FIRST QUARTER

Fiscal 2022 Report to Shareholders

Canaccord Genuity Group Inc. Reports First Quarter Fiscal 2022 Results

Excluding significant items, first quarter earnings per common share of $0.73[(1)]

La version française du présent communiqué sera déposée sur SEDAR. / A French-language version of this communication will be made available on SEDAR

TORONTO, August 3, 2021 – Canaccord Genuity Group Inc. (Canaccord Genuity Group, the Company, TSX: CF) today announced its financial results for the first fiscal quarter, ended June 30, 2021.

"We are pleased to have had such a productive start to our fiscal year, with higher contributions from our global wealth management operations, a continuance of strong capital raising activity in our capital markets businesses, and substantial growth in advisory activity," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "Although we anticipate a more normalized environment for underwriting activities in our core focus sectors, we are increasingly delivering on a strong pipeline of higher-margin advisory activities and continuing to invest in the growth of our global wealth management operations."

"We begin the fiscal year with fewer common shares outstanding on a fully diluted basis, and we expect continued buyback activity over the coming year, which will support enhanced earnings per share in any market backdrop."

First fiscal quarter highlights:

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

- First quarter revenue excluding significant items[(1)] of $523.8 million, third highest quarterly revenue on record
- Excluding significant items[(1)], first quarter pre-tax net income of $114.0 million, a year-over-year improvement of 172.9%
- Excluding significant items[(1)], diluted earnings per common share for the first fiscal quarter was $0.73 per share ($0.63 per share on an IFRS basis), an increase of 192% compared to the first quarter of fiscal 2021
- Global capital markets revenue increased 38.1% year-over-year to $324.2 million, reflecting a continuance of strong capital raising activity, and substantial growth in advisory activity
- Quarterly investment banking revenue in our capital markets business increased 55.0% year-over-year to $151.1 million, driven by strong new-issue activity and continued strong activity levels in the life sciences, technology, and mining sectors
- Record quarterly advisory revenue of $76.0 million in our capital markets business, increased 269.3% compared to the same period a year ago
- Advisory revenue earned by our US capital markets business in the first fiscal quarter amounted to $46.4 million, a year-over-year improvement of 652.7%
- Global wealth management revenue increased 41.4% when compared to the first quarter of fiscal 2021, to $195.0 million, of which $104.2 million was earned in our Canadian wealth management business
- Total client assets in our global wealth management business increased to $94.9 billion, an increase of 6.9% from Q4/21
- Client assets in our Canadian wealth management business grew 55.5% year-over-year to $34.6 billion
- Purchased 934,516 common shares for cancellation under the normal course issuer bid (NCIB) during the three months ended June 30, 2021
- Capital deployment initiatives for the first quarter including dividends and NCIB buyback totalled $19.3 million or 26.4% of net income for the quarter
- First quarter common share dividend of $0.075 per common share

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 6 of the MD&A

	Three months ended June 30		Year-over-year change	Three months ended March 31	Quarter-over-quarter change
	Q1/22	Q1/21		Q4/21	
First fiscal quarter highlights – adjusted(1)					
Revenue – excluding significant items(1)	**$ 523,831**	$ 377,728	38.7%	$ 692,326	(24.3)%
Expenses – excluding significant items(1)	**$ 409,874**	$ 335,965	22.0%	$ 509,087	(19.5)%
Earnings per common share – diluted, excluding significant items(1)	**$ 0.73**	$ 0.25	192.0%	$ 1.20	(39.2)%
Net Income – excluding significant items(1)	**$ 84,654**	$ 32,897	157.3%	$ 137,128	(38.3)%
Net Income attributable to common shareholders – excluding significant items(1)(3)	**$ 81,251**	$ 29,065	179.5%	$ 133,260	(39.0)%
First fiscal quarter highlights – IFRS					
Revenue	**$ 518,831**	$ 377,728	37.4%	706,526	(26.6)%
Expenses	**$ 419,130**	$ 340,674	23.0%	$ 518,810	(19.2)%
Earnings per common share – diluted	**$ 0.63**	$ 0.22	186.4%	$ 0.93	(32.3)%
Net Income(2)	**$ 73,053**	$ 28,964	152.2%	$ 139,394	(47.6)%
Net Income attributable to common shareholders(3)	**$ 69,650**	$ 25,132	177.1%	$ 135,526	(48.6)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 6 of the MD&A
(2) Before non-controlling interests and preferred share dividends
(3) Net income 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 $195.0 million for the first fiscal quarter, a year-over-year increase of 41.4%. Excluding significant items(1), the pre-tax net income contribution from this segment increased by 98.3% year-over-year to $48.2 million, which represents 36.4% of the adjusted pre-tax net income attributable to the Company's combined operating businesses for the three-month period.

- Wealth management operations in the UK & Crown Dependencies generated $73.3 million in revenue and, after intersegment allocations, and excluding significant items(1), recorded net income of $19.4 million before taxes in Q1/22, up 21.2% year over year and 1.2% sequentially
- Canaccord Genuity Wealth Management (North America) generated $104.2 million in revenue and, after intersegment allocations, recorded net income of $26.2 million before taxes in Q1/22, an increase of 244.8% and 12.7% compared to Q1/21 and Q4/21, respectively
- Wealth management operations in Australia generated $17.5 million in revenue and, after intersegment allocations and excluding significant items(1), recorded net income of $2.6 million before taxes in Q1/22, up 279.4% year over year and 4.6% compared to the previous quarter

First quarter revenue in the Company's UK & Crown Dependencies wealth management business increased by 7.9% compared to Q1/21, driven by an increase in client asset values and fee-based revenue. Pre-tax net income excluding significant items [1] increased by 21.2% compared to the three months ended June 30, 2020 due to an increase in revenue as well as a decrease in non-compensation expenses. On an adjusted[1] basis, the pre-tax profit margin was 26.5%, an increase of 2.9 percentage points year over year. The acquisition of the investment business of Adam & Company is expected to close at the end of the second fiscal quarter. This development will increase client assets in this business by approximately $2.9 billion and is expected to be accretive. The Company will continue to pursue growth of this business through organic growth and by leveraging its financial partnership to pursue accretive opportunities.

Partially driven by strong investment banking activity during the quarter, revenue in the Company's North American wealth management business increased by 82.9% in Q1/22 compared to the same period in the prior year. First quarter investment banking revenue in this business was a quarterly record of $40.3 million, up 210.7% year-over-year. Average AUA per IA team has improved by 54.4% year-over-year on new asset growth and exceptionally strong ECM opportunities. The quarterly pre-tax profit margin in this business was 25.1%, an increase of 11.8 percentage points from Q1/21.

Our Australian wealth management operations earned revenue of $17.5 million in Q1/22, an increase of 34.4% over Q1/21. Pre-tax net income excluding significant items(1) increased by 279.4% compared to the three months ended June 30, 2020. On an adjusted(1) basis, the pre-tax profit margin was 14.9%, an increase of 9.6 percentage points year over year.

Total client assets in the Company's global wealth management businesses at the end of the first fiscal quarter amounted to $94.9 billion.

- Client assets in North America were $34.6 billion as at June 30, 2021, an increase of 7.3% from $32.2 billion at the end of the previous quarter and an increase of 55.5% from $22.2 billion at June 30, 2020
- Client assets in the UK & Crown Dependencies were $55.6 billion (£32.4 billion) as at June 30, 2021, an increase of 6.3% from $52.3 billion (£30.2 billion) at the end of the previous quarter and an increase of 27.6% from $43.6 billion (£25.9 billion) at June 30, 2020
- Client assets in Australia were $4.7 billion (AUD 5.0 billion) as at June 30, 2021, an increase of 11.0% from $4.2 billion (AUD 4.4 billion) at the end of the previous quarter and an increase of 53.1% from $3.1 billion (AUD 3.3 billion) at June 30, 2020. In addition, client assets totalling $16.5 billion are also held in other accounts on our Australian wealth management trading platform

Canaccord Genuity Capital Markets

Excluding significant items(1), this segment contributed pre-tax net income of $84.4 million for the quarter, an improvement of 145.4% compared to the same period in the previous fiscal year. Globally, Canaccord Genuity Capital Markets earned first fiscal quarter revenue of $324.2 million, an increase of 38.1% compared to the same period a year ago. Revenue from higher-margin advisory activities increased 269.3% year-over-year to $76.0 million.

- Canaccord Genuity Capital Markets led or co-led 110 investment banking transactions globally, raising total proceeds of $4.2 billion during fiscal Q1/22.
- Canaccord Genuity Capital Markets, including led or co-led, participated in 199 investment banking transactions globally, raising total proceeds of $20.4 billion during fiscal Q1/22.

Revenue in the Company's US capital markets business increased by 33.5% for the three months ended June 30, 2021 compared to Q1/21. This included an increase of $12.0 million or 43.7% in investment banking revenue over Q1/21 and an increase of $40.2 million or 652.7% in advisory fees revenue. Principal trading revenue in this business decreased by 14.9% year-over-year reflecting a decline in trading volumes.

First quarter revenue in our Canadian capital markets operation increased by $61.1 million or 110.6% year-over-year but decreased by 41.6% compared to an exceptionally strong performance in Q4/21. Investment banking revenue for the three-month period was 239.3% higher than in the first fiscal quarter of 2021. Advisory fees revenue for the first fiscal quarter increased 94.6% year-over-year, to $19.5 million.

Revenue in our Australia operations decreased from $42.5 million in Q1/21 to $28.0 million in the first quarter of fiscal 2022. The decrease in the current quarter was largely driven by decreased investment banking activity in our focus sectors, including mining and resource companies, and reflects a decline in market values for certain inventory and warrant positions earned in respect of investment banking activity.

Our UK & Europe capital markets business achieved a revenue increase of 19.5% year-over-year. Despite a softer environment for principal trading activities in the region, investment banking and advisory fees revenue increased by 15.0% and 130.2% respectively. Pre-tax profit was $3.1 million for the three months ended June 30, 2021 compared to a pre-tax profit of $1.0 million in the same period a year ago.

Summary of Corporate Developments:

On July 29, 2021, the Company completed the previously announced investment in its UK wealth management division by investment accounts and funds managed by HPS Investment Partners, LLC (collectively, "HPS").

HPS has acquired convertible preferred shares (the "Convertible Preferred Shares") in the amount of £125 million (C$218 million) issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited ("CGWM UK"), the parent company of the Company's wealth management operating subsidiaries in the UK and the Crown Dependencies (the "Transaction"). On an as converted basis, the Convertible Preferred Shares represent an approximate 22% equity interest in CGWM UK.

Pursuant to the terms of a loan provided by HPS on April 6, 2021, the Company entered into a credit agreement with lenders, Lucid Agency Services Limited as administrative agent and Lucid Trustee Services Limited as security agent, for a senior secured first lien term loan facility in an aggregate principal amount of £69 million (C$118.3 million as of June 30, 2021). This loan has been repaid from the proceeds of the Transaction.

In connection with the Transaction, CGWM UK has provided for the purchase by management of certain equity instruments in CGWM UK within the context of the Transaction value and which are expected to reflect an approximate 4% equity-equivalent interest in CGWM UK. A management incentive arrangement has also been implemented which will provide for certain incentives with performance thresholds related to the future growth of CGWM UK.

In connection with the upcoming reset of the dividend rate applicable to the Cumulative 5-Year Rate Reset First Preferred Shares, Series A of the Company (the "Series A Preferred Shares") for the five-year period commencing on October 1, 2021, and ending on and including September 30, 2026, at their meeting on August 3, 2021, the directors determined that the Company will not exercise its right to redeem all or any part of the currently outstanding Series A Preferred Shares on September 30, 2021.

Results for the first quarter of fiscal 2022 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
- Amortization of intangible assets acquired in connection with business combinations
- Certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Crown Dependencies wealth business
- As reference above, on April 6, 2021, the Company entered into a credit agreement for a senior secured first lien term loan facility ("loan facility") to partially fund the redemption of its convertible debentures. Transaction costs incurred in connection with the loan facility are recognized on an amortized cost basis and included in the effective interest rate of the facility. Interest associated with this loan facility is included in costs associated with redemption of convertible debentures in the statement of operations for the three months ended June 30, 2021.

Summary of results for Q1 fiscal 2022 and selected financial information excluding significant items[1]

(C$ thousands, except per share and % amounts)	Three months ended June 30 2021	2020	Quarter-over-quarter change
Total revenue per IFRS	$ 518,831	$ 377,728	37.4%
Total expenses per IFRS	419,130	340,674	23.0%
Revenue			
Significant items recorded in Corporate and Other			
Fair value adjustment on illiquid or restricted marketable securities	5,000	—	n.m.
Total revenue excluding significant items	523,831	377,728	38.7%
Expenses			
Significant items recorded in Canaccord Genuity Capital Markets			
Amortization of intangible assets	293	748	(60.8)%
Significant items recorded in Canaccord Genuity Wealth Management			
Amortization of intangible assets	3,148	3,326	(5.4)%
Incentive-based costs related to acquisition[2]	351	635	(44.7)%
Significant items recorded in Corporate and Other			
Costs associated with redemption of convertible debentures[3]	5,464	—	n.m.
Total significant items – expenses	9,256	4,709	96.6%
Total expenses excluding significant items	409,874	335,965	22.0%
Net income before taxes – adjusted	113,957	41,763	172.9%
Income taxes – adjusted	29,303	8,866	230.5%
Net income – adjusted	$ 84,654	$ 32,897	157.3%
Net income attributable to common shareholders, adjusted	81,251	29,065	179.5%
Earnings per common share – basic, adjusted	$ 0.84	$ 0.30	180.0%
Earnings per common share – diluted, adjusted	$ 0.73	$ 0.25	192.0%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6
(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Crown Dependencies wealth management business.
(3) During the three months ended June 30, 2021, the Company entered into a credit agreement for a senior secured first lien term loan facility ("loan facility") to partially fund the redemption of the convertible debentures. Transaction costs incurred in connection with the loan facility are recognized on an amortized cost basis and included in the effective interest rate of the facility. Interest associated with this loan facility is included in costs associated with redemption of convertible debentures for the three months ended June 30, 2021.

Financial condition at the end of first quarter fiscal 2022 vs. fourth quarter of fiscal 2021

- Cash and cash equivalents balance of $1.4 billion, a decrease of $518.3 million from $1.9 billion
- Working capital of $576.9 million, an increase of $24.4 million from $552.5 million
- Total shareholders' equity of $1.12 billion, an increase of $16.2 million from $1.11 billion

Common and Preferred Share Dividends:

On August 3, 2021, the Board of Directors approved a dividend of $0.075 per common share, payable on September 10, 2021, with a record date of August 27, 2021.

On August 3, 2021, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on September 30, 2021 to Series A Preferred shareholders of record as at September 17, 2021.

On August 3, 2021, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on September 30, 2021 to Series C Preferred shareholders of record as at September 17, 2021.

Management’s Discussion and Analysis

First quarter fiscal 2022 for the three months ended June 30, 2021 — this document is dated August 3, 2021

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, 2021 compared to the corresponding period in the preceding fiscal year. The three-month period ended June 30, 2021 is also referred to as first quarter 2022 and Q1/22. 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, 2021, beginning on page 26 of this report; our Annual Information Form (AIF) dated June 24, 2021; and the 2021 annual Management’s Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2021 (Audited Annual Consolidated Financial Statements) in the Company’s annual report dated June 1, 2021 (the 2021 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2022 except as disclosed in this MD&A. The Company’s financial information is expressed in Canadian dollars unless otherwise specified.

Cautionary Statement Regarding Forward-Looking Information

This document may contain “forward-looking statements” (as defined under applicable 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, including business and economic conditions and the potential continued impacts of the COVID-19 pandemic on our business operations, financial results and financial condition and on the global economy and financial market conditions, and Canaccord Genuity Group’s growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. 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 nature of the financial services industry and the risks and uncertainties and the potential continued impacts of the COVID-19 pandemic on our business operations, financial results and financial condition and on the global economy and financial market conditions discussed from time to time in the Company’s interim condensed and annual consolidated financial statements and its annual report and Annual Information Form (AIF) filed on www.sedar.com as well as the factors discussed in the sections entitled “Risk Management” in this MD&A and “Risk Factors” in the AIF, which include market, liquidity, credit, operational, legal, cyber 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 2022 Outlook section in the annual MD&A and those discussed from time to time in the Company’s interim condensed and annual consolidated financial statements and its 2021 Annual Report and AIF filed on www.sedar.com. The preceding list is not exhaustive of all possible risk factors that may influence actual results. Readers are also cautioned that the preceding list of material factors or assumptions is 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 document may be considered “financial outlook” for purposes of applicable Canadian securities laws, and such financial outlook may not be appropriate for purposes other than this document. 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, 2021 (First Quarter 2022 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The First Quarter 2022 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, 2021.

NON-IFRS MEASURES

Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures presented include assets under administration, assets under management and figures that exclude significant items.

Assets under administration (AUA) and assets under management (AUM) are non-IFRS measures of client assets that are common to the wealth management business. AUA — Canada, AUM — Australia and AUM — UK & Crown Dependencies are 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. AUM — Canada includes all assets managed on a discretionary basis under programs that are generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program.* Services provided include the selection of investments and the provision of investment advice. The Company's method of calculating AUA — Canada, AUM — Canada, AUM — Australia and AUM — UK & Crown Dependencies may differ from the methods used by other companies and therefore may not be comparable to other companies. Management uses these measures to assess operational performance of the Canaccord Genuity Wealth Management business segment. AUM — Canada is also administered by the Company and is included in AUA — Canada.

Financial statement items that exclude significant items are non-IFRS measures. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, certain accounting charges related to the change in the Company's long-term incentive plan (LTIP) as recorded with effect on March 31, 2018, certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Crown Dependencies wealth management business, loss and other costs including financing expenses related to the redemption of convertible debentures as recorded for accounting purposes, certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature, as well as certain 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. See the Selected Financial Information Excluding Significant Items table on page 10.

Management believes that these non-IFRS 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. 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; thus, 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.

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 and investment banking services. Canaccord Genuity Group has wealth management offices located in Canada, the UK, the Crown Dependencies and Australia. Canaccord Genuity Capital Markets, the Company's international capital markets division, operates in North America, the UK & Europe, Asia, Australia and the Middle East.

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the 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.

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

Operating results of Jitneytrade Inc., Finlogik Capital 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. In addition, operating results of Petsky Prunier LLC ("Petsky Prunier") since the closing date of February 13, 2019 are included as part of Canaccord Genuity Capital Markets US. Included as part of the Canaccord Genuity UK & Crown Dependencies Wealth Management segment are the operating results of Hargreave Hale Limited ("Hargreave Hale") since September 18, 2017, the operating results of McCarthy Taylor Limited (renamed as CG McCarthy Taylor Limited) ("McCarthy Taylor") since the closing date of January 29, 2019 until the transfer of its business to CG Wealth Planning Limited and its dissolution on April 6, 2021, and the operating results of Thomas Miller Wealth Management Limited (renamed as CG Wealth Planning Limited) ("Thomas Miller") since the closing date of May 1, 2019. Operating results of Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) ("Patersons") since the closing date of October 21, 2019, are included as part of the Canaccord Genuity Australia wealth management segment.

Market Environment during Q1 fiscal 2022

Economic backdrop

During the three-month period ended June 30, 2021, worldwide vaccination efforts continued to advance, which supported government efforts to reduce, but not eliminate, COVID 19 restrictions. As the economy begins to return to normal levels of activity, supply bottlenecks and low inventory levels led to a re-stocking cycle, which has contributed to increased commodity and consumer prices. Notwithstanding these improvements, the economy has likely entered a slowdown phase, as indicated by global manufacturing Purchasing Managers Indexes (PMIs), which reached peak levels during the quarter. As various governments begin to phase out income support provided to households and companies, it is expected that labour market improvements along with monetary and fiscal policies should allow for periodic reaccelerations of economic growth going forward.

Against this backdrop, the S&P 500, the S&P/TSX and the MSCI Emerging Market indexes returned 8.5%, 8.5% and 3.9% respectively during the three-month period. Commodity prices advanced further with a 15.7% increase over the same period, supporting the Canadian dollar (+1.3%) in the process. Despite mounting deficit/debt concerns and accelerating inflation, US 10-year Treasury bond prices rebounded from oversold conditions and returned 3.8% over the course of the quarter.

Investment banking and advisory

The continued strong performance by commodities and small/mid-cap equities in our core focus sectors during the first quarter provided a favorable market environment for our investment banking and advisory activities.

Index Value at End of Fiscal Quarter	Q1/21		Q2/21		Q3/21		Q4/21		Q1/22		
	2020-06-30	(Y/Y)	2020-09-30	(Y/Y)	2020-12-31	(Y/Y)	2021-03-31	(Y/Y)	2021-06-30	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	236.0	-8.8%	258.3	5.8%	304.3	13.9%	320.7	67.1%	355.0	50.4%	10.7%
S&P IFCI Global Large Cap	225.8	-5.6%	243.2	7.0%	291.7	15.3%	296.7	52.9%	307.5	36.2%	3.7%

Our capital-raising and advisory activities are primarily focused on small- and mid-capitalization companies in specific growth sectors of the global economy. These sectors may experience growth or downturns independent of broader economic and market conditions, and government regulation can also have a more profound impact on capital formation for smaller companies. Volatility in the business environment for these industries or in the market for securities of companies within these industries in the regions where we operate could adversely affect our financial results and ultimately, the market value of our shares. Advisory revenues are primarily dependent on the successful completion of merger, acquisition and restructuring mandates.

Trading

When compared to the same period a year ago, trading volumes in our core focus segments declined modestly. However, the performance of many small- and mid-cap equities in some of the markets in which we operate supported a strong trading environment for those securities during the quarter, as indications of peak growth and accelerating inflation conditions led investors to adjust their asset, sector and company weightings. Looking forward, we anticipate that the reopening of service-related sectors will continue to support activity levels in global growth and value sectors, and that the global re-stocking and capex cycle will continue to support commodity prices and trading activities for small and mid-cap stocks in the natural resource sectors.

Average Value During Fiscal Quarter/Year	Q1/21		Q2/21		Q3/21		Q4/21		Q1/22			FY21	
	30-Jun-20	(Y/Y)	30-Sep-20	(Y/Y)	31-Dec-20	(Y/Y)	31-Mar-21	(Y/Y)	30-Jun-21	(Y/Y)	(Q/Q)	31-Mar-21	(Y/Y)
Russell 2000	1319.0	-14.9%	1511.1	-1.5%	1765.8	11.0%	2195.5	45.6%	2263.9	71.6%	3.1%	1695.4	9.7%
S&P 400 Mid Cap	1663.4	-13.2%	1871.2	-2.7%	2116.9	6.6%	2498.9	33.5%	2705.3	62.6%	8.3%	2035.5	5.8%
FTSE 100	5980.8	-18.7%	6057.8	-17.7%	6201.6	-15.4%	6664.3	-3.0%	7008.1	17.2%	5.2%	6223.7	-13.9%
MSCI EU Mid Cap	979.6	-9.0%	1078.8	-0.4%	1149.8	1.0%	1257.7	14.8%	1342.8	37.1%	6.8%	1115.9	1.6%
S&P/TSX	14814.8	-9.5%	16231.1	-1.5%	16850.4	0.4%	18256.2	12.7%	19574.5	32.1%	7.2%	16531.6	0.4%

Global wealth management

Investors enjoyed strong equity market gains during the three-month period, which supported the value of client assets in our wealth management businesses.

Total Return (excl. currencies)	Q1/21 Change (Q/Q)	Q2/21 Change (Q/Q)	Q3/21 Change (Q/Q)	Q4/21 Change (Q/Q)	Q1/22 Change (Q/Q)	Fiscal 2021 Change (Y/Y)
S&P 500	20.5%	8.9%	12.1%	6.2%	8.5%	56.4%
S&P/TSX	17.0%	4.7%	9.0%	8.1%	8.5%	44.2%
MSCI EMERGING MARKETS	16.8%	8.8%	16.1%	4.0%	3.9%	53.5%
MSCI WORLD	19.4%	8.3%	14.8%	4.7%	7.5%	55.3%
S&P GS COMMODITY INDEX	10.5%	4.6%	14.5%	13.5%	15.7%	50.2%
US 10-YEAR T-BONDS	0.3%	0.1%	-1.9%	-6.7%	3.8%	-8.1%
CAD/USD	3.6%	1.9%	4.6%	1.4%	1.3%	12.0%
CAD/EUR	1.7%	-2.3%	0.4%	5.6%	0.2%	5.3%

Outlook

Looking ahead, we expect that ongoing vaccination efforts will lead governments to further reduce public health restrictions but in the short term, we believe that a peak in the rate of growth of global economic activity has likely arrived, giving way to a slowdown phase and a shift from early- to mid-cycle dynamics. At mid-cycle points, volatility in risk assets typically increases. Despite our view that risk assets could experience increased volatility, we anticipate that labour market improvements, along with accommodative monetary and fiscal policies, will allow for periodic economic re-acceleration.

We continue to anticipate a favorable backdrop for investment banking and advisory activities in our core focus sectors, given the very low cost of capital, elevated company valuations, firm commodity prices and strong, albeit slowing, economic growth. A changing macro-economic environment is generally supportive for our agency trading activities, as investors adjust asset mix, sector and company weights. This environment is also likely to provide opportunities for active management in financial markets, which should continue to support our wealth management activities.

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 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, merger and acquisition, research, sales and trading services with capabilities in North America, the UK & Europe, Asia, Australia and the Middle East. 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.

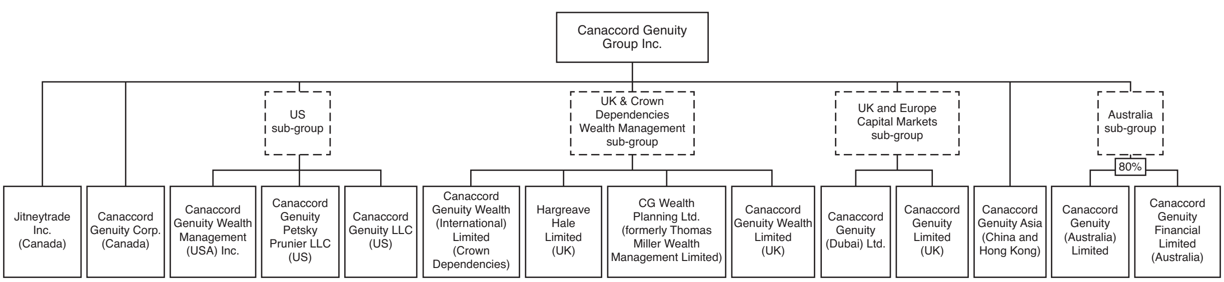
Canaccord Genuity Wealth Management

Canaccord Genuity Wealth Management operations provide comprehensive wealth management solutions and brokerage 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.

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, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, legal, finance, and other administrative functions of Canaccord Genuity Group Inc.

Corporate structure



The chart shows principal operating companies of the Canaccord Genuity Group as of June 30, 2021.

At June 30, 2021, the Company owned 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., and through that ownership, an 80% indirect interest in Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited [previously Patersons Securities Limited] [March 31, 2020 — 80%], but for accounting purposes, as of March 31, 2021, the Company is considered to have an 85% interest because of shares held in an employee trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2020 — 85%]. The operations of CG McCarthy Taylor Ltd. are now conducted through CG Wealth Planning Limited.

Consolidated Operating Results

FIRST QUARTER FISCAL 2022 SUMMARY DATA(1)(2)(6)

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended June 30 2021	2020	2019	Q1/22 vs. Q1/21
Canaccord Genuity Group Inc. (CGGI)				
Revenue				
Commissions and fees	$ 182,753	$ 169,002	$ 141,792	8.1%
Investment banking	195,638	110,568	84,801	76.9%
Advisory fees	77,994	21,046	53,804	270.6%
Principal trading	52,648	65,112	25,073	(19.1)%
Interest	7,667	7,005	15,185	9.5%
Other	2,131	4,995	4,853	(57.3)%
Total revenue	518,831	377,728	325,508	37.4%
Expenses				
Compensation expense	322,326	252,814	194,908	27.5%
Other overhead expenses(3)	91,340	87,843	98,467	4.0%
Acquisition-related costs	—	—	512	—
Costs associated with redemption of convertible debentures(4)	5,464	—	—	n.m.
Share of loss of an associate	—	17	269	(100.0)%
Total expenses	419,130	340,674	294,156	23.0%
Income before income taxes	99,701	37,054	31,352	169.1%
Net income	73,053	28,964	24,290	152.2%
Net income attributable to:				
CGGI shareholders	72,001	27,483	24,205	162.0%
Non-controlling interests	1,052	1,481	85	(29.0)%
Earnings per common share – diluted	$ 0.63	$ 0.22	$ 0.18	186.4%
Dividends per common share	$ 0.075	$ 0.055	$ 0.05	36.4%
Total assets	$ 7,098,990	$ 4,981,475	$ 5,358,496	42.5%
Total liabilities	$ 5,969,409	$ 4,060,015	$ 4,516,513	47.0%
Non-controlling interests	$ 6,337	$ 3,469	$ 2,296	82.7%
Total shareholders' equity	$ 1,123,244	$ 917,991	$ 839,687	22.4%
Number of employees	2,383	2,272	2,128	4.9%
Excluding significant items (5)				
Total revenue	523,831	377,728	325,508	38.7%
Total expenses	409,874	335,965	286,978	22.0%
Income before income taxes	113,957	41,763	38,530	172.9%
Net income	84,654	32,897	30,654	157.3%
Net income attributable to:				
CGGI shareholders	83,602	31,416	30,569	166.1%
Non-controlling interests	1,052	1,481	85	(29.0)%
Earnings per common share – diluted	$ 0.73	$ 0.25	$ 0.23	192.0%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 6.

(2) The operating results of the Australian operations have been fully consolidated and a 15% non-controlling interest has been recognized for the three months ended June 30, 2021, June 30, 2020 and June 30, 2019.

(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) During the three months ended June 30, 2021, the Company entered into a credit agreement for a senior secured first lien term loan facility ("loan facility") to partially fund the redemption of the convertible debentures. Transaction costs incurred in connection with the loan facility are recognized on an amortized cost basis and included in the effective interest rate of the facility. Interest associated with this loan facility is included in costs associated with redemption of convertible debentures for the three months ended June 30, 2021.

(5) Net income and earnings per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on the next page.

(6) Data includes the operating results of Thomas Miller since May 1, 2019, and Patersons since October 21, 2019.

n.m.: not meaningful

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

	Three months ended June 30		
(C$ thousands, except per share and % amounts)	2021	2020	Quarter-over-quarter change
Total revenue per IFRS	$ 518,831	$ 377,728	37.4%
Total expenses per IFRS	419,130	340,674	23.0%
Revenue			
Significant items recorded in Corporate and Other			
Fair value adjustment on illiquid or restricted marketable securities	5,000	—	n.m.
Total revenue excluding significant items	523,831	377,728	38.7%
Expenses			
Significant items recorded in Canaccord Genuity Capital Markets			
Amortization of intangible assets	293	748	(60.8)%
Significant items recorded in Canaccord Genuity Wealth Management			
Amortization of intangible assets	3,148	3,326	(5.4)%
Incentive-based costs related to acquisition[2]	351	635	(44.7)%
Significant items recorded in Corporate and Other			
Costs associated with redemption of convertible debentures[3]	5,464	—	n.m.
Total significant items – expenses	9,256	4,709	96.6%
Total expenses excluding significant items	409,874	335,965	22.0%
Net income before taxes – adjusted	113,957	41,763	172.9%
Income taxes – adjusted	29,303	8,866	230.5%
Net income – adjusted	$ 84,654	$ 32,897	157.3%
Net income attributable to common shareholders, adjusted	81,251	29,065	179.5%
Earnings per common share – basic, adjusted	$ 0.84	$ 0.30	180.0%
Earnings per common share – diluted, adjusted	$ 0.73	$ 0.25	192.0%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6
(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Crown Dependencies wealth management business.
(3) During the three months ended June 30, 2021, the Company entered into a credit agreement for a senior secured first lien term loan facility ("loan facility") to partially fund the redemption of the convertible debentures. Transaction costs incurred in connection with the loan facility are recognized on an amortized cost basis and included in the effective interest rate of the facility. Interest associated with this loan facility is included in costs associated with redemption of convertible debentures for the three months ended June 30, 2021.

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

Our Dubai operation is included as part of Canaccord Genuity Capital Markets UK & Europe. For purposes of the discussion provided herein the Canaccord Genuity Capital Markets operations in the UK, Europe and Dubai are referred to as "UK & Europe". Starting in Q1/20, our Asian based operations, comprising China and Hong Kong, have been combined with our Canadian and Australian capital markets operations to reflect management of these operating units. Also, commencing in Q3/20, our Australian wealth management business, comprised of the operating results of Patersons since October 21, 2019 and the wealth management business of Australia previously included as part of Canaccord Genuity Capital Markets Australia, is disclosed as a separate operating business in the discussions below. Comparatives have not been restated.

Goodwill

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.

Notwithstanding this determination as of June 30, 2021, 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 future periods in respect of the Canaccord Genuity Wealth Management business units in the UK & Crown Dependencies, Canaccord Genuity Wealth Management Australia, Canaccord Genuity Capital Markets Canada or Canaccord Genuity Capital Markets US. 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.

Revenue

First quarter 2022 vs. first quarter 2021

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

Revenue for the three months ended June 30, 2021 was $518.8 million, an increase of 37.4% or $141.1 million compared to the same period a year ago. The Canaccord Genuity Capital Markets segment experienced an increase of $89.4 million or 38.1% in Q1/22 compared to the same quarter in the prior year, mainly due to higher investment banking revenue recorded in our Canadian operations and higher advisory fees revenue generated in our US, Canadian, as well as UK & Europe operations, partially offset by a decrease in investment banking revenue in our Australian operations. Further contributing to the overall increase in consolidated revenue was an increase of $57.1 million in our global Canaccord Genuity Wealth Management segment compared to Q1/21.

Within our Canaccord Genuity Capital Markets operating segment, our Canadian operations generated the largest revenue growth of $61.1 million or 110.6% resulting mainly from an increase in investment banking activity. Our US operations also recorded a $38.1 million or 33.5% increase in revenue over Q1/21, largely driven by increases in advisory fees and investment banking revenue. In the UK, revenue showed an increase of $4.6 million or 19.5% as higher investment banking and advisory fees revenue was partially offset by lower commissions and fees and principal trading revenue. Compared to the exceptionally strong quarter in Q1/21, revenue in our Australian operations declined by $14.5 million or 34.1% as a result of lower investment banking revenue.

Revenue in our UK & Crown Dependencies wealth management operations increased by $5.4 million or 7.9% compared to Q1/21 as a result of an increase in our fee-based revenue resulting from higher market values for client assets, which was offset by reduced interest revenue due to lower rates. Measured in local currency (GBP), revenue increased by £3.2 million or 8.1% compared to the same period last year. Revenue from our North America wealth management operations showed an increase of $47.2 million or 82.9% compared to the three months ended June 30, 2020, driven by both higher commission and fees and investment banking revenue. In addition, there was $17.5 million of revenue generated in our Australian wealth management operations, an increase of $4.5 million or 34.4% compared to Q1/21.

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees increased by $13.8 million to $182.8 million, or 8.1% compared to Q1/21, mainly driven by higher commission and fees revenue generated by our Canadian wealth management group.

Investment banking revenue increased by $85.1 million or 76.9% to $195.6 million in Q1/22. Revenue increased across all of our core operating regions except for Australia. The higher revenue in the current quarter was largely driven by an increase of $53.7 million or 239.3% in our Canadian capital markets operations resulting from increased activity in our focus sectors.

Advisory fee revenue was $78.0 million, an increase of $56.9 million or 270.6% from the same quarter a year ago. The most significant increase was recorded in our US operations, which recorded a growth of $40.2 million or 652.7% compared to Q1/21 due to an increase in the number and size of advisory transactions completed during the quarter.

Principal trading revenue was $52.6 million in Q1/22, representing a $12.5 million or 19.1% decrease compared to Q1/21, mainly as a result of decreased market and trading activity in our US and Canadian capital markets operations compared the exceptionally high activity in the same period in the prior year.

Interest revenue was $7.7 million for the three months ended June 30, 2021, representing a slight increase of $0.7 million or 9.5% from Q1/21.

Other revenue was $2.1 million for Q1/22, a decrease of $2.9 million or 57.3% from the same period a year. During the three months ended June 30, 2021, there was a reduction to the fair value adjustment recorded on certain illiquid or restricted marketable securities, resulting in a reduction in other revenue of $5.0 million recorded in Q1/22. This adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items[(1)]. Future changes in the unrealized fair value of the marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations.

Expenses

Expenses for the three months ended June 30, 2021 were $419.1 million, an increase of 23.0% or $78.5 million from Q1/21. Total expenses excluding significant items[(1)] as a percentage of revenue decreased by 10.7 percentage points compared to the three months ended June 30, 2020.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended June 30		
	2021	2020	Quarter-over-quarter change
Compensation expense	**62.1%**	66.9%	(4.8) p.p.
Other overhead expenses[(1)]	**17.6%**	23.3%	(5.7) p.p.
Restructuring costs	**0.0%**	0.0%	0.0 p.p.
Acquisition-related costs	**0.0%**	0.0%	0.0 p.p.
Costs associated with redemption of convertible debentures	**1.1%**	0.0%	1.1 p.p.
Total	**80.8%**	90.2%	(9.4) 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

First quarter 2022 vs. first quarter 2021

Compensation expense in Q1/22 was $322.3 million, an increase of $69.5 million or 27.5% compared to Q1/21, consistent with the increase in revenue for the quarter. Total compensation expense as a percentage of revenue decreased from 66.9% in Q1/21 to 62.1% in Q1/22. The decrease in compensation ratio for the current quarter was primarily due to a decrease in the performance share units (PSUs) expense recorded in the current period in connection with PSUs granted in prior periods as a percentage of revenue. The decrease in PSU expense in Q1/22 compared to Q1/21 was driven by an amendment of the PSU plan made during fiscal 2021 to include certain employment-related conditions to the vesting of the awards resulting in a change in the periodic amortization expense recorded over the vesting period.

The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at June 30, 2021 was $102.4 million compared to $85.9 million at March 31, 2021. This balance will change as amortization expence is recorded is future periods. In addition, changes to the fair value of the PSU's as measured in future periods may increase or decrease from the fair value as recorded at June 30, 2021 and such changes will be recorded through compensation expense.

OTHER OVERHEAD EXPENSES

	Three months ended June 30		
(C$ thousands, except % amounts)	**2021**	2020	Quarter-over-quarter change
Trading costs	**$ 28,384**	$ 26,969	5.2%
Premises and equipment	**4,163**	4,378	(4.9)%
Communication and technology	**16,531**	16,748	(1.3)%
Interest	**4,748**	6,730	(29.5)%
General and administrative	**21,557**	15,918	35.4%
Amortization[1]	**5,869**	6,552	(10.4)%
Amortization of right-of-use assets	**6,018**	6,733	(10.6)%
Development costs	**4,070**	3,815	6.7%
Total other overhead expenses	**$ 91,340**	$ 87,843	4.0%

(1) Includes amortization of intangible assets. See the Selected Financial Information Excluding Significant Items table on page 10.

First quarter 2022 vs. first quarter 2021

Other overhead expenses were $91.3 million, an increase of 4.0% in Q1/22 compared to Q1/21. As a percentage of revenue, other overhead expenses were 17.6% in Q1/22 compared to 23.3% in Q1/21, a decrease of 5.7%.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, increased by $5.6 million or 35.4% compared to Q1/21 mainly due to increased promotion and travel expense as activity level increased following the easing of COVID -19 restrictions during the current period.

Interest expense decreased by $2.0 million compared to Q1/21 partially as a result of the redemption of the 6.25% convertible unsecured senior subordinated debentures on April 9, 2021 which resulted in lower interest expense in our Corporate & Other segment.

Trading costs increased by $1.4 million or 5.2% mainly as a result of higher trading activity in the wealth management operation, in line with the increase in commission and fees revenue.

In order to partially fund the redemption of the convertible debentures and pursuant to the terms of a previously announced commitment letter entered into with investment funds and accounts managed or advised by HPS Investment Partners, LLC ("HPS") on March 18, 2021, the Company entered into a credit agreement on April 6, 2021 with the lenders, Lucid Agency Services Limited as administrative agent and Lucid Trustee Services Limited as security agent for a senior secured first lien term loan facility ("loan facility") in an aggregate principal amount of £69.0 million (C$118.3 million as of June 30, 2021). This loan has been repaid from the proceeds of the issuance of convertible preferred shares by Canaccord Genuity Wealth Group Holdings(Jersey) Limited to investment funds and accounts managed by HPS on July 29, 2021. Transaction costs incurred in connection with the loan facility are recognized on an amortized cost basis and included in the effective interest rate of the facility. Interest associated with this loan facility is included in costs associated with redemption of convertible debentures for the three months ended June 30, 2021.

Income tax

First quarter 2022 vs. first quarter 2021

Income tax expense was $26.6 million for the three months ended June 30, 2021 compared to $8.1 million for the comparative period in the prior year. The effective tax rate for Q1/22 was 26.7% compared to an effective tax rate of 21.8% in the same quarter last year. The impact of increases in future rates on the valuation of deferred tax liabilities contributes to the increase in the effective tax rate during the quarter.

Net income

First quarter 2022 vs. first quarter 2021

Net income for Q1/22 was $73.1 million compared to net income of $29.0 million in the same period a year ago. Diluted earnings per common share were $0.63 in Q1/22 compared to diluted earnings per common share of $0.22 in Q1/21.

Excluding significant items[1] and before non-controlling interests and preferred shares dividends, net income for Q1/22 was $84.7 million compared to net income of $32.9 million in Q1/21. Diluted earnings per common share, excluding significant items[1], was $0.73 in Q1/22 compared to diluted earnings per common share excluding significant items[1] of $0.25 in Q1/21.

Results of operations by business segment

CANACCORD GENUITY CAPITAL MARKETS[(1)(2)]

	Three months ended June 30		
(C$ thousands, except number of employees and % amounts)	2021	2020	Quarter-over-quarter change
Revenue	$ 324,216	$ 234,853	38.1%
Expenses			
Compensation expense	183,875	145,263	26.6%
Other overhead expenses	52,330	51,310	2.0%
Total expenses	236,205	196,573	20.2%
Intersegment allocations[(3)]	3,894	4,634	(16.0)%
Income before income taxes[(3)]	$ 84,117	$ 33,646	150.0%
Number of employees	794	770	3.1%
Excluding significant items[(4)]			
Total expenses	$ 235,912	$ 195,825	20.5%
Intersegment allocations[(4)]	3,894	4,634	(16.0)%
Income before income taxes[(4)]	$ 84,410	$ 34,394	145.4%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees.
(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 15% non-controlling interest has been recognized and included in the Canaccord Genuity Capital Markets business segment for the three months ended June 30, 2021 [three months ended June 30, 2020 — 15%].
(3) Income before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 19.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 10.

Genuity Capital Markets provides investment banking, research, and sales and trading services to corporate, institutional and government clients, and it conducts principal trading activities in North America, the UK & Europe, Asia, Australia and the Middle East. Canaccord Genuity Capital Markets has offices in 19 cities in 9 countries worldwide.

Revenue from Canaccord Genuity Capital Markets is generated from commissions and advisory 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 Market's principal and international trading operations.

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

	Three months ended June 30		
	2021	2020	Quarter-over-quarter change
Revenue generated in:			
Canada	35.9%	23.5%	12.4 p.p.
UK	8.7%	10.0%	(1.3) p.p.
US	46.8%	48.4%	(1.6) p.p.
Australia	8.6%	18.1%	(9.5) p.p.
	100.0%	100.0%	

p.p.: percentage points

First quarter 2022 vs. first quarter 2021

Revenue

Canaccord Genuity Capital Markets generated revenue of $324.2 million in Q1/22, an increase of 38.1% or $89.4 million from the same quarter a year ago. Our Canadian and US operations generated increases in revenue of $61.1 million or 110.6% and $38.1 million or 33.5%, respectively, compared to Q1/21, driven by higher investment banking and advisory fees revenue in the US and Canada. Our UK operations also recorded an

[1] Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6

increase of $4.6 million or 19.5% compared to the three months ended June 30, 2020. These increases were partially offset by a reduction in revenue generated by our Australian operations reflecting a decline in investment banking activity compared to an exceptionally strong quarter in Q1/21.

Expenses

Expenses for Q1/22 were $236.2 million, an increase of 20.2% or $39.6 million compared to Q1/21. Excluding significant items[1], total expenses as a percentage of revenue decreased by 10.6 percentage points compared to the same quarter in the prior year, primarily as a result of the increase in revenue and the non-variable nature of certain overhead expenses.

Compensation expense

Compensation expense for Q1/22 increased by $38.6 million or 26.6% compared to Q1/21 as a result of the increase in incentive-based revenue. Total compensation expense as a percentage of revenue was 56.7%, 5.2 percentage points lower than in Q1/21. The lower compensation ratio was partially due to lower PSU expense recorded in the current period as discussed above.

In Canada, total compensation as a percentage of revenue decreased by 12.1 percentage points compared to Q1/21 largely due to the decrease in PSU expense recorded during the period compared to Q1/21 as well as the impact of non-variable fixed staff costs when revenue levels increase over comparable periods. Our US and UK operations both experienced slight decreases in the compensation ratio due to an increase in revenue relative to fixed staff costs. In Australia, total compensation as a percentage of revenue increased slightly by 0.1 percentage points over Q1/21.

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

	Three months ended June 30		
	2021	2020	Quarter-over-quarter change
Canada	**47.9%**	60.0%	(12.1) p.p.
UK	**64.9%**	66.4%	(1.5) p.p.
US	**60.9%**	61.6%	(0.7) p.p.
Australia	**62.4%**	62.3%	0.1 p.p.
Canaccord Genuity Capital Markets (total)	**56.7%**	61.9%	(5.2) p.p.

p.p.: percentage points

Other overhead expenses

Total other overhead expenses excluding significant items[1] for Q1/22 were $52.3 million or 16.1% as a percentage of revenue.

General and administrative expense in Q1/22 increased by $1.9 million or 23.7% over Q1/21 largely due to an increase in promotion and travel expenses as activity level increased from the easing of COVID-19 restrictions.

Income before income taxes

Income before income taxes, including allocated overhead expenses, was $84.1 million in Q1/22 compared to net income of $33.6 million in the same quarter a year ago. Excluding significant items[1], income before income taxes, including allocated overhead expenses, was $84.4 million in Q1/22, compared to the income before income taxes of $34.4 million in Q1/21. The increase in income before income taxes was mostly attributable to higher revenue earned in our US and Canadian operations during Q1/22 combined with a reduction in overhead expenses.

CANACCORD GENUITY WEALTH MANAGEMENT

Revenue from Canaccord Genuity Wealth Management is generated through traditional commission-based brokerage services, the sale of fee-related products and services, margin interest, and commissions and fees earned from investment banking and venture capital transactions by private clients.

CANACCORD GENUITY WEALTH MANAGEMENT NORTH AMERICA[1]

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	Three months ended June 30 2021	2020	Quarter-over-quarter change
Revenue	$ **104,158**	$ 56,953	82.9%
Expenses			
Compensation expense	**58,056**	35,259	64.7%
Other overhead expenses	**15,088**	10,192	48.0%
Total expenses	$ **73,144**	$ 45,451	60.9%
Intersegment allocations[2]	**4,831**	3,908	23.6%
Income before income taxes[2]	$ **26,183**	$ 7,594	244.8%
AUM – (discretionary)[3]	**6,989**	4,551	53.6%
AUA – [4]	**34,588**	22,243	55.5%
Number of Advisory Teams	**145**	144	0.7%
Number of employees	**470**	426	10.3%
Excluding significant items[5]			
Total expenses	$ **73,144**	$ 45,451	60.9%
Intersegment allocations[2]	**4,831**	3,908	23.6%
Income before income taxes[2]	$ **26,183**	$ 7,594	244.8%

(1) Data is in accordance with IFRS except for AUM, AUA, number of Advisory Teams and number of employees. See Non-IFRS Measures on page 6.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 19.
(3) AUM in Canada are assets managed on a discretionary basis under our programs generally described as or known as the *Complete Canaccord Investment Counselling Program and the* ***Complete Canaccord Private Investment Management Program*** and is included in AUA.
(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.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 10.

First quarter 2022 vs. first quarter 2021

Revenue from Canaccord Genuity Wealth Management North America was $104.2 million, an increase of $47.2 million or 82.9% compared to the three months ended June 30, 2020. The increase was largely driven by an increase in investment banking revenue and higher commission and fees revenue.

AUA in Canada increased by 55.5% to $34.6 billion at June 30, 2021, compared to $22.2 billion at June 30, 2020. There were 145 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 5.7 percentage points compared to Q1/21 and accounted for 28.6% of the wealth management revenue in Canada during the first quarter of fiscal 2022 due to an increase in transaction-based revenue.

Total expenses for Q1/22 were $73.1 million, an increase of $27.7 million or 60.9% compared to Q1/21. Total compensation expense as a percentage of revenue decreased by 6.2 percentage points to 55.7% in Q1/22 compared to Q1/21 partially as a result of a decrease in PSU expense recorded in the current period due to a change in the periodic expense recorded during the vesting period.

Other overhead costs increased by $4.9 million compared to the three months ended June 30, 2020, largely driven by an increase in general and administrative expense, due to a reversal of margin and other client reserves recorded in Q1/21 which led to an unusually low reserve expense for that quarter.

Income before income taxes was $26.2 million in Q1/22 compared to income before taxes of $7.6 million in Q1/21 primarily due to the higher revenue generated in the first quarter of fiscal 2022.

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 2021	2020	Quarter-over-quarter change
Revenue	$ 73,329	$ 67,951	7.9%
Expenses			
Compensation expense	40,386	37,448	7.8%
Other overhead expenses	16,646	18,008	(7.6)%
Total expenses	57,032	55,456	2.8%
Intersegment allocations(2)	256	289	(11.4)%
Income before income taxes(2)	16,041	12,206	31.4%
AUM(3)	55,605	43,566	27.6%
Number of investment professionals and fund managers	202	209	(3.3)%
Number of employees	533	537	(0.7)%
Excluding significant items(4)			
Total expenses	$ 53,654	$ 51,634	3.9%
Intersegment allocations(2)	256	289	(11.4)%
Income before income taxes(2)	19,419	16,028	21.2%

(1) Data is in accordance with IFRS except for AUM, number of investment professionals and fund managers and number of employees. See Non-IFRS Measures on page 6.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 19.
(3) AUM 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.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 10.
(5) Includes the operating results of Thomas Miller since the acquisition date of May 1, 2019.

First quarter 2022 vs. first quarter 2021

Revenue generated by our Canaccord Genuity Wealth Management UK & Crown Dependencies 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. Revenue for Q1/22 was $73.3 million, an increase of 7.9% compared to Q1/21. Measured in local currency (GBP), revenue was £42.7 million in Q1/22 compared to £39.5 million in Q1/21, an increase of 8.1% compared to the same quarter last year.

AUM in the UK & Crown Dependencies as of June 30, 2021 was $55.6 billion, an increase of 27.6% compared to $43.6 billion as of June 30, 2020. Measured in local currency (GBP), AUM increased by 25.3% from £25.9 billion at June 30, 2020 to £32.4 billion at June 30, 2021. Fee-related revenue in our UK & Crown Dependencies wealth management operations accounted for 76.1% of total revenue in Q1/22, an increase of 7.9 percentage points.

Driven by the increase in revenue, total compensation expense increased by $2.9 million or 7.8% in Q1/22 compared to the three months ended June 30, 2020. Total compensation expense as a percentage of revenue was 55.1% in Q1/22, unchanged compared to Q1/21.

Other overhead expenses for the three months ended June 30, 2021 were $16.6 million for Q1/22 compared to $18.0 million in Q1/21, a decrease of 7.6% quarter over quarter. The decrease in development costs of $0.9 million or 75.2% over Q1/21 resulted from a decrease in incentive-based costs related to the acquisitions and growth initiatives of this operation. All other overhead expenses remained relatively consistent compared with the same period in the prior year.

Income before income taxes was $16.0 million compared to $12.2 million in Q1/21 as a result of the increase in revenue and the non-variable nature of some of the overhead expenses. Excluding significant items[1], net income before income taxes was $19.4 million, representing a $3.4 million increase from the same period in the prior year.

[1] Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6

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 2021	2020	Quarter-over-quarter change
Revenue	$ 17,517	$ 13,034	34.4%
Expenses			
Compensation expense	11,878	8,515	39.5%
Other overhead expenses	3,146	3,954	(20.4)%
Total expenses	15,024	12,469	20.5%
Intersegment allocations[2]	—	15	(100.0)%
Income before income taxes[2]	2,493	550	n.m.
AUM[3]	4,691	3,064	53.1%
Number of investment professionals and fund managers	109	117	(6.8)%
Number of employees	207	197	5.1%
Excluding significant items[3]			
Total expenses	$ 14,903	$ 12,330	20.9%
Intersegment allocations[2]	—	15	(100.0)%
Income before income taxes[2]	2,614	689	279.4%

(1) Data is in accordance with IFRS except for AUM, number of investment professionals and fund managers and number of employees. See Non-IFRS Measures on page 6.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 19.
(3) Refer to the Selected Financial Information Excluding Significant Items table on page 10.
n.m.: not meaningful

During the three months ended June 30, 2021, Canaccord Genuity Wealth Management Australia generated revenue of $17.5 million, an increase of $4.5 million or 34.4% compared to Q1/21. AUM in the Australian wealth management operations was $4.7 billion at June 30, 2021, an increase of $1.6 billion or 53.1% compared to Q1/21 due to increases in market values. In addition, client assets totalling $16.5 billion are also held in other accounts on our Australian wealth management trading platforms compared to $11.8 billion as of June 30, 2020. Fee-related revenue in our Australian operations as a percentage of total revenue accounted for 26.6% of the wealth management revenue during the first quarter of fiscal 2022, an increase of 3.6 percentage points from the three months ended June 30, 2020.

Total compensation expense was $3.4 million or 39.5% higher in Q1/22 compared to Q1/21, in line with the increase in commission-based revenue. Total compensation expense as a percentage of revenue was 67.8% for Q1/22, in increase of 2.5 percentage points from the same period a year ago.

Other overhead expenses decreased by 20.4% compared to the three months ended June 30, 2020, mainly driven by decreases in general and administrative expense and amortization of right of use assets.

Income before income taxes was $2.5 million in Q1/22, an increase of $1.9 million compared to the same period a year ago. Excluding significant items[1], pre-tax income was $2.6 million for the three months ended June 30, 2021, an increase of $1.9 million or 279.4% compared to the first quarter of fiscal 2021

CORPORATE AND OTHER[1]

(C$ thousands, except number of employees and % amounts)	Three months ended June 30 2021	2020	Quarter-over-quarter change
Revenue	$ (389)	$ 4,937	(107.9)%
Expenses			
Compensation expense	28,131	26,329	6.8%
Other overhead expenses	4,130	4,379	(5.7)%
Costs associated with redemption of convertible debentures[3]	5,464	—	n.m.
Share of loss of an associate	—	17	(100.0)%
Total expenses	37,725	30,725	22.8%
Intersegment allocations[2]	(8,981)	(8,846)	1.5%
Loss before income taxes[2]	(29,133)	(16,942)	72.0%
Number of employees	379	342	10.8%
Excluding significant items[4]			
Total expenses	$ 32,261	$ 30,725	5.0%
Intersegment allocations[2]	(8,981)	(8,846)	1.5%
Loss before income taxes[2]	(18,669)	(16,942)	10.2%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 6.

(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 19.
(3) During the three months ended June 30, 2021, the Company entered into a credit agreement for a senior secured first lien term loan facility ("loan facility") to partially fund the redemption of the convertible debentures. Transaction costs incurred in connection with the loan facility are recognized on an amortized cost basis and included in the effective interest rate of the facility. Interest associated with this loan facility is included in costs associated with redemption of convertible debentures for the three months ended June 30, 2021.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 10.

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 information technology systems, compliance and risk management, operations, finance, and all administrative functions.

First quarter 2022 vs. first quarter 2021

Revenue in the Corporate and Other segment for the three months ended June 30, 2021 was ($0.4) million, a decrease of $5.3 million from the same quarter a year ago. During the three months ended June 30, 2021, there was a reduction to the fair value adjustment recorded on certain illiquid or restricted marketable securities, resulting in a reduction in revenue of $5.0 million recorded in Q1/22. This adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items(1). Future changes in the unrealized fair value of the marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations.

Expenses for Q1/22 increased by $7.0 million or 22.8%, to $37.7 million compared to the three months ended June 30, 2020. Compensation expense increased by $1.8 million or 6.8% compared to the three months ended June 30, 2020, driven by an increase in the overall profitability of the Company partially offset by a decrease in the PSU expense recorded in the current period compared to Q1/21.

The decrease in other overhead expenses of $0.2 million over Q1/21 was mainly related to a decrease in interest expense resulting from the redemption of the 6.25% convertible unsecured senior subordinated debentures ("convertible debentures"), partially offset by increases in our general and administrative and communication and technology expense to support the growth of our infrastructure teams.

As discussed above, in order to partially fund the redemption of the convertible debentures, the Company entered into a senior secured first lien term loan facility ("loan facility") of £69.0 million (C$118.3 million as of June 30, 2021) with HPS. Transaction costs incurred in connection with the loan facility are recognized on an amortized cost basis and included in the effective interest rate of the facility. Interest associated with this loan facility is included in costs associated with redemption of convertible debentures for the three months ended June 30, 2021.

Overall, the loss before income taxes was $29.1 million in Q1/22 compared to a loss of $16.9 million in Q1/21. Excluding significant items(1), loss before income taxes was $18.7 million compared to a loss of $16.9 million for the three months ended June 30, 2020.

Quarterly Results

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 year to year due to factors beyond the Company's control. The business is affected by the overall condition of the global capital markets. The Company's revenue from an underwriting transaction is recorded only when the transaction has been substantially completed. Consequently, the timing of revenue recognition can materially affect Canaccord Genuity Group Inc.'s quarterly results.

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before June 30, 2021. 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 2022	Fiscal 2021				Fiscal 2020		
(C$ thousands, except per share amounts)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue								
Canaccord Genuity Capital Markets	**324,216**	486,951	348,875	241,549	234,853	176,579	174,174	148,693
Canaccord Genuity Wealth Management:								
North America	**104,158**	107,000	92,741	67,347	56,953	56,733	46,019	48,996
UK & Crown Dependencies	**73,329**	74,950	70,120	64,308	67,951	68,354	71,300	66,376
Australia	**17,517**	17,257	17,636	14,322	13,034	12,851	11,065	—
Corporate and Other	**(389)**	20,368	3,705	2,831	4,937	5,131	5,456	6,632
Total revenue	**518,831**	706,526	533,077	390,357	377,728	319,648	308,014	270,697
Net income	**73,053**	139,394	68,451	32,993	28,964	26,246	22,840	13,178
Earnings per common share – basic	**$ 0.72**	$ 1.07	$ 0.67	$ 0.30	$ 0.26	$ 0.25	$ 0.21	$ 0.11
Earnings per common share – diluted	**$ 0.63**	$ 0.93	$ 0.54	$ 0.25	$ 0.22	$ 0.21	$ 0.17	$ 0.10
Net Income excluding significant items(1)	**$ 84,654**	$ 137,128	$ 78,971	$ 36,891	$ 32,897	$ 21,451	$ 30,458	$ 23,760
Earnings per common share, excluding significant items(1) – basic	**$ 0.84**	$ 1.38	$ 0.78	$ 0.34	$ 0.30	$ 0.20	$ 0.29	$ 0.21

[1] Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6

	Fiscal 2022	Fiscal 2021				Fiscal 2020		
(C$ thousands, except per share amounts)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Earnings per common share, excluding significant items[1] – diluted	$ 0.73	$ 1.20	$ 0.62	$ 0.28	$ 0.25	$ 0.17	$ 0.23	$ 0.18

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6.

With substantially increased capital raising and advisory activity in our core focus areas as well as continued contribution from our global wealth management operations, the Company posted quarterly firm wide revenue of $518.8 million in Q1 fiscal 2022, a decrease of 26.6% from the record revenue of $706.5 million earned in Q4/21, but an increase of 28.4% over the average revenue reported in the past eight fiscal quarters. While lower than the record set in the previous fiscal quarter, revenue for Q1/22 was the third highest quarterly revenue recorded by the Company. Revenue from core business activities including advisory activities, commission and fees and investment banking activities continued to be strong in Q1/22, while reduced trading activity in our key markets contributed to a year over year decline in principal trading revenue for the three-month period.

Our Canaccord Genuity Capital Markets operations generated revenue of $324.2 million in the current quarter, an increase of 38.1% over Q1/21 and a decrease of 33.4% on a sequential basis compared to the exceptionally strong performance of Q4/21. Revenue in our Canadian capital markets operations was $116.4 million, an increase of 110.6% compared to Q1/21, but a decrease of 41.6% compared to the record revenue posted in Q4/21 due to lower investment banking revenue. Profitability in this business has also significantly increased as a result of the revenue growth. Our pre-tax profit margin excluding significant items[1] in the Canadian capital markets was 38.3% compared to 47.0% in the previous quarter and 12.5% a year ago.

The quarterly revenue earned in our US capital markets operations in the past eight quarters has been consistently strong, with revenue reaching $151.8 million in Q1/22, a decline from the $203.5 million record quarterly revenue generated in Q4/21, but an increase of 29.1% over the average revenue earned in the last eight quarters. Our US operations contributed over 40.0% of the total capital markets revenue in the past eight fiscal quarters. Pre-tax income excluding significant items[1] reached $29.9 million in Q1/22, an increase of 132.4% on a year over year basis.

Our UK & Europe capital markets operations posted first quarter revenue of $28.1 million, an increase of 19.5% over the same period last year and a decrease of 22.3% in revenue on a sequential basis. This operation generated $3.1 million of pre-tax income in Q1/22, the third consecutive quarter of profitability despite mid-market investment banking and advisory activities remaining below historical levels in this region.

Revenue in our Australian capital markets operations decreased by $14.5 million or 34.1% year over year and $19.9 million or 41.6% from our record quarter in Q4/21. The decrease in revenue was largely due to lower investment banking revenue resulting from decreased activity in our focus sectors compared to the exceptionally strong performance during fiscal 2021 as well as unrealized losses on certain inventory and warrant positions earned in respect of investment banking activity.

Our Canaccord Genuity Wealth Management North America operations have been positively impacted by improved transaction and investment banking activity and a growth in client assets. Revenue was $104.2 million in Q1/22, a slight decrease of 2.7% in comparison with the previous quarter and a significant increase of 82.9% compared to the three months ended June 30, 2020. Assets under administration were $34.6 billion, an increase of 7.3% over Q4/21, reflecting an increase in market values. Assets under management which are included in assets under administration increased by 10.8% from $6.3 billion in Q4/21 to $7.0 billion in Q1/22.

The Canaccord Genuity Wealth Management UK & Crown Dependencies operations have consistently contributed to our revenue and profitability levels. The quarterly revenue generated in this region increased by 7.9% in Q1/22 compared to the same period in the prior year due to an increase in fee-based revenue but declined slightly by 2.2% compared to the previous quarter. Interest revenue in the past four quarters have been negatively impacted by lower interest rates. Pre-tax profit margins continued to be strong at 26.5% in Q1/22 excluding significant items[1], the highest in the past eight fiscal quarters. At the end of Q1/22, fee-related revenue was at 76.1%, an increase of 5.1 percentage points from Q4/21. Assets under management for this group increased by 6.3% to $55.6 billion at Q1/22 compared to Q4/21 due to the increase in market values.

Our Australian operations earned revenue of $17.5 million in Q1/22, an increase of 34.4% over Q1/21 and a slight increase of 1.5% on a sequential basis. With the completion of the acquisition of Patersons in Q3/20, this business has been a positive contributor to pre-tax net income in every quarter since acquisition. Assets under management at the end of June 30, 2021 were $4.7 billion, an improvement of 11.0% compared to the previous quarter.

The movement in revenue in the Corporate and Other division in Q1/22 and Q4/21 were mainly due to fair value adjustment recorded on certain illiquid or restricted marketable securities. In previous quarters, changes in revenue in the Corporate and Other segment was attributable to interest revenue and foreign exchange gains or losses resulting from fluctuations in the Canadian dollars.

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. 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 included in intersegment allocated costs for these business units.

[1] Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6

Financial Condition

Below are specific changes in selected items on the Q1/22 unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $1.4 billion on June 30, 2021 compared to $1.9 billion million on March 31, 2021. Refer to the Liquidity and Capital Resources section on page 21 for more details.

Securities owned were $1.1 billion on June 30, 2021 compared to $1.0 billion on March 31, 2021 due to increases in corporate and government debt as well as equities owned as of June 30, 2021.

Accounts receivable were $3.9 billion at June 30, 2021 compared to $4.0 billion at March 31, 2021, mainly due to decreases in receivables with brokers and investment dealers..

Goodwill was $377.1 million and intangible assets were $147.8 million at June 30, 2021. At March 31, 2021, goodwill was $380.1 million and intangible assets were $150.9 million. These amounts represent the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc, Eden Financial Ltd., Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier, Thomas Miller, and Patersons.

Right-of-use assets were $79.8 million compared to $85.2 million at March 31, 2021, 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 $125.2 million at June 30, 2021 compared to $117.2 million at March 31, 2021.

LIABILITIES

Securities sold short were $814.5 million at June 30, 2021 compared to $889.6 million at March 31, 2021, mostly due to a decrease in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $4.8 billion at June 30, 2021, a decrease from $5.2 billion at March 31, 2021, mainly due to decreases in payables to brokers and investment dealers.

Other liabilities, including subordinated debt, income taxes payable , and deferred tax liabilities, were $63.7 million at June 30, 2021, a decrease from $77.3 million at March 31, 2021. The decrease was mostly due to a decrease in income taxes payable.

There were also lease liabilities of $88.0 million recorded as of June 30, 2021 compared to $94.9 million as of March 31, 2021.

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 and Thomas Miller. The balance outstanding as of June 30, 2021 was $72.5 million [March 31, 2021 — $78.3 million]. The loan is repayable in instalments of principal and interest over a period of 4 years and matures in September 2023. The interest rate on this loan is 2.2029% per annum as at June 30, 2021 [March 31, 2021 — 2.1288% per annum].

On April 9, 2021, the Company redeemed the entire $132.7 million principal amount of its outstanding Debentures due December 31, 2023. The total redemption price including accrued interest was $168.1 million which was fully accrued at March 31, 2021. In order to fund the redemption in part, and pursuant to the terms of a previously announced commitment letter entered into with investment funds and accounts managed or advised by HPS Investment Partners, LLC ("HPS") on March 18, 2021, the Company entered into a credit agreement on April 6, 2021 with the lenders, Lucid Agency Services Limited as administrative agent and Lucid Trustee Services Limited as security agent for a senior secured first lien term loan facility in an aggregate principal amount of £69.0 million (C$118.3 million as of June 30, 2021). This loan has been repaid from the proceeds of the issuance of convertible preferred shares by Canaccord Genuity Wealth Group Holdings (Jersey) Limited to investment funds and accounts managed by HPS on July 29, 2021.

Excluding the bank loan in connection with the acquisitions of Hargreave Hale and Thomas Miller term loan facility discussed above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $635.5 million [March 31, 2021 — $637.1 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, 2021, there were no balances outstanding under these other credit facilities [March 31, 2021 — $nil].

There were deferred and contingent considerations of $8.0 million and $23.9 million, respectively, recorded at June 30, 2021 [March 31, 2021 — $8.1 million and $29.2 million, respectively] in connection with the acquisitions of Hargreave Hale, Petsky Prunier and Thomas Miller.

Non-controlling interests were $6.3 million at June 30, 2021 compared to $8.2 million as at March 31, 2021, which represents 15% [March 31, 2021 — 15%] 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 $2.9 million (US$2.3 million) [March 31, 2021 — $2.9 million (US$2.3 million)] as rent guarantees for its leased premises in New York. As of June 30, 2021 and March 31, 2021, 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, 2021, and March 31, 2021, 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, 2021:

		Contractual obligations payments due by period			
(C$ thousands)	Total	Fiscal 2023	Fiscal 2024 – Fiscal 2025	Fiscal 2026 – Fiscal 2027	Thereafter
Premises and equipment operating leases	125,212	27,020	46,349	18,612	33,231
Bank loan[1]	68,351	18,839	49,512	—	—
Total contractual obligations	193,563	45,859	95,861	18,612	33,231

(1) Bank loan consists of £40,000,000 credit facility obtained to finance a portion of the cash consideration for the acquisition of Hargreave Hale and £15,000,000 for the acquisition of Thomas Miller. The bank loan bears interest at 2.2029% [March 31, 2021 — 2.1288%] per annum and is repayable in instalments of principal and interest over 4 years and matures in September 2023. The current balance outstanding is.£42.7 million.

Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, contributed surplus, retained earnings and accumulated other comprehensive income. On June 30, 2021, cash and cash equivalents were $1.4 billion, a decrease of $518.3 million from $1.9 billion as of March 31, 2021. During the three months ended June 30, 2021, financing activities used cash in the amount of $126.8 million, mainly due to purchases of common shares for the long-term incentive plan (LTIP), payment of contingent consideration, redemption of convertible debentures, purchase of common shares for cancellation, and cash dividends paid on common and preferred shares, partially offset by proceeds from term loan facility obtained to partially fund the redemption of the convertible debentures. Investing activities used cash in the amount of $0.6 million for the purchase of equipment and intangible assets. Operating activities used cash in the amount of $384.9 million, which was largely due to changes in non-cash working capital. A decrease in cash of $6.1 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the three months ended June 30, 2020, cash used in financing activities increased by $83.1 million due to a redemption of convertible debentures, increased dividends paid on common shares, purchase and cancellation of common shares during Q1/21, partially offset by proceeds from term loan facility obtained to partially fund the redemption of the convertible debentures. Cash used in investing activities increased by $0.5 million during the three months ended June 30, 2021 compared to the same period last year, mainly due to purchases of equipment and intangibles. Changes in non-cash working capital balances predominantly led to an increase in cash used by operating activities of $225.5 million. In addition, cash balances increased by $5.6 million from the effects of foreign exchange translation on cash balances in Q1/22 compared to Q1/21. Overall, cash and cash equivalents increased by $582.7 million from $782.3 million at June 30, 2020 to $1.4 billion at June 30, 2021.

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 operation to support regulating capital levels required to maintain current levels of activity. The majority of current assets reflected on the Company's unaudited interim condensed 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.

Convertible Debentures

On April 9, 2021, the Company completed the redemption of its 6.25% convertible unsecured senior subordinated debentures. The redemption price of $168.1 million was fully accrued as of March 31, 2021.

Outstanding Share Data

	Outstanding shares as of June 30	
	2021	2020
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]	**98,836,018**	98,479,542
Issued shares outstanding[2]	**107,406,814**	107,813,482

	Outstanding shares as of June 30	
	2021	2020
Issued shares outstanding – diluted(3)	**111,834,546**	129,987,792
Average shares outstanding – basic	**97,065,409**	95,369,954
Average shares outstanding – diluted(4)	**110,810,360**	122,714,978

(1) Excludes 9,779,341 unvested shares purchased by employee benefit trusts for the LTIP, 122,355 outstanding shares related to share purchase loans and 669,100 shares committed to be purchased under the normal course issuer bid

(2) Includes 9,779,341 unvested shares purchased by employee benefit trusts for the LTIP, 122,355 outstanding shares related to share purchase loans and 669,100 shares committed to be purchased under the normal course issuer bid

(3) Includes 4,427,732 share issuance commitments net of forfeitures.

(4) This is the diluted share number used to calculate diluted EPS.

On August 18, 2020, 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 5,390,674 of its common shares during the period from August 21, 2020 to August 21, 2021 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, 2021, there were 934,516 shares purchased and cancelled.

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, 2020 and will continue for one year (to August 20, 2021) 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 76,127 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX (ADTV) in the six calendar months from February 2020 to July 2020 (25% of the ADTV of 304,508)).

As of July 31, 2021, the Company has 106,900,514 common shares issued and outstanding.

Share-Based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2021 Annual Report except for the senior deferred share units plan adopted on June 1, 2021. Refer to Note 17 in the unaudited interim condensed consolidated financial statements for the three months ended June 30, 2021.

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. On June 30, 2021, forward contracts outstanding to sell US dollars had a notional amount of US$1.5 million compared to $nil at March 31, 2021. Forward contracts outstanding to buy US dollars had a notional amount of US $2.3 million, a decrease of US $3.65 million from March 31, 2021. 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 the 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 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, 2021, the notional amount of the bond futures contracts outstanding was long $5.6 million [March 31, 2021 — short $1.1 million].

The fair value of all of the above futures contracts is nominal due to their short term to maturity and are 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.

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 and a performance stock options plan. Directors have the right to acquire deferred share units (DSUs).

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

(C$ thousands)	**June 30, 2021 $**	March 31, 2021 $
Accounts receivable	**7,380**	4,686
Accounts payable and accrued liabilities	**3,664**	1,562

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2021 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, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs and provisions.

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 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 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.

Significant accounting policies used and policies requiring management's judgment and estimates have not changed during the first quarter of fiscal 2022 and are discussed under "Critical Accounting Policies and Estimates" in our 2021 Annual Report.

Changes in Accounting Policies

The accounting policies applied in the preparation of the Q1/22 unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the 2021 Audited Annual Consolidated Financial Statements.

Future Changes in Accounting Policies and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2021 Annual Report, during the three months ended June 30, 2021.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of June 30, 2021, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, 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 & Chief Financial Officer concluded that our disclosure controls and procedures were effective as at June 30, 2021.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes made in our internal control over financial reporting that occurred during the quarter ended June 30, 2021, that have materially affected, or are reasonably likely to materially affect, our 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, capital requirements and such other factors as the Board determines to be relevant.

Dividend Declaration

On August 3, 2021, the Board of Directors approved a dividend of $0.075 per common share, payable on September 10, 2021, with a record date of August 27, 2021.

On August 3, 2021, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on September 30, 2021 to Series A Preferred shareholders of record as at September 17, 2021.

On August 3, 2021, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on September 30, 2021 to Series C Preferred shareholders of record as at September 17, 2021.

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 may have a significant 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 principal trading activities in equity securities and to interest rate risk and credit spread risk as a result of its principal trading in fixed income securities. In addition, the Company's operations in the UK are exposed to market risk and volatility risk associated with the UK's decision to depart from the EU, referred to as "Brexit". 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. 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 Canada, the US, the UK & Europe, Hong Kong, Australia and elsewhere. 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 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 2021 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 third party 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 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.

Pandemic risk is the risk of large-scale outbreaks of infectious diseases that can greatly increase morbidity and mortality over a wide geographic area and cause significant social and economic disruption. Such disruptions could have a negative impact on the Company's operations and could prevent the Company from operating as it would under normal conditions. The global outbreak of COVID-19 and the declaration of a pandemic by the World Health Organization in March 2020 caused a significant disruption in economic activity and resulted in a sharp downturn in global equity markets which impacted the normal operation of the Company's business. In the early stages of the outbreak, the Company overhauled its Disaster Recovery Plan in preparation for an escalation of the outbreak. This overhaul included the setup of low-latency remote access trading systems for trading desks, updates of technology solutions and the network infrastructure, load testing of remote access systems, and policy and procedural enhancements to reduce the need for manual processes to ensure the smooth operations of the business in the event of a remote working environment. As a result, the Company was well prepared and experienced no visible disruptions to its operations as a result of having most employees working from remote locations. Trading desks operated smoothly and effectively to both service clients and to limit the Company's exposure and risks in managing its own inventory and trading positions. Although the Company's systems, processes and procedures were effective in limiting the risk associated with the outbreak of the COVID-19 pandemic there is a risk that such systems, processes and procedures may not be successful in the event of future pandemics or in the event that conditions under the COVID-19 pandemic deteriorate or persist for an extended period of time. The extent to which the Company's business and financial condition will continue to be affected by the COVID-19 pandemic will depend on future developments including the spread of variants, efficacy of vaccines against new variants, the vaccination progress and the impact of related controls and public heatlh restrictions imposed by government authorities.

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

Additional Information

A comprehensive discussion of the Company's business, strategies, objectives and risks is available in our Annual Information Form and in the Management's Discussion and Analysis and Audited Annual Consolidated Financial Statements included in our 2021 Annual Report, which are available on our website at www.canaccordgenuitygroup.com/EN/IR/FinReports/Pages/default.aspx 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, 2021 $	March 31, 2021 $
ASSETS			
Current			
Cash and cash equivalents		$1,364,952	$1,883,292
Securities owned	4	1,141,213	1,041,583
Accounts receivable	6,18	3,862,988	3,973,442
Income taxes receivable		17,342	738
Total current assets		6,386,495	6,899,055
Deferred tax assets		77,264	81,229
Investments	7	8,879	12,193
Equipment and leasehold improvements		21,686	23,070
Intangible assets	8	147,811	150,923
Goodwill	8	377,064	380,115
Right-of-use assets		79,791	85,216
Total assets		$7,098,990	$7,631,801
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Securities sold short	4	814,493	889,607
Accounts payable and accrued liabilities	6,18	4,772,757	5,160,600
Provisions	20	7,741	10,357
Income taxes payable		37,013	56,285
Subordinated debt	5,10	7,500	7,500
Current portion of bank loan	12	15,432	12,119
Short-term loan facility	11	118,321	—
Current portion of lease liabilities		23,898	24,311
Current portion of contingent consideration	5	12,399	17,706
Convertible debentures	13	—	168,112
Total current liabilities		5,809,554	6,346,597
Deferred tax liabilities		19,180	13,552
Deferred consideration	5	8,010	8,087
Contingent consideration	5	11,472	11,490
Bank loan	12	57,097	66,200
Lease liabilities		64,096	70,591
Total liabilities		5,969,409	6,516,517
Equity			
Preferred shares	14	205,641	205,641
Common shares	15	647,748	662,366
Contributed surplus		38,082	62,402
Retained earnings		135,232	73,220
Accumulated other comprehensive income		96,541	103,465
Total shareholders' equity		1,123,244	1,107,094
Non-controlling interests		6,337	8,190
Total equity		1,129,581	1,115,284
Total liabilities and shareholders' equity		$7,098,990	$7,631,801

See accompanying notes

"Daniel Daviau" *"Terrence A. Lyons"*

DANIEL DAVIAU **TERRENCE A. LYONS**

Director Director

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, 2021	June 30, 2020
REVENUE			
Commissions and fees		$182,753	$169,002
Investment banking		195,638	110,568
Advisory fees		77,994	21,046
Principal trading		52,648	65,112
Interest		7,667	7,005
Other		2,131	4,995
		518,831	377,728
EXPENSES			
Compensation expense		322,326	252,814
Trading costs		28,384	26,969
Premises and equipment		4,163	4,378
Communication and technology		16,531	16,748
Interest		4,748	6,730
General and administrative		21,557	15,918
Amortization		5,869	6,552
Amortization of right of use assets		6,018	6,733
Development costs		4,070	3,815
Costs associated with redemption of convertible debentures	11,13	5,464	—
Share of loss of an associate	7	—	17
		419,130	340,674
Net income before income taxes		99,701	37,054
Income taxes			
Current		14,746	5,446
Deferred		11,902	2,644
	9	26,648	8,090
Net income for the period		$ 73,053	$ 28,964
Net income attributable to:			
CGGI shareholders		$ 72,001	$ 27,483
Non-controlling interests		$ 1,052	$ 1,481
Weighted average number of common shares outstanding (thousands)			
Basic		97,065	95,370
Diluted		110,810	122,715
Net income per common share			
Basic	15	$ 0.72	$ 0.26
Diluted	15	$ 0.63	$ 0.22
Dividend per common share	16	$ 0.075	$ 0.055
Dividend per Series A Preferred Share	16	$ 0.24	$ 0.24
Dividend per Series C Preferred Share	16	$ 0.31	$ 0.31

See accompanying notes

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

(in thousands of Canadian dollars)	For the three months ended	
	June 30, 2021	June 30, 2020
Net income for the period	**$73,053**	$ 28,964
Other comprehensive income		
Net change in unrealized losses on translation of foreign operations	**(6,151)**	(26,529)
Comprehensive income for the period	**66,902**	$ 2,435
Comprehensive income attributable to:		
CGGI shareholders	**$65,077**	$ 473
Non-controlling interests	**$ 1,825**	$ 1,962

See accompanying notes

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

For the three months ended (in thousands of Canadian dollars)	Notes	June 30, 2021	June 30, 2020
Preferred shares, opening and closing	14	$ 205,641	$ 205,641
Common shares, opening		662,366	663,553
Shares issued in connection with share-based payments		—	10
Acquisition of common shares for long-term incentive plan (LTIP)		(37,063)	(7,222)
Release of vested common shares from employee benefit trusts		28,958	34,344
Shares issued through exercise of performance share options (PSOs)		1,008	—
Shares committed to be purchased under normal course issuer bid		(777)	—
Shares purchased and cancelled under normal course issuer bid		(6,490)	—
Unvested share purchase loans		(254)	388
Common shares, closing	15	647,748	691,073
Convertible debentures – equity, opening and closing		—	5,156
Contributed surplus, opening		62,402	101,501
Share-based payments, amortization net of vestings		(27,134)	(31,681)
Change in current and deferred taxes relating to share based payments		7,691	878
Shares purchased and cancelled under normal course issuer bid		(5,131)	—
Unvested share purchase loans		254	(388)
Contributed surplus, closing		38,082	70,310
Retained earnings (deficit), opening		73,220	(193,131)
Net income attributable to CGGI shareholders		72,001	27,483
Preferred shares dividends	16	(2,351)	(2,351)
Common shares dividends	16	(7,638)	(5,078)
Retained earnings (deficit), closing		135,232	(173,077)
Deferred consideration, opening and closing		—	6,545
Accumulated other comprehensive income, opening		103,465	139,353
Other comprehensive loss attributable to CGGI shareholders		(6,924)	(27,010)
Accumulated other comprehensive income, closing		96,541	112,343
Total shareholders' equity		1,123,244	917,991
Non-controlling interests, opening		8,190	156
Foreign exchange on non-controlling interests		440	1,351
Comprehensive income attributable to non-controlling interests		1,825	1,962
Dividends paid to non-controlling interests		(4,118)	—
Non-controlling interests, closing		6,337	3,469
Total equity		1,129,581	921,460

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, 2021 $	June 30, 2020 $
OPERATING ACTIVITIES			
Net income for the period		$ 73,053	$ 28,964
Items not affecting cash			
Amortization		5,869	6,552
Amortization of right of use assets		6,018	6,733
Deferred income tax expense		11,902	2,644
Share-based compensation expense	17	22,523	25,409
Share of loss of associate	7	—	17
Interest expense in connection with lease liabilities		1,479	1,336
Changes in non-cash working capital			
(Increase) decrease in securities owned		(99,630)	100,534
Decrease in accounts receivable		110,453	628,657
Decrease in net income taxes payable		(30,942)	(10,669)
Decrease in securities sold short		(75,114)	(243,355)
Decrease in accounts payable, accrued liabilities and provisions		(410,475)	(706,193)
Cash used in operating activities		(384,864)	(159,371)
FINANCING ACTIVITIES			
Repayment of bank loan		(5,144)	(3,366)
Acquisition of common shares for long-term incentive plan		(37,063)	(7,222)
Proceeds from term loan facility		116,980	—
Redemption of convertible debentures		(168,112)	—
Proceeds from exercise of performance share options		1,008	—
Purchase and cancellation of common shares under normal course issuer bid		(11,621)	—
Cash dividends paid on common shares		(7,638)	(5,078)
Cash dividends paid on preferred shares		(2,351)	(2,351)
Payment of deferred and contingent consideration		(5,093)	(19,308)
Lease payments		(7,724)	(6,303)
Cash used in financing activities		(126,758)	(43,628)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(366)	(148)
Purchase of intangibles		(263)	—
Cash used in investing activities		(629)	(148)
Effect of foreign exchange on cash balances		(6,089)	(11,664)
Decrease in cash position		(518,340)	(214,811)
Cash position, beginning of period		1,883,292	997,111
Cash position, end of period		1,364,952	782,300
Supplemental cash flow information			
Interest received		$ 7,740	$ 7,078
Interest paid		$ 4,417	$ 6,407
Income taxes paid		$ 44,867	$ 13,987

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, Australia and the Middle East. 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 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

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, 2021 (March 31, 2021 consolidated financial statements) filed on SEDAR on June 1, 2021. All defined terms used herein are consistent with those terms defined in the March 31, 2021 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. 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, 2021.

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. The global pandemic related to an outbreak of COVID-19 has cast additional uncertainty on the assumptions used by management in making its judgements and estimates. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. Given that the full extent of the impact that COVID-19, including government and/or regulatory responses to the outbreak, will have on the global economy and the Company's business is highly uncertain and difficult to predict at this time, there is a higher level of uncertainty with respect to management's judgements and estimates. The extent to which the Company's business and financial condition will continue to be affected by the COVID-19 pandemic will depend on future developments including the spread of variants, efficacy of vaccines against new variants, the achievement of mass vaccinations and the impact of related controls and public health restrictions imposed by government authorities.

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 value of level 2 and 3 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 the discussions below, unless otherwise noted, Hargreave Hale Limited is referred to as “Hargreave Hale”, Petsky Prunier LLC is referred to as “Petsky Prunier”, McCarthy Taylor Limited (renamed as CG McCarthy Taylor Limited) is referred to as “McCarthy Taylor”, Thomas Miller Wealth Management Limited and the private client business of Thomas Miller Investment (Isle of Man) Limited (renamed as CG Wealth Planning Limited) is referred to as “Thomas Miller”, Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) is referred to as “Patersons”, and Jitneytrade Inc., Finlogik Capital Inc. and Finlogik Inc. are collectively referred to as “Jitneytrade”.

3. Adoption of New and Revised Standards

There were no new accounting standards adopted for the period ended June 30, 2021.

4. Securities Owned and Securities Sold Short

	June 30, 2021		March 31, 2021	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	$ 783,580	$ 711,184	$ 770,455	$ 777,996
Equities and convertible debentures	357,633	103,309	271,128	111,611
	$ 1,141,213	$ 814,493	$ 1,041,583	$ 889,607

As at June 30, 2021, corporate and government debt maturities range from 2021 to 2080 [March 31, 2021 – 2021 to 2080] and bear interest ranging from 0.00% to 31.50% [March 31, 2021 – 0.00% to 31.50%].

5. Financial Instruments

The categories of financial instruments, other than cash and cash equivalents and investments accounted for under the equity method, held by the Company at June 30, 2021 and March 31, 2021 are as follows:

	Fair value through profit and loss		Fair value through other comprehensive income		Amortized cost		Total	
	June 30, 2021 $	March 31, 2021 $	June 30, 2021 $	March 31, 2021 $	June 30, 2021 $	March 31, 2021 $	June 30, 2021 $	March 31, 2021 $
Financial assets								
Securities owned	1,141,213	1,041,583	—	—	—	—	1,141,213	1,041,583
Accounts receivable from brokers and investment dealers	—	—	—	—	2,100,006	2,434,162	2,100,006	2,434,162
Accounts receivable from clients	—	—	—	—	1,054,030	848,549	1,054,030	848,549
RRSP cash balances held in trust	—	—	—	—	521,860	494,476	521,860	494,476
Other accounts receivable	—	—	—	—	187,092	196,255	187,092	196,255
Investments	8,879	6,882	—	—	—	—	8,879	6,882
Total financial assets	1,150,092	1,048,465	—	—	3,862,988	3,973,442	5,013,080	5,021,907
Financial liabilities								
Securities sold short	814,493	889,607	—	—	—	—	814,493	889,607
Accounts payable to brokers and investment dealers	—	—	—	—	1,601,986	1,845,236	1,601,986	1,845,236
Accounts payable to clients	—	—	—	—	2,643,304	2,559,721	2,643,304	2,559,721
Other accounts payable and accrued liabilities	—	—	—	—	527,467	755,643	527,467	755,643
Subordinated debt	—	—	—	—	7,500	7,500	7,500	7,500
Convertible debentures	—	—	—	—	—	168,112	—	168,112
Deferred consideration	8,010	8,087	—	—	—	—	8,010	8,087
Contingent consideration	23,871	29,196	—	—	—	—	23,871	29,196
Bank loan	—	—	—	—	72,529	78,319	72,529	78,319
Short-rerm loan facility	—	—	—	—	118,321	—	118,321	—
Total financial liabilities	846,374	926,890	—	—	4,971,107	5,414,531	5,817,481	6,341,421

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, 2021, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value June 30, 2021		
	June 30, 2021	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	22,423	—	22,423	—
Government debt	761,157	391,233	369,924	—
Corporate and government debt	783,580	391,233	392,347	—
Equities	354,696	248,078	77,247	29,371
Convertible debentures	2,937	—	2,937	—
Equities and convertible debentures	357,633	248,078	80,184	29,371
	1,141,213	639,311	472,531	29,371
Investments	8,879	—	—	8,879
	1,150,092	639,311	472,531	38,250
Securities sold short				
Corporate debt	(3,204)	—	(3,204)	—
Government debt	(707,980)	(307,726)	(400,254)	—
Corporate and government debt	(711,184)	(307,726)	(403,458)	—
Equities	(103,309)	(84,026)	(19,283)	—
Convertible debentures	—	—	—	—
Equities and convertible debentures	(103,309)	(84,026)	(19,283)	—
	(814,493)	(391,752)	(422,741)	—
Deferred consideration	(8,010)	—	—	(8,010)
Contingent consideration	(23,871)	—	—	(23,871)
	(846,374)	(391,752)	(422,741)	(31,881)

As at March 31, 2021, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
		March 31, 2021		
	March 31,2021 $	Level 1 $	Level 2 $	Level 3 $
Securities owned				
Corporate debt	20,419	—	20,419	—
Government debt	750,036	336,494	413,542	—
Corporate and government debt	770,455	336,494	433,961	—
Equities	267,148	157,535	69,861	39,752
Convertible debentures	3,980	—	3,980	—
Equities and convertible debentures	271,128	157,535	73,841	39,752
	1,041,583	494,029	507,802	39,752
Investments	6,882	—	—	6,882
	1,048,465	494,029	507,802	46,634
Securities sold short				
Corporate debt	(10,834)	—	(10,834)	—
Government debt	(767,162)	(345,224)	(421,938)	—
Corporate and government debt	(777,996)	(345,224)	(432,772)	—
Equities	(111,611)	(98,141)	(13,470)	—
Convertible debentures		—	—	—
Equities and convertible debentures	(111,611)	(98,141)	(13,470)	—
	(889,607)	(443,365)	(446,242)	—
Deferred considerations	(8,087)	—	—	(8,087)
Contingent consideration	(29,196)	—	—	(29,196)
	(926,890)	(443,365)	(446,242)	(37,283)

Movement in net Level 3 financial assets

Balance, March 31, 2021	**$ 9,351**
Payment of contingent consideration in connection with acquisition of Thomas Miller	**5,093**
Movement in fair value of level 3 securities owned during the period	**(10,342)**
Reclassification of investments from equity accounted to FVPTL	**2,048**
Foreign exchange revaluation	**219**
Balance, June 30, 2021	**6,369**

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, 2021 was $29.4 million [March 31, 2021 – $39.8 million].

As at June 30, 2021, the Company, through a wholly owned subsidiary, held investments of $3.8 million in Capital Markets Gateway, which have been classified as Level 3 financial instruments given the investments do not have any observable inputs or market indicators. In addition, the Company also held an investment of $3.0 million in in unsecured subordinated convertible debentures of Katipult Technology Corp. (“Katipult”) which has been classified as Level 3 financial instrument [Note 7].

Level 3 financial liabilities also include the deferred and contingent considerations included as part of the total purchase consideration for the acquisitions of Hargreave Hale and Petsky Prunier.

The fair value measurements determined as described above may not be indicative of net realizable value or reflective of future values, although 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, 2021:

		Notional amount (millions)		Average price	Maturity		Fair value
To sell US dollars	USD$	1.5	$	1.24(CAD/USD)	July 2, 2021	$	—
To buy US dollars	USD$	2.3	$	1.24(CAD/USD)	July 2, 2021	$	—

Forward contracts outstanding at March 31, 2021:

		Notional amount (millions)	Average price	Maturity		Fair value
To sell US dollars	USD$	nil	—	—		—
To buy US dollars	USD$	5.9	$1.26(CAD/USD)	April 1, 2021	$	(0.01)

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 56 days as at June 30, 2021 [March 31, 2021 – 54 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, 2021 and March 31, 2021, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	June 30, 2021			March 31, 2021		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	$118	$105	$17,861	$113	$100	$19,014

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, 2021, the notional amount of the bond futures contracts outstanding was long $5.6 million [March 31, 2021 – short $1.1 million].

The fair value of all of the above futures contracts is nominal due to their short term to maturity and are 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, 2021	**$327,130**	**$136,980**	**$171,465**	**$325,455**
March 31, 2021	$232,558	$ 39,404	$ 63,536	$232,126

Securities lending and borrowing are included in the accounts receivable and accounts payable and accrued liabilities balances on the 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, 2021 the Company had $nil balance outstanding [March 31, 2021 – $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 and Thomas Miller. The loan is repayable in instalments of principal and interest over a period of 4 years and matures in September 2023. The interest rate on this loan is 2.2029% per annum as at June 30, 2021 [March 31, 2021 – 2.1288% per annum].

SHORT-TERM LOAN FACILITY

On April 9, 2021, the Company redeemed the entire $132.7 million principal amount of its outstanding Debentures due December 31, 2023. The total redemption price including accrued interest was $168.1 million which was fully accrued at March 31, 2021 [Note 12]. In order to fund the redemption in part, and pursuant to the terms of a previously announced commitment letter entered into with investment funds and accounts managed or advised by HPS Investment Partners, LLC (“HPS”) on March 18, 2021, the Company entered into a credit agreement on April 6, 2021 with the lenders, Lucid Agency Services Limited as administrative agent and Lucid Trustee Services Limited as security agent for a senior secured first lien term loan facility in an aggregate principal amount of £69.0 million (C$118.3 million as of June 30, 2021) [Note 11]. This loan has been repaid from the proceeds of the issuance of convertible preferred shares by Canaccord Genuity Wealth Group Holdings (Jersey) Limited to investment funds and accounts managed by HPS on July 29, 2021 [Note 21].

OTHER CREDIT FACILITIES

Excluding the bank loan in connection with the acquisitions of Hargreave Hale and Thomas Miller and short-term loan facility as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $635.5 million [March 31, 2021 – $637.1 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, 2021, there were no balances outstanding under these other credit facilities [March 31, 2021 – $nil].

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totaling $2.9 million (US $2.3 million) [March 31, 2021 – $2.9 million (US$2.3 million)] as rent guarantees for its leased premises in New York. As of June 30, 2021 and March 31, 2021, there were no outstanding balances under these standby letters of credit.

6. Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	June 30, 2021	March 31, 2021
Brokers and investment dealers	$ 2,100,006	$ 2,434,162
Clients	1,054,030	848,549
RRSP cash balances held in trust	521,860	494,476
Other	187,092	196,255
	$ 3,862,988	$ 3,973,442

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2021	March 31, 2021
Brokers and investment dealers	$ 1,601,986	$ 1,845,236
Clients	2,643,304	2,559,721
Other	527,467	755,643
	$ 4,772,757	$ 5,160,600

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 Investment Industry Regulatory Organization of Canada (IIROC) 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, 2021 – 5.45% to 6.25% and 0.00% to 0.05%]; [March 30, 2021 – 5.45% to 6.25% and 0.00% to 0.05%].

As at June 30, 2021, the allowance for doubtful accounts was $7.0 million [March 31, 2021 – $6.8 million].

7. Investments

	June 30, 2021	March 31, 2021
Investments accounted for under the equity method	$ —	$ 5,311
Investments held as fair value through profit and loss	8,879	6,882
	$ 8,879	$ 12,193

The Company, through a wholly owned subsidiary, invested $4.0 million for 1,334,001 Class B Units, at $3.00 per unit, in Canaccord Genuity Growth II Corp (CGGIIC). CGGIIC was a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. On April 23, 2021, CGGIIC announced that it has completed its qualifying transaction with Taiga Motors Corporation (“Taiga”). The Company is no longer considered to exert significant influence over the operations of Taiga. Accordingly, the investment in Taiga is accounted for under financial assets measured at FVTPL and included in securities owned on the consolidated statement of financial position as at June 30, 2021.

The Company, through a wholly owned subsidiary, invested $1.8 million for 15,179 proportionate voting units and 141,375 Class B units in the capital of Subversive Real Estate Acquisition REIT LP (Subversive). The Company does not exert significant influence over the operations of Subversive, and the investment is accounted for under financial assets measured at FVTPL as of June 30, 2021.

In addition, the Company, through a wholly owned subsidiary, invested $0.01 million to purchase 6,468,750 common shares of Sustainable Climate Opportunities Acquisition Corp. (Sustainable), at $0.0001 par value per share. Also, the Company, through a wholly owned subsidiary, invested $0.01 million in 600,000 private placement warrants at $0.01 per warrant and 1,552,500 Class B Founder shares at $0.0001 par value of Environmental Impact Acquisition Corp. The Company does not exert significant influence of over Environmental Impact Acquisition Corp. inclusive of all warrants, and the investment is accounted for under financial assets measured at FVTPL as of June 30, 2021. The Company, through a wholly owned subsidiary, also purchased 500,000 Class Y units in Velocity Sponsor LLC for $0.6 million (USD 0.5 million), which is the sponsor company of Velocity Acquisition Corp. The Company currently owns 7.5% interest in Velocity Sponsor LLC and therefore does not exert significant influence. Accordingly, the investment is accounted for as financial asset measured at FVTPL as of June 30, 2021.

The Company, through a wholly owned subsidiary, held an investment in Capital Markets Gateway Inc. (CMG) for US$3.1 million ($3.8 million) [March 31, 2021 – US$3.1 million ($3.9 million)]. The Company does not exert significant influence over the operations of CMG. Accordingly, the investment in CMG is accounted for as financial assets measured at FVTPL and included as investments on the consolidated statement of financial position as at June 30, 2021.

In addition, the Company also held an investment of $3.0 million in convertible unsecured subordinated debentures of Katipult Technology Corp (Katipult). As part of the debenture financing, Katipult also granted the Company warrants to acquire 12.0 million common shares which are excerisable at any time prior to the maturity of the debentures. Under IAS 28 the Company is considered to exert significant influence over Katipult factoring in the potential voting rights that may arise from convertible debentures and warrants. Given the Company does not currently have any entitlement to a share of Katipult's net assets, the investment is measured at FVTPL as of June 30, 2021.

8. Goodwill and Other Intangible Assets

	Goodwill $	Brand names (indefinite life) $	Brand names $	Customer relationships $	Technology $	Trading licenses $	Fund management $	Contract book $	Favourable ease $	Client Books $	Total $
Gross amount											
Balance, March 31, 2021	702,747	44,930	544	163,546	39,632	625	38,781	6,150	526	—	294,734
Additions	—	—	—	—	230	—	—	—	—	1,918	2,148
Foreign exchange	(3,051)	—	(7)	(1,316)	(329)	(11)	(366)	(84)	(7)	—	(2,120)
Reclassification	—	—	—	183	(183)	—	—	—	—	—	—
Balance, June 30, 2021	699,696	44,930	537	162,413	39,350	614	38,415	6,066	519	1,918	294,762
Accumulated amortization and impairment											
Balance, March 31, 2021	(322,632)	—	(364)	(96,245)	(27,194)	(625)	(12,811)	(6,150)	(422)	—	(143,811)
Amortization	—	—	(44)	(2,378)	(728)	—	(907)	—	(52)	(48)	(4,157)
Foreign exchange	—	—	4	563	227	11	123	84	5	—	1,017
Balance, June 30, 2021	(322,632)	—	(404)	(98,060)	(27,695)	(614)	(13,595)	(6,066)	(469)	(48)	(146,951)
Net book value											
March 31, 2021	380,115	44,930	180	67,301	12,438	—	25,970	—	104	—	150,923
June 30, 2021	**377,064**	**44,930**	**133**	**64,353**	**11,655**	—	**24,820**	—	**50**	**1,870**	**147,811**

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the 80% 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 and Patersons are customer relationships, non-competition agreements, trading licences, fund management contracts, technology and brand names acquired through the acquisition of Petsky Prunier, 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, 2021 $	March 31, 2021 $	June 30, 2021 $	March 31, 2021 $	June 30, 2021 $	March 31, 2021 $
Canaccord Genuity Capital Markets CGUs						
Canada	**$44,930**	$44,930	**$101,732**	$101,732	**$146,662**	$146,662
US (Petsky Prunier)	**—**	—	**96,161**	97,441	**96,161**	97,441
Canaccord Genuity Wealth Management CGUs						
UK & Crown Dependencies (Channel Islands)	**—**	—	**92,484**	93,374	**92,484**	93,374
UK & Crown Dependencies (UK wealth)	**—**	—	**83,843**	84,651	**83,843**	84,651
Australia	**—**	—	**2,844**	2,917	**2,844**	2,917
	$44,930	$44,930	**377,064**	$380,115	**$421,994**	$425,045

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 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 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. As of June 30, 2021 no indicators of impairment were identified.

9. 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, 2021 $	June 30, 2020 $
Net income before income taxes	**99,701**	37,054
Income taxes at the statutory rate of 27.0% (F2021: 27.0%)	**26,920**	10,005
Difference in tax rates in foreign jurisdictions	**(948)**	(13)
Non-deductible items affecting the determination of taxable income	**(170)**	414
Utilization of tax losses and other temporary differences not recognized	**46**	36
Change in accounting and tax estimates	**(445)**	224
Share based payments	**(2,672)**	(1,953)
Impact of change in tax rate on deferred tax liabilities in connection with intantgibles acquired on previous acquisitions	**4,646**	—
Other	**(729)**	(623)
Income tax expense – current and deferred	**26,648**	8,090

10. Subordinated Debt

	June 30, 2021 $	March 31, 2021 $
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 Investment Industry Regulatory Organization of Canada (IIROC). As at June 30, 2021 and March 31, 2021, the interest rates for the subordinated debt were 6.45% and 6.45%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

11. Short-term Loan Facility

In order to fund the redemption of the convertible debentures in part [Note 13], and pursuant to the terms of a previously announced commitment letter entered into with investment funds and accounts managed or advised by HPS Investment Partners, LLC ("HPS") on March 18, 2021, the Company entered into a credit agreement on April 6, 2021 with the lenders, Lucid Agency Services Limited as administrative agent and Lucid Trustee

Services Limited as security agent for a senior secured first lien term loan facility ("loan facility") in an aggregate principal amount of £69.0 million (C$118.3 million as of June 30, 2021). This loan facility has been repaid from the proceeds of the issuance of convertible preferred shares by Canaccord Genuity Wealth Group Holdings (Jersey) Limited to investment funds and accounts managed by HPS on July 29, 2021 [Note 21].

The term loan bears interest at LIBOR plus 10.0% per annum with a floor of 11% which commenced 31 days post closing of the loan. Transaction costs incurred to issue the loan facility are recognized on an amortized cost basis and included in the effective interest rate of the facility. Interest associated with this loan facility is included in costs associated with redemption of convertible debentures in the statement of operations for the three months ended June 30, 2021.

12. Bank Loan

	June 30, 2021 $	March 31, 2021 $
Loan	$ 73,153	$ 79,051
Less: Unamortized financing fees	(624)	(732)
	72,529	78,319
Current portion	$ 15,432	12,119
Long term portion	$ 57,097	66,200

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 and Thomas Miller. The loan is repayable in instalments of principal and interest over a period of 4 years and matures in September 2023. The interest rate on this loan is 2.2029% per annum as at June 30, 2021 [March 31, 2021 – 2.1288% per annum].

13. Convertible Debentures

	June 30, 2021		March 31, 2021	
	Liability	Equity	Liability	Equity
Convertible debentures	—	—	$ 168,112	—

On April 9, 2021, the Company completed the redemption of its 6.25% convertible unsecured senior subordinated debentures. The redemption price of $168.1 million was fully accrued as of March 31, 2021. The Company entered into a term loan facility to partially fund the redemption [Note 11].

14. Preferred Shares

	June 30, 2021		March 31, 2021	
	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, 2021 consolidated financial statements.

15. Common Shares

	June 30, 2021		March 31, 2021	
	Amount $	Number of shares	Amount $	Number of shares
Issued and fully paid	744,018	107,406,814	749,500	108,191,331
Shares committed to repurchase under the normal course issuer bid	(8,958)	(669,100)	(8,181)	(689,500)
Held for share-based payment plans	(1,654)	(122,355)	(1,401)	(122,355)
Held for the LTIP	(85,658)	(9,779,341)	(77,552)	(11,588,393)
	647,748	96,836,018	662,366	95,791,083

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount $
Balance, March 31, 2021	**108,191,331**	749,500
Shares purchased and cancelled under normal course issuer bid	**(934,516)**	(6,490)
Shares issued in connection with exercise of PSO [note 17]	**149,999**	1,008
Balance, June 30, 2021	**107,406,814**	**744,018**

[iii] EARNINGS PER COMMON SHARE

	For the three months ended	
	June 30, 2021	June 30, 2020
Basic earnings per common share		
Net income attributable to CGGI shareholders	**$ 72,001**	$ 27,483
Preferred shares dividends	**(2,351)**	(2,351)
Net income available to common shareholders	**69,650**	25,132
Weighted average number of common shares (number)	**97,065,409**	95,369,954
Basic earnings per share	**$ 0.72**	$ 0.26
Diluted earnings per common share		
Net income available to common shareholders	**69,650**	25,132
Interest on convertible debentures, net of tax	**—**	1,720
Adjusted net earnings available to common shareholders	**69,650**	26,852
Weighted average number of common shares (number)	**97,065,409**	95,369,954
Dilutive effect in connection with LTIP (number)	**10,948,083**	10,878,274
Dilutive effect in connection with performance share options (number)	**2,796,868**	—
Dilutive effect in connection with other share-based payment plans (number)	**—**	1,720,550
Dilutive effect in connection with convertible debentures (number)	**—**	13,272,500
Dilutive effect in connection with acquisition of Petsky Prunier (number)	**—**	1,473,700
Adjusted weighted average number of common shares (number)	**110,810,360**	122,714,978
Diluted earnings per common share	**$ 0.63**	$ 0.22

16. Dividends

COMMON SHARE DIVIDENDS

The Company declared the following common share dividend during the three months ended June 30, 2021:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 18, 2021	June 30, 2021	$ 0.075	$ 8,059

On August 3, 2021, the Board of Directors approved a dividend of $0.075 per common share, payable on September 10, 2021, with a record date of August 27, 2021 [Note 21].

PREFERRED SHARE DIVIDENDS

The Company declared the following preferred share dividends during the three months ended June 30, 2021:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 18, 2021	June 30, 2021	$ 0.24281	$ 0.31206	$ 2,351

On August 3, 2021, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on September 30, 2021 to Series A Preferred shareholders of record as at September 17, 2021 [Note 21].

On August 3, 2021, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on September 30, 2021 to Series C Preferred shareholders of record as at September 17, 2021 [Note 21].

17. 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 4,288,949 RSUs granted in lieu of cash compensation to employees during the period ended June 30, 2021 [June 30, 2020 – 4,752,613 RSUs]. The Trusts purchased 2,743,949 common shares during the three months ended June 30, 2021 [June 30, 2020 – 1,256,632 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, 2021 was $13.35 [June 30, 2020 – $5.60].

	Number
Awards outstanding, March 31, 2021	11,663,809
Grants	4,288,949
Vested	(4,553,001)
Forfeited	(132,146)
Awards outstanding, June 30, 2021	11,267,611

	Number
Common shares held by the Trusts, March 31, 2021	11,588,393
Acquired	2,743,949
Released on vesting	(4,553,001)
Common shares held by the Trusts, June 30, 2021	9,779,341

II. 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. During the year ended March 31, 2021, the PSU plan was amended to include certain employment-related conditions to the vesting of the awards resulting in a change 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, 2021 was $102.4 million [March 31, 2021 – $85.9 million].

III. 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 ratably 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). During the three months ended June 30, 2021, the stock price performance vesting conditions had been met all the outstanding options. A total of 3,680,336 options outstanding had met both stock price performance and time-based vesting conditions and are therefore fully vested and outstanding.

The following is a summary of the Company's PSOs as at June 30, 2021:

	Number of PSOs		Weighted average exercise price ($)
Balance, March 31, 2021	6,237,001	$	6.78
Exercised	(149,999)	$	6.73
Balance, June 30, 2021	6,087,002	$	6.79

IV. SENIOR EXECUTIVE 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, 2021 was $1.5 million [March 31, 2021 – $ nil].

V. SHARE-BASED COMPENSATION EXPENSE

	For the three months ended	
	June 30, 2021	June 30, 2020
Long-term incentive plan	**$ 1,691**	$ 1,811
Deferred share units (cash-settled) – directors	**1,033**	1,126
Deferred share units (cash-settled) – senior executives	**1,493**	—
Other share-based payment plan	**—**	654
PSU (cash-settled)	**17,783**	20,877
PSO	**523**	941
Total share-based compensation expense	**$ 22,523**	$ 25,409

18. 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, 2021	March 31, 2021
Accounts receivable	**$ 7,380**	$ 4,686
Accounts payable and accrued liabilities	**3,664**	1,562

19. 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 and Dubai, Australia and the US. Operations located in Other Foreign Locations under Canaccord Genuity Asia are also included in Canaccord Genuity Capital Markets.

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

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 and Thomas Miller is allocated to the Canaccord Genuity Wealth Management UK & Crown Dependencies (UK Wealth) segment. Amortization of identifiable intangible assets acquired through the acquisition of Petsky Prunier is allocated to the Canaccord Genuity Capital Markets US 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, 2021				June 30, 2020			
	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	**39,860**	**142,891**	**2**	**182,753**	49,397	119,605	—	169,002
Investment banking	**151,129**	**44,509**	**—**	**195,638**	97,508	13,060	—	110,568
Advisory fees	**76,006**	**1,988**	**—**	**77,994**	20,580	466	—	21,046
Principal trading	**52,345**	**303**	**—**	**52,648**	64,921	191	—	65,112
Interest	**1,925**	**4,252**	**1,490**	**7,667**	1,568	3,703	1,734	7,005
Other	**2,951**	**1,061**	**(1,881)**	**2,131**	879	913	3,203	4,995
Expenses, excluding undernoted	**228,272**	**133,700**	**30,989**	**392,961**	188,400	101,461	26,966	316,827
Amortization	**1,318**	**4,444**	**107**	**5,869**	1,742	4,705	105	6,552
Amortization of right of use assets	**3,586**	**1,693**	**739**	**6,018**	3,455	2,518	760	6,733
Development costs	**138**	**3,878**	**54**	**4,070**	72	3,670	73	3,815
Interest expense	**2,891**	**1,485**	**372**	**4,748**	2,904	1,022	2,804	6,730
Costs associated with redemption of convertible debentures	**—**	**—**	**5,464**	**5,464**	—	—	—	—
Share of loss of an associate	**—**	**—**	**—**	**—**	—	—	17	17
Income (loss) before intersegment allocations and income taxes	**88,011**	**49,804**	**(38,114)**	**99,701**	38,280	24,562	(25,788)	37,054
Intersegment allocations	**3,894**	**5,087**	**(8,981)**	**—**	4,634	4,212	(8,846)	—
Income (loss) before income taxes	**84,117**	**44,717**	**(29,133)**	**99,701**	33,646	20,350	(16,942)	37,054

For geographic reporting purposes, the Company's business operations are grouped into Canada, the US, the UK & Europe (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, 2021 $	June 30, 2020 $
Canada	**218,478**	115,050
UK & Europe (including Dubai)	**101,400**	91,435
United States	**153,450**	115,759
Australia	**45,503**	55,484
	518,831	377,728

20. 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, 2021:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2021	$ 8,551	$ 1,806	$ 10,357
Additions	140	—	140
Utilized	(2,747)	(9)	(2,756)
Balance, June 30, 2021	**5,944**	**1,797**	**7,741**

COMMITMENTS, LITIGATION PROCEEDINGS AND CONTINGENT LIABILITIES

In the normal course of business, the Company is involved in litigation, and as of June 30, 2021, 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, 2021, 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 28 of the March 31, 2021 audited consolidated financial statements.

The Company has entered into leases for which the asset is still under construction, and therefore the right-of-use of assets and the lease liabilities related to these leases are not recorded, as at June 30, 2021, since the lease has not yet commenced, The Company's undiscounted lease commitments were as follows, as at:

	June 30, 2021
Less than 1 year	$ —
From 1 to 3 years	**7,648**
Thereafter	**35,220**
	$ 42,868

21. Subsequent Events

I. UK WEALTH OPERATIONS

On July 29, 2021, the Company completed the previously announced investment in its UK wealth management division by investment accounts and funds managed by HPS Investment Partners, LLC (collectively, "HPS").

HPS has acquired convertible preferred shares (the "Convertible Preferred Shares") in the amount of £125 million (C$218 million) issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited ("CGWM UK"), the parent company of the Company's wealth management operating subsidiaries in the UK and the Crown Dependencies (the "Transaction"). On an as converted basis, the Convertible Preferred Shares represent an approximate 22% equity interest in CGWM UK.

Pursuant to the terms of a loan provided by HPS on April 6, 2021, the Company entered into a credit agreement with lenders, Lucid Agency Services Limited as administrative agent and Lucid Trustee Services Limited as security agent, for a senior secured first lien term loan facility in an aggregate principal amount of £69 million (C$118.3 million as of June 30, 2021). [Note 11]. This loan has been repaid from the proceeds of the Transaction.

In connection with the Transaction, CGWM UK has provided for the purchase by management of certain equity instruments in CGWM UK within the context of the Transaction value and which are expected to reflect an approximate 4% equity-equivalent interest in CGWM UK. A management incentive arrangement has also been implemented which will provide for certain incentives with performance thresholds related to the future growth of CGWM UK.

II. SERIES A PREFERRED SHARES DIVIDEND RATE RESET

In connection with the upcoming reset of the dividend rate applicable to the Cumulative 5-Year Rate Reset First Preferred Shares, Series A of the Company (the "Series A Preferred Shares") for the five-year period commencing on October 1, 2021, and ending on and including September 30, 2026, at their meeting on August 3, 2021, the directors determined that the Company will not exercise its right to redeem all or any part of the currently outstanding Series A Preferred Shares on September 30, 2021.

III. AMENDMENT OF PERFORMANCE SHARE OPTION (PSO) PLAN

The Company has amended its PSO plan to provide additional cashless exercise options that allow a participant to satisfy the exercise price without requiring the Company to issue common shares and thereby dilute existing shareholders. The implementation of this amendment is subject to the discretion of the Company.

IV. DIVIDENDS

On August 3, 2021, the Board of Directors approved a dividend of $0.075 per common share, payable on September 10, 2021, with a record date of August 27, 2021 [Note 16].

On August 3, 2021, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on September 30, 2021 with a record date of September 17, 2021; and $0.31206 per Series C Preferred Share payable on September 30, 2021 with a record date of September 17, 2021 [Note 16].

Shareholder Information

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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. 2021 Annual Report is available on our website at www.canaccordgenuitygroup.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
Q2/22	November 8, 2021	December 17, 2021	December 31, 2021	November 26, 2021	December 10, 2021
Q3/22	February 9, 2022	March 18, 2022	March 31, 2022	February 25, 2022	March 10, 2022
Q4/22	June 1, 2022	June 17, 2022	June 30, 2022	June 17, 2022	June 30, 2022
Q1/23	August 3, 2022	September 16, 2022	September 30, 2022	September 2, 2022	September 15, 2022

(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.canaccordgenuitygroup.com

Auditor

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