiscal 2029	Thereafter
Premises and equipment operating leases	108,399	28,674	31,134	18,347	30,244
Bank loan(1)	311,526	311,526	—	—	—
Total contractual obligations	**419,925**	**340,200**	**31,134**	**18,347**	**30,244**

(1) Bank loan obtained to finance a portion of the cash consideration for the acquisitions in CGWM UK. The bank loan bears interest at 7.927 [March 31, 2023 – 7.177%] per annum and is repayable in instalments of principal and interest and matures in September 2024.

Liquidity and capital resources

The Company has a capital structure comprised of preferred shares, common shares, retained earnings and accumulated other comprehensive income (OCI). On June 30, 2023, cash and cash equivalents were $0.6 billion, a decrease of $402.6 million from $1.0 billion as of March 31, 2023. During the first quarter of fiscal 2024, financing activities used cash in the amount of $32.9 million, mainly due to dividends paid on Convertible Preferred Shares issued in the UK & Crown Dependencies, payment of dividends to non-controlling interests in Australia, and cash dividends paid on common and preferred shares. Investing activities used cash in the amount of $7.6 million for the purchase of equipment and leasehold improvements, the acquisition of the private wealth business of Mercer Global Investments Canada Limited, and payment of contingent consideration in connection with the acquisition of Sawaya. Operating activities used cash in the amount of $358.6 million, which was largely due to changes in non-cash working capital. A decrease in cash of $3.6 million was attributable to the effect of foreign exchange translation on cash balances.

The Company's business requires capital for operating and regulatory purposes. The Company's working capital, including cash and cash equivalents, is fully deployed by the Company in its operations to support regulatory capital levels as required and counter-party requirements, including cash deposit requirements needed to maintain current levels of activity. The majority of current assets reflected on the Company's audited consolidated statement of financial position are highly liquid. The majority of the positions held as securities owned are readily marketable, and all are recorded at their fair value. Securities sold short are highly liquid securities. The fair value of these securities fluctuates daily as factors such as changes in market conditions, economic conditions and investor outlook affect market prices. Client receivables are secured by readily marketable securities and are reviewed daily for impairment in value and collectability. Receivables and payables from brokers and dealers represent the following: current open transactions that generally settle within the normal two-day settlement cycle, collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand, and balances on behalf of introducing brokers representing net balances in connection with their client accounts.

The Company has certain commitments as discussed in the Off-Balance Sheet Arrangements and Bank Indebtedness and Other Credit Facilities sections above. Other than contracts entered into in the ordinary course of business, the Company has not entered into any contract which can reasonably be regarded as material.

Outstanding Preferred and Common Share Data

	Outstanding shares as of June 30	
	2023	2022
Preferred shares		
Series A – issued shares outstanding	**4,540,000**	4,540,000
Series C – issued shares outstanding	**4,000,000**	4,000,000
Common shares		
Issued shares excluding unvested shares(1)	**92,693,160**	87,846,294
Issued shares outstanding(2)	**99,638,818**	99,185,630
Issued shares outstanding – diluted(3)	**105,057,417**	104,590,492
Average shares outstanding – basic	**88,236,373**	88,635,588
Average shares outstanding – diluted(4)	**n/a**	n/a

(1) Excludes 6,823,303 unvested shares purchased by employee benefit trusts for the LTIP, and 122,355 outstanding shares related to share purchase loans.
(2) Includes 6,823,303 unvested shares purchased by employee benefit trusts for the LTIP, and 122,355 outstanding shares related to share purchase loans.
(3) Includes 5,122,000 shares to be issued if all the outstanding PSOs were exercised, 991,165 shares to be issued in connection with the acquisitions of Sawaya and Results, net of estimated forfeitures.
(4) During the quarter ended June 30, 2023 and 2022, the Company recorded a net loss attributable to common shareholders, and as such, the diluted EPS is equal to the basic EPS since the instruments involving potential common shares were excluded from the calculation of diluted loss per share as they were anti-dilutive.

Preferred shares

SERIES A PREFERRED SHARES

The Company issued 4,540,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series A (Series A Preferred Shares) at a purchase price of $25.00 per share for gross proceeds of $113.5 million. The aggregate net amount recognized after deducting issue costs, net of deferred taxes of $1.0 million, was $110.8 million.

SERIES C PREFERRED SHARES

The Company issued 4,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series C (the "Series C Preferred Shares") at a purchase price of $25.00 per share for gross proceeds of $100.0 million. The aggregate net amount recognized after deducting issue costs, net of deferred taxes of $1.0 million, was $97.5 million.

Terms of the Series A and C Preferred Shares are disclosed in Note 19 of the June 30, 2023 consolidated financial statements.

COMMON SHARES

On August 18, 2022, the Company filed a notice to renew the NCIB to provide the Company with the choice to purchase up to a maximum of 4,959,281 of its common shares during the period from August 21, 2022 to August 20, 2023 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. There were no shares purchased under NCIB for the three months ended June 30, 2023.

The Company has entered into a predefined plan with a designated broker to allow for the repurchase of its common shares under this NCIB. The Company's broker may repurchase the common shares under the plan on any trading day during the NCIB, including at any time during the Company's internal trading blackout periods. The plan has been reviewed by the TSX and will terminate on the earlier of the termination of the plan by the Company in accordance with its terms and the expiry of the NCIB.

The ability to make purchases under the current NCIB commenced on August 21, 2022 and will continue for one year (to August 20, 2023) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply with the trading rules of the TSX, the daily purchases are limited to 76,881 common shares of the Company (which is 25% of the average daily trading volume (ADTV) of common shares of the Company on the TSX in the six calendar months from February 2022 to July 2022 (25% of the ADTV of 307,527)).

As of July 31, 2023, the Company has 99,638,818 common shares issued and outstanding.

Share-Based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2023 Annual Report. Refer to Note 18 in the unaudited interim condensed consolidated financial statements for the three months ended June 30, 2023.

Financial Instruments

FOREIGN EXCHANGE

The Company manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to these transactions are recognized in income during the period. Forward contracts to buy US dollars at June 30, 2023 had a notional amount of US$2.0 million compared to US $1.8 million on March 31, 2023. Forward contracts outstanding to sell US dollars had a notional amount of US $0.8 million, a decrease of US $3.1 million from March 31, 2023. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, Hong Kong and China are conducted in the local currency; however, any foreign exchange risk in respect of these transactions is generally limited as pending settlements on both sides of a transaction are typically in the local currency.

These contracts were entered into in an attempt to mitigate foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity.

The Company's Canaccord Genuity Wealth Management segment in the UK & Crown Dependencies trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default.

FUTURES

The Company's Canadian operations are involved in trading various futures contracts, in an attempt to mitigate market risk, interest rate risk, yield curve risk and liquidity risk. Futures contracts are agreements to buy or sell a standardized amount of an underlying asset, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations have traditionally engaged in the trading of Canadian & US Government bond futures contracts to mitigate its risk. The Company's Canadian operations also began trading other types of futures contracts, including but not limited to index futures and commodity futures.

At June 30, 2023, there were no Canadian bond futures contracts outstanding [March 31, 2023 – short $1.4 million].

The fair value of all the above futures contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in net income (loss) during the reporting period.

Related Party Transactions

The Company's related parties include the following persons and/or entities: (a) entities that are controlled or significantly influenced by the Company, and (b) key management personnel, who are comprised of the directors of the Company, as well as executives involved in strategic decision-making for the Company. A list of the Company's principal trading subsidiaries and principal intermediate holding companies is disclosed in Note 23 of Audited Annual Consolidated Financial Statements.

Security trades executed for employees, officers and directors of the Company are transacted in accordance with terms and conditions applicable to all clients. Commission income on such transactions in the aggregate is not material in relation to the overall operations of the Company.

The Company offers various share-based payment plans to its key management personnel, including common share purchase loans, a long-term incentive plan, performance share units, deferred share units plan (DSUs) for senior executives and a performance stock option plan. Directors have the right to acquire DSUs. Certain equity instruments in CGWM UK were purchased by management and employees of CGWM UK in connection with the issuance of the Convertible Preferred Shares to HPS.

Accounts receivable and accounts payable and accrued liabilities include the following balances with key management personnel:

(C$ thousands)	**June 30, 2023 $**	March 31, 2023 $
Accounts receivable	**13,306**	18,115
Accounts payable and accrued liabilities	**1,142**	600

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2023 have been prepared in accordance with International Accounting Standard 34, *"Interim Financial Reporting" (IAS 34), as issued by the International Accounting Standards Board (IASB).*

The preparation of the unaudited interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes, valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, valuation of non-controlling interests derivative liability, valuation of contingent consideration, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives.

In particular, the assessment for impairment of goodwill and identifiable indefinite life intangible assets requires management's best estimates in order to determine fair values using discounted cash flow projections that employ the following key assumptions: future cash flows, growth projections and discount rates. Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the cash generating units (CGU) to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized and recorded in the consolidated statements of operations. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. The Company has goodwill and indefinite life intangible assets recorded in Canaccord Genuity Capital Markets US and UK and Europe, as well as Canaccord Genuity Wealth Management UK & Crown Dependencies and Australia.

The Convertible Preferred Shares issued to HPS contain no obligation for the Company to deliver cash or other financials assets to HPS. Judgment was used to conclude that the Convertible Preferred Shares are a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering a variable number of common shares of Canaccord Genuity Wealth Group Holdings (Jersey) Limited.

The fair value of the Convertible Preferred Shares at issuance was allocated to its respective equity and derivative components. The fair value of the derivative was established first and the residual amount was recorded to the equity component. The derivative components will be remeasured at the end of each reporting period using the Company's best estimate of its values with any changes in fair value recorded through the net income (loss) for the period. Significant judgment is required in respect of the estimates and the assumptions to be used in the determination of the fair value of the derivative component at each reporting period.

Significant accounting policies used and policies requiring management's judgment and estimates have not changed during the first quarter of fiscal 2024 and are discussed under "Critical Accounting Policies and Estimates" in our 2023 Annual Report.

Changes in Accounting Policies

The accounting policies applied in the preparation of the Q1/24 unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the 2023 Audited Annual Consolidated Financial Statements.

Adoption of New and Revised Standards

There were no new accounting standards adopted for the quarter ended June 30, 2023 except as noted below.

<u>Pillar Two</u>

In May 2023, the IASB issued International Tax Reform-Pillar Two Model Rules, which amended IAS 12, Income Tax. The amendments introduce a temporary exception to the accounting for deferred taxes related to Pillar Two income taxes and disclosure requirements for affected entities. The mandatory temporary exception applies immediately and should be applied retrospectively, while the remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023. The Company applied the temporary exception during its first quarter of fiscal 2024 retrospectively and is currently assessing the impact of the remaining disclosure requirements on its annual consolidated financial statements.

<u>Deferred Tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12</u>

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's unaudited interim condensed consolidated financial statements.

Future Changes in Accounting Polices and Estimates

The Company monitors the potential changes proposed by the International Accounting Standards Board on an ongoing basis and analyzes the effect that changes in the standards may have on the Company's operations.

Standards issued but not yet effective

There were no standards issued, which may reasonably be expected to materially impact the Company's financial statements but which were not yet effective as of June 30, 2023.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of June 30, 2023, an evaluation was carried out, under the supervision of and with the participation of management, including the President & Chief Executive Officer (CEO) and the Executive Vice President & Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109. Based on that evaluation, the President & CEO and the Executive Vice President & CFO concluded that our disclosure controls and procedures were effective as of June 30, 2023.*

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the President & CEO and the Executive Vice President & CFO, has designed internal control over financial reporting as defined under National Instrument 52-109 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Based on that evaluation, the President & CEO and the Executive Vice President & CFO concluded that the Company's internal control over financial reporting was designed and operating effectively as of and during the first quarter of fiscal 2024 ended June 30, 2023 and that there were no material weaknesses in our internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

There were no changes in internal control over financial reporting that occurred during the first quarter of fiscal 2024 ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Dividend Policy

Although dividends are expected to be declared and paid quarterly, the Board of Directors, in its sole discretion, will determine the amount and timing of any dividends. All dividend payments will depend on general business conditions; the Company's financial condition, results of operations and capital requirements; and such other factors as the Board determines to be relevant.

Dividend Declaration

On August 3, 2023, the Board of Directors approved a dividend of $0.085 per common share, payable on September 15, 2023, with a record date of September 1, 2023.

On August 3, 2023, the Board approved a cash dividend of $0.25175 per Series A Preferred Share payable on October 2, 2023 to Series A Preferred shareholders of record as at September 15, 2023.

On August 3 2023, the Board approved a cash dividend of $0.42731 per Series C Preferred Share payable on October 2, 2023 to Series C Preferred shareholders of record as at September 15, 2023.

Risks

The Company's ability to maintain and successfully execute its business strategy depends upon the personal reputation, judgment, business generation capabilities and project execution skills of its senior professionals. Any management disruption could result in a loss of clients and customers, or revenues from clients and customers, and could significantly affect the Company's business and results of operations.

The securities industry and the Company's activities are by their very nature subject to a number of inherent risks. Economic conditions, competition and market factors such as volatility in the Canadian and international markets, interest rates, commodity prices, market prices, trading volumes and liquidity will have an impact on the Company's profitability. An investment in the common or preferred shares of the Company involves a number of risks, including market, liquidity, credit, operational, legal, cyber and regulatory risks, which could be substantial and are inherent in the Company's business. The Company is also directly exposed to market price risk, liquidity risk and volatility risk as a result of its trading activities in equity securities and to interest rate risk and credit spread risk as a result of its trading in fixed income securities. Globally, Canaccord Genuity Wealth Management revenue is dependent on both trading volumes and asset values and, as such, is dependent on the level of market activity, investor confidence and the level of market prices. In the Company's Canadian and Australian wealth management businesses, revenue is also influenced by the level of financing activity by small-cap corporate issuers. Canaccord Genuity Capital Markets' revenue is dependent on financing activity by corporate issuers, participation in advisory engagements, the success of its market making and principal trading, as well as the willingness of institutional clients to actively trade and participate in capital markets transactions. There may also be a lag between market fluctuations, changes in business conditions and the level of the Company's market activity and the impact that these factors have on the Company's operating results and financial position.

The financial services business is subject to extensive regulation in all of the regions where Canaccord Genuity operates. Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation and change. Changing regulations and interpretations could have a significant impact on the Company's business and profitability. The Company has a disciplined capital management framework to maintain the level of capital that will meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators, to fund current and future operations, to ensure that the firm is able to meet its financial obligations as they come due, and to support the creation of shareholder value. The regulatory bodies that govern the Company's subsidiaries' use of regulatory capital are listed in Note 25 of the Company's 2023 Audited Annual Consolidated Financial Statements.

The Company and its affiliates provide financial advisory, underwriting and other services to, and trade the securities of issuers that are involved with new and emerging industries, including the US cannabis industry. Activities within such industries, including the US cannabis industry, typically have not had the benefit of a history of successful operating results. In addition to the economic uncertainties associated with new industries, new activities and new issuers, the laws applicable to such industries or activities, particularly the US cannabis industry and the activities of issuers in that industry, and the effect or enforcement of such laws are undetermined, conflicting and uncertain. With respect to the US cannabis industry, cannabis continues to be a controlled substance under the United States Controlled Substances Act and as such, there is a risk that certain issuers, while in compliance with applicable state law, may be prosecuted under federal law. Accordingly, the Company has adopted policies and procedures reasonably designed to ensure compliance with the United States Currency and Foreign Transactions Reporting Act of 1970 (the "Bank Secrecy Act") and the guidance issued by the United States Department of the Treasury Financial Crimes Enforcement Network, FIN-2014-G001 (the "FinCEN Guidance") relating to providing financial services to marijuana related businesses in the United States (as that term is used in the FinCEN Guidance). While the Company takes steps to identify the risks associated with emerging industries, including the US cannabis industry, and only provides services to those issuers where it determines that there is no material risk to the Company or where any risk is unlikely to result in a material adverse consequence to the Company, there is a risk that the Company could be the subject of legal proceedings which may have a material adverse effect on the Company business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company. The Company has determined that any such proceedings are unlikely and, accordingly, has not recorded a provision in respect of such matters.

Risks associated with emerging industries such as the cannabis, e-cigarette and vaping industries also include the risk of the insolvency of issuers and the consequent inability of such issuers to satisfy their indemnification obligations to the Company. Accordingly, in the event of a loss to the Company, the ability of the Company to recover amounts in respect of any indemnity claims also cannot be predicted with certainty.

Understanding the added pressures that a prolonged remote work environment placed on our employees and their families, we expanded our support system to include resources to keep employees engaged and healthy while working remotely, and we have also implemented increased health and safety measures at all office locations to protect the health and well being of our employees and clients.

Cybersecurity risk is the risk that the Company's information networks, data or internal systems will be damaged, disrupted, misappropriated, stolen, accessed without permission or otherwise attacked. This risk exists due to the interconnected nature of the Company's business with its clients, suppliers, vendors, partners and the public via the internet and other networks. As a result of this interconnectivity, third parties with which the Company does business with or that facilitate the Company's business may also be a source of cybersecurity risk to the firm. The Company has implemented a third- party risk management framework as part of onboarding new vendors and other third parties as well as vetting existing vendors. The purpose of this mitigant is to ensure all parties interacting with the Company are adhering to high standards as it relates to cybersecurity.

The Company devotes considerable effort and resources to defend against and mitigate cybersecurity risk, including increasing awareness throughout the organization by implementing a firm-wide cybersecurity training program for all employees. The Company's management of cybersecurity risk, as well as any reported incidents, is regularly presented to both senior management via the Cybersecurity Committee and the Audit & Risk Committee of the Board of Directors.

Further discussion regarding risks can be found in our Annual Information Form.

Additional Information

Additional information relating to Canaccord Genuity Group Inc., including its Annual Information Form , is available on the Company's website at www.cgf.com/investor-relations/investor-resources/financial-reports/ and on SEDAR at www.sedar.com.

Canaccord Genuity Group Inc.
Unaudited Interim Condensed Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	June 30, 2023 $	March 31, 2023 $
ASSETS			
Current			
Cash and cash equivalents		605,813	$ 1,008,432
Securities owned	4,5	470,323	715,078
Accounts receivable	5,6,19	2,749,142	3,355,203
Income taxes receivable		55,040	34,209
Total current assets		3,880,318	5,112,922
Deferred tax assets		73,657	90,733
Investments	7	17,897	18,101
Equipment and leasehold improvements		46,458	48,180
Intangible assets	11	305,340	305,915
Goodwill	11	622,556	622,820
Right-of-use assets		97,162	103,729
Total assets		5,043,388	6,302,400
LIABILITIES AND EQUITY			
Current			
Securities sold short	4,5	376,069	556,303
Accounts payable and accrued liabilities	5,6,19	2,690,543	3,720,332
Provisions	21	22,043	19,660
Income taxes payable		1,908	2,177
Subordinated debt	5,13	7,500	7,500
Current portion of bank loan	5,14	13,466	13,342
Current portion of lease liabilities		26,558	26,712
Current portion of contingent consideration	5,8	17,156	17,325
Total current liabilities		3,155,243	4,363,351
Deferred tax liabilities		57,686	55,728
Bank loan	5,14	297,098	293,780
Lease liabilities		85,548	92,526
Other liabilities	5, 8	96,515	98,378
Total liabilities		3,692,090	4,903,763
Equity			
Attributable to equity holders of CGGI		1,004,669	1,054,639
Attributable to non-controlling interests	10	346,629	343,998
Total equity		1,351,298	1,398,637
Total liabilities and equity		5,043,388	6,302,400

See accompanying notes

On behalf of the Board:

“Daniel Daviau” *“Terrence A. Lyons”*

DANIEL DAVIAU TERRENCE A. LYONS

Canaccord Genuity Group Inc.
Unaudited Interim Condensed Consolidated Statements of Operations

			For the three months ended		
(in thousands of Canadian dollars, except per share amounts)	Notes		June 30, 2023		June 30, 2022
REVENUE					
Commissions and fees		$	184,770	$	180,923
Investment banking			36,961		18,716
Advisory fees			40,652		82,944
Principal trading			22,946		28,221
Interest			52,272		14,816
Other			5,723		(8,250)
			343,324		317,370
EXPENSES					
Compensation expense			185,923		198,444
Trading costs			21,978		24,748
Premises and equipment			5,819		4,823
Communication and technology			22,612		19,355
Interest			23,311		7,824
General and administrative			35,156		30,756
Amortization			9,903		8,195
Amortization of right of use assets			6,340		6,815
Development costs			22,624		6,926
Acquisition related costs			—		7,582
Restructuring costs			3,358		—
Share of loss of an associate	7		18		8
			337,042		315,476
Net income before income taxes			6,282		1,894
Income tax expense (recovery)					
Current			(9,264)		(11,548)
Deferred			15,814		16,446
	12		6,550		4,898
Net loss for the period			(268)		(3,004)
Net income (loss) attributable to:					
CGGI shareholders		$	(10,536)	$	(10,173)
Non-controlling interests		$	10,268	$	7,169
Weighted average number of common shares outstanding (thousands)					
Basic			88,236		88,636
Diluted			n/a		n/a
Net loss per common share					
Basic	16	$	(0.15)	$	(0.14)
Diluted	16	$	(0.15)	$	(0.14)
Dividend per common share	17	$	0.085	$	0.085
Dividend per Series A Preferred Share	17	$	0.25	$	0.25
Dividend per Series C Preferred Share	17	$	0.43	$	0.43

See accompanying notes

Canaccord Genuity Group Inc.
Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss

	For the three months ended	
(in thousands of Canadian dollars)	**June 30, 2023**	June 30, 2022
Net loss for the period	**$(268)**	$ (3,004)
Other comprehensive loss		
Net change in unrealized loss on translation of foreign operations	**(25,375)**	(21,768)
Comprehensive loss for the period	**(25,643)**	(24,772)
Comprehensive (loss) income attributable to:		
CGGI shareholders	**$ (39,388)**	$ (28,552)
Non-controlling interests [Note 10]	**13,745**	3,780

See accompanying notes

Canaccord Genuity Group Inc.
Unaudited Interim Condensed Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)	Notes	For the three months ended June 30, 2023	June 30, 2022
Preferred shares, opening and closing	15	$ 205,641	$ 205,641
Common shares, opening		566,345	576,166
Acquisition of common shares for long-term incentive plan (LTIP)		(480)	(50,863)
Release of vested common shares from employee benefit trusts		55,391	45,041
Shares issued through exercise of performance share options (PSOs)		299	492
Changes to shares committed to be purchased under normal course issuer bid		—	3,411
Shares purchased and cancelled under normal course issuer bid		—	(4,034)
Unvested share purchase loans		318	479
Common shares, closing	16	621,873	570,692
Contributed surplus, opening		49,400	64,241
Share-based payments, amortization net of vestings		(53,198)	(39,314)
Change in current and deferred taxes relating to share based payments		(1,179)	(3,508)
Shares purchased and cancelled under normal course issuer bid		—	(2,597)
Changes in shares committed to be purchased under normal course issuer bid		—	2,537
Unvested share purchase loans		(318)	(479)
Contributed surplus, closing		(5,295)	20,880
Retained earnings, opening		119,552	251,540
Net loss attributable to CGGI shareholders		(10,536)	(10,173)
Preferred shares dividends	17	(2,852)	(2,391)
Common shares dividends	17	(8,563)	(8,308)
Retained earnings, closing		97,601	230,668
Deferred consideration, opening and closing		8,495	11,378
Accumulated other comprehensive income, opening		105,206	69,103
Other comprehensive loss attributable to CGGI shareholders		(28,852)	(18,379)
Accumulated other comprehensive income, closing		76,354	50,724
Total shareholders' equity		1,004,669	1,089,983
Total non-controlling interest	10	346,629	325,914
Total equity		1,351,298	1,415,897

See accompanying notes

Canaccord Genuity Group Inc.
Unaudited Interim Condensed Consolidated Statements of Cash Flows

		For the three months ended	
(in thousands of Canadian dollars)	Notes	June 30, 2023 $	June 30, 2022 $
OPERATING ACTIVITIES			
Net loss for the period		(268)	(3,004)
Items not affecting cash			
Amortization		9,903	8,195
Amortization of right of use assets		6,340	6,815
Deferred income tax expense		15,814	16,446
Share-based compensation recovery	18	(15,080)	(9,038)
Share of loss of associate	7	18	8
Interest expense in connection with lease liabilities		1,713	1,840
Impairment of investments accounted for under equity method	7	—	2,750
Changes in non-cash working capital			
Decrease in securities owned		244,755	364,246
Decrease in accounts receivable		606,061	438,124
Decrease in net income taxes payable		(19,921)	(37,332)
Decrease in securities sold short		(180,234)	(126,649)
Decrease in accounts payable, accrued liabilities and provisions		(1,027,718)	(1,338,591)
Cash used in operating activities		(358,617)	(676,190)
FINANCING ACTIVITIES			
Proceeds from bank loan obtained in connection with the acquisition of Punter Southall Wealth		—	159,400
Acquisition of common shares for long-term incentive plan		(480)	(50,863)
Proceeds from issuance of convertible preferred shares in UK & Crown Dependencies wealth management operations, net of acquisition related costs		—	102,017
Payment of dividends on convertible preferred shares issued in UK & Crown Dependencies wealth management operations		(6,233)	—
Payment of dividends to non-controlling interests in Australia		(6,414)	—
Proceeds from exercise of performance share options		299	492
Purchase and cancellation of common shares under normal course issuer bid		—	(6,631)
Cash dividends paid on common shares		(8,563)	(8,308)
Cash dividends paid on preferred shares		(2,852)	(2,391)
Lease payments		(8,627)	(7,691)
Cash (used in) provided by financing activities		(32,870)	186,025
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(1,565)	(9,851)
Acquisition of Punter Southall Wealth, net of cash acquired		—	(238,591)
Acquisition of Mercer Global Investments Canada Limited's private wealth business		(2,410)	—
Payment of contingent consideration		(3,601)	(2,207)
Purchase of intangibles		—	(795)
Cash used in investing activities		(7,576)	(251,444)
Effect of foreign exchange on cash balances		(3,556)	(11,848)
Decrease in cash position		(402,619)	(753,457)
Cash position, beginning of period		1,008,432	1,788,261
Cash position, end of period		605,813	1,034,804
Supplemental cash flow information			
Interest received		$ 52,269	$ 14,890
Interest paid		$ 22,996	$ 7,432
Income taxes paid		$ 11,620	$ 29,432

See accompanying notes

Notes to Unaudited Interim Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

1. Corporate Information

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the Company or CGGI) is a leading independent, full-service investment dealer with capital markets operations in North America, the UK & Europe, Asia and Australia. The Company also has wealth management operations in Canada, the UK, the Crown Dependencies and Australia. The Company has operations in each of the two principal segments of the securities industry: capital markets and wealth management. Together, these operations offer a wide range of complementary investment products, brokerage services and investment banking services to the Company's private, institutional and corporate clients.

Canaccord Genuity Group Inc. was incorporated on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act* (British Columbia) and continues in existence under the *Business Corporations Act* (British Columbia). The Company's head office is located at Suite 2200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at Suite 2200, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1K8.

The Company's common shares are publicly traded under the symbol CF on the Toronto Stock Exchange (TSX). The Company's Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. The Company's Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C.

The Company's business experiences considerable variations in revenue and income from quarter to quarter and year to year due to factors beyond the Company's control. The Company's business is affected by the overall condition of the worldwide equity and debt markets.

2. Basis of Preparation

STATEMENT OF COMPLIANCE

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), as issued by the International Accounting Standards Board (IASB).

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended March 31, 2023 (March 31, 2023 consolidated financial statements) filed on SEDAR on June 16, 2023. All defined terms used herein are consistent with those terms defined in the March 31, 2023 consolidated financial statements.

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis except for investments, securities owned and securities sold short, deferred and contingent consideration, and non-controlling interest derivative liability. All of these have been measured at fair value as set out in the relevant accounting policies except for certain investments which have been accounted for under the equity method.

These unaudited interim condensed consolidated financial statements are presented in thousands of Canadian dollars, except when otherwise indicated.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on August 3, 2023.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions.

Certain factors impact and cast additional uncertainty on the assumptions used by management in making its judgments and estimates. These factors include, but not limited to, inflation, significant monetary and fiscal interventions by the government and central banks to stabilize economic conditions, including slowing economic growth, inflation and rising interest rates, as well as the impact of the war in Ukraine and the resulting humanitarian crisis on the global economy.

The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair values of levels 2 and 3 financial instruments, provisions and the valuation of the non-controlling interests derivative liability. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the preliminary purchase price allocation, including the valuation of goodwill and intangible assets acquired in connection with the acquisition of Results International Group LLP ("Results"), as well as the valuation of the contingent consideration related to the acquisitions of Results and Sawaya Partners LLC. For year ended March 31, 2023, estimates and assumptions were utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Adam & Company and Punter Southall Wealth Limited.

The Company operates in various tax jurisdictions and is subject to tax policies and legislations that pertain to the Company's activities in Canada and in other foreign countries. As the tax laws and policies of various countries are subject to continual change and interpretations, the final outcome of certain tax transactions may be uncertain. The Company is affected by changes in tax laws and regulations, including the introduction of Pillar Two (15% global minimum tax) as proposed by the Organization for Economics Co-operation and Development.

Certain institutional investors completed the purchase of Convertible Preferred Shares issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited (CGWM UK), a subsidiary of the Company. The Convertible Preferred Shares issued contain no obligation for the Company to deliver cash or other financials assets. Judgment was used to conclude that the Convertible Preferred Shares are a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of CGWM UK.

The fair value of the Convertible Preferred Shares issued by CGWM UK was allocated to its respective equity and derivative components. The fair value of the derivative was established first and the residual amount was recorded as the equity component. The derivative components will be remeasured at the end of each reporting period using the Company's best estimate of its value with any changes in fair value recorded through net income for the period. Significant judgment is required in respect of the estimates and assumptions to be used in the determination of the fair value of the derivative component at each reporting period.

In the discussions below, unless otherwise noted, Hargreave Hale Limited is referred to as "Hargreave Hale" (renamed as Canaccord Genuity Asset Management), Petsky Prunier LLC is referred to as "Petsky Prunier", Sawaya Partners LLC is referred to as "Sawaya", McCarthy Taylor Limited (renamed as CG McCarthy Taylor Limited) and whose operations were subsequently transferred to CG Wealth Planning Limited is referred to as "McCarthy Taylor", Thomas Miller Wealth Management Limited (renamed as CG Wealth Planning Limited) and the private client business of Thomas Miller Investment (Isle of Man) Limited are referred to as "Thomas Miller", Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) is referred to as "Patersons", the private client investment management business acquired from Adam & Company (including the acquisition of the entire issued capital of Adam & Company Investment Management Limited) is referred to as "Adam & Company", and Jitneytrade Inc., Finlogik Capital Inc. and Finlogik Inc. are collectively referred to as "Jitneytrade", Punter Southall Wealth Limited as "PSW" and Results International Group LLP as "Results".

3. Adoption of New and Revised Standards

There were no new accounting standards adopted for the three months ended June 30, 2023 except as noted below.

Pillar Two

In May 2023, the IASB issued International Tax Reform-Pillar Two Model Rules, which amended IAS 12, Income Tax. The amendments introduce a temporary exception to the accounting for deferred taxes related to Pillar Two income taxes and disclosure requirements for affected entities. The mandatory temporary exception applies immediately and should be appliedretrospectively, while the remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023. The Company applied the temporary exception during its first quarter of fiscal 2024 retrospectively and is currently assessing the impact of the remaining disclosure requirements on its annual consolidated financial statements.

Deferred Tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's unaudited interim condensed consolidated financial statements.

4. Securities Owned and Securities Sold Short

	June 30, 2023		March 31, 2023	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	$ 275,923	$ 260,167	$ 428,119	$ 394,284
Equities and convertible debentures	194,400	115,902	286,959	162,019
	$ 470,323	$ 376,069	$ 715,078	$ 556,303

As at June 30, 2023, corporate and government debt maturities range from 2023 – 2080 [March 31, 2023 – 2023 to 2080] and bear interest ranging from 0.00% to 16.76% [March 31, 2023 – 0.00% to 20.00%].

5. Financial Instruments

The categories of financial instruments, other than cash and cash equivalents, investments accounted for under the equity method and lease liabilities held by the Company at June 30, 2023 and March 31, 2023 are as follows:

	Fair value through profit and loss		Amortized cost		Total	
	June 30, 2023 $	March 31, 2023 $	**June 30, 2023 $**	March 31, 2023 $	**June 30, 2023 $**	March 31, 2023 $
Financial assets						
Securities owned	**$ 470,323**	$ 715,078	**—**	—	**$ 470,323**	$ 715,078
Accounts receivable from brokers and investment dealers	**—**	—	**1,430,397**	1,939,685	**1,430,397**	1,939,685
Accounts receivable from clients	**—**	—	**797,214**	869,883	**797,214**	869,883
RRSP cash balances held in trust	**—**	—	**293,306**	332,055	**293,306**	332,055
Other accounts receivable	**—**	—	**228,225**	213,580	**228,225**	213,580
Investments at FVTPL	**11,408**	11,569	**—**	—	**11,408**	11,569
Total financial assets	**$ 481,731**	$ 726,647	**$ 2,749,142**	$ 3,355,203	**$ 3,230,873**	$ 4,081,850
Financial liabilities						
Securities sold short	**$ 376,069**	$ 556,303	**—**	$ —	**$ 376,069**	$ 556,303
Accounts payable to brokers and investment dealers	**—**	—	**882,288**	1,361,601	**882,288**	1,361,601
Accounts payable to clients	**—**	—	**1,427,689**	1,738,806	**1,427,689**	1,738,806
Other accounts payable and accrued liabilities	**—**	—	**380,566**	619,925	**380,566**	619,925
Subordinated debt	**—**	—	**7,500**	7,500	**7,500**	7,500
Deferred and contingent consideration	**51,389**	53,998	**—**	—	**51,389**	53,998
Bank loan	**—**	—	**310,564**	307,122	**310,564**	307,122
Non-controlling interest – derivative	**62,282**	61,705	**—**	—	**62,282**	61,705
Total financial liabilities	**$ 489,740**	$ 672,006	**$ 3,008,607**	$ 4,034,954	**$ 3,498,347**	$ 4,706,960

The Company has not designated any financial instruments as fair value through profit or loss upon initial recognition.

FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognized or disclosed are categorized within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at June 30, 2023, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
		June 30, 2023		
	June 30, 2023	**Level 1**	**Level 2**	**Level 3**
Securities owned				
Corporate debt	**7,844**	**—**	**7,844**	**—**
Government debt	**268,079**	**95,500**	**172,579**	**—**
Corporate and government debt	**275,923**	**95,500**	**180,423**	**—**
Equities	**192,864**	**124,354**	**54,716**	**13,794**
Convertible debentures	**1,536**	**—**	**1,536**	**—**
Equities and convertible debentures	**194,400**	**124,354**	**56,252**	**13,794**
	470,323	**219,854**	**236,675**	**13,794**
Investments	**11,408**	**—**	**—**	**11,408**
	481,731	**219,854**	**236,675**	**25,202**
Securities sold short				
Corporate debt	**(2,378)**	**—**	**(2,378)**	**—**
Government debt	**(257,789)**	**(113,511)**	**(144,278)**	**—**
Corporate and government debt	**(260,167)**	**(113,511)**	**(146,656)**	**—**
Equities	**(115,902)**	**(100,726)**	**(15,176)**	**—**
Equities and convertible debentures	**(115,902)**	**(100,726)**	**(15,176)**	**—**
	(376,069)	**(214,237)**	**(161,832)**	**—**
Deferred and contingent consideration	**(51,389)**	**—**	**—**	**(51,389)**
Non-controlling interest – derivative liability	**(62,282)**	**—**	**—**	**(62,282)**
	(489,740)	**(214,237)**	**(161,832)**	**(113,671)**

As at March 31, 2023, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
		March 31, 2023		
	March 31, 2023 $	Level 1 $	Level 2 $	Level 3 $
Securities owned				
Corporate debt	13,462	—	13,462	—
Government debt	414,657	180,879	233,778	—
Corporate and government debt	428,119	180,879	247,240	—
Equities	285,474	208,253	60,568	16,653
Convertible debentures	1,485	—	1,485	—
Equities and convertible debentures	286,959	208,253	62,053	16,653
	715,078	389,132	309,293	16,653
Investments	11,569	—	—	11,569
	726,647	389,132	309,293	28,222
Securities sold short				
Corporate debt	(3,109)	—	(3,109)	—
Government debt	(391,175)	(182,213)	(208,962)	—
Corporate and government debt	(394,284)	(182,213)	(212,071)	—
Equities	(162,019)	(151,415)	(10,604)	—
Equities	(162,019)	(151,415)	(10,604)	—
	(556,303)	(333,628)	(222,675)	—
Deferred and contingent consideration	(53,998)	—	—	(53,998)
Non-controlling interest – derivative liability	(61,705)	—	—	(61,705)
	(672,006)	(333,628)	(222,675)	(115,703)

Movement in net Level 3 financial assets/(liabilities)

Balance, March 31, 2023	$ **(87,481)**
Movement in fair value of level 3 securities owned during the period	(2,859)
Payment of contingent consideration in connection with the acquisition of Sawaya	3,601
Addition of contingent consideration in connection with the acquisition of Mercer	(1,470)
Foreign exchange revaluation	(260)
Balance, June 30, 2023	**(88,469)**

FAIR VALUE ESTIMATION

i. Level 2 financial instruments

Level 2 financial instruments include the Company's investment in certain corporate and government debt, convertible debt, and over-the-counter equities. The fair values of corporate and government debt, and convertible debt classified as Level 2 are determined using the quoted market prices of identical assets or liabilities in markets that do not have transactions which take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company regularly reviews the transaction frequency and volume of trading in these instruments to determine the accuracy of pricing information.

ii. Level 3 financial instruments

The fair value for Level 3 investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the level 3 held for trading investments as at June 30, 2023 was $13.8 million [March 31, 2023 – $16.7 million].

As at June 30, 2023, the Company, either directly or through a wholly owned subsidiary, held investments in Capital Markets Gateway LLC, InvestX Capital Ltd. and Proactive Group Holdings Inc. which have been classified as Level 3 financial instruments given they do not have any observable inputs or market indicators [Note 7].

The Convertible Preferred Shares and Preference Shares issued to investors, management and employees of CGWM UK [Note 10] were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. The derivative liability component of £37.0 million (C$62.3 million) is included in the statement of financial position as of June 30, 2023. [March 31, 2023: £37.0 million (C$61.7 million)].

The long-term portion of the contingent consideration and the non-controlling interests derivative liability are included as other liabilities in the unaudited interim condensed consolidated statement of financial position as at June 30, 2023.

The fair value measurements determined as described above may not be indicative of net realizable value or reflective of future values. Furthermore, the Company believes its valuation methods are appropriate and consistent with those which would be utilized by a market participant.

FOREIGN EXCHANGE FORWARD CONTRACTS

The Company uses derivative financial instruments to manage foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity.

Realized and unrealized gains and losses related to these contracts are recognized in the consolidated statements of operations during the reporting period.

Forward contracts outstanding at June 30, 2023:

		Notional amount (millions)		Average price	Maturity	Fair value
To sell US dollars	**USD$**	**0.8**	**$**	**1.33 (CAD/USD)**	**July 5, 2023**	**—**
To buy US dollars	**USD$**	**2.0**	**$**	**1.33 (CAD/USD)**	**July 5, 2023**	**—**

Forward contracts outstanding at March 31, 2023:

		Notional amount (millions)		Average price	Maturity	Fair value
To sell US dollars	USD$	3.9	$	1.35 (CAD/USD)	April 3, 2023	—
To buy US dollars	USD$	1.8	$	1.35 (CAD/USD)	April 3, 2023	—

The Company's Canaccord Genuity Wealth Management segment in the UK & Crown Dependencies trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the Euro. The weighted average term to maturity is 62 days as at June 30, 2023 [March 31, 2023 – 63 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at June 30, 2023 and March 31, 2023, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	June 30, 2023			March 31, 2023		
	Assets	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	**$ 58**	**$ 48**	**$ 13,319**	$ 108	$ 98	$ 13,812

FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At June 30, 2023, the was no bond futures contracts outstanding [March 31, 2023 – short $1.4 million].

The fair value of all of the above futures contracts is nominal due to their short term to maturity and is included in accounts receivable and accounts payable and accrued liabilities. Realized and unrealized gains and losses related to these contracts are recognized in the statement of operations during the reporting period.

SECURITIES LENDING AND BORROWING

	Cash		Securities	
	Loaned or delivered as collateral	**Borrowed or received as collateral**	**Loaned or delivered as collateral**	**Borrowed or received as collateral**
June 30, 2023	**$ 217,641**	**$ 32,211**	**$ 61,041**	**$ 218,209**
March 31, 2023	$ 205,794	$ 130,651	$ 157,222	$ 206,328

Securities lending and borrowing are included in the accounts receivable and accounts payable and accrued liabilities balances on the unaudited interim condensed consolidated statements of financial position.

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by either unpaid client securities and/or securities owned by the Company. As at June 30, 2023 the Company had $nil balance outstanding [March 31, 2023 – $nil].

BANK LOAN

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and PSW. The balance outstanding at June 30, 2023, net of unamortized financing fees, was $310.6 million [March 31, 2023 – $307.1 million] [Note 14]. The facility ends on September 30, 2024 and the then outstanding payments are immediately due for repayment.

OTHER CREDIT FACILITIES

Excluding the bank loan in connection with the acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and PSW as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $672.0 million [March 31, 2023 – $667.4 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of June 30, 2023, there were no balances outstanding under these other credit facilities [March 31, 2023 – $nil].

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totaling $3.1 million (US $2.3 million) [March 31, 2023 – $3.9 million (US$2.9 million)] as rent guarantees for its leased premises in New York. As of June 30, 2023 and March 31, 2023, there were no outstanding balances under these standby letters of credit.

6. Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	June 30, 2023 $	March 31, 2023 $
Brokers and investment dealers	$ 1,430,397	$ 1,939,685
Clients	797,214	869,883
RRSP cash balances held in trust	293,306	332,055
Other	228,225	213,580
	$ 2,749,142	$ 3,355,203

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023 $	March 31, 2023 $
Brokers and investment dealers	$ 882,288	$ 1,361,601
Clients	1,427,689	1,738,806
Other	380,566	619,925
	$ 2,690,543	$ 3,720,332

Amounts due from and to brokers and investment dealers include balances from resale and repurchase agreements, securities loaned and borrowed, as well as brokers' and dealers' counterparty balances.

Client security purchases are entered into on either a cash or a margin basis. In the case of a margin account, the Company extends a loan to a client for the purchase of securities, using securities purchased and/or other securities in the client's account as collateral. Amounts loaned to any client are limited by the margin regulations of the Canadian Investment Regulatory Organization ("CIRO") (formerly Investment Industry Regulatory Organization of Canada) and other regulatory authorities and are subject to the Company's credit review and daily monitoring procedures.

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client's account. Interest on margin loans and on amounts due to clients is based on a floating rate [June 30, 2023 – 9.95% to 11.25% and 0.00% to 0.05% ; [March 31, 2023 – 9.70% to 11.00% and 0.00% to 0.05%].

As at June 30, 2023, the allowance for doubtful accounts was $5.0 million [March 31, 2023 – $3.1 million].

7. Investments

	June 30, 2023	March 31, 2023
Investments accounted for under the equity method	6,489	6,532
Investments held as fair value through profit and loss	11,408	11,569
	17,897	18,101

Breakdown of investments as follow:

INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

	June 30, 2023	March 31, 2023
Canaccord Genuity G Ventures Corp.	1,225	1,243
Katipult Technology Corp.	500	500
Link Investment Management Inc.	250	250
International Deal Gateway Blockchain Inc.	4,500	4,500
Other	14	39
	6,489	6,532

INVESTMENTS HELD AS FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

	June 30, 2023	March 31, 2023
Capital Markets Gateway LLC	4,095	4,177
InvestX Capital Ltd	3,313	3,392
Proactive Group Holdings Inc.	4,000	4,000
	11,408	11,569

Investments accounted for under equity method

The Company record net share of loss on associates of $0.02 million in relation to its equity investment in Canaccord Genuity G Ventures Corp. during the three months ended June 30, 2023 [three months ended June 30, 2022 $0.008 million].

The Company is considered to exert significant influence over the operations of Katipult, Link and International Deal Gateway Blockchain Inc. factoring in potential voting rights, even though the Company does not currently have any entitlement to a share of the net assets of these companies. Accordingly, these investments are treated as equity investments and included as investments in the consolidated statement of financial position as at June 30, 2023.

Investments held as FVTPL

The Company holds certain investments classified as FVTPL as the Company does not exert significant influence over the operations of these investments.

8. Business Combinations

MERCER GLOBAL INVESTMENTS CANADA LIMITED'S CANADIAN PRIVATE WEALTH BUSINESS

On May 29, 2023, the Company, through its Canadian wealth management business, completed its previously announced acquisition of Mercer Global Investments Canada Limited's Canadian private wealth business ("Mercer") for cash consideration of $2.4 million and contingent consideration of up to $1.5 million subject to achievement of certain performance targets. As of June 30, 2023, the carrying value of the contingent consideration was $1.5 million.

The preliminary purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

CONSIDERATION

Cash	$	2,410
Contingent consideration		1,470
	$	3,880

NET ASSETS ACQUIRED

Identifiable intangible assets	3,880

Identifiable intangible assets of $3.9 million were recognized and relate to customer relationships.

The above amounts included in the purchase price allocation are preliminary. The purchase price and the fair value of the net assets acquired from Mercer are estimates, which were made by management at the time of the preparation of these unaudited interim condensed consolidated financial statements based on available information.

Amendments may be made to these amounts as well as the identification of intangible assets and the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending twelve months after the acquisition date.

PUNTER SOUTHALL WEALTH LIMITED

During the three months ended June 30, 2023, the Company finalized its purchase price accounting in connection with the acquisition of PSW. There were no changes to the purchase price and fair value of net assets acquired on the date of the acquisiton as disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2023.

9. Business Disposal

On May 24, 2023, the Company sold 100% of the ordinary shares of Canaccord Genuity (Dubai) Ltd.

The Company recognized a loss of $0.3 million on the disposal, as well as realized translation gain of $0.3 million which was previously included in accumulated other comprehensive income.

10. Non-Controlling Interests

The non-controlling interests as of June 30, 2023 comprised of the following:

	Australia		UK & Crown Dependencies		Total	
As at and for the period ended June 30	**2023 $**	2022 $	**2023 $**	2022 $	**2023 $**	2022 $
Balance, opening	**20,476**	23,301	**323,522**	215,399	**343,998**	238,700
Comprehensive income (loss) attributable to non-controlling interests	**4,364**	(2,841)	**9,381**	6,621	**13,745**	3,780
Foreign exchange on non-controlling interests	**(364)**	(861)	**1,897**	(5,614)	**1,533**	(6,475)
Dividends paid to non-controlling interest	**(6,414)**	(10,514)	**—**	—	**(6,414)**	(10,514)
Issuance of convertible preferred shares, net of discount	**—**	—	**—**	102,017	**—**	102,017
Issuance of equity instruments in connection with acquisition of PSW	**—**	—	**—**	6,376	**—**	6,376
Payment of dividends on convertible preferred shares	**—**	—	**(6,233)**	—	**(6,233)**	—
Reclassification to derivative liability on issuance date	**—**	—	**—**	(7,970)	**—**	(7,970)
Balance, ending	**18,062**	9,085	**328,567**	316,829	**346,629**	325,914

Comprehensive income (loss) attributable to non-controlling interests	**Three months ended June 30 2023 $**	Three months ended June 30 2022 $
Australia	**4,364**	(2,841)
UK & Crown Dependencies	**9,381**	6,621
Total	**13,745**	3,780

UK & Crown Dependencies Wealth Management

Certain institutional investors acquired Series A Convertible Preferred Shares (“A Convertible Preferred Shares”) in the amount of £125.0 million (C$218.0 million), as well as Series B Convertible Preferred Shares (“B Convertible Preferred Shares”) in the amount of £65.3 million ($104.1 million). The two series of the Convertible Preferred Shares are collectively described as Convertible Preferred Shares in discussions below.

The terms of the Convertible Preferred Shares are described in Note 8 of the audited financial statements for the year ended March 31, 2023.

In connection with the issuance of the A Convertible Preferred Shares, CGWM UK provided for the purchase of certain equity instruments in CGWM UK by management and employees of CGWM UK. Included in these equity instruments of CGWM UK were preferred shares with the same economic attributes as the A Convertible Preferred Shares (the “Preference Shares”). The other equity interests purchased by management and employees of CGWM UK are ordinary shares of CGWM UK with certain restrictions on transfer and limited governance rights. A management incentive plan has been implemented which, subject to certain minimum threshold levels, will provide for certain payments if a liquidity event occurs within six years or after six years if a liquidity event has not occurred and the A Convertible Preferred Shares are no longer outstanding.

On an as converted basis, the Company holds an approximate 66.9% equity equivalent interest in CGWM UK as of June 30, 2023 [March 31, 2023 – 66.9%]. Together, the equity instruments purchased by management and employees of CGWM UK in connection with the issuance of the A Convertible Preferred Shares and with the equity instruments issued and to be issued in connection with the acquisitions of PSW, such instruments represent an approximate 5.1% equity equivalent interest in CGWM UK on an as converted basis.

The Convertible Preferred Shares and Preference Shares do not give rise to any obligation for the Company to deliver cash or other financial assets to the holders thereof. The Convertible Preferred Shares and Preference Shares were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of CGWM UK. The equity component of the Convertible Preferred Shares and Preference Shares are included in equity and the derivative liability component is included in other liabilities in the statement of financial position as of June 30, 2023.

The fair value of the Convertible Preferred Shares and Preference Shares at issuance was allocated to the respective equity and derivative liability components. The fair value of the non-controlling interests derivative liability was established first and the residual amount was recorded to the equity component. The derivative components will be remeasured at the end of each reporting period using the Company’s best estimate of its value. The carrying value of the derivative liability at June 30, 2023 for both A and B Convertible Preferred Shares was $62.3 million [March 31, 2023 – $61.7 million] and included in other liabilities in the interim condensed consolidated statements of financial position.

The Company uses a Black Scholes model to estimate the fair value of the derivative liability embedded in the Convertible Preferred Shares and Preference Shares. The fair value is calculated using the estimated fair value as determined on an as converted equity equivalent basis and the amount of the liquidation preference of the Convertible Preferred Shares and Preference Shares. Other assumptions include estimates in respect of volatility, the risk-free interest and dividend rates.

Significant judgment is involved in the assumptions and estimates used to determine the fair value of the derivative liability component at each reporting period.

Australia

The Company owns 65% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., and through that ownership a 65% indirect interest in Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited as of June 30, 2023 [March 31, 2023 – 65%]. Because of shares held in an employee trust controlled by CFGA, the Company holds a 67% ownership for accounting purposes.

11. Goodwill and Other Intangible Assets

	Goodwill $	Brand names (indefinite life) $	Brand names $	Customer relationships $	Technology $	Trading licenses $	Fund management $	Contract book $	Favourable lease $	Client Books $	Total $
Gross amount											
Balance, March 31, 2023	1,047,181	44,930	2,278	353,895	44,761	603	37,369	11,919	565	1,865	498,185
Additions	—	—	—	3,880	283	—	—	—	—	—	4,163
Foreign exchange	(264)		(13)	2,760	339	(9)	346	(214)	(11)	(42)	3,156
Adjustments	—	—	—	—	—	—	—	—	—	—	—
Balance, June 30, 2023	**1,046,917**	**44,930**	**2,265**	**360,535**	**45,383**	**594**	**37,715**	**11,705**	**554**	**1,823**	**505,504**
Accumulated amortization and impairment											
Balance, March 31, 2023	(424,361)	—	(1,574)	(125,750)	(32,512)	(603)	(19,389)	(11,493)	(565)	(384)	(192,270)
Amortization	—	—	(180)	(4,799)	(909)	—	(888)	(123)	—	(46)	(6,945)
Impairment	—	—	—	—	—	—	—	—	—	—	—
Foreign exchange	—	—	17	(777)	(255)	9	(182)	219	11	9	(949)
Balance, June 30, 2023	**(424,361)**	**—**	**(1,737)**	**(131,326)**	**(33,676)**	**(594)**	**(20,459)**	**(11,397)**	**(554)**	**(421)**	**(200,164)**
Net book value											
March 31, 2023	622,820	44,930	704	228,145	12,249	—	17,980	426	—	1,481	305,915
June 30, 2023	**622,556**	**44,930**	**528**	**229,209**	**11,707**	**—**	**17,256**	**308**	**—**	**1,402**	**305,340**

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the initial 50% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), Eden Financial Ltd., Hargreave Hale, Jitneytrade, Petsky Prunier, McCarthy Taylor, Thomas Miller, Patersons, Adam & Company, Sawaya, PSW and Results are customer relationships, trading licences, fund management contracts, contract book, technology and brand names acquired through the acquisitions of Petsky Prunier, Adam & Company and Sawaya, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. Branding acquired through the acquisition of Genuity is considered to have an indefinite life as the Company has no plans to cease its use in the future.

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

The carrying amounts of goodwill and indefinite life intangible assets acquired through business combinations have been allocated to the cash-generating units (CGUs) as follows:

	Intangible assets with indefinite lives		Goodwill		Total	
	June 30, 2023 **$**	March 31, 2023 $	**June 30, 2023** **$**	March 31, 2023 $	**June 30, 2023** **$**	March 31, 2023 $
Canaccord Genuity Capital Markets CGUs						
Canada	**$ 44,930**	$ 44,930	**—**	—	**$ 44,930**	$ 44,930
US	**—**	—	**$ 202,597**	$ 206,664	**$ 202,597**	206,664
UK & Europe	**—**	—	**31,597**	31,304	**31,597**	31,304
Canaccord Genuity Wealth Management CGUs						
UK & Crown Dependencies (Channel Islands)	**—**	—	**90,785**	89,944	**90,785**	89,944
UK & Crown Dependencies (UK wealth)	**—**	—	**294,877**	292,145	**294,877**	292,145
Australia	**—**	—	**2,700**	2,763	**2,700**	2,763
	$ 44,930	$ 44,930	**622,556**	$ 622,820	**667,486**	667,750

The Genuity brand name is considered to have an indefinite life as the Company has no plans to cease its use in the future.

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and whenever circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs; then, if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. Consequently, interim goodwill and other assets impairment testing was carried out for all applicable CGUs at June 30, 2023.

In accordance with IAS 36, "Impairment of Assets" (IAS 36), the recoverable amounts of the CGUs' net assets have been determined using fair value less costs to sell (FVLCS) calculations, which are based on future cash flow assumptions considered to be appropriate for the purposes of such calculations. In accordance with IFRS 13, fair value represents an estimate of the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants as at the end of the reporting period under market conditions as at that date (an exit price as at the measurement date). There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGUs' net assets given that these estimates involve making key assumptions about the future. In making such assumptions, management has used its best estimate of future economic and market conditions within the context of the Company's capital markets and wealth management activities. These valuations are categorized as Level 3 in the fair value hierarchy.

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, relief of royalties with respect to the brand name indefinite life intangible asset, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value.

The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilized a compounded annual growth rate and a terminal growth rate. The discount rates, compound annual growth rates and terminal growth rates for each CGU are summarized in the table below.

	Discount rate		Compound annual Growth rate		Terminal growth rate	
	June 30, 2023	March 31, 2023	**June 30, 2023**	March 31, 2023	**June 30, 2023**	March 31, 2023
Canaccord Genuity Capital Markets CGUs						
Canada	**n/a**	14.0%	**n/a**	10.9%	**n/a**	2.5%
US	**14.0%**	14.0%	**5.0%**	2.5%	**2.5%**	2.5%
UK & Europe	**14.0%**	14.0%	**12.0%**	10.0%	**2.5%**	2.5%
Canaccord Genuity Wealth Management CGUs						
UK & Crown Dependencies (Channel Islands)	**12.5%**	12.5%	**5.0%**	5.0%	**2.5%**	2.5%
UK & Crown Dependencies (UK wealth)	**12.5%**	12.5%	**5.0%**	7.5%	**2.5%**	2.5%
Australia	**14.0%**	14.0%	**5.0%**	5.0%	**2.5%**	2.5%

Sensitivity testing was conducted as part of the impairment test of goodwill and indefinite life intangible assets for the Canaccord Genuity Capital Markets – UK & Europe CGU. The sensitivity testing included assessing the impact that reasonably possible declines in revenue estimates for the twelve- month period ending on June 30, 2024, declines in growth rates after that period and increases in the discount rates would have on the recoverable amounts of the CGUs, with other assumptions being held constant. An increase of the discount rate of 1.6 percentage points, a decrease in the estimated revenue for the twelve month period ending June 30, 2024 of $5.4 million, a decrease in the five year compound annual growth of 1.2 percentage points or a decrease in the terminal growth rate of 2.5% may result in the estimate of the recoverable amount declining below the carrying value with the result that an impairment charge may be required. Any such impairment charge would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors.

12. Income Taxes

The Company's income tax expense differs from the amount that would be computed by applying the combined federal and provincial/state income tax rates as a result of the following:

	For the three months ended	
	June 30, 2023 $	June 30, 2022 $
Net income before income taxes	**6,282**	1,894
Income tax expense at the statutory rate of 27.0% (F2023 – 27.0%)	**1,697**	511
Difference in tax rates in foreign jurisdictions	**(1,357)**	(690)
Permanent differences	**259**	854
Share-based payments	**6,420**	5,591
Other	**(469)**	(1,368)
Income tax expense reported in the statements of operations	**6,550**	4,898

13. Subordinated Debt

	June 30, 2023 $	March 31, 2023 $
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	**7,500**	7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of the CIRO. As at June 30, 2023 and March 31, 2023, the interest rates for the subordinated debt were 10.95% and 10.7%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

14. Bank Loan

	June 30, 2023 $	March 31, 2023 $
Loan	**313,094**	310,192
Less: Unamortized financing fees	**(2,530)**	(3,070)
	310,564	307,122
Current portion	**13,466**	13,342
Long term portion	**297,098**	293,780

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller, Adam & Company and PSW. The loan is repayable in instalments of principal and interest and matures in September 2024. The interest rate on this loan is 7.927% per annum as at June 30, 2023 [March 31, 2023 – 7.177% per annum].

15. Preferred Shares

	June 30, 2023		March 31, 2023	
	Amount $	Number of shares	Amount $	Number of shares
Series A Preferred Shares issued and outstanding	**110,818**	**4,540,000**	110,818	4,540,000
Series C Preferred Shares issued and outstanding	**97,450**	**4,000,000**	97,450	4,000,000
Series C Preferred Shares held in treasury	**(2,627)**	**(106,794)**	(2,627)	(106,794)
	94,823	**3,893,206**	94,823	3,893,206
	205,641	**8,433,206**	205,641	8,433,206

Terms of the Series A and C Preferred Shares are disclosed in Note 19 of the March 31, 2023 consolidated financial statements.

16. Common Shares

	June 30, 2023		March 31, 2023	
	Amount $	Number of shares	Amount $	Number of shares
Issued and fully paid	**686,342**	**99,638,818**	686,043	99,594,391
Held for share-based payment plans	**(1,016)**	**(122,355)**	(1,334)	(122,355)
Held for the LTIP	**(63,453)**	**(6,823,303)**	(118,364)	(11,994,885)
	621,873	**92,693,160**	566,345	87,477,151

[I] AUTHORIZED

Unlimited common shares without par value

[II] ISSUED AND FULLY PAID

	Number of shares	Amount $
Balance, March 31, 2023	**99,594,391**	686,043
Shares issued in connection with exercise of PSO [note 18]	**44,427**	299
Balance, June 30, 2023	**99,638,818**	686,342

On August 18, 2022, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 4,959,281 of its common shares during the period from August 21, 2022 to August 20, 2023 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the three months ended June 30, 2023, there were no shares purchased under the NCIB.

[III] LOSS PER COMMON SHARE

	For the three months ended	
	June 30, 2023 $	June 30, 2022 $
Basic loss per common share		
Net loss attributable to CGGI shareholders	**(10,536)**	(10,173)
Preferred shares dividends	**(2,852)**	(2,391)
Net loss attributable to common shareholders	**(13,388)**	(12,564)
Weighted average number of common shares (number)	**88,236,373**	88,635,588
Basic loss per share	**$ (0.15)**	$ (0.14)
Diluted loss per common share		
Net loss attributableto common shareholders	**(13,388)**	(12,564)
Weighted average number of common shares (number)	**n/a**	n/a
Dilutive effect in connection with LTIP (number)	**n/a**	n/a
Dilutive effect in connection with performance share options (number)	**n/a**	n/a
Dilutive effect in connection with acquisition of Sawaya Partners (number)	**n/a**	n/a
Adjusted weighted average number of common shares (number)	**n/a**	n/a
Diluted loss per common share	**$ (0.15)**	$ (0.14)

For the three months ended June 30, 2023 and 2022, the instruments involving potential common shares were excluded from the calculation of diluted loss per share as they were anti-dilutive.

17. Dividends

COMMON SHARE DIVIDENDS

The Company declared the following common share dividend during the three months ended June 30, 2023:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 23, 2023	July 4, 2023	$ 0.085	$ 8,468,357

On August 3, 2023, the Board of Directors approved a dividend of $0.085 per common share, payable on September 15, 2023, with a record date of September 1, 2023 [Note 22].

PREFERRED SHARE DIVIDENDS

The Company declared the following preferred share dividends during the three months ended June 30, 2023:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 23, 2023	June 30, 2023	$ 0.25175	$ 0.42731	$ 2,852,185

On August 3, 2023, the Board of Directors approved the following cash dividends: $0.25175 per Series A Preferred Share payable on October 2, 2023 with a record date of September 15, 2023; and $0.42731 per Series C Preferred Share payable on October 2, 2023 with a record date of September 15, 2023 [Note 22].

18. Share-Based Payment Plans

[I] LONG-TERM INCENTIVE PLAN

Under the long-term incentive plan (LTIP or the Plan), eligible participants are awarded restricted share units (RSUs), which generally vest over three years. All awards under the LTIP are settled by transfer of shares from employee benefit trusts (Trusts) which are funded by the Company, or certain of its subsidiaries, as the case may be, with cash which is used by the trustees to purchase common shares on the open market that will be held in the Trusts until the RSUs vest. No further shares may be issued from treasury under the LTIP.

For RSUs granted as part of the normal course incentive compensation payment cycle, vesting will continue after termination of employment so long as the employee does not violate certain post-termination restrictions and is not engaged in certain competitive or soliciting activities as provided in the Plan. These RSUs are expensed in the period in which those awards are deemed to be earned with, a corresponding increase in contributed surplus, which is generally either the fiscal period in which the awards are made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but determined and earned in respect of that fiscal year.

For certain awards, typically new hire awards or retention awards, vesting is subject to continued employment, and therefore these awards are subject to a continuing service requirement. Accordingly, the Company recognizes the cost of such awards as an expense on a graded basis over the applicable vesting period, with a corresponding increase in contributed surplus.

There were 3,501,659 RSUs granted in lieu of cash compensation to employees during the three-month period ended June 30, 2023 [June 30, 2022 – 7,781,390 RSUs]. The Trusts purchased 78,600 common shares during the three-month period ended June 30, 2023 [June 30, 2022 – 4,884,214 common shares].

The fair value of the RSUs at the measurement date is based on the fair value on the grant date. The weighted average fair value of RSUs granted during the three-month period ended June 30, 2023 was $7.98 [June 30, 2022 – $10.32].

	Number
Awards outstanding, March 31, 2023	13,284,415
Grants	3,501,659
Vested	(5,357,943)
Awards outstanding, June 30, 2023	**11,428,131**

	Number
Common shares held by the Trusts, March 31, 2023	11,994,885
Acquired	78,600
Released on vesting	(5,250,182)
Common shares held by the Trusts, June 30, 2023	**6,823,303**

I. PERFORMANCE SHARE UNITS

The Company adopted a performance share unit (PSU) plan for certain senior executives. The PSUs are a notional equity-based instrument linked to the value of the Company's common shares. At the end of a three-year vesting period, the number of PSUs which vest is a multiple of the number of PSUs originally granted ranging from 0x to 2x based upon performance against certain metrics pre-determined for each annual grant. The PSUs cliff-vest on the third anniversary of the date of the grant. The number of PSUs that vest is also adjusted for dividends paid during the vesting period. The PSUs are settled in cash, based on the market price of the Company's shares at the time of vesting.

The PSUs were measured at fair value on the grant date. Changes in value of the PSUs at each reporting period are amortized over the remaining vesting period and recorded as a compensation expense in the statement of operations. The PSU plan includes certain employment-related conditions to the vesting of the awards resulting in the periodic expense recorded during the vesting period.

The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at June 30, 2023 was $38.0 million [March 31, 2023 – $106.9 million].

II. PERFORMANCE STOCK OPTIONS

The Company adopted a performance share option (PSO) plan for certain senior executives. The PSOs have a term of five years and will time-vest rateably over four years (with one-third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, and have a four times exercise price cap on payout value (i.e., the gain on the exercise of the options is limited to three times the exercise price). A total of 4,755,333 options outstanding (net of options already exercised) had met both stock price performance and time-based vesting conditions and are therefore fully vested and outstanding as at June 30, 2023.

The following is a summary of the Company's PSOs as at June 30, 2023:

	Number of PSOs	Weighted average exercise price ($)
Balance, March 31, 2023	5,222,335	6.92
Exercised	(100,335)	6.73
Balance, June 30, 2023	5,122,000	6.92

III. EXECUTIVE EMPLOYEE DEFERRED SHARE UNITS

On June 1, 2021, the Company adopted a deferred share unit (DSUs) plan for certain key senior executives. All DSU awards will be cash settled on the retirement of the employee, a "good leaver" departure after three years from the date of grant, or death. The DSUs are settled in cash one year after the participants' departure from the Company under certain conditions of the plan.

The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to DSUs at June 30, 2023 was $8.2 million [March 31, 2023 – $9.6 million].

IV. PSW CONDITIONAL SHARE PLAN

In connection with the acquisition of PSW, the Company adopted a share-based payment plan in the amount of £2.5 million (CAD $3.9 million) in respect of CGWM UK ordinary shares for certain key employees of PSW. The plan is subject to various vesting conditions and accordingly, the Company recognizes the cost of such awards as an expense over the applicable vesting period.

V. SHARE-BASED COMPENSATION (RECOVERY) EXPENSE

	For the three moths ended	
	June 30, 2023 $	June 30, 2022 $
Long-term incentive plan	**1,695**	6,146
Deferred share units (cash-settled)	**(1,655)**	(2,185)
Deferred share units (cash-settled) – senior executives	**(1,316)**	(811)
PSO	**92**	238
PSU (cash-settled)	**(14,303)**	(12,426)
Other share-based payment plan	**407**	—
Total share-based compensation recovery	**(15,080)**	(9,038)

19. Related Party Transactions

Security trades executed by the Company for officers and directors are transacted in accordance with the terms and conditions applicable to all clients. Commission income on such transactions in the aggregate is not material in relation to the overall operations of the Company.

Accounts receivable and accounts payable and accrued liabilities include the following balances with key management personnel:

	June 30, 2023	March 31, 2023
Accounts receivable	**13,306**	18,115
Accounts payable and accrued liabilities	**1,142**	600

20. Segmented Information

The Company operates in two industry segments as follows:

Canaccord Genuity Capital Markets – includes investment banking, advisory, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the UK & Europe (including Dubai before the cessation of the business during the three months ended June 30, 2023), Australia and the US.

Canaccord Genuity Wealth Management – provides brokerage services and investment advice to retail or institutional clients in Canada, the US, Australia and the UK & Crown Dependencies.

Corporate and Other includes correspondent brokerage services, interest and foreign exchange revenue and expenses not specifically allocable to Canaccord Genuity Capital Markets or Canaccord Genuity Wealth Management.

The Company's industry segments are managed separately because each business offers different services and requires different personnel and marketing strategies. The Company evaluates the performance of each business based on operating results, without regard to non-controlling interests.

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity Capital Markets Canada segment, as it relates to the acquisitions of Genuity and Jitneytrade. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to the Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management segments in the UK & Crown Dependencies (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisitions of Eden Financial Ltd., Hargreave Hale, McCarthy Taylor, Thomas Miller, Adam & Company and PSW is allocated to the Canaccord Genuity Wealth Management UK & Europe (UK Wealth) segment. Amortization of identifiable intangible assets acquired through the acquisitions of Petsky Prunier and Sawaya is allocated to the Canaccord Genuity Capital Markets US segment. Amortization of identifiable intangible assets acquired through the acquisition of Results is allocated to Canaccord Genuity Capital Markets UK and Europe segment. Amortization of identifiable intangible assets acquired through the acquisition of Patersons is allocated to Canaccord Genuity Wealth Management Australia. There are no significant intersegment revenues. Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and operating profit is derived from external customers. The Company also does not allocate cash flows by reportable segments.

	For the three months ended							
	June 30, 2023				June 30, 2022			
	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Commissions and fees	41,048	143,645	77	184,770	35,815	144,804	304	180,923
Investment banking	29,518	7,443	—	36,961	12,479	6,237	—	18,716
Advisory fees	40,287	365	—	40,652	82,593	351	—	82,944
Principal trading	23,032	(86)	—	22,946	28,381	(160)	—	28,221
Interest	9,746	38,737	3,789	52,272	2,667	10,219	1,930	14,816
Other	2,063	921	2,739	5,723	2,202	768	(11,220)	(8,250)
Expenses, excluding undernoted	137,092	125,585	8,811	271,488	145,667	120,030	12,429	278,126
Amortization	1,794	7,718	391	9,903	2,287	5,615	293	8,195
Amortization of right of use assets	3,900	1,702	738	6,340	4,299	1,394	1,122	6,815
Development costs	859	5,888	15,877	22,624	656	5,761	509	6,926
Interest expense	6,247	16,395	669	23,311	3,783	3,484	557	7,824
Restructuring costs	—	—	3,358	3,358	—	—	—	—
Acquisition related costs	—	—	—	—	—	7,582	—	7,582
Share of loss of an associate	—	—	18	18	—	—	8	8
(Loss) income before intersegment allocations and income taxes	(4,198)	33,737	(23,257)	6,282	7,445	18,353	(23,904)	1,894
Intersegment allocations	4,367	4,706	(9,073)	—	4,968	6,134	(11,102)	—
(Loss) income before income taxes	(8,565)	29,031	(14,184)	6,282	2,477	12,219	(12,802)	1,894

For geographic reporting purposes, the Company's business operations are grouped into Canada, the US, the UK, Europe & Crown Dependencies (including Dubai), Australia and Other Foreign Locations (OFL), which is comprised of our Asian operations. The OFL geography is allocated to our Canadian and Australian capital markets operations. The following table presents the revenue of the Company by geographic location (revenue is attributed to geographic areas on the basis of location of the underlying corporate operating results):

	For the three months ended	
	June 30, 2023 $	June 30, 2022 $
Canada	$118,718	$77,105
UK, Europe & Crown Dependencies	116,502	99,351
United States	74,658	125,276
Australia	33,446	15,638
	$343,324	$317,370

21. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the three months ended June 30, 2023:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2023	**18,136**	**1,524**	**19,660**
Additions	61	3,358	3,419
Utilized	(272)	(764)	(1,036)
Balance, June 30, 2023	**17,925**	**4,118**	**22,043**

COMMITMENTS, LITIGATION PROCEEDINGS AND CONTINGENT LIABILITIES

In the normal course of business, the Company is involved in litigation, and as of June 30, 2023, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of June 30, 2023, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

There were no additional changes to the Company's commitments or contingencies from those described in Note 27 of the March 31, 2023 audited consolidated financial statements.

22. Subsequent Events

I. DIVIDENDS

On August 3, 2023, the Board of Directors approved a dividend of $0.085 per common share, payable on September 15, 2023, with a record date of September 1, 2023 [Note 17].

On August 3, 2023, the Board of Directors approved the following cash dividends: $0.25175 per Series A Preferred Share payable on October 2, 2023 with a record date of September 15, 2023; and $$0.42731 per Series C Preferred Share payable on October 2, 2023 with a record date of September 15, 2023 [Note 17].

Shareholder Information

Corporate Headquarters

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Stock Exchange Listing

Common shares:
TSX: CF

Preferred shares:
Series A (TSX): CF.PR.A.
Series C (TSX): CF.PR.C.

Corporate Website

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General Shareholder Inquiries and Information

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The Canaccord Genuity Group Inc. Annual Report for the year ended March 31, 2023 is available on our website at www.cgf.com. For a printed copy, please contact the Investor Relations department.

Expected Dividend(1) and Earnings Release Dates for the next four quarters

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q2/24	November 14, 2023	December 22, 2023	January 2, 2024	December 1, 2023	December 15, 2023
Q3/24	February 7, 2024	March 15, 2024	April 1, 2024	March 1, 2024	March 15, 2024
Q4/24	June 5, 2024	June 21, 2024	July 2, 2024	June 21, 2024	July 2, 2024
Q1/25	August 8, 2024	September 13, 2024	September 30, 2024	August 30, 2024	September 10, 2024

(1) Dividends are subject to Board of Directors approval. All dividend payments will depend on general business conditions and the Company's financial conditions, results of operations, capital requirements and such other factors as the Board determines to be relevant.

Shareholder Administration

For information about stock transfers, address changes, dividends, lost stock certificates, tax forms and estate transfers, contact:

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Offers enrolment for self-service account management for registered shareholders through the Investor Centre.

Financial Information

For present and archived financial information, please visit www.canaccordgenuity.com

Auditor

Ernst & Young LLP
Chartered Professional Accountants
Vancouver, BC