THIRD QUARTER

Fiscal 2021 Report to Shareholders

Canaccord Genuity Group Inc. Reports Third Quarter Fiscal 2021 Results

Excluding significant items, Third quarter earnings per common share of $0.62[(1)]

TORONTO, February 3, 2021 – Canaccord Genuity Group Inc. (Canaccord Genuity Group, the Company, TSX: CF) today announced its financial results for the third fiscal quarter ended December 31, 2020.

"Our business is performing in accordance with our stated strategy of providing a sustainable and growing earnings base from our wealth management operations, with significant upside during periods of capital markets strength," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "In our third fiscal quarter, we earned our strongest quarterly revenue on record and set new performance records in several businesses and verticals, entrenching our position as a leading mid-market investment bank and wealth management firm in each of our geographies."

"In addition to increasing our quarterly common share dividend, we have also taken steps to increase our flexibility to deploy our capital in ways that will support our continued growth and provide optimized returns for our shareholders."

In a separate press release issued today, the Company also announces that HPS Investment Partners, LLC, on behalf of investment funds it manages, has agreed to invest in the Company's Wealth Management business in the UK and Crown Dependencies ("CGWM UK"). The net cash proceeds from the investment of approximately £120 million (C$210 million) will be distributed by CGWM UK to the Company and used by the Company for corporate purposes to optimize shareholder value.

Third quarter and nine-month fiscal year-to-date highlights:

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

- Third quarter revenue of $533.1 million, highest quarterly revenue on record
- Nine-month fiscal year-to-date revenue of $1.3 billion, surpassing full fiscal year record
- Record quarterly investment banking revenue of $213.4 million, an increase of 314.0% year-over-year on continued strength in mid-market life sciences, technology, sustainability and mining sectors
- Record quarterly advisory fees revenue of $72.0 million, an increase of 18.6% year-over-year
- Excluding significant items[(1)], diluted earnings per common share for the third quarter of $0.62 per share ($0.54 per share on an IFRS basis)
- Excluding significant items[(1)], diluted earnings per common share for the first nine months of fiscal 2021 were $1.16 per share ($1.01 per share on an IFRS basis)
- Total client assets in our global wealth management businesses reached $85.2 billion, an increase of 16.1% from Q2/21 and an increase of 17.1% from Q3/20, representing new records in each of our Canadian, UK & European and Australian businesses
- Purchased 217,100 common shares for cancellation under the normal course issuer bid during the nine months ended December 31, 2020
- Third quarter common share dividend of $0.065 per share, reflecting stable and growing contributions from our global wealth management businesses

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

	Three months ended December 31		Quarter-over-quarter change	Three months ended September 30	Quarter-over-quarter change
	Q3/21	Q3/20		Q2/21	
Revenue	$ **533,077**	$ 308,014	73.1%	$ 390,357	36.6%
Third fiscal quarter highlights – adjusted[1]					
Expenses – excluding significant items[1]	$ **422,503**	$ 277,004	52.5%	$ 339,843	24.3%
Earnings per common share – diluted, excluding significant items[1]	$ **0.62**	$ 0.23	169.6%	$ 0.28	121.4%
Net Income – excluding significant items[1][2]	$ **78,971**	$ 30,458	159.3%	$ 36,891	114.1%
Net Income attributable to common shareholders – excluding significant items[1][3]	$ **75,160**	$ 27,619	172.1%	$ 32,982	127.9%
Third fiscal quarter highlights – IFRS					
Expenses	$ **433,803**	$ 285,731	51.8%	$ 344,499	25.9%
Earnings per common share – diluted	$ **0.54**	$ 0.17	217.6%	$ 0.25	116.0%
Net Income[2]	$ **68,451**	$ 22,840	199.7%	$ 32,993	107.5%
Net Income attributable to common shareholders[3]	$ **64,640**	$ 20,158	220.7%	$ 29,084	122.3%

(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

Excluding significant items[1], the third quarter pre-tax net income contribution from the Company's combined global wealth management businesses improved by 110.3% year-over-year to a record $39.2 million, and the pre-tax profit margin increased to 21.7%, a year-over-year improvement of 7.2 percentage points. This segment earned revenue of $180.5 million for the third fiscal quarter and $464.4 million for the first nine months of the fiscal year, year-over-year increases of 40.6% and 24.3% respectively.

Canaccord Genuity Wealth Management North America generated record quarterly revenue of $92.7 million and, after intersegment allocations and before taxes, recorded net income of $20.1 million in Q3/21.

Wealth management operations in the UK & Europe generated $70.1 million in revenue and, after intersegment allocations, and excluding significant items[1], recorded net income of $16.0 million before taxes in Q3/21.

Wealth management operations in Australia generated $17.6 million in revenue and, after intersegment allocations and before taxes, and excluding significant items[1] recorded net income of $3.1 million before taxes in Q3/21.

Our North American wealth management business was the largest contributor of revenue and net income for the three-month period. Revenue earned by this business increased by 101.5% year-over-year, primarily due to increased investment banking revenue from higher new issue activity, in addition to higher commissions and fees revenue. The robust environment for new-issue activities boosted investment banking revenue in this business to $37.4 million for the three-month period. The pre-tax profit margin in this business increased by 12.6 percentage points to 21.6% for the three-month period and increased by 5.1 percentage points to 18.1% for the first nine months of the fiscal year.

In the UK & Europe, third quarter revenue decreased by 1.7% compared to the same period one year ago, primarily due to the reduction in interest revenue attributable to the lower interest rate environment. Excluding significant items[1], the pre-tax profit margin in this business was 22.8% for the third quarter of fiscal 2021, an improvement of 2.7 percentage points compared to the same quarter in the prior year.

Our Australian wealth management operations earned revenue of $17.6 million and excluding significant items[1], pre-tax net income of $3.1 million in the third quarter of fiscal 2021, reflecting contributions from the acquisition of Patersons Securities Limited in Q3/20.

Total client assets in the Company's global wealth management businesses at the end of the third fiscal quarter amounted to $85.2 billion.

Each of our wealth management businesses achieved record client asset levels during the third fiscal quarter.

- Client assets in North America were $29.3 billion as at December 31, 2020, an increase of 18.8% from $24.6 billion at the end of the previous quarter and an increase of 39.5% from $21.0 billion at December 31, 2019.
- Client assets in the UK & Europe were $51.8 billion (£29.7 billion) as at December 31, 2020, an increase of 14.1% from $45.4 billion (£26.4 billion) at the end of the previous quarter and an increase of 7.6% from $48.1 billion (£28.1 billion) at December 31, 2019.
- Client assets in Australia were $4.2 billion (AUD 4.3 billion) as at December 31, 2020, an increase of 24.0 % from $3.4 billion (AUD 3.5 billion) at the end of the previous quarter and an increase of 13.1% from $3.7 billion (A$ 4.1 billion) at December 31, 2019. In addition to client assets held in our investment management platform, client assets totalling $15.2 billion (AUD 15.5 billion) are also held in other non-managed accounts on our Australian wealth management trading platform.

Canaccord Genuity Capital Markets

Excluding significant items[1], the Company's global capital markets businesses contributed pre-tax net income of $92.5 million for the third quarter, an increase of 477.6% compared to the same period in the previous fiscal year and the pre-tax profit margin for this segment increased by 17.3 percentage points year-over-year, to 26.5% primarily attributable to increased activity in our Canadian and US businesses. Globally, this segment earned revenue of $825.3 million for the first nine months of the fiscal year, an improvement of 60.9%, compared to the same period a year ago. Revenue for the third quarter was $348.9 million, an increase of 100.3% from $174.2 million for the third quarter of fiscal 2020, and reflects record revenue contributions from our U.S., Canadian and Australian operations.

- Canaccord Genuity Capital Markets led or co-led 108 investment banking transactions globally, raising total proceeds of C$4.3 billion during fiscal Q3/21.
- Canaccord Genuity Capital Markets participated in 187 investment banking transactions globally, raising total proceeds of C$19.5 billion during fiscal Q3/21.

The US capital markets business was the largest contributor of revenue for this segment, with record quarterly revenue of $160.4 million, representing an increase of 95.1% year over year. This included an increase in investment banking revenue of 254.1% year-over-year, to $38.9 million, reflecting robust new-issue activity, primarily in the life sciences, sustainability and technology segments. Third quarter revenue earned from Advisory activities amounted to $51.4 million, an increase of 75.6% year-over-year, and a record for this business. Principal trading revenue also increased by 96.6% to $44.6 million during the quarter from increased trading volume.

Excluding significant items(1), our Canadian capital markets business earned pre-tax net income of $42.1 million, amounting to 45.5% of the pre-tax net income contribution from for our combined capital markets businesses. Revenue in this operation increased by 152.4% year-over-year to $121.3 million, as a result of higher investment banking and commissions and fees revenue. This business continues to be a top-ranked domestic underwriter in the region and is the leading equities underwriter and IPO underwriter for the calendar year-to-date.

Third quarter revenue contributed by our Australian capital markets operations increased significantly, to $46.0 million in Q3/21 from $13.1 million in Q3/20. Total revenue for the first nine months of the fiscal year amounted to $134.8 million, an improvement of 357.5% when compared to the same period of the prior fiscal year. This performance was largely driven by the robust environment for underwriting activities in our focus sectors and also includes unrealized gains in certain inventory and warrant positions earned in respect of investment banking activity.

Our UK & Europe operations achieved modest profitability in the third fiscal quarter, primarily driven by year-over-year increased investment banking and trading revenue, which increased by 179.0% and 43.6% respectively. Although advisory activities remained below historical levels, third quarter advisory revenue in this segment increased by 23.7% sequentially.

Summary of Corporate Developments:

On January 18, 2021, the Company announced its intention to seek approval from each of the holders of its 6.25% convertible unsecured senior subordinated debentures (“Debentures”) to make certain amendments to the indenture governing the Debentures. The proposed amendments include the addition of a right of the Company to redeem, at its option and from time to time, between April 1, 2021 and October 31, 2021, any or all of the outstanding Debentures for specified consideration plus any accrued and unpaid interest. The proposed amendments also suspend the Debentures holders’ right to convert their Debentures into common shares, at the current exercise price of $10.00, until November 1, 2021. The proposed amendments are subject to the approval of the Debenture holders, the TSX and Computershare Trust of Canada, as Debenture trustee (as applicable). Unless the Company obtains written consents from holders of at least two-thirds of the principal amount of the Debentures outstanding, consent will be sought at a special meeting of the Debenture holders to be held on February 22, 2021.

On February 1, 2021, the Company announced that it has joined the leaders of over 300 Canadian companies in pledging to take action to end systemic anti-Black racism as part of the BlackNorth Initiative. The BlackNorth Initiative provides an excellent support framework for ensuring that Canaccord Genuity can be a positive contributor to lasting change in our own business and the broader community.

Total compensation expense as a percentage of revenue increased from 60.6% in Q3/20 and 59.6% in the first nine months of fiscal 2020 to 61.7% in Q3/21 and 64.0% on a year to date basis. The increase in the compensation ratio for the first nine months of fiscal 2021 was primarily due to an increase in the fair value of performance share units (PSUs) granted in prior periods as a component of the Company’s overall executive compensation program. The fair value of the PSUs is based upon progress against certain pre-determined three-year performance metrics, including share price relative to the market, as measured at the time of vesting. The PSUs are awarded annually and vest after three years and are paid in cash at the time of vesting in an amount calculated with reference to the share price at the time of vesting and, accordingly, the value will vary with share price as well as progress against other performance metrics. Changes in value of the PSUs at each reporting period are amortized over the remaining vesting period and recorded as a compensation expense.

Results for the third quarter and year-to-date fiscal 2021 were impacted by the following significant items:

- Amortization of intangible assets acquired in connection with business combinations
- Certain incentive-based costs related to the acquisition and growth initiatives in the UK & Europe wealth business
- Acquisition-related costs related to the re-measurement of contingent consideration in connection with previous acquisitions

Selected financial information excluding significant items[1]:

(C$ thousands, except per share and % amounts)	Three months ended December 31 2020		2019	Quarter-over-quarter change	Nine months ended December 31 2020		2019	YTD over YTD change
Total revenue per IFRS	$	533,077	$ 308,014	73.1%	$	1,301,162	$ 904,219	43.9%
Total expenses per IFRS	$	433,803	$ 285,731	51.8%	$	1,118,976	$ 834,414	34.1%
Revenue								
Total revenue excluding significant items	$	533,077	$ 308,014	73.1%	$	1,301,162	$ 904,219	43.9%
Total expenses per IFRS	$	433,803	$ 285,731	51.8%	$	1,118,976	$ 834,414	34.1%
Expenses								
Significant items recorded in Canaccord Genuity Capital Markets								
Amortization of intangible assets	$	741	$ 2,458	(69.9)%	$	2,232	$ 7,394	(69.8)%
Acquisition- related costs	$	4,644	—	n.m.	$	4,644	$ 1,806	157.1%
Significant items recorded in Canaccord Genuity Wealth Management								
Amortization of intangible assets	$	3,213	$ 3,445	(6.7)%	$	9,827	$ 10,016	(1.9)%
Restructuring costs	$	—	$ 1,250	(100.0)%	$	—	$ 2,348	(100.0)%
Acquisition-related costs	$	860	—	n.m.	$	860	$ 2,308	(62.7)%
Incentive-based costs related to acquisitions[2]	$	1,842	1,574	17.0%	$	3,102	4,435	(30.1%)
Total significant items	$	11,300	8,727	29.5%	$	20,665	$ 28,307	(27.0)%
Total expenses excluding significant items	$	422,503	$ 277,004	52.5%	$	1,098,311	$ 806,107	36.2%
Net income before taxes – adjusted	$	110,574	$ 31,010	256.6%	$	202,851	$ 98,112	106.8%
Income taxes – adjusted	$	31,603	$ 552	n.m.	$	54,092	$ 13,240	n.m.
Net income – adjusted	$	78,971	$ 30,458	159.3%	$	148,759	$ 84,872	75.3%
Net income attributable to common shareholders, adjusted	$	75,160	$ 27,619	172.1%	$	137,207	$ 77,349	77.4%
Earnings per common share – basic, adjusted	$	0.78	$ 0.29	169.0%	$	1.42	$ 0.77	84.4%
Earnings per common share – diluted, adjusted	$	0.62	$ 0.23	169.6%	$	1.16	$ 0.64	81.3%

(1) Figures excluding significant items are non-IFRS measures.

(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business

n.m. not meaningful

Financial condition at the end of third quarter fiscal 2021 vs. third quarter of fiscal 2020

- Cash and cash equivalents balance of $1.3 billion, an increase of $704.6 million from $548.7 million
- Working capital of $584.3 million, an increase of $50.5 million from $533.8 million
- Total shareholders' equity of $967.8 million, an increase of $116.6 million from $851.2 million

Common and Preferred Share Dividends:

On February 3, 2021, the Board of Directors approved a dividend of $0.065 per common share, payable on March 10, 2021, with a record date of February 26, 2021.

On February 3, 2021, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on March 31, 2021 to Series A Preferred shareholders of record as at March 19, 2021.

On February 3, 2021, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on March 31, 2021 to Series C Preferred shareholders of record as at March 19, 2021.

Management's Discussion and Analysis

Third quarter fiscal 2021 for the three and nine months ended December 31, 2020 — this document is dated February 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 and nine month period ended December 31, 2020 compared to the corresponding period in the preceding fiscal year. The three-month period ended December 31, 2020 is also referred to as Third quarter 2021 and Q3/21. 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 and nine month period ended December 31, 2020, beginning on page 29 of this report; our Annual Information Form (AIF) dated June 26, 2020; and the 2020 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2020 (Audited Annual Consolidated Financial Statements) in the Company's annual report dated June 2, 2020 (the 2020 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2020 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 2021 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 2020 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 and nine-month period ended December 31, 2020 (Third Quarter 2021 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The Third Quarter 2021 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, 2020.

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 & Europe 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 & Europe 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 & Europe wealth management business, loss related to the extinguishment of convertible debentures as recorded for accounting purposes as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. See the Selected Financial Information Excluding Significant Items table on page 11.

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, Guernsey, Jersey, the Isle of Man and Australia. Canaccord Genuity Capital Markets, the Company's international capital markets division, operates in North America, the UK & Europe, Asia, 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. The Company's 6.25% Convertible Unsecured Senior Subordinated Debentures are listed on the TSX under the symbol CF.DA.A.

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 & Europe 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, 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. Commencing in Q3/20, the Canaccord Genuity Australia wealth management segment includes the operating results of Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) ("Patersons") since the closing date of October 21, 2019.

On February 3, 2021, the Company's wholly-owned subsidiaries, Canaccord Genuity Wealth Group Holdings Limited and Canaccord Genuity Group Holdings (Jersey) Limited ("JerseyCo), entered into an agreement with certain institutional investors (the "Investors") whereby the Investors agreed to invest in JerseyCo. Subject to regulatory approval and other customary closing conditions, the Investors will acquire Convertible Preferred Shares (the "Convertible Preferred Shares") to be issued by JerseyCo. JerseyCo is the parent company of the Company's wealth management operating subsidiaries in the UK, the Channel Islands and in the Isle of Man.

The Investors will purchase Convertible Preferred Shares for an aggregate purchase price of £122.5 million (C$217 million), and the initial liquidation preference applicable to the Convertible Preferred Shares will be £125 million (C$219 million). On an as converted basis the Convertible Preferred Shares will represent 21.93% of the outstanding equity interest in JerseyCo. Cumulative dividends are payable by JerseyCo on the Convertible Preferred Shares at the greater of an annual 7.5% coupon and the proportionate share that such shares would receive, on an as converted basis, in respect of dividends paid by JerseyCo. If a liquidity event occurs before the end of five years the Convertible Preferred Shares will carry a liquidation preference equal to the greatest of (i) the amount of principal plus accrued but unpaid dividends attributable to the

Convertible Preferred Shares had they been issued five years prior, (ii) an amount equal to 1.5 multiplied by the issue price of the Convertible Preferred Shares (less any previously paid dividends), or (iii) the amount which the Investors would receive on an as converted basis. If a liquidity event occurs on or after the fifth anniversary then the Convertible Preferred Shares will carry a liquidation preference equal to the greater of (i) the amount of principal plus accrued but unpaid dividends attributable to the Convertible Preferred Shares or (ii) the amount which the Investors would receive on an as converted basis. If a liquidity event has not occurred after five years, then JerseyCo has an option to acquire the Convertible Preferred Shares at the greater of the applicable liquidation preference amount and the amount which would provide the Investors with an internal rate of return of 11.5% (including all previously paid dividends). After the fifth anniversary the Investors have certain rights in respect of initiating a liquidity event. The Convertible Preferred Shares carry customary minority rights in respect of JerseyCo governance and financial matters.

It is expected that in connection with this transaction Jerseyco will implement an equity-based management incentive plan with performance thresholds and a purchase of Convertible Preferred shares in the additional amount of £6.0 million (C$10.5 million).

Market Environment during Q3 fiscal 2021

Economic backdrop

Despite the resurgence in COVID-19 infections and lockdowns in countries worldwide, and the heightened policy uncertainty in the U.S., the global economy remained resilient during our third fiscal quarter.

Risk assets appreciated markedly during the three-month period, reflecting the optimism driven by the start of the COVID-19 vaccine rollout, the expectation of additional fiscal stimulus following the U.S. election, and the extension of easy monetary policies by world central banks. A weak U.S. dollar also helped to boost prices for commodities and global risk assets in general.

The S&P 500, the S&P/TSX and the MSCI world index returned 12.1%, 9.0% and 16.1% respectively over the three-month period. Commodity prices and the Canadian dollar advanced 14.5% and 4.6% over the same period. U.S. Treasury bonds posted negative returns (-1.9%) with yields steadily increasing throughout the quarter on the back of firming economies and rising inflation expectations.

Investment banking and advisory

The solid performance of commodity prices and small-cap equities during the three-month period provided a favourable market environment for investment banking and advisory activities in our core focus sectors.

Central banks remained committed to taking on inflation risk and keeping rates anchored near zero for a prolonged period, despite rising inflation expectations. This helped to drive renewed investor appetite for alternative assets and cryptocurrencies during the quarter, while precious metals underperformed.

Overall, the rotation into small-cap and resource equities prompted an increase in capital-raising and advisory activities during the three-month period.

Index Value at End of Fiscal Quarter	Q3/20		Q4/20		Q1/21		Q2/21		Q3/21		
	2019-12-31	(Y/Y)	2020-03-31	(Y/Y)	2020-06-30	(Y/Y)	2020-09-30	(Y/Y)	2020-12-31	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	267.1	12.1%	191.9	-26.9%	236.0	-8.8%	258.3	5.8%	304.3	13.9%	17.8%
S&P IFCI Global Large Cap	253.0	15.7%	194.0	-18.6%	225.8	-5.6%	243.2	7.0%	291.7	15.3%	19.9%

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

Trading volumes in our core segments increased when compared to the previous quarter, and on a year-over-year basis. Solid gains in equity indexes, notably within the small- and mid-cap universe, led investors to adjust their asset mix, sector and company weights.

Average Value During Fiscal Quarter/Year	Q3/20		Q4/20		Q1/21		Q2/21		Q3/21		
	31-Dec-19	(Y/Y)	31-Mar-20	(Y/Y)	30-Jun-20	(Y/Y)	30-Sep-20	(Y/Y)	31-Dec-20	(Y/Y)	(Q/Q)
Russell 2000	1590.6	6.3%	1508.0	-0.1%	1319.0	-14.9%	1511.1	-1.5%	1765.8	11.0%	16.9%
S&P 400 M id Cap	1985.2	8.8%	1871.8	1.4%	1663.4	-13.2%	1871.2	-2.7%	2116.9	6.6%	13.1%
FTSE 100	7329.4	4.8%	6867.8	-2.7%	5980.8	-18.7%	6057.8	-17.7%	6201.6	-15.4%	2.4%
MSCI EU M id Cap	1137.9	12.4%	1095.3	6.6%	979.6	-9.0%	1078.8	-0.4%	1149.8	1.0%	6.6%
S&P/TSX	16780.2	11.6%	16204.3	3.7%	14814.8	-9.5%	16231.1	-1.5%	16850.4	0.4%	3.8%

Global wealth management

Investors enjoyed a third consecutive quarter of strong equity market gains during the third fiscal quarter. The value of client assets in our wealth management businesses benefitted from higher equity prices, which also increased trading volumes. The prolonged low interest rate environment has continued to negatively impact margin lending and deposit activities in this segment.

Total Return (excl. currencies)	Q3/ 20 Change (Q/ Q)	Q4/ 20 Change (Q/ Q)	Q1/ 21 Change (Q/ Q)	Q2/ 21 Change (Q/ Q)	Q3/ 21 Change (Q/ Q)	F iscal 2020 Change (Y/ Y)
S&P 500	9.1%	-19.6%	20.5%	8.9%	12.1%	47.3%
S&P/TSX	3.2%	-20.9%	17.0%	4.7%	9.0%	33.5%
MSCI EM ERGING M ARKETS	9.6%	-19.0%	16.8%	8.8%	16.1%	47.6%
MSCI WORLD	9.1%	-21.3%	19.4%	8.3%	14.8%	48.4%
S&P GS COM M ODITY INDEX	8.3%	-42.3%	10.5%	4.6%	14.5%	32.3%
US 10-YEAR T-BONDS	-1.9%	14.3%	0.3%	0.1%	-1.9%	-1.5%
CAD/USD	1.9%	-7.6%	3.6%	1.9%	4.6%	10.4%
CAD/EUR	-0.9%	-6.1%	1.7%	-2.3%	0.4%	-0.3%

Outlook

Looking ahead, there is optimism that the worldwide rollout of the COVID-19 vaccine will eventually put an end to the ongoing pandemic and ease country lockdowns. In the meantime, we believe governments will remain committed to supporting aggregate demand through direct help to households and corporations. We also expect that world central banks will continue to keep an accommodative stance until growth becomes self-sustaining.

We expect that accommodative financial conditions, elevated company valuations and firm commodity prices will continue to provide a favourable backdrop for investment banking and advisory activities in our core focus sectors. Having said that, there is some potential for setbacks related to the vaccine rollout and the duration of economic lockdowns, factors which could push back a much-awaited return to normalcy in the second half of calendar 2021.

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.

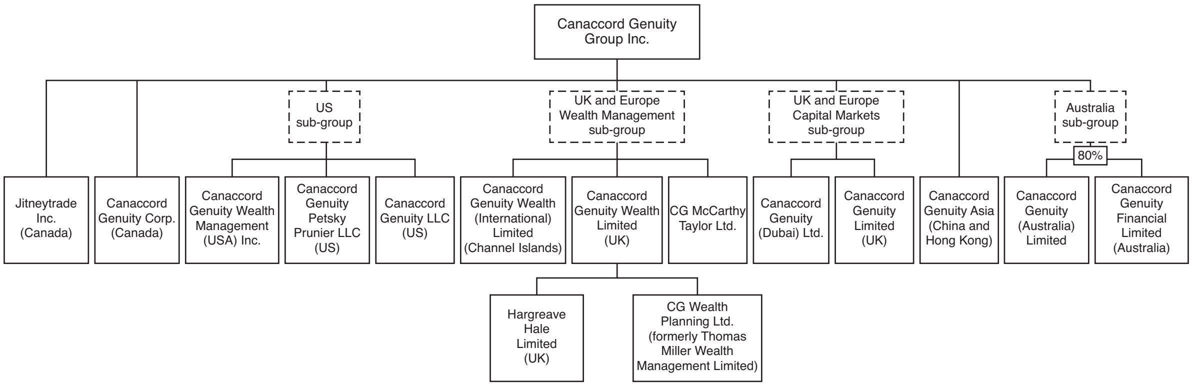
Canaccord Genuity Wealth Management

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 December 31, 2020.

The Company owns 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 December 31, 2020, 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%].

Consolidated Operating Results

THIRD QUARTER FISCAL 2021 SUMMARY DATA(1)(2)(6)

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended December 31 2020	2019	2018	Quarter over quarter change	Nine months ended December 31 2020	2019	2018 (restated)(7)	YTD over YTD change
Canaccord Genuity Group Inc. (CGGI)								
Revenue								
Commissions and fees	$ **184,186**	$ 147,191	$ 143,115	25.1%	$ **520,763**	$ 421,308	$ 418,897	23.6%
Investment banking	**213,419**	51,550	98,978	314.0%	**455,612**	188,343	233,925	141.9%
Advisory fees	**72,004**	60,691	40,698	18.6%	**130,331**	156,510	110,008	(16.7)%
Principal trading	**51,113**	27,149	30,776	88.3%	**158,971**	73,482	90,633	116.3%
Interest	**5,791**	16,622	12,703	(65.2)%	**18,801**	48,468	37,275	(61.2)%
Other	**6,564**	4,811	5,330	36.4%	**16,684**	16,108	15,021	3.6%
Total revenue	**533,077**	308,014	331,600	73.1%	**1,301,162**	904,219	905,759	43.9%
Expenses								
Compensation expense	**328,647**	186,649	195,939	76.1%	**832,257**	539,337	541,363	54.3%
Other overhead expenses(3)	**99,377**	97,892	94,725	1.5%	**280,909**	288,441	265,601	(2.6)%
Acquisition-related costs	**5,504**	—	170	n.m.	**5,504**	4,114	1,343	33.8%
Restructuring costs(4)	**—**	1,250	—	(100.0)%	**—**	2,348	1,316	(100.0)%
Loss on extinguishment of convertible debentures	**—**	—	—	—	**—**	—	8,608	—
Share of loss (gain) from associate	**275**	(60)	157	n.m.	**306**	174	415	75.9%
Total expenses	**433,803**	285,731	290,991	51.8%	**1,118,976**	834,414	818,646	34.1%
Income before income taxes	**99,274**	22,283	40,609	n.m.	**182,186**	69,805	87,113	161.0%
Net income	**68,451**	22,840	32,458	199.7%	**130,408**	60,308	69,126	116.2%
Net income attributable to:								
CGGI shareholders	**66,991**	22,509	32,457	197.6%	**125,909**	60,202	67,867	109.1%
Non-controlling interests	**1,460**	331	1	341.1%	**4,499**	106	1,259	n.m.
Earnings per common share – diluted	$ **0.54**	$ 0.17	$ 0.25	217.6%	$ **1.01**	0.45	$ 0.48	124.4%
Dividends per common share	$ **0.065**	$ 0.05	$ 0.01	30.0%	$ **0.175**	$ 0.15	$ 0.03	16.7%
Total assets	$ **6,085,307**	$ 4,453,741	$ 3,998,083	36.6%				
Total liabilities	$ **5,110,664**	$ 3,600,164	$ 3,156,579	42.0%				
Non-controlling interests	$ **6,844**	$ 2,343	$ 2,338	192.1%				
Total shareholders' equity	$ **967,799**	$ 851,234	$ 839,166	13.7%				
Number of employees	**2,296**	2,316	2,048	(0.9)%				
Excluding significant items(5)								
Total revenue	**533,077**	308,014	331,600	73.1%	**1,301,162**	904,219	905,759	43.9%
Total expenses	**422,503**	277,004	285,702	52.5%	**1,098,311**	806,107	792,394	36.2%
Income before income taxes	**110,574**	31,010	45,898	256.6%	**202,851**	98,112	113,365	106.8%
Net income	**78,971**	30,458	36,843	159.3%	**148,759**	84,872	90,745	75.3%
Net income attributable to:								
CGGI shareholders	**77,511**	29,970	36,842	158.6%	**144,260**	84,402	89,486	70.9%
Non-controlling interests	**1,460**	488	1	199.2%	**4,499**	470	1,259	n.m.
Net income attributable to common shareholders	**75,160**	27,619	34,491	172.1%	**137,207**	77,349	82,433	77.4%
Earnings per common share – diluted	$ **0.62**	$ 0.23	$ 0.28	169.6%	$ **1.16**	$ 0.64	$ 0.69	81.3%

(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 December 31, 2020 [nine months ended December 31, 2019 – 15% and nine months ended December 31, 2018 – 42%.].
(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) Restructuring costs for the three and nine months ended December 31, 2019 were incurred in connection with our UK & Europe wealth management operations, as well as real estate and other integration costs related to the acquisition of Patersons in Australia. Restructuring costs for the nine months ended December 31, 2018 were incurred in connection with our UK & Europe capital markets.
(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 Hargreave Hale since September 18, 2017, Jitneytrade since June 6, 2018, McCarthy Taylor since January 29, 2019, Petsky Prunier since February 13, 2019, Thomas Miller since May 1, 2019, and Patersons since October 21, 2019.
(7) During the nine months ended December 31, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or nine months ended December 31, 2018.

n.m.: not meaningful

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

(C$ thousands, except per share and % amounts)	Three months ended December 31 2020	2019	Quarter-over-quarter change	Nine months ended December 31 2020	2019	YTD-over-YTD change
Total revenue per IFRS	**533,077**	308,014	73.1%	**1,301,162**	904,219	43.9%
Total expenses per IFRS	**433,803**	285,731	51.8%	**1,118,976**	834,414	34.1%
Total expenses per IFRS	**433,803**	285,731	51.8%	**1,118,976**	834,414	34.1%
Significant items recorded in Canaccord Genuity						
Amortization of intangible assets	**741**	2,458	(69.9)%	**2,232**	7,394	(69.8)%
Acquisition related costs	**4,644**	—	n.m.	**4,644**	1,806	157.1%
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	**3,213**	3,445	(6.7)%	**9,827**	10,016	(1.9)%
Restructuring costs	**—**	1,250	(100.0)%	**—**	2,348	(100.0)%
Acquisition-related costs	**860**	—	n.m.	**860**	2,308	(62.7)%
Incentive based costs related to acquisitions[2]	**1,842**	1,574	17.0%	**3,102**	4,435	(30.1)%
Total significant items	**11,300**	8,727	29.5%	**20,665**	28,307	(27.0)%
Total expenses excluding significant items	**422,503**	277,004	52.5%	**1,098,311**	806,107	36.2%
Net income before taxes – adjusted	**$ 110,574**	$ 31,010	256.6%	**$ 202,851**	$ 98,112	106.8%
Income taxes – adjusted	**31,603**	552	n.m.	**54,092**	13,240	308.5%
Net income – adjusted	**$ 78,971**	$ 30,458	159.3%	**$ 148,759**	$ 84,872	75.3%
Net income attributable to common shareholders, adjusted	**75,160**	27,619	172.1%	**137,207**	77,349	77.4%
Earnings per common share – basic, adjusted	**$ 0.78**	$ 0.29	169.0%	**$ 1.42**	$ 0.77	84.4%
Earnings per common share – diluted, adjusted	**$ 0.62**	$ 0.23	169.6%	**$ 1.16**	$ 0.64	81.3%

(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 & Europe wealth management business.
n.m. not meaningful

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 UK & Europe.

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 Singapore, 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. As of December 31, 2020, no indicators of impairment were identified.

Notwithstanding this determination as of December 31, 2020, 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 & Europe, 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

Third quarter 2021 vs. Third quarter 2020

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 December 31, 2020 was $533.1 million, an increase of 73.1% or $225.1 million compared to the same period a year ago. The Canaccord Genuity Capital Markets segment experienced an increase of $174.7 million or 100.3% in Q3/21 compared to the same quarter in the prior year, mainly due to higher revenue recorded in our Australian, Canadian and US operations. Further contributing to the overall increase in consolidated revenue was an increase of $52.1 million in our global Canaccord Genuity Wealth Management segment compared to Q3/20, largely due to the growth in our Canadian operations as well as contributions from our acquisition of Patersons in Q3/20.

Within our Canaccord Genuity Capital Markets operating segment, our US operations generated the largest revenue growth of $78.2 million or 95.1% due to higher investment banking, advisory fees and principal trading revenue. Our Australian operations also recorded a $32.9 million increase in revenue over Q3/20, largely driven by an increase in investment banking activity, which includes unrealized gains recorded in certain inventory and warrant positions earned in respect of investment banking activity and mandates. In Canada, overall revenue increased by $73.3 million or 152.4% mainly due to higher investment banking revenue. Partially offsetting these increases was a decline in revenue of $9.7 million or 31.5% in our UK operations, due to lower advisory fee revenue.

Revenue in our UK & Europe wealth management operations decreased slightly by $1.2 million or 1.7% compared to Q3/20 primarily as a result of reduced interest revenue due to lower rates. Revenue from our North America wealth management operations showed an increase of $46.7 million or 101.5% compared to the three months ended December 31, 2019 resulting from higher commission and fees and investment banking revenue. In addition, there was $17.6 million of revenue generated in our Australian wealth management operations as a result of the acquisition of Patersons during Q3/20 (wealth management revenue in Australia was recorded under capital markets prior to Q3/20).

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 $37.0 million or 25.1% to $184.2 million in Q3/21, mainly reflecting higher contributions from our Canadian and Australian wealth management businesses as well as an increase in institutional trading activity in our Canadian and US capital markets operations.

Investment banking revenue increased by $161.9 million or 314.0% to $213.4 million in Q3/21 across our core operating regions. Our Canadian operations generated $85.5 million of investment banking revenue, a record quarter for this operation. Our US and Australian operations also generated increases of $27.9 million and $32.8 million respectively.

Advisory fee revenue was $72.0 million, an increase of $11.3 million or 18.6% from the same quarter a year ago. The increases in our Canadian and US operations were partially offset by declines in our UK and Australian operations.

Principal trading revenue was $51.1 million in Q3/21, representing a $24.0 million or 88.3% increase compared to Q3/20, mainly as a result of increased market and trading activity in our US and Canadian capital markets operations compared to the same period in the prior year which created favourable opportunities for trading profits.

Interest revenue was $5.8 million for the three months ended December 31, 2020, representing a decrease of $10.8 million or 65.2% from Q3/20, mostly attributable to our Canadian operations resulting from lower interest on margin accounts, lower stock loan revenue and lower interest rates. Other revenue was $6.6 million for Q3/21, an increase of $1.8 million or 36.4% from the same period a year ago partially due to an increase in foreign exchange gains.

Year to date fiscal 2021 vs. year-to-date fiscal 2020

Revenue for the nine months ended December 31, 2020 was $1.3 billion, an increase of 43.9% or $396.9 million compared to the same period a year ago. Revenue from our capital markets operations increased by $312.4 million or 60.9% to $825.3 million for the nine months ended December 31, 2020, as our core operating regions all experienced increases in revenue except for our UK & Europe operations. Our wealth management operations also generated $464.4 million on a year to date basis in fiscal 2021, representing an increase of $90.9 million or 24.3% compared to the same period in the prior year.

Commissions and fees revenue was $520.8 million, representing an increase of $99.5 million or 23.6% compared to the nine months ended December 31, 2019, reflecting the growth in our Canadian wealth management operations as well as institutional trading in our capital markets operations.

Investment banking revenue increased by $267.3 million or 141.9% to $455.6 million compared to the first nine months of fiscal 2020. The largest increase was recorded in our Australian operations, which recorded an increase of $102.0 million compared to the same period in the prior year. Our US operations also reported $99.0 million of investment banking revenue, an increase of $46.1 million or 87.3% over the nine months ended December 31, 2019. In Canada, investment banking revenue reached $142.8 million, an increase of $66.7 million or 87.6% compared to the same period in the prior year. UK & Europe capital markets operations also recorded an increase in investment banking revenue of $8.7 million or 103.3%.

Advisory fees revenue of $130.3 million represented a decrease of 16.7% or $26.2 million compared to the same period in the prior year due to a decline in advisory activity across all the operating regions, except for a modest increase of $2.0 million or 2.7% in our US capital markets.

Revenue derived from principal trading was $159.0 million, an increase of $85.5 million or 116.3% compared to the nine months ended December 31, 2019. Our US operations showed the largest increase in revenue of $72.0 million or 115.0%, while our Canadian and UK & Europe offices also recorded increases of $10.2 million or 261.2% and $2.5 million and 36.5%, respectively.

Interest revenue decreased by $29.7 million or 61.2% compared to the nine months ended December 31, 2019 to $18.8 million on a year to date basis for fiscal 2021 mainly due to lower stock loan revenue earned from our Canadian capital markets operations. Other revenue increased slightly by $0.6 million to $16.7 million during the nine months ended December 31, 2020 partially due to an increase in revenue from our correspondent services business.

Expenses

Expenses for the three months ended December 31, 2020 were $433.8 million, an increase of 51.8% or $148.1 million from Q3/20. Total expenses excluding significant items[(1)] as a percentage of revenue decreased by 10.7 percentage points compared to the three months ended December 31, 2019 due to the increase in revenue and the non-variable nature of certain overhead expenses.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended December 31			Nine months ended December 31		
	2020	2019	Quarter-over-quarter change	**2020**	2019	YTD-over-YTD change
Compensation expense	**61.7%**	60.6%	1.1 p.p.	**64.0%**	59.6%	4.4 p.p.
Other overhead expenses[(1)]	**18.6%**	31.8%	(13.2) p.p.	**21.6%**	31.9%	(10.3) p.p.
Restructuring costs	**0.0%**	0.4%	(0.4) p.p.	**0.0%**	0.3%	(0.3) p.p.
Acquisition-related costs	**1.0%**	0.0%	1.0 p.p.	**0.4%**	0.5%	(0.1) p.p.
Share of loss of an associate	**0.1%**	0.0%	0.1 p.p.	**0.0%**	0.0%	0.0 p.p.
Total	**81.4%**	92.8%	(11.4) p.p.	**86.0%**	92.3%	(6.3) 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

Third quarter 2021 vs. Third quarter 2020

Compensation expense in Q3/21 was $328.6 million, an increase of $142.0 million or 76.1% compared to Q3/20, consistent with the increase in revenue for the quarter. Total compensation expense as a percentage of revenue increased from 60.6% in Q3/20 to 61.7% in Q3/21. The increase in compensation ratio for the current quarter was primarily due to an increase in the fair value of performance share units (PSUs) granted in prior periods as a component of the Company's overall executive compensation program. The fair value of the PSUs is based upon performance against certain pre-determined three-year performance metrics, including share price, as measured at the time of vesting and, accordingly, the value will change with share price as well as changes in performance against the pre-determined metrics. The PSUs are awarded annually and vest after three years and are paid in cash at the time of vesting in an amount calculated with reference to the share price at the time of vesting. The PSUs were measured initially at fair value as at the end of the fiscal year for the applicable grant. 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 quarter, the PSU plan was amended to include certain employment-related conditions to the vesting of the awards resulting in a change in the amortization expense recorded in Q3/21 and in the periodic amortization expense to be recorded during the vesting period. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at December 31, 2020 was $70.7 million compared to $22.7 million at March 31, 2020, and $62.2 million as of September 30, 2020. 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 December 31, 2020 and such changes will be recorded through compensation expense. The number of PSUs that ultimately vest is adjusted for dividends paid during the vesting period and is a multiple of the number of PSUs that were originally granted. The multiple will be in a range of 0x to 2x based upon performance against certain pre-determined metrics as measured at the time of vesting.

Year to date fiscal 2021 vs. year to date fiscal 2020

Compensation expense for the nine months ended December 31, 2020 was $832.3 million, an increase of $292.9 million or 54.3% compared to the same period in the prior year due to the increase in incentive-based revenue and also due to the PSU adjustment discussed above. Compensation expense as a percentage of revenue increased by 4.3 percentage points to 64.0% for the nine months ended December 31, 2020.

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

OTHER OVERHEAD EXPENSES

(C$ thousands, except % amounts)	Three months ended December 31 2020	2019	Quarter-over-quarter change	Nine months ended December 31 2020	2019	YTD-over-YTD change
Trading costs	$ 27,982	$ 19,836	41.1%	$ 82,734	$ 61,039	35.5%
Premises and equipment	4,948	4,501	9.9%	14,310	13,509	5.9%
Communication and technology	16,020	17,739	(9.7)%	50,052	49,288	1.6%
Interest	6,724	8,490	(20.8)%	20,125	24,914	(19.2)%
General and administrative	22,690	26,519	(14.4)%	58,789	83,175	(29.3)%
Amortization(1)	6,145	8,415	(27.0)%	19,638	24,400	(19.5)%
Amortization of right of use assets	6,053	5,832	3.8%	18,864	17,353	8.7%
Development costs	8,815	6,560	34.4%	16,397	14,763	11.1%
Total other overhead expenses	$ 99,377	$ 97,892	1.5%	$ 280,909	$ 288,441	(2.6)%

(1) Includes amortization of intangible assets. See the Selected Financial Information Excluding Significant Items table on page 11.

Third quarter 2021 vs. Third quarter 2020

Other overhead expenses were $99.4 million, an increase of 1.5% in Q3/21 compared to Q3/20. As a percentage of revenue, other overhead expenses were 18.6% in Q3/21 compared to 31.8% in Q3/20, a decrease of 13.2 percentage points.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, was down by $3.8 million or 14.4% across all our core operations compared to Q3/20 mainly due to reduced promotion and travel and conference expenses resulting from restrictions imposed by the COVID-19 pandemic.

Interest expense decreased by $1.8 million or 20.8% compared to Q3/20 partially as a result of a reduction in stock borrowing activity and related costs in our Canadian capital markets operations.

Higher trading costs in our US and Canadian operations were the primary reason for the $8.1 million increase in trading costs in Q3/21 compared to Q3/20. These higher costs were due to increased trading activity as reflected in the principal trading revenue for the quarter.

Amortization expense decreased by $2.3 million or 27.0% mainly due to certain intangible assets in connection with the acquisition of Petsky Prunier being fully amortized resulting in lower amortization compared to the same quarter in the prior year.

Development costs increased by $2.3 million or 34.4% due to higher costs in the US partially offset by a decline in incentive-based costs related to acquisitions and growth initiatives in our UK wealth management operations.

Year to date fiscal 2021 vs. year-to-date fiscal 2020

Other overhead expenses for the nine months ended December 31, 2020 decreased by $7.5 million to $280.9 million, a 2.6% decrease from the same period a year ago. As a percentage of revenue, other overhead expenses decreased by 10.3 percentage points compared to the nine months ended December 31, 2019.

General and administrative expense decreased by $24.4 million or 29.3% for the nine months ended December 31, 2020 compared to the same period in the prior year due to lower costs resulting from COVID 19 restrictions as discussed above.

Lower stock borrowing activity in our Canadian capital markets operations was the primary reason for the decline in interest expense from $24.9 million to $20.1 million for the nine months ended December 31, 2020.

Also, as discussed above, higher trading activity in our US operations led to an increase in trading costs of $21.7 million or 35.5%.

The decrease in amortization expense of $4.8 million or 19.5% over the nine months ended December 31, 2020 related to lower amortization of intangible assets acquired in connection with our acquisition of Petsky Prunier.

There were acquisition-related costs of $5.5 million recorded for the nine months ended December 31, 2020 related to re-measurement of the contingent consideration for the acquisitions of Jitneytrade and Thomas Miller. During the same period in the prior year, there were acquisition-related costs of $4.1 million related to the acquisitions of Thomas Miller and Patersons.

There were no restructuring costs recorded for the first nine months of fiscal 2021. There were $1.1 million of restructuring costs recorded in the nine months ended December 31, 2019 in connection with our UK & Europe wealth management operations as a result of the integration activity in connection with our acquisition activity in the UK. In addition, there was $1.2 million of restructuring costs related to certain integration and real estate costs in connection with the acquisition of Patersons in Q3/20.

Income tax

Third quarter 2021 vs. Third quarter 2020

The effective tax rate for Q3/21 was 31.0% compared to the effective tax rate of (2.5)% in the same quarter last year. The change in the effective tax rate was due to recognition of $6.0 million of deferred tax assets in our US operations in Q3/20 which resulted in a lower effective tax rate for that quarter, as well as higher profits in higher tax rate jurisdictions such as the US and Australia in the current quarter and the impact of certain non-deductible expenses.

Year to date fiscal 2021 vs. year-to-date fiscal 2020

For the nine months ended December 31, 2020, the effective tax rate was 28.4%, an increase of 14.8 percentage points from the same period last year for the same reasons as described above.

Net income

Third quarter 2021 vs. Third quarter 2020

Net income for Q3/21 was $68.5 million compared to net income of $22.8 million in the same period a year ago. Diluted earnings per common share were $0.54 in Q3/21 compared to diluted earnings per common share of $0.17 in Q3/20.

Excluding significant items(1) and before non-controlling interests and preferred share dividends, net income for Q3/21 was $79.0 million compared to net income of $30.5 million in Q3/20. Diluted earnings per common share, excluding significant items(1), were $0.62 in Q3/21 compared to diluted earnings per common share excluding significant items(1) of $0.23 in Q3/20.

Year to date fiscal 2021 vs. year-to-date fiscal 2020

Net income for the nine months ended December 31, 2020 was $130.4 million compared to net income of $60.3 million in the same period a year ago. Diluted earnings per common share were $1.01 in the current period compared to diluted earnings per common share of $0.45 in the same period in the prior year.

Excluding significant items(1), which include amortization of certain intangible assets, acquisition-related costs, restructuring costs and certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business, and before non-controlling interests and preferred share dividends, year to date net income for fiscal 2021 was $148.8 million compared to net income of $84.9 million for the same period in fiscal 2020. Diluted earnings per common share, excluding significant items(1), were $1.16 for the nine-month period compared to diluted earnings per common share excluding significant items(1) of $0.64 for the same period in the prior year.

Results of operations by business segment

CANACCORD GENUITY CAPITAL MARKETS(1)(2)

(C$ thousands, except number of employees and % amounts)	Three months ended December 31 2020	2019	Quarter-over-quarter change	Nine months ended December 31 2020	2019	YTD-over-YTD change
Revenue	$ 348,875	$ 174,174	100.3%	$ 825,277	$ 512,890	60.9%
Expenses						
Compensation expense	197,761	103,453	91.2%	485,545	295,526	64.3%
Other overhead expenses	55,447	53,219	4.2%	159,033	166,801	(4.7)%
Acquisition-related costs	4,644	—	n.m.	4,644	1,806	157.1%
Total expenses	257,852	156,672	64.6%	649,222	464,133	39.9%
Intersegment allocations(3)	3,921	3,949	(0.7)%	13,118	12,721	3.1%
Income before income taxes(3)	$ 87,102	$ 13,553	n.m.	$ 162,937	$ 36,036	n.m.
Number of employees	785	796	(1.4)%			
Excluding significant items(4)						
Total expenses	$ 252,467	$ 154,214	63.7%	$ 642,346	$ 454,933	41.2%
Intersegment allocations(3)	3,921	3,949	(0.7)%	13,118	12,721	3.1%
Income before income taxes(4)	$ 92,487	$ 16,011	n.m.	$ 169,813	$ 45,236	275.4%

(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 and nine months ended December 31, 2020 [three and nine months ended December 31, 2019 — 15%].
(3) Income before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 23.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 11.
n.m. not meaningful

Canaccord 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 21 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 Markets' principal and international trading operations.

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

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

	Three months ended December 31			Nine months ended December 31		
	2020	2019	Quarter-over-quarter change	**2020**	2019	YTD-over-YTD change
Revenue generated in:						
Canada	**34.8%**	27.6%	7.2 p.p.	**29.6%**	32.3%	(2.7) p.p.
UK & Europe	**6.1%**	17.7%	(11.6) p.p.	**7.2%**	14.3%	(7.1) p.p.
US	**46.0%**	47.2%	(1.2) p.p.	**46.9%**	47.7%	(0.8) p.p.
Australia	**13.1%**	7.5%	5.6 p.p.	**16.3%**	5.7%	10.6 p.p.
Canaccord Genuity Capital Markets (total)	**100.0%**	100.0%		**100.0%**	100.0%	

p.p.: percentage points

Third quarter 2021 vs. Third quarter 2020

Revenue

Canaccord Genuity Capital Markets generated revenue of $348.9 million in Q3/21, an increase of 100.3% or $174.7 million from the same quarter a year ago. Revenue increases were recorded in all our core operating regions except for our UK & Europe operations, which generated a decrease of $9.7 million or 31.5% compared to the same period in the prior year. Our US and Canadian operations recorded the most significant increases in revenue with increases of $78.2 million and $73.3 million, respectively, compared to Q3/20, driven by higher principal trading and commission and fees revenue in the US and, with a very active capital-raising market, higher investment banking revenue in Canada. Our Australian operations reflected an increase of $32.9 million or 250.9% due to a growth in investment banking activity compared to Q3/20.

Expenses

Expenses for Q3/21 were $257.9 million, an increase of 64.6% or $101.2 million compared to Q3/20. Excluding significant items(1), total expenses as a percentage of revenue decreased by 16.2 percentage points compared to the same quarter in the prior year, primarily as a result of the increase in revenue and the fixed nature of certain overhead expenses.

Compensation expense

Compensation expense for Q3/21 increased by $94.3 million or 91.2% compared to Q3/20. Total compensation expense as a percentage of revenue was 56.7%, 2.7 percentage points lower than in Q3/20. The decrease in compensation ratio resulted from the increase in revenue relative to fixed staff costs.

Compensation expense as a percentage of revenue remained relatively consistent with Q3/20 in Canada and the UK, with the change in the compensation to revenue ratio being 1.5 percentage points or less. Our US operations experienced a decrease of 6.0 percentage points compared to the same period last year due to the significant increase in revenue relative to fixed staff costs, as well as compensation formulas for certain types of revenue. Total compensation expense as a percentage of revenue in our Australian operations was 66.0% for Q3/21, an increase of 10.9 percentage points from Q3/20 due to certain adjustments to the bonus pool in the current quarter.

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

	Three months ended December 31			Nine months ended December 31		
	2020	2019	Quarter-over-quarter change	**2020**	2019	YTD-over-YTD change
Canada	**53.4%**	52.9%	0.5 p.p.	**54.5%**	52.0%	2.5 p.p.
UK & Europe	**64.2%**	65.7%	(1.5) p.p.	**65.7%**	63.1%	2.6 p.p.
US	**55.5%**	61.5%	(6.0) p.p.	**59.0%**	59.4%	(0.4) p.p.
Australia	**66.0%**	55.1%	10.9 p.p.	**63.3%**	60.4%	2.9 p.p.
Canaccord Genuity Capital Markets (total)	**56.7%**	59.4%	(2.7) p.p.	**58.8%**	57.6%	1.2 p.p.

p.p.: percentage points

Other overhead expenses

Total other overhead expenses excluding significant items(1) for Q3/21 were $55.4 million or 15.9 as a percentage of revenue.

General and administrative expense in Q3/21 decreased by $4.0 million or 28.2% over Q3/20 across all our capital markets operations, largely due to a reduction in promotion and travel and conference expenses due to COVID-19 restrictions. In addition, interest expense decreased by $1.2 million or 32.7% due to lower stock borrowing activity and related costs in Canada.

Amortization expense in Q3/21 declined by $1.9 million or 55.4% mainly due to a reduction in the amortization of intangible assets acquired in connection with the acquisition of Petsky Prunier.

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

Partially offsetting the decreases in overhead expenses discussed above was an increase of $6.5 million or 38.7% in trading costs, largely due to higher costs recorded in our US operations and consistent with the increased trading revenue.

Income before income taxes

Income before income taxes, including allocated overhead expenses, was $87.1 million in Q3/21 compared to net income of $13.6 million in the same quarter a year ago. Excluding significant items[1], income before income taxes, including allocated overhead expenses, was $92.5 million in Q3/21, compared to the income before income taxes of $16.0 million in Q3/20. The increase in income before income taxes was mostly attributable to higher revenue earned in our US and Australian operations during Q3/21 combined with a reduction in overhead expenses.

Year to date fiscal 2021 vs. year-to-date fiscal 2020

Revenue

For the nine months ended December 31, 2020, Canaccord Genuity Capital Markets generated revenue of $825.3 million, an increase of $312.4 million or 60.9% from the nine-month period a year ago. Our US and Australian operations recorded the most significant increases, with revenue growing by $142.2 million or 58.1% and $105.3 million, respectively. In Canada, revenue increased by 47.5% to $244.1 million for the nine months ended December 31, 2020. In our UK & Europe operations, a decline in advisory fees revenue was the main reason for a decrease in overall revenue of $13.8 million or 18.8% compared to the same period in the prior year.

Expenses

Expenses for the nine months ended December 31, 2020 were $649.2 million, an increase of $185.1 million or 39.9% compared to the same period in the prior year. Excluding significant items[1], total expenses as a percentage of revenue decreased by 10.9 percentage points compared to the nine-month period in the prior year.

Compensation expense

Compensation expense for the nine months ended December 31, 2020 increased by $190.0 million or 64.3% compared to the same period in the prior year. Compensation expense as a percentage of revenue was 58.8%, an increase of 1.2 percentage points compared to the first nine months of fiscal 2020.

Other overhead expenses

Other overhead expenses decreased by $7.8 million or 4.7% over the same period in the prior year. The most significant decreases were in general and administrative expense, interest expense and amortization expense.

General and administrative expense for the nine-month period ended December 31, 2020 was $26.8 million, a decrease of $21.3 million or 44.2% over the same period in the prior year, as a result of lower conference and promotion and travel costs as a result of the COVID 19 pandemic. There was also a decrease of $3.4 million or 29.5% in interest expense due to lower stock borrowing fees in Canada. Amortization expense for the nine months ended December 31, 2020 was also impacted by the amortization of intangible assets in connection with the acquisition of Petsky Prunier completed in Q4/19.

There were $4.6 million of acquisition-related costs in the first nine months of fiscal 2021 related to the remeasurement of contingent consideration in connection with the acquisition of Jitneytrade. The acquisition-related costs in connection with the acquisitions of Petsky Prunier and Patersons amounted to $1.8 million in the first nine months of fiscal 2020 (Australian wealth management results were included as part of capital markets prior to Q3/20).

Income before income taxes

Income before income taxes, including allocated overhead expenses, was $162.9 million for the nine months ended December 31, 2020 compared to net income of $36.0 million in the same period a year ago. Excluding significant items[1], income before income taxes, including allocated overhead expenses, was $169.8 million in the current period, compared to income before income taxes of $45.2 million in the first nine months of fiscal 2020. The increase in income before income taxes was mostly attributable to higher revenue earned in our US, Canadian and Australian operations combined with a decline in certain 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.

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

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 December 31 2020	2019	Quarter-over-quarter change	Nine months ended December 31 2020	2019	YTD-over-YTD change
Revenue	**$ 92,741**	$ 46,019	101.5%	**$ 217,041**	$ 152,833	42.0%
Expenses						
Compensation expense	**55,074**	26,935	104.5%	**129,650**	88,276	46.9%
Other overhead expenses	**13,661**	12,715	7.4%	**36,174**	35,301	2.5%
Total expenses	**68,735**	39,650	73.4%	**165,824**	123,577	34.2%
Intersegment allocations(2)	**3,954**	2,238	76.7%	**11,834**	9,259	27.8%
Income before income taxes(2)	**$ 20,052**	$ 4,131	n.m.	**$ 39,383**	$ 19,997	96.9%
AUM – Canada (discretionary)(3)	**5,728**	4,584	25.0%			
AUA – Canada(4)	**29,270**	20,989	39.5%			
Number of Advisory Teams – Canada	**144**	147	(2.0)%			
Number of employees	**433**	425	1.9%			
Excluding significant items(5)						
Total expenses	**$ 68,735**	$ 39,650	73.4%	**$ 165,824**	$ 123,577	34.2%
Intersegment allocations(2)	**3,954**	2,238	76.7%	**11,834**	9,259	27.8%
Income before income taxes(2)	**20,052**	4,131	n.m.	**39,383**	19,997	96.9%

(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 23.
(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*.
(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 11.
n.m.: not meaningful

Third quarter 2021 vs. Third quarter 2020

Revenue from Canaccord Genuity Wealth Management North America was $92.7 million, an increase of $46.7 million or 101.5% compared to the three months ended December 31, 2019. The increase was driven by a growth in commissions and fees and investment banking revenue, partially offset by lower interest on stock loan activity and margin accounts.

AUA in Canada increased by 39.5% to $29.3 billion at December 31, 2020, compared to $21.0 billion at December 31, 2019. There were 144 Advisory Teams in Canada, a decrease of 3 from a year ago. Fee-related revenue in our North American operations as a percentage of total revenue decreased by 19.0 percentage points compared to Q3/20 and accounted for 26.2% of the wealth management revenue in Canada during the third quarter of fiscal 2021. The decrease in fee-based revenue as a percentage of revenue was primarily a result of strong transactional revenue recorded during the quarter.

Total expenses for Q3/21 were $68.7 million, an increase of $29.1 million or 73.4% compared to Q3/20. Total compensation expense was $55.1 million, an increase of 104.5% which was in line with the higher commission-based revenue and reflected the PSU adjustment described earlier. Total compensation expense as a percentage of revenue increased slightly by 0.9 percentage points to 59.4% in Q3/21 compared to Q3/20.

Other overhead costs increased by $0.9 million compared to the three months ended December 31, 2019, largely driven by an increase in trading costs resulting from an increase in trading activities. Also, development costs increased by $0.6 million or 23.9% as a result of amortization of new hire incentive-based payments to new recruits.

Income before income taxes were $20.1 million for the three months ended December 31, 2020 compared to $4.1 million in Q3/20, largely due to the increase in revenue.

Year to date fiscal 2021 vs. year-to-date fiscal 2020

Revenue from Canaccord Genuity Wealth Management North America was $217.0 million for the nine months ended December 31, 2020, an increase of $64.2 million or 42.0% compared to the same period in the prior year, largely due to an increase in commission and fees, and investment banking revenue.

Total expenses for the nine months ended December 31, 2020 were $165.8 million, an increase of $42.2 million or 34.2% compared to the same period in the prior year. Total compensation expense as a percentage of revenue increased by 1.9 percentage point to 59.7% for the nine-month period ended December 31, 2020.

Other overhead expenses increased by 2.5% over the same period in the prior year. General and administrative expense decreased by $2.5 million or 29.2% due to lower reserves on client accounts recorded in the current period. Conference and promotion and travel expenses also decreased as a result of the restrictions imposed by the COVID-19 pandemic. The decrease in general and administrative expense was partially offset by an increase in trading costs due to higher activity as reflected by the higher commission and fees revenue.

Income before income taxes was $39.4 million for the nine months ended December 31, 2020 compared to income before taxes of $20.0 million in the same period in the prior year primarily due to an increase in revenue.

CANACCORD GENUITY WEALTH MANAGEMENT UK & EUROPE[(1)(5)]

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended December 31 2020	2019	Quarter-over-quarter change	Nine months ended December 31 2020	2019	YTD-over-YTD change
Revenue	$ 70,120	$ 71,300	(1.7)%	$ 202,379	$ 209,599	(3.4)%
Expenses						
Compensation expense	38,309	37,635	1.8%	111,298	113,702	(2.1)%
Other overhead expenses	20,478	24,050	(14.9)%	56,726	65,960	(14.0)%
Restructuring expense	—	—	—	—	1,098	(100.0)%
Acquisition- related costs	860	—	n.m.	860	2,308	(62.7)%
Total expenses	59,647	61,685	(3.3)%	168,884	183,068	(7.7)%
Intersegment allocations[(2)]	293	291	0.7%	858	902	(4.9)%
Income before income taxes[(2)]	10,180	9,324	9.2%	32,637	25,629	27.3%
AUM – UK & Europe[(3)]	51,762	48,110	7.6%			
Number of investment professionals and fund managers	205	214	(4.2)%			
Number of employees	525	557	(5.7)%			
Excluding significant items[(4)]						
Total expenses	$ 53,854	$ 56,666	(5.0)%	$ 155,456	$ 165,211	(5.9)%
Intersegment allocations[(2)]	293	291	0.7%	858	902	(4.9)%
Income before income taxes[(2)]	15,973	14,343	11.4%	46,065	43,486	5.9%

(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 23.
(3) AUM in the UK & Europe 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 11.
(5) Includes the operating results of Thomas Miller since the acquisition date of May 1, 2019.
n.m.: not meaningful

Third quarter 2021 vs. Third quarter 2020

Revenue generated by our Canaccord Genuity Wealth Management UK & Europe 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 Q3/21 was $70.1 million, a decrease of $1.2 million or 1.7% compared to Q3/20. Measured in local currency (GBP), revenue was £40.7 million in Q3/21 compared to £41.9 million in Q3/20, a decrease of 2.9% compared to the same quarter last year. The decrease was largely due to lower interest revenue earned during the quarter.

AUM in the UK & Europe as of December 31, 2020 was $51.8 billion, an increase of 7.6% compared to $48.1 billion as of December 31, 2019. Measured in local currency (GBP), AUM increased by 5.7% from £28.1 billion at December 31, 2019 to £29.7 billion at December 31, 2020. Fee-related revenue in our UK & European wealth management operations accounted for 74.2% of total revenue in Q3/21, a slight decrease of 0.6 percentage points.

Total compensation expense increased by $0.7 million or 1.8% in Q3/21 compared to the three months ended December 31, 2019. Total compensation expense as a percentage of revenue increased by 1.8 percentage points from 52.8% in Q3/20 to 54.6% in Q3/21.

Other overhead expenses for the three months ended December 31, 2020 were $20.5 million for Q3/21 compared to $24.1 million in Q3/20, a decrease of $3.6 million or 14.9% quarter over quarter. Development costs decreased by $1.4 million or 34.9% compared to the same period in the prior year as a reduction of incentive-based costs related to the acquisitions and growth initiatives. Communication and technology and general and administrative expenses decreased by $1.2 million or 24.6% and $0.7 million or 13.2%, respectively.

Income before income taxes was $10.2 million compared to $9.3 million in Q3/20. Excluding significant items[(1)], income before income taxes was $16.0 million, representing a $1.6 million increase from the same period in the prior year due to the decline in revenue.

Year to date fiscal 2021 vs. year-to-date fiscal 2020

Revenue from Canaccord Genuity Wealth Management UK & Europe was $202.4 million, a decrease of $7.2 million or 3.4% compared to the prior year.

Expenses for the nine months ended December 31, 2020 decreased by $14.2 million or 7.7% over the same period in the prior year. Compensation expense decreased by $2.4 million or 2.1%, in line with the decrease in revenue. Total compensation ratio as a percentage of revenue increased slightly by 0.7 percentage points to 55.0% for the nine months ended December 31, 2020.

General and administrative expense decreased by $3.4 million or 20.6% partially due to lower reserves recorded in respect of certain ongoing legal matters as well as lower promotion and travel expense. The decrease in trading costs of $0.9 million or 10.0% was due to a decline in trading activity during the current period. Communication and technology expense decreased by $1.7 million or 13.7% compared to the same period in the prior year. Development costs decreased by $2.5 million due to lower incentive-based compensation expense related to the acquisitions and growth initiatives.

There were $0.9 million of acquisition-related costs recorded in the current period in connection with the re-measurement of the contingent consideration related to the acquisition of Thomas Miller. In the nine months ended December 31, 2019, there were acquisition-related costs of $2.3 million related to the acquisition of Thomas Miller as well as restructuring costs of $1.1 million recorded in the nine months ended December 31, 2019.

Income before income taxes was $32.6 million compared to $25.6 million in the nine months ended December 31, 2019. Excluding significant items[1], which includes acquisition-related costs, amortization of intangible assets acquired in business combination, restructuring expense as well as certain incentive-based costs related to the acquisitions and growth initiatives of the UK wealth business , income before income taxes was $46.1 million, representing a $2.6 million or 5.9% increase from the same period in the prior year reflecting the decrease in certain overhead expenses.

CANACCORD GENUITY WEALTH MANAGEMENT AUSTRALIA[1][2]

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended December 31 2020	2019	Quarter-over-quarter change	Nine months ended December 31 2020	2019	YTD-over-YTD change
Revenue	$ 17,636	$ 11,065	59.4%	$ 44,992	$ 11,065	n.m.
Expenses						
Compensation expense	11,786	7,315	61.1%	30,417	7,315	n.m.
Other overhead expenses	2,839	3,527	(19.5)%	10,023	3,527	184.2%
Restructuring expense	—	1,250	(100.0)%	—	1,250	(100.0)%
Total expenses	14,625	12,092	20.9%	40,440	12,092	234.4%
Intersegment allocations[3]	—	77	(100.0)%	15	77	(80.5)%
Income (loss) before income taxes[3]	3,011	$ (1,104)	n.m.	4,537	$ (1,104)	n.m.
AUM[4]	4,174	3,691	13.1%			
Number of investment professionals and fund managers	106	115	(7.8)%			
Number of employees	194	201	(3.5)%			
Excluding significant items[5]						
Total expenses	$ 14,503	$ 10,842	33.8%	$ 40,079	$ 10,842	269.7%
Intersegment allocations[3]	—	77	(100.0)%	15	77	(80.5)%
Income before income taxes[3]	3,133	146	n.m.	4,898	146	n.m.

(1) Data is in accordance with IFRS except for AUM, number of investment advisors and number of employees. See Non-IFRS Measures on page 6.
(2) Includes the operating results of Patersons which was acquired on October 21, 2019.
(3) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 23.
(4) AUM is the market value of client assets managed and administered by the Company.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 11.
n.m.: not meaningful

The Canaccord Genuity Australia wealth management segment includes the operating results of Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) since the closing date of October 21, 2019, as well as the wealth management business previously included as part of Canaccord Genuity Australia capital markets. Comparatives have not been restated.

Third quarter 2021 vs. Third quarter 2020

During the three months ended December 31, 2020, Canaccord Genuity Wealth Management Australia generated revenue of $17.6 million compared to $11.1 million since the acquisition date of October 21, 2019 to December 31, 2019. AUM in the Australian wealth management operations was $4.2 billion at December 31, 2020 comprised of client assets held in its investment management platforms. In addition, client assets totalling $15.2 billion are also held in other accounts on our Australian wealth management trading platforms. Fee-related revenue in our Australian operations as a percentage of total revenue accounted for 28.6% of the wealth management revenue during the third quarter of fiscal 2021, an increase of 3.6 percentage points compared to the third quarter of fiscal 2020.

Total expenses for Q3/21 were $14.6 million, largely made up of compensation expense, trading costs, and general and administrative expense, up $2.5 million or 20.9% from the same period in the prior year due to the full quarterly results included in the current year. Total compensation expense as a percentage of revenue was 66.8% for Q3/21, an increase of 0.7 percentage points from Q3/20. General and administrative expense decreased by $0.4 million or 33.1% compared to the prior year mainly due to lower promotion and travel expense.

Income before income taxes was $3.0 million in Q3/21 compared to a loss of $1.1 million for Q3/20. Excluding significant items[1], pre-tax income was $3.1 million for the three months ended December 31, 2020 compared to net income of $0.1 million for the same period in the prior year.

Year to date fiscal 2021 vs. year-to-date fiscal 2020

Revenue from Canaccord Genuity Wealth Management Australia was $45.0 million in the first nine months of fiscal 2021 compared to $11.1 million from the acquisition date of October 21, 2019 to December 31, 2019.

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

Expenses for the nine months ended December 31, 2020 totalled $40.4 million. Total compensation expense as a percentage of revenue was 67.6% compared to 66.1% for the period ended December 31, 2019. Other overhead expenses were $10.0 million, comprised mainly of general and administrative expense, trading costs, communication and technology and amortization expense. Due to the inclusion of operating results for a complete nine month period in the current fiscal year, total expenses increased by $28.3 million compared to the same period in the prior year.

Income before income taxes was $4.5 million in the nine months ended December 31, 2020 compared to a loss of $1.1 million for the same period in the prior year. Excluding significant items[1], which includes amortization of intangible assets acquired in business combination, income before income taxes was $4.9 million compared to net income of $0.1 million from the acquisition date of October 21, 2019 to December 31, 2019, reflecting the positive net contribution of our expansion in this business unit.

CORPORATE AND OTHER[1]

(C$ thousands, except number of employees and % amounts)	Three months ended December 31 2020	Three months ended December 31 2019	Quarter-over-quarter change	Nine months ended December 31 2020	Nine months ended December 31 2019	YTD-over-YTD change
Revenue	**$ 3,705**	$ 5,456	(32.1)%	**$ 11,473**	$ 17,832	(35.7)%
Expenses						
Compensation expense	**25,717**	11,311	127.4%	**75,347**	34,518	118.3%
Other overhead expenses	**6,952**	4,381	58.7%	**18,953**	16,852	12.5%
Share of loss (gain) of an associate	**275**	(60)	n.m.	**306**	174	75.9%
Total expenses	**32,944**	15,632	110.7%	**94,606**	51,544	83.5%
Intersegment allocations[2]	**(8,168)**	(6,555)	24.6%	**(25,825)**	(22,959)	12.5%
Loss before income taxes[2]	**$ (21,071)**	$ (3,621)	n.m.	**$ (57,308)**	$ (10,753)	n.m.
Number of employees	**359**	337	6.5%			
Excluding significant items[3]						
Total expenses	**$ 32,944**	$ 15,632	110.7%	**$ 94,606**	$ 51,544	83.5%
Intersegment allocations[2]	**(8,168)**	(6,555)	24.6%	**(25,825)**	(22,959)	12.5%
Loss before income taxes[2]	**(21,071)**	(3,621)	n.m.	**(57,308)**	(10,753)	n.m.

(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 23.
(3) Refer to the Selected Financial Information Excluding Significant Items table on page 11.
n.m.: not meaningful

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

Third quarter 2021 vs. Third quarter 2020

Revenue in the Corporate and Other segment for the three months ended December 31, 2020 was $3.7 million, a decrease of $1.8 million from the same quarter a year ago largely due to a decline in interest revenue.

Expenses for Q3/21 increased by $17.3 million or 110.7%, to $32.9 million compared to the three months ended December 31, 2019. Compensation expense increased by $14.4 million or 127.4% compared to the three months ended December 31, 2019, driven by an increase in the fair value adjustment of the PSUs.

The increase in other overhead expenses of $2.6 million over Q3/20 was mainly related to a reserve recorded in respect of ongoing legal matters during the current quarter.

Overall, the loss before income taxes was $21.1 million in Q3/21 compared to a loss of $3.6 million in Q3/20.

Year to date fiscal 2021 vs. year-to-date fiscal 2020

Revenue in the Corporate and Other segment for the nine months ended December 31, 2020 was $11.5 million, a decrease of $6.4 million or 35.7% from the same period a year ago due to a decrease in foreign exchange gains as well as a reduction in revenue from our correspondent services business. Interest revenue also decreased as a result of significantly lower interest rates and lower cash balances held during the period.

Expenses for the nine months ended December 31, 2020 increased by $43.1 million or 83.5% mainly due to higher compensation expense recorded in the current period.

Compensation expense increased by $40.8 million or 118.3% compared to the nine months ended December 31, 2019, largely driven by the PSU fair value adjustment recorded during the nine months ended December 31, 2020.

Other overhead expenses increased by 12.5% compared to the same period in the prior year largely due to the legal matter reserve as referred to above.

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

Overall, the loss before income taxes was $57.3 million for the nine months ended December 31, 2020 compared to $10.8 million for the same period in the prior year.

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 December 31, 2020. 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 2021			Fiscal 2020				Fiscal 2019
(C$ thousands, except per share amounts)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue								
Canaccord Genuity Capital Markets	**348,875**	241,549	234,853	176,579	174,174	148,693	190,023	160,047
Canaccord Genuity Wealth Management:								
North America	**92,741**	67,347	56,953	56,733	46,019	48,996	57,818	53,636
UK & Europe	**70,120**	64,308	67,951	68,354	71,300	66,376	71,923	63,494
Australia	**17,636**	14,322	13,034	12,851	11,065	—	—	—
Corporate and Other	**3,705**	2,831	4,937	5,131	5,456	6,632	5,744	7,631
Total revenue	**533,077**	390,357	377,728	319,648	308,014	270,697	325,508	284,808
Net income	**68,451**	32,993	28,964	26,246	22,840	13,178	24,290	2,456
Earnings per common share – basic	**$ 0.67**	$ 0.30	$ 0.26	$ 0.25	$ 0.21	$ 0.11	$ 0.22	$ 0.00
Earnings per common share – diluted	**$ 0.54**	$ 0.25	$ 0.22	$ 0.21	$ 0.17	$ 0.10	$ 0.18	$ 0.00
Net Income excluding significant items(1)	**78,971**	36,891	$ 32,897	$ 21,451	$ 30,458	$ 23,760	$ 30,654	$ 16,610
Earnings per common share, excluding significant items(1) – basic	**$ 0.78**	$ 0.34	$ 0.30	$ 0.20	$ 0.29	$ 0.21	$ 0.28	$ 0.15
Earnings per common share, excluding significant items(1) – diluted	**$ 0.62**	$ 0.28	$ 0.25	$ 0.17	$ 0.23	$ 0.18	$ 0.23	$ 0.12

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

Despite concerns about the pandemic's ongoing impact on world economies in the past nine months, the Company has continued to perform exceptionally well, with revenue reaching $533.1 million in Q3/21. This is the third consecutive quarter of the Company surpassing its previous quarterly record.

Our Canaccord Genuity Capital Markets operations generated revenue of $348.9 million, an increase of 100.3% over Q3/20 and 44.4% on a sequential basis. The quarterly revenue earned in our US capital markets operations in the past eight quarters has been consistently strong, with revenue reaching a high of $160.4 million in Q3/21, a 42.0% increase over the previous quarter. The completion of the acquisition of Petsky Prunier in Q4/19 contributed in large part to the higher advisory fee revenue. Our International Equities Group continued to perform well with the increased market and trading activity during the past nine months. Total principal trading revenue reached $44.6 million in the current quarter, a 15.8% decrease from the record quarterly performance in Q1/21, but an increase of 96.6% compared to the same period a year ago. Our US operations have also been consistently profitable over the last eight consecutive quarters, with pre-tax income excluding significant items(1) reaching a new record high of $38.4 million in Q3/21.

Revenue in our Canadian capital markets operations was $121.3 million, an increase of 152.4% compared to Q3/20, and an increase of 79.9% compared to the previous quarter due to higher investment banking revenue. The Canadian operating region has been consistently profitable for the past eight quarters, with pre-tax profit excluding significant items(1) reaching a high $42.1 million in Q3/21.

Our Australian operations have generated revenue in excess of $40.0 million in the past three quarters, over a 300% increase compared to the average quarterly revenue generated in fiscal 2020. The increase in revenue was largely driven by increased investment banking activity in our focus sectors, including mining and resource companies, and includes unrealized gains on certain inventory and warrant positions earned in respect of investment banking activity.

Our UK & Europe capital markets operations recorded a decrease of 31.5% in revenue compared to Q3/20, and an increase of 42.6% compared to Q2/21 as a result of a stronger market for investment banking and principal trading activities despite the continued political uncertainty in UK. This operation was break-even this quarter compared to a $2.2 million loss in the previous quarter.

Our Canaccord Genuity Wealth Management North America operations have been positively impacted by improved transaction activity and a growth in client assets. Revenue was $92.7 million in Q3/21, the highest in the past eight quarters. Assets under administration were

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

$29.3 billion, an increase of 39.5% year over year and 18.8% over the prior quarter, reflecting net inflows of new assets as well as higher market values. Assets under management which are included in assets under administration increased by 15.9% from $4.9 billion in Q2/21 to $5.7 billion in Q3/21.

The Canaccord Genuity Wealth Management UK & Europe operations have contributed consistently to our revenue and profitability levels. The quarterly revenue generated in this region slightly after decreased by 1.7% in Q3/21 compared to the same period in the prior year mainly due to lower interest revenue. Pre-tax profit margins continued to be strong at 22.8% in Q3/21 excluding significant items(1). At the end of Q3/21, fee-related revenue was at 74.2%, a slight decrease of 0.6 percentage points from Q3/20. Assets under management for this group increased by 7.6% as of the end of Q3/21 to $51.8 billion compared to Q3/20 due to the growth in market values as well as net inflow of new assets.

With the completion of the acquisition of Patersons in Q3/20, our Australian operations were expanded, with revenue reaching $17.6 million in Q3/21. Assets under management as at December 31, 2020 were $4.2 billion, an improvement of 24.0% compared to the Q2/21 and 13.1% on a year over year basis.

The movement in revenue in the Corporate and Other division was mainly due to lower interest revenue and lower foreign exchange gains resulting from fluctuations in the Canadian dollar.

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 & Europe and included in intersegment allocated costs for these business units.

Financial Condition

Below are specific changes in selected items on the Q3/21 unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $1.3 billion on December 31, 2020 compared to $997.1 million on March 31, 2020. Refer to the Liquidity and Capital Resources section on page 24 for more details.

Securities owned were $1.1 billion on December 31, 2020 compared to $931.5 million on March 31, 2020 mainly due to a decrease in corporate and government debt owned as of December 31, 2020.

Accounts receivable were $3.1 billion at December 31, 2020 compared to $3.3 billion at March 31, 2020, mainly due to a decrease in receivables with brokers and investment dealers.

Goodwill was $382.7 million and intangible assets were $154.9 million at December 31, 2020. At March 31, 2020, goodwill was $395.4 million and intangible assets were $170.2 million. The change in goodwill and intangibles compared to March 31, 2020 were mostly related to movement in foreign exchange. 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 $86.3 million compared to $106.1 million at March 31, 2020, 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 $75.4 million at December 31, 2020 compared to $80.1 million at March 31, 2020.

LIABILITIES

Securities sold short were $753.3 million at December 31, 2020 compared to $875.0 million at March 31, 2020, mostly due to a decrease in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $4.0 billion at December 31, 2020, an increase from $3.7 billion at March 31, 2020, mainly due to increases in payables to brokers and investment dealers.

Other liabilities, including subordinated debt, income taxes payable, other long-term liability, and deferred tax liabilities, were $35.2 million at December 31, 2020, an increase from $30.9 million at March 31, 2020. The increase was mostly due to the increase in income tax payable.

There were also lease liabilities of $95.0 million recorded as of December 31, 2020 [March 31, 2020 — $112.3 million].

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 December 31, 2020 was $78.7 million [March 31, 2020 — $86.2 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 2.1505% per annum as at December 31, 2020 [March 31, 2020 — 2.6584% per annum].

Excluding the bank loan in connection with the acquisitions of Hargreave Hale and Thomas Miller as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $644.2 million [March 31, 2020 — $653.7 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 December 31, 2020, there were no balances outstanding under these other credit facilities [March 31, 2020 — $nil].

There were deferred and contingent considerations of $8.1 million and $43.0 million, respectively, recorded at December 31, 2020 [March 31, 2020 — $9.0 million and $105.5 million, respectively] in connection with the acquisitions of Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier, Thomas Miller, as well as Patersons Securities. During the nine months ended December 31, 2020, there were payments of deferred and contingent consideration of $59.6 million.

Non-controlling interests were $6.8 million at December 31, 2020 compared to $0.2 million as at March 31, 2020, which represents 15% [March 31, 2020 — 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, 2020 — $3.3 million (US$2.3 million)] as rent guarantees for its leased premises in New York. As of December 31, 2020 and March 31, 2020, 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 December 31, 2020, and March 31, 2020, 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 December 31, 2020:

(C$ thousands)	Total	Fiscal 2022	Fiscal 2023 – Fiscal 2024	Fiscal 2025 – Fiscal 2026	Thereafter
Premises and equipment operating leases	146,835	27,005	48,939	38,740	32,151
Bank loan(1)	83,804	14,361	69,443	—	—
Convertible debentures(2)	157,611	8,295	149,316	—	—
Total contractual obligations	**388,250**	**49,661**	**267,698**	**38,740**	**32,151**

(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 2.125% [March 31, 2020 — 2.6584%] per annum and is repayable in instalments of principal and interest over 4 years and matures in September 2023. The current balance outstanding is £47.1 million.

(2) Convertible debentures consist of the unsecured senior subordinated convertible debentures (the "Debentures") issued in Q2/19. The Debentures bear interest at a rate of 6.25% per annum and mature on December 31, 2023. The Company, under certain circumstances, may redeem the Debentures on or after December 31, 2021.

Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, convertible debentures, contributed surplus, retained earnings (deficit) and accumulated other comprehensive income. On December 31, 2020, cash and cash equivalents were $1.3 billion, an increase of $256.2 million from $997.1 million as of March 31, 2020. During the nine months ended December 31, 2020, financing activities used cash in the amount of $144.8 million, mainly due to payment of deferred and contingent consideration, lease payments, purchases of common shares for the long-term incentive plan (LTIP), payment of long-term liability, and cash dividends paid on common and preferred shares. Investing activities used cash in the amount of $2.1 million for the purchase of equipment and leasehold improvements and investment. Operating activities provided cash in the amount of $412.4 million, which was largely due to changes in non-cash working capital. A decrease in cash of $9.4 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the nine months ended December 31, 2019, cash used in financing activities increased by $25.1 million due to payment of deferred and contingent considerations in the current year. Cash used in investing activities decreased by $44.0 million during the nine months ended December 31, 2020 compared to the same period last year, mainly due to the acquisition of Thomas Miller and Patersons in the prior period Changes in non-cash working capital balances led to an increase in cash provided by operating activities of $514.7 million. In addition, cash balances decreased by $5.4 million from the effects of foreign exchange translation on cash balances in Q3/21 compared to Q3/20. Overall, cash and cash equivalents increased by $704.6 million from $548.7million at December 31, 2019 to $1.3 billion at December 31, 2020.

The Company's business requires capital for operating and regulatory purposes. The Company's working capital, including cash and cash equivalents, is fully deployed by the Company in its operations to support regulatory capital levels as required and counter-party requirements including cash deposit requirements needed to maintain current levels of activity. The majority of current assets reflected on the Company's 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 August 22, 2018, the Company completed its bought deal offering of convertible unsecured senior subordinated debentures for gross proceeds of $59,225,000 (the Offered Debentures). The Company had also closed a concurrent non-brokered private placement with a large

Canadian asset manager for gross proceeds of $73,500,000, which together with the gross proceeds from the Offered Debentures, represent an aggregate principal amount of $132,725,000 (together with the Offered Debentures, the "Convertible Debentures"). A portion of the proceeds of the non-brokered private placement were used to repay the convertible debentures issued in October 2016 in the principal amount of $60,000,000 and a premium of $13,500,000 for a total of $73,500,000. The remainder of the proceeds were allocated for use by the Company to finance growth in its wealth management business in Canada and the UK & Europe, and elsewhere as opportunities arise.

The Convertible Debentures bear interest at a rate of 6.25% per annum, payable semi-annually on the last day of December and June each year commencing December 31, 2018. The Convertible Debentures are convertible at the holder's option into common shares of the Company, at a conversion price of $10.00 per common share. The Convertible Debentures mature on December 31, 2023 and may be redeemed by the Company in certain circumstances, on or after December 31, 2021.

On January 18, 2021, the Company announced its intention to seek approval from each of the holders of the Convertible Debentures to make certain amendments to the indenture governing the Convertible Debentures. The proposed amendments include the addition of a right of the Company to redeem, at its option and from time to time, between April 1, 2021 and October 31, 2021, any or all of the outstanding Convertible Debentures for specified consideration plus any accrued and unpaid interest. The proposed amendments also suspend the Convertible Debenture holders' right to convert their Convertible Debentures into common shares at the current exercise price of $10.00 until November 1, 2021. The proposed amendments are subject to the approval of the Convertible Debenture holders, the TSX and Computershare Trust of Canada, as Debenture trustee (as applicable). Unless the Company obtains written consents from holders of at least two-thirds of the principal amount of the Convertible Debentures outstanding, consent will be sought at a special meeting of the Convertible Debenture holders to be held on February 22, 2021.

Outstanding Share Data

	Outstanding shares as of December 31	
	2020	2019
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)	**96,382,416**	94,414,745
Issued shares outstanding(2)	**107,996,382**	107,291,976
Issued shares outstanding – diluted(3)	**127,801,185**	129,040,337
Average shares outstanding – basic	**96,590,602**	99,825,130
Average shares outstanding – diluted(4)	**122,562,938**	128,701,620

(1) Excludes 11,491,611 unvested shares purchased by employee benefit trusts for the LTIP and 122,355 outstanding shares related to share purchase loans
(2) Includes 11,491,611 unvested shares purchased by employee benefit trusts for the LTIP and 122,355 outstanding shares related to share purchase loans
(3) Includes 19,804,803 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 20, 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 nine months ended December 31, 2020, there were 217,100 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 January 31, 2021, the Company has 108,029,715 common shares issued and outstanding.

Share-Based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2020 Annual Report except for the performance share option plan (PSOs). During the nine months ended December 31, 2020, the Company granted an additional 100,000 PSOs with an exercise price of $8.3055, and a total of 100,000 options had been exercised. As of December 31, 2020, the stock price performance vesting conditions had been met on a total of 4,690,000 options outstanding. A total of 2,006,666 options outstanding had met both the stock price performance and time-based vesting conditions and thereforefully vested and outstanding. During January 2021, the stock price of the Company had risen to a level where all market performance vesting conditions had been satisfied for all outstanding grants.

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 December 31, 2020, there were no forward contracts outstanding to sell US dollars [December 31, 2019 — US$1.3 million]. Forward contracts outstanding to buy US dollars had a notional amount of US $11.3 million [December 31, 2019 — $nil]. 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 & Europe trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default.

FUTURES

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

At December 31, 2020, the notional amount of the Canadian bond futures contracts outstanding was long $3.6million [March 31, 2020 — long $29.9 million].

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

Related Party Transactions

The Company's related parties include the following persons and/or entities: (a) entities that are controlled or significantly influenced by the Company, and (b) key management personnel, who are comprised of the directors of the Company, as well as executives involved in strategic decision-making for the Company. A list of the Company's principal trading subsidiaries and principal intermediate holding companies is disclosed in Note 24 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, and a performance stock option 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)	**December 31, 2020 $**	March 31, 2020 $
Accounts receivable	**2,403**	2,328
Accounts payable and accrued liabilities	**870**	980

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended December 31, 2020 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. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the preliminary purchase price allocation including the valuation of goodwill and intangible assets acquired in connection with the acquisition of Patersons.

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 Third quarter of fiscal 2021 and are discussed under "Critical Accounting Policies and Estimates" in our 2020 Annual Report.

Changes in Accounting Policies

The accounting policies applied in the preparation of the Q3/21 unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the 2020 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 2020 Annual Report, during the three months ended December 31, 2020.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of December 31, 2020, 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 December 31, 2020.

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 December 31, 2020, 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 February 3, 2021, the Board of Directors approved a dividend of $0.065 per common share, payable on March 10, 2021, with a record date of February 26, 2021.

On February 3, 2021, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on March 31, 2021 with a record date of March 19, 2021; and $0.31206 per Series C Preferred Share payable on March 31, 2021 with a record date of March 19, 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 will 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 26 of the Company's 2020 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 and e-cigarette and vaping industries also include the risk of the insolvency of issuers and the consequent inability of such issuers to satisfy their indemnification obligations to the Company. Accordingly, in the event of a loss to the Company, the ability of the Company to recover amounts in respect of any indemnity claims also cannot be predicted with certainty.

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 of 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 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.

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 2020 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

Shareholder Information

Corporate Headquarters

STREET ADDRESS

Canaccord Genuity Group Inc.
609 Granville Street, Suite 2200
Vancouver, BC, Canada

MAILING ADDRESS

Pacific Centre
609 Granville Street, Suite 2200
P.O. Box 10337
Vancouver, BC V7Y 1H2, Canada

Stock Exchange Listing

Common shares:
TSX: CF

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

Convertible Unsecured Senior Subordinated Debentures
TSX: CF.DQ.A

Corporate Website

www.canaccordgenuity.com

General Shareholder Inquiries and Information

INVESTOR RELATIONS

161 Bay Street, Suite 3000
Toronto, ON, Canada
Telephone: 416.869.7293
Fax: 416.947.8343
Email: investor.relations@cgf.com

Media Relations and Inquiries from Institutional Investors and Analysts

Christina Marinoff
Vice President, Investor Relations and Communications
Phone: 416-687-5507
Email: cmarinoff@cgf.com

The Canaccord Genuity Group Inc. 2020 Annual Report is available on our website at www.canaccordgenuitygroup.com. For a printed copy, please contact the Investor Relations department.

Fiscal 2021 Expected Dividend(1) and Earnings Release Dates

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q4/21	June 1, 2021	June 18, 2021	June 30, 2021	June 18, 2021	June 30, 2021
Q1/22	August 3, 2021	September 17, 2021	September 30, 2021	August 27, 2021	September 10, 2021
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

(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:

COMPUTERSHARE INVESTOR SERVICES INC.

100 University Avenue, 9th Floor
Toronto, ON M5J 2Y1
Telephone toll free (North America): 1.800.564.6253
International: 514.982.7555
Fax: 1.866.249.7775
Toll free fax (North America) or International fax: 416.263.9524
Email: service@computershare.com
Website: www.computershare.com

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

Ernst & Young LLP
Chartered Professional Accountants
Vancouver, BC

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

As at (in thousands of Canadian dollars)	Notes	December 31, 2020 $	March 31, 2020 $
ASSETS			
Current			
Cash and cash equivalents		1,253,263	997,111
Securities owned	4	1,062,946	931,467
Accounts receivable	6,18	3,069,771	3,275,841
Income taxes receivable		282	5,603
Total current assets		5,386,262	5,210,022
Deferred tax assets		44,923	39,487
Investments	7	7,348	10,105
Equipment and leasehold improvements		22,843	24,860
Intangible assets	9	154,943	170,170
Goodwill	9	382,705	395,417
Right-of-use assets		86,283	106,134
		6,085,307	5,956,195
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Securities sold short	4	753,312	875,017
Accounts payable and accrued liabilities	6,18	3,956,024	3,673,451
Provisions	20	12,012	6,735
Income taxes payable		19,664	11,721
Subordinated debt	5,11	7,500	7,500
Current portion of bank loan	12	12,195	7,042
Current portion of lease liabilities		22,490	23,417
Current portion of contingent consideration	5	18,769	57,859
Total current liabilities		4,801,966	4,662,742
Deferred tax liabilities		8,083	9,903
Convertible debentures	13	129,200	128,322
Deferred consideration	5	8,138	8,966
Contingent consideration	5	24,261	47,614
Other long-term liability	5	—	1,760
Lease liabilities		72,503	88,922
Bank loan	12	66,513	79,192
		5,110,664	5,027,421
Shareholders' equity			
Preferred shares	14	205,641	205,641
Common shares	15	666,809	663,553
Equity portion of convertible debentures	13	5,156	5,156
Deferred consideration		6,545	6,545
Contributed surplus		66,336	101,501
Retained deficit		(86,838)	(193,131)
Accumulated other comprehensive income		104,150	139,353
Total shareholders' equity		967,799	928,618
Non-controlling interests		6,844	156
Total equity		974,643	928,774
		6,085,307	5,956,195

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		For the nine months ended	
(in thousands of Canadian dollars, except per share amounts)	Notes	**December 31, 2020**	December 31, 2019	**December 31, 2020**	December 31, 2019
REVENUE					
Commissions and fees		**184,186**	147,191	**520,763**	421,308
Investment banking		**213,419**	51,550	**455,612**	188,343
Advisory fees		**72,004**	60,691	**130,331**	156,510
Principal trading		**51,113**	27,149	**158,971**	73,482
Interest		**5,791**	16,622	**18,801**	48,468
Other		**6,564**	4,811	**16,684**	16,108
		533,077	308,014	**1,301,162**	904,219
EXPENSES					
Compensation expense		**328,647**	186,649	**832,257**	539,337
Trading costs		**27,982**	19,836	**82,734**	61,039
Premises and equipment		**4,948**	4,501	**14,310**	13,509
Communication and technology		**16,020**	17,739	**50,052**	49,288
Interest		**6,724**	8,490	**20,125**	24,914
General and administrative		**22,690**	26,519	**58,789**	83,175
Amortization		**6,145**	8,415	**19,638**	24,400
Amortization of right of use assets		**6,053**	5,832	**18,864**	17,353
Development costs		**8,815**	6,560	**16,397**	14,763
Restructuring costs		**—**	1,250	**—**	2,348
Acquisition-related costs		**5,504**	—	**5,504**	4,114
Share of loss (gain) of an associate	7	**275**	(60)	**306**	174
		433,803	285,731	**1,118,976**	834,414
Net income before income taxes		**99,274**	22,283	**182,186**	69,805
Income taxes (recovery)					
Current		**32,650**	6,657	**54,837**	13,862
Deferred		**(1,827)**	(7,214)	**(3,059)**	(4,365)
	10	**30,823**	(557)	**51,778**	9,497
Net income for the period		**68,451**	22,840	**130,408**	60,308
Net income attributable to:					
CGGI shareholders		**66,991**	22,509	**125,909**	60,202
Non-controlling interests		**1,460**	331	**4,499**	106
Weighted average number of common shares outstanding (thousands)					
Basic		**96,719**	96,861	**96,591**	99,825
Diluted		**123,760**	125,698	**122,563**	128,702
Net income per common share					
Basic	15	**$ 0.67**	$ 0.21	**$ 1.23**	$ 0.53
Diluted	15	**$ 0.54**	$ 0.17	**$ 1.01**	$ 0.45
Dividend per common share	16	**$ 0.065**	$ 0.05	**$ 0.175**	$ 0.15
Dividend per Series A Preferred Share	16	**$ 0.24**	$ 0.24	**$ 0.72**	$ 0.72
Dividend per Series C Preferred Share	16	**$ 0.31**	$ 0.31	**$ 0.93**	$ 0.93

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		For the nine months ended	
	December 31, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019
Net income for the period	**68,451**	22,840	**130,408**	60,308
Other comprehensive income				
Net change in unrealized (losses) gains on translation of foreign operations	**(6,151)**	21,225	**(31,063)**	4,193
Comprehensive income for the period	**$62,300**	$44,065	**99,345**	$64,501
Comprehensive income attributable to:				
CGGI shareholders	**$61,370**	$43,740	**$ 94,797**	$63,464
Non-controlling interests	**930**	325	**4,548**	1,037

See accompanying notes

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

For the nine months ended (in thousands of Canadian dollars)	Notes	December 31, 2020	December 31, 2019
Preferred shares, opening and closing	14	$205,641	$205,641
Common shares, opening		663,553	672,896
Shares issued in connection with share-based payments		10	53
Acquisition of common shares for long-term incentive plan (LTIP)		(35,933)	(30,411)
Release of vested common shares from employee benefit trusts		38,143	64,347
Shares issued through exercise of private placements warrants		—	720
Issuance of shares in connection with settlement of Jitneytrade contingent consideration [Note 5]		2,000	—
Shares cancelled		(1,505)	(8,312)
Shares issued in connection with exercise of PSO		673	—
Shares committed to be purchased under normal course issuer bid		—	(1,481)
Shares purchased and cancelled under substantial issuer bid		—	(40,000)
Unvested share purchase loans		(132)	2,288
Common shares, closing	15	666,809	660,100
Warrants, opening	15	—	1,975
Reclassification to liability		—	(1,975)
Warrants, closing		—	—
Convertible debentures – equity, opening and closing		5,156	5,156
Contributed surplus, opening		101,501	124,710
Share-based payments, amortization net of vestings		(41,085)	(50,261)
Shares cancelled		39	2,419
Change in deferred tax asset relating to share based payments		5,749	(223)
Unvested share purchase loans		132	(2,277)
Contributed surplus, closing		66,336	74,368
Retained deficit, opening		(193,131)	(237,770)
Net income attributable to CGGI shareholders		125,909	60,202
Reclassification of realized gains on disposal of financial instruments measured at fair value through other comprehensive income		4,091	—
Preferred shares dividends	16	(7,053)	(7,053)
Common shares dividends	16	(16,654)	(29,518)
Retained deficit, closing		(86,838)	(214,139)
Deferred consideration, opening		6,545	—
Reclassification of the deferred consideration in connection with the acquisition of Petsky Prunier LLC from liability to equity		—	13,091
Deferred consideration, closing		6,545	13,091
Accumulated other comprehensive income, opening		139,353	103,755
Reclassification of realized gains on disposal of financial instruments measured at fair value through other comprehensive income		(4,091)	—
Other comprehensive loss attributable to CGGI shareholders		(31,112)	3,262
Accumulated other comprehensive income, closing		104,150	107,017
Total shareholders' equity		967,799	851,234
Non-controlling interests, opening		156	1,997
Foreign exchange on non-controlling interests		2,140	(691)
Comprehensive income attributable to non-controlling interests		4,548	1,037
Non-controlling interests, closing		6,844	2,343
Total equity		974,643	$ 853,577

See accompanying notes

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

For the nine months ended (in thousands of Canadian dollars)	Notes	December 31, 2020 $	December 31, 2019 $
OPERATING ACTIVITIES			
Net income for the period		$ 130,408	$ 60,308
Items not affecting cash			
Amortization		19,638	24,400
Amortization of right of use assets		18,864	17,353
Deferred income tax recovery		(3,059)	(4,365)
Share-based compensation expense	17	69,342	12,628
Share of loss of associate	7	306	174
Interest expense in connection with lease liabilities		4,351	5,483
Acquisition-related costs		5,504	—
Impairment of investment in associates		2,500	—
Changes in non-cash working capital			
Increase in securities owned		(131,479)	(234,320)
Decrease in accounts receivable		206,100	409,742
Increase (decrease) in net income taxes payable		11,270	(8,785)
(Decrease) increase in securities sold short		(121,705)	195,594
Increase (decrease) in accounts payable, accrued liabilities and provisions		200,394	(580,444)
Cash provided by (used in) operating activities		412,434	(102,232)
FINANCING ACTIVITIES			
Bank indebtedness		—	(9,639)
Acquisition of common shares for long-term incentive plan		(35,933)	(30,411)
Purchase of shares under normal course issuer bid		(1,466)	(5,893)
Purchase of shares under substantial issuer bid		—	(40,000)
Proceeds from bank loan		—	26,318
Cash dividends paid on common shares		(16,654)	(29,518)
Cash dividends paid on preferred shares		(7,053)	(7,053)
Payment of deferred and contingent consideration		(59,598)	—
Payment of long-term liability		(1,721)	—
Lease payments		(22,416)	(23,558)
Cash used in financing activities		(144,841)	(119,754)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(1,418)	(2,546)
Acquisition of Thomas Miller, net of cash acquired		—	(27,634)
Acquisition of Patersons Securities Limited, net of cash acquired		—	(11,433)
Purchase of investment		(663)	(498)
Investment in associate		—	(4,000)
Cash used in investing activities		(2,081)	(46,111)
Effect of foreign exchange on cash balances		(9,360)	(3,968)
Increase (decrease) in cash position		256,152	(272,065)
Cash position, beginning of period		997,111	820,739
Cash position, end of period		1,253,263	548,674
Supplemental cash flow information			
Interest received		$ 18,494	$ 48,076
Interest paid		$ 19,390	$ 23,620
Income taxes paid		$ 43,801	$ 23,886

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, Jersey, Guernsey, the Isle of Man 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 6.25% Convertible Unsecured Senior Subordinated Debentures are listed on the TSX under the symbol CF.DA.A.

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, 2020 (March 31, 2020 consolidated financial statements) filed on SEDAR on June 2, 2020. All defined terms used herein are consistent with those terms defined in the March 31, 2020 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 February 3, 2021.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these unaudited interim condensed 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 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 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. Judgments, estimates and assumptions were also utilized in connection with the purchase price allocation including the valuation of goodwill and intangible assets acquired.

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 Ltd. (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 December 31, 2020.

4. Securities Owned and Securities Sold Short

	December 31, 2020		March 31, 2020	
	Securities owned	**Securities sold short**	Securities owned	Securities sold short
Corporate and government debt	**754,500**	**627,520**	724,444	688,400
Equities and convertible debentures	**308,446**	**125,792**	207,023	186,617
	1,062,946	**753,312**	931,467	875,017

As at December 31, 2020, corporate and government debt maturities range from 2021 to 2080 [March 31, 2020 – 2020 to 2098] and bear interest ranging from 0.00% to 31.5% [March 31, 2020 – 0.00% to 14.00%].

5. Financial Instruments

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, as well as investments accounted for under the equity method, held by the Company at December 31, 2020 and March 31, 2020 are as follows:

	Fair value through profit and loss		Fair value through other comprehensive income		Amortized cost		Total	
	December 31, 2020 $	**March 31, 2020 $**	**December 31, 2020 $**	**March 31, 2020 $**	**December 31, 2020 $**	**March 31, 2020 $**	**December 31, 2020 $**	**March 31, 2020 $**
Financial assets								
Securities owned	**1,062,946**	**924,594**	**—**	**6,873**	**—**	—	**1,062,946**	**931,467**
Accounts receivable from brokers and investment dealers	**—**	—	**—**	—	**1,856,037**	2,036,876	**1,856,037**	2,036,876
Accounts receivable from clients	**—**	—	**—**	—	**627,454**	696,644	**627,454**	696,644
RRSP cash balances held in trust	**—**	—	**—**	—	**410,636**	388,376	**410,636**	388,376
Other accounts receivable	**—**	—	**—**	—	**175,644**	153,945	**175,644**	153,945
Investments	**6,334**	6,287	**—**	—	**—**	—	**6,334**	6,287
Total financial assets	**1,069,280**	930,881	**—**	6,873	**3,069,771**	3,275,841	**4,139,051**	4,213,595
Financial liabilities								
Securities sold short	**753,312**	875,017	**—**	—	**—**	—	**753,312**	875,017
Accounts payable to brokers and investment dealers	**—**	—	**—**	—	**1,175,114**	1,618,004	**1,175,114**	1,618,004
Accounts payable to clients	**—**	—	**—**	—	**2,226,906**	1,703,574	**2,226,906**	1,703,574
Other accounts payable and accrued liabilities	**—**	—	**—**	—	**554,004**	351,873	**554,004**	351,873
Subordinated debt	**—**	—	**—**	—	**7,500**	7,500	**7,500**	7,500
Convertible debentures	**—**	—	**—**	—	**129,200**	128,322	**129,200**	128,322
Deferred consideration	**8,138**	8,966	**—**	—	**—**	—	**8,138**	8,966
Contingent consideration	**43,030**	105,473	**—**	—	**—**	—	**43,030**	105,473
Other long-term liability		—	**—**	—	**—**	1,760	**—**	1,760
Bank loan		—	**—**	—	**78,708**	86,234	**78,708**	86,234
Total financial liabilities	**804,480**	989,456	**—**	—	**4,171,432**	3,897,267	**4,975,912**	4,886,723

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 December 31, 2020, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
		December 31, 2020		
	December 31, 2020 $	Level 1 $	Level 2 $	Level 3 $
Securities owned				
Corporate debt	33,848	—	33,848	—
Government debt	720,652	345,131	375,521	—
Corporate and government debt	754,500	345,131	409,369	—
Equities	307,243	192,904	88,974	25,365
Convertible debentures	1,203	—	1,203	—
Equities and convertible debentures	308,446	192,904	90,177	25,365
	1,062,946	538,035	499,546	25,365
Investments	6,334	—	—	6,334
	1,069,280	538,035	499,546	31,699
Securities sold short				
Corporate debt	(8,290)	—	(8,290)	—
Government debt	(619,230)	(235,387)	(383,843)	—
Corporate and government debt	(627,520)	(235,387)	(392,133)	—
Equities	(125,790)	(103,091)	(22,699)	—
Convertible debentures	(2)	—	(2)	—
Equities and convertible debentures	(125,792)	(103,091)	(22,701)	—
	(753,312)	(338,478)	(414,834)	—
Deferred consideration	(8,138)	—	—	(8,138)
Contingent consideration	(43,030)	—	—	(43,030)
	(804,480)	(338,478)	(414,834)	(51,168)

As at March 31, 2020, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
			March 31, 2020	
	March 31, 2020 $	Level 1 $	Level 2 $	Level 3 $
Securities owned				
Corporate debt	26,428	—	26,428	—
Government debt	698,016	244,526	453,490	—
Corporate and government debt	724,444	244,526	479,918	—
Equities	206,043	139,916	63,130	2,997
Convertible debentures	980	—	980	—
Equities and convertible debentures	207,023	139,916	64,110	2,997
	931,467	384,442	544,028	2,997
Investments	6,287	—	—	6,287
	937,754	384,442	544,028	9,284
Securities sold short				
Corporate debt	(1,800)	—	(1,800)	—
Government debt	(686,600)	(277,653)	(408,947)	—
Corporate and government debt	(688,400)	(277,653)	(410,747)	—
Equities	(186,617)	(168,826)	(17,791)	—
Convertible debentures	—	—	—	—
Equities and convertible debentures	(186,617)	(168,826)	(17,791)	—
	(875,017)	(446,479)	(428,538)	—
Deferred considerations	(8,966)	—	—	(8,966)
Contingent consideration	(105,473)	—	—	(105,473)
	(989,456)	(446,479)	(428,538)	(114,439)

Movement in net Level 3 financial liabilities

Balance, March 31, 2020	(105,155)
Payment of deferred and contingent consideration in connection with acquisition of Jitneytrade	4,586
Payment of contingent consideration in connection with acquisition of Thomas Miller	5,166
Payment of contingent consideration in connection with acquisition of Petsky Prunier	13,400
Payment of contingent consideration in connection with acquisition of Hargreave Hale	34,408
Movement in fair value of level 3 securities owned during the period	22,336
Foreign exchange revaluation	5,790
Balance, December 31, 2020	(19,469)

FAIR VALUE ESTIMATION

i. Level 2 financial instruments

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

The Company disposed of its investment in Euroclear, previously classified as a Level 2 investment, during the nine months ended December 31, 2020. [March 31, 2020 – $6.9 million (€4.4 million)]. Accordingly, the cumulative realized gains on Euroclear of $ 4.1 million was reclassified from accumulated other comprehensive income to retained earnings.

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 held for trading investments as at December 31, 2020 was $25.4 million [March 31, 2020 – $3.0 million].

As at December 31, 2020, the Company, through a wholly owned subsidiary, held investments of $5.8 million in Family Office Network and 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 $0.5 million in Castle Ridge Asset Management Ltd. which has also been classified as Level 3 financial instruments. [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, McCarthy Taylor, Petsky Prunier and Thomas Miller. During the nine months ended December 31, 2020, the Company settled the deferred and contingent consideration related to the acquisition of Jitneytrade by way of cash settlement of $6.6 million and share issuance of $2.0 million. The excess of the settlement amount over the deferred and contingent considerations included as part of the purchase consideration of $4.6 million was recorded as acquisition-related costs in the statement of operations for the nine months ended December 31, 2020.

In addition, there was a remeasurement of the contingent consideration related to the acquisition of Thomas Miller resulting in $0.9 million of acquisition-related costs for the year ended December 31, 2020.

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.

Forward contracts outstanding at December 31, 2020:

		Notional amount (millions)		Average price	Maturity		Fair value
To sell US dollars	**USD$**	**—**	**$**	**—(CAD/USD)**	**—**	**$**	**—**
To buy US dollars	**USD$**	**11.3**	**$**	**1.27(CAD/USD)**	**January 4, 2021**	**$**	**(0.1)**

Forward contracts outstanding at March 31, 2020:

		Notional amount (millions)		Average price	Maturity		Fair value
To sell US dollars	USD$	2.1	$	1.42(CAD/USD)	April 1, 2020	$	0.1
To buy US dollars	USD$	0.8	$	1.42(CAD/USD)	April 1, 2020	$	(0.1)

The Company's Canaccord Genuity Wealth Management segment in the UK & Europe 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 52 days as at December 31, 2020 [March 31, 2020 – 60 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 December 31, 2020 and March 31, 2020, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	December 31, 2020			March 31, 2020		
	Assets	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	**203**	**186**	**18,365**	587	560	25,461

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 December 31, 2020, the notional amount of the bond futures contracts outstanding was long $3.6 million [March 31, 2020 – long $29.9 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**
December 31, 2020	**278,618**	**46,932**	**69,776**	**278,687**
March 31, 2020	191,244	119,070	136,163	195,673

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 December 31, 2020 the Company had nil balance outstanding [March 31, 2020 – $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 balance outstanding as of December 31, 2020 was $78.7 million [March 31, 2020 – $86.2 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 2.1505% per annum as at December 31, 2020 [March 31, 2020 – 2.6584% per annum].

OTHER CREDIT FACILITIES

Excluding the bank loan in connection with the acquisitions of Hargreave Hale and Thomas Miller as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $644.2 million [March 31, 2020 – $653.7 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 December 31, 2020, there were no balances outstanding under these other credit facilities [March 31, 2020 – $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, 2020 – $3.3 million (US$2.3 million)] as rent guarantees for its leased premises in New York. As of December 31, 2020 and March 31, 2020, there were no outstanding balances under these standby letters of credit.

6. Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	December 31, 2020 $	March 31, 2020 $
Brokers and investment dealers	$ 1,856,037	$ 2,036,876
Clients	627,454	696,644
RRSP cash balances held in trust	410,636	388,376
Other	175,644	153,945
	$ 3,069,771	$ 3,275,841

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2020 $	March 31, 2020 $
Brokers and investment dealers	$ 1,175,114	$ 1,618,004
Clients	2,226,906	1,703,574
Other	554,004	351,873
	$ 3,956,024	$ 3,673,451

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 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 December 31, 2020 – 5.45% to 6.25% and 0.00% to 0.05%; March 30, 2020 – [5.45% to 6.25% and 0.00% to 0.05%].

As at December 31, 2020, the allowance for doubtful accounts was $8.0 million [March 31, 2020 – $8.9 million].

7. Investments

	December 31, 2020 $	March 31, 2020 $
Investments accounted for under the equity method	1,014	$ 3,818
Investments held as fair value through profit and loss	6,334	6,287
	7,348	$ 10,105

During the year ended March 31, 2019, 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 is a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. Each Class B Unit consists of one Class B Share and one warrant.

The Company holds a 23.5% interest in CGGIIC and is considered to exert significant influence over the operations of CGGIIC. Accordingly, the investment in CGGIIC is accounted for using the equity method. The Company's equity portion of the net loss of CGGIIC for the nine months ended December 31, 2020 was $0.3 million. During the nine months ended December 31, 2020, the Company recorded an impairment charge of

$2.5 million of its equity investment in CGGIIC given the uncertainty surrounding the closing of a qualifying transaction prior to April 5, 2021, 24 months following the closing of its initial public offering.

As of December 31, 2020, the Company, through a wholly owned subsidiary, held investments in Family Office Network (FON) for US$1.5 million ($1.9 million) [March 31, 2020 – US$1.0 million ($1.3 million)] and Capital Markets Gateway Inc. (CMG) for US$3.1 million ($3.9 million) [March 31, 2020 – US$3.1 million ($4.4 million)]. In addition, the Company held an investment of $0.5 million [March 31, 2020 – $0.5 million] in Castle Ridge Asset Management Limited (CRAML). The Company is not considered to exert significant influence over the operations of FON, CMG or CRAML. Accordingly, these investments are accounted for as financial assets measured at FVTPL and included as investments on the unaudited interim condensed consolidated statement of financial position as at December 31, 2020.

8. Business Combinations

On October 21, 2019, the Company, through its 80% owned subsidiary, completed the acquisition of Patersons Securities Limited. The preliminary purchase price allocation was disclosed in the audited consolidated financial statements for the year ended March 31, 2020. The Company completed its final analysis during the nine months ended December 31, 2020 and concluded that there were no changes to the purchase price allocation.

9. Goodwill and Other Intangible Assets

	Goodwill $	Brand names (indefinite life) $	Brand names $	Customer relationships $	Technology $	Trading licenses $	Fund management $	Contract book $	Favourable lease $	Total $
Gross amount										
Balance, March 31, 2020	**718,049**	**44,930**	**614**	**164,940**	**37,893**	**584**	**39,427**	**6,884**	**594**	**295,866**
Additions	—	—	—	—	1,389	—	—	—	—	1,389
Foreign exchange	(12,712)	—	(63)	(443)	(301)	53	(404)	(643)	(61)	(1,862)
Balance, December 31, 2020	**705,337**	**44,930**	**551**	**164,497**	**38,981**	**637**	**39,023**	**6,241**	**533**	**295,393**
Accumulated amortization and impairment										
Balance, March 31, 2020	**(322,632)**	**—**	**(238)**	**(85,079)**	**(23,787)**	**(196)**	**(9,306)**	**(6,852)**	**(238)**	**(125,696)**
Amortization	—	—	(145)	(9,584)	(3,032)	(422)	(2,728)	—	(169)	(16,080)
Foreign exchange	—	—	31	401	178	(19)	62	640	33	1,326
Balance, December 31, 2020	**(322,632)**	**—**	**(352)**	**(94,262)**	**(26,641)**	**(637)**	**(11,972)**	**(6,212)**	**(374)**	**(140,450)**
Net book value										
March 31, 2020	395,417	44,930	376	79,861	14,106	388	30,121	32	356	170,170
December 31, 2020	**382,705**	**44,930**	**199**	**70,235**	**12,340**	**—**	**27,051**	**29**	**159**	**154,943**

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	
	December 31, 2020 $	March 31, 2020 $	**December 31, 2020 $**	March 31, 2020 $	**December 31, 2020 $**	March 31, 2020 $
Canaccord Genuity Capital Markets CGUs						
Canada	**44,930**	44,930	**101,732**	101,732	**146,662**	146,662
US (Petsky Prunier)	**—**	—	**98,829**	110,031	**98,829**	110,031
Canaccord Genuity Wealth Management CGUs						
UK & Europe (Channel Islands)	**—**	—	**93,962**	94,944	**93,962**	94,944
UK & Europe (UK wealth)	**—**	—	**85,184**	86,073	**85,184**	86,073
Australia	**—**	—	**2,998**	2,637	**2,998**	2,637
	44,930	44,930	**382,705**	395,417	**427,635**	440,347

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 December 31, 2020 no indicators of impairment were identified.

10. 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		For the nine months ended	
	December 31, 2020 $	**December 31, 2019 $**	December 31, 2020 $	December 31, 2019 $
Net income before income taxes	**$ 99,274**	$ 22,283	**$ 182,186**	$ 69,805
Income taxes at the statutory rate of 27.0% (F2020: 27.0%)	**26,803**	6,033	**49,191**	18,837
Difference in tax rates in foreign jurisdictions	**(518)**	(1,930)	**(739)**	(3,710)
Non-deductible items affecting the determination of taxable income	**2,999**	1,367	**3,782**	2,554
Share based payments	**(519)**	527	**(2,870)**	690
Change in accounting and tax base estimate	**1,830**	140	**2,800**	819
Deferred tax asset recognition	**—**	(6,000)		(7,235)
Other	**130**	(271)	**(558)**	558
(utilization of tax losses previously not recognized) tax losses and other temporary differences not recognized	**98**	(423)	**172**	(3,016)
Income tax expense – current and deferred	**30,823**	(557)	**51,778**	9,497

11. Subordinated Debt

	December 31, 2020 $	March 31, 2020 $
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 December 31, 2020 and March 31, 2020, 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.

12. Bank Loan

	December 31, 2020 $	March 31, 2020 $
Loan	**$ 79,549**	$ 87,421
Less: Unamortized financing fees	**(841)**	(1,187)
	78,708	86,234
Current portion	**$ 12,195**	$ 7,042
Long term portion	**66,513**	79,192

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 2.1505% per annum as at December 31, 2020 [March 31, 2020 – 2.6584% per annum].

13. Convertible Debentures

	December 31, 2020		March 31, 2020	
	Liability	Equity	Liability	Equity
Convertible debentures	$ 129,200	$ 5,156	$ 128,322	$ 5,156

Terms of the convertible debentures are disclosed in Note 19 of the March 31, 2020 consolidated financial statements.

14. Preferred Shares

	December 31, 2020		March 31, 2020	
	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 20 of the March 31, 2020 consolidated financial statements.

15. Common Shares

	December 31, 2020		March 31, 2020	
Common Shares	Amount $	Number of shares	Amount $	Number of shares
Issued and fully paid	746,453	107,996,382	745,275	107,812,361
Held for share purchase loans	(1,358)	(122,355)	(1,226)	(284,645)
Held for the LTIP	(78,286)	(11,491,611)	(80,496)	(14,063,465)
	666,809	96,382,416	663,553	93,464,251

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 20, 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 nine months ended December 31, 2020, there were 217,100 shares purchased and cancelled.

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount $
Balance, March 31, 2020	107,812,361	$ 745,275
Shares issued in connection with share-based payment plans	1,121	10
Shares purchased and cancelled under normal course issuer bid	(217,100)	(1,505)
Shares issued in connection with with settlement of Jitneytrade contingent consideration [note 5]	300,000	2,000
Shares issued in connection with exercise of PSO [note 17]	100,000	673
Balance, December 31, 2020	107,996,382	**746,453**

[iii] EARNINGS PER COMMON SHARE

	For the three months ended		For the nine months ended	
	December 31, 2020 $	December 31, 2019 $	December 31, 2020 $	December 31, 2019 $
Basic earnings per common share				
Net income attributable to CGGI shareholders	$ **66,991**	$ 22,509	$ 125,909	$ 60,202
Preferred shares dividends	**(2,351)**	(2,351)	(7,053)	(7,053)
Net income available to common shareholders	**64,640**	20,158	118,856	53,149
Weighted average number of common shares (number)	**96,719,401**	96,861,164	96,590,602	99,825,130
Basic earnings per share	$ **0.67**	$ 0.21	$ 1.23	$ 0.53
Diluted earnings per common share				
Net income available to common shareholders	**64,640**	20,158	118,856	53,149
Interest on convertible debentures, net of tax	**1,732**	1,716	5,183	5,136
Adjusted net earnings available to common shareholders	**66,372**	21,874	124,039	58,285
Weighted average number of common shares (number)	**96,719,401**	96,861,164	96,590,602	99,825,130
Dilutive effect in connection with LTIP (number)	**11,104,962**	12,242,886	10,998,580	12,282,866
Dilutive effect in connection with a promissory note (number)	**—**	1,110,124	—	1,110,124
Dilutive effect in connection with performance stock options (number)	**1,189,493**	—	227,556	—
Dilutive effect in connection with convertible debentures (number)	**13,272,500**	13,272,500	13,272,500	13,272,500
Dilutive effect in connection with acquisition of Petsky Prunier (number)	**1,473,700**	2,211,000	1,473,700	2,211,000
Adjusted weighted average number of common shares (number)	**123,760,056**	125,697,674	122,562,938	128,701,620
Diluted earnings per common share	$ **0.54**	$ 0.17	$ 1.01	$ 0.45

16. Dividends

COMMON SHARE DIVIDENDS

The Company declared the following common share dividend during the nine months ended December 31, 2020:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 19, 2020	June 30, 2020	$ 0.05	$ 5,390
August 28, 2020	September 10, 2020	$ 0.055	$ 5,930
November 27, 2020	December 10, 2020	$ 0.055	$ 5,918

On February 3, 2021, the Board of Directors approved a dividend of $0.065 per common share, payable on March 10, 2021, with a record date of February 26, 2021 [Note 21].

PREFERRED SHARE DIVIDENDS

The Company declared the following preferred share dividends during the nine months ended December 31, 2020:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 19, 2020	June 30, 2020	$ 0.24281	$ 0.31206	$ 2,351
September 18, 2020	September 30, 2020	$ 0.24281	$ 0.31206	$ 2,351
December 18, 2020	December 31, 2020	$ 0.24281	$ 0.31206	$ 2,351

On February 3, 2021, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on March 31, 2021 to Series A Preferred shareholders of record as at March 19, 2021 [Note 21].

On February 3, 2021, the Board approved a cash dividend of $ 0.31206 per Series C Preferred Share payable on March 31, 2021 to Series C Preferred shareholders of record as at March 19, 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 Plan 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 the fiscal period in which the awards are either made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but were 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 5,804,407 RSUs granted in lieu of cash compensation to employees during the period ended December 31, 2020 [December 31, 2019 – 6,117,024 RSUs]. The Trusts purchased 4,534,485 common shares during the nine months ended December 31, 2020 [December 31, 2019 – 5,746,334 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 nine-month period ended December 31, 2020 was $5.91 [December 31, 2019 – $5.43].

	Number
Awards outstanding, March 31, 2020	13,104,975
Grants	5,804,407
Vested	(7,093,495)
Forfeited	(157,352)
Awards outstanding, December 31, 2020	11,658,535

	Number
Common shares held by the Trusts, March 31, 2020	14,063,465
Acquired	4,534,485
Released on vesting	(7,106,339)
Common shares held by the Trusts, December 31, 2020	11,491,611

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 3-year vesting period, the number of PSUs which vest is determined 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 PSUs are settled in cash, based on the market price of the Company's shares at the time of vesting. The number of PSUs that ultimately vest is adjusted for dividends paid during the vesting period and is a multiple of the number of PSUs that were originally granted. The multiple will be in a range of 0x to 2x based upon performance against certain pre-determined metrics as measured at the time of vesting.

The PSUs were measured at fair value on 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 quarter, the PSU plan was amended to include certain employment-related conditions to the vesting of the awards resulting in a change in the amortization expense recorded in Q3/21 and in the periodic amortization expense to be recorded during the vesting period. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at December 31, 2020 was $70.7 million [March 31, 2020 – $22.7 million].

iii. PERFORMANCE STOCK OPTIONS

On June 1, 2018, the Company created a performance share option ("PSO") plan. 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, as well as 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 nine months ended December 31, 2020, the stock price performance vesting conditions had been met on a total of 4,690,000 outstanding options. A total of 2,006,666 options outstanding had met both stock price performance and time-based vesting condition and therefore fully vested and outstanding.

The following is a summary of the Company's PSOs as at December 31, 2020:

	Number of PSOs	Weighted average exercise price ($)
Balance, March 31, 2020	6,320,000	6.76
Granted	100,000	8.31
Exercised	(100,000)	6.73
Balance, December 31, 2020	6,320,000	6.79

iv. OTHER SHARE-BASED PAYMENT PLAN

During the year ended March 31, 2019, the Company granted a share-based award to a senior executive. The award was originally scheduled to vest on March 31, 2021. During the nine months ended December 31, 2020, the award was modified to a cash-settled award with the settlement value determined based on the measurement period ended December 31, 2020. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to the other share-based payment plan at December 31, 2020 was $19.3 million.

v. SHARE-BASED COMPENSATION EXPENSE

	For the three months ended		For the nine months ended	
	December 31, 2020 $	December 31, 2019 $	**December 31, 2020 $**	December 31, 2019 $
Long-term incentive plan	**9,652**	3,459	**12,844**	11,461
Deferred share units (cash-settled)	**2,089**	(121)	**3,165**	(463)
PSU (cash-settled)	**7,683**	(2,580)	**47,775**	(3,527)
PSO	**548**	990	**2,183**	3,089
Other share-based payment plan	**2,079**	830	**3,375**	2,068
Total share-based compensation expense	**22,051**	2,578	**69,342**	12,628

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:

	December 31, 2020	**March 31, 2020**
Accounts receivable	**2,403**	2,328
Accounts payable and accrued liabilities	**870**	980

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, and the UK & Europe.

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 & Europe (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 & Europe (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	December 31, 2020				December 31, 2019			
	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	51,400	132,786	—	184,186	36,394	110,797	—	147,191
Investment banking	171,869	41,550	—	213,419	42,619	8,931	—	51,550
Advisory fees	70,731	1,273	—	72,004	60,578	113	—	60,691
Principal trading	50,843	270	—	51,113	27,104	45	—	27,149
Interest	1,340	3,439	1,012	5,791	6,563	7,614	2,445	16,622
Other	2,692	1,179	2,693	6,564	916	884	3,011	4,811
Expenses, excluding undernoted	243,365	128,903	28,019	400,287	146,112	97,384	11,748	255,244
Interest expense	2,486	1,380	2,858	6,724	3,695	1,959	2,836	8,490
Amortization	1,513	4,511	121	6,145	3,395	4,885	135	8,415
Amortization of right of use assets	3,532	1,690	831	6,053	3,416	1,480	936	5,832
Development costs	2,312	5,663	840	8,815	54	6,469	37	6,560
Restructuring costs	—	—	—	—	—	1,250	—	1,250
Acquisition-related costs	4,644	860	—	5,504	—	—	—	—
Share of loss (gain) of an associate	—	—	275	275	—	—	(60)	(60)
Income (loss) before intersegment allocations and income taxes	91,023	37,490	(29,239)	99,274	17,502	14,957	(10,176)	22,283
Intersegment allocations	3,921	4,247	(8,168)	—	3,949	2,606	(6,555)	—
Income (loss) before income taxes	87,102	33,243	(21,071)	99,274	13,553	12,351	(3,621)	22,283

For the nine months ended	December 31, 2020				December 31, 2019			
	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	149,915	370,848	—	520,763	106,858	314,450	—	421,308
Investment banking	378,362	77,250	—	455,612	154,898	33,445	—	188,343
Advisory fees	127,973	2,302	56	130,331	156,059	451	—	156,510
Principal trading	158,194	777	—	158,971	73,447	35	—	73,482
Interest	4,674	10,341	3,786	18,801	17,988	22,506	7,974	48,468
Other	6,159	2,894	7,631	16,684	3,640	2,610	9,858	16,108
Expenses, excluding undernoted	618,279	337,599	82,264	1,038,142	429,722	276,956	39,670	746,348
Interest expense	8,158	3,633	8,334	20,125	11,575	4,877	8,462	24,914
Amortization	5,069	14,238	331	19,638	10,246	13,788	366	24,400
Amortization of right of use assets	10,328	6,115	2,421	18,864	10,339	4,299	2,715	17,353
Development costs	2,744	12,703	950	16,397	445	14,161	157	14,763
Restructuring costs	—	—	—	—	—	2,348	—	2,348
Acquisition-related costs	4,644	860	—	5,504	1,806	2,308	—	4,114
Share of loss of an associate	—	—	306	306	—	—	174	174
Income (loss) before intersegment allocations and income taxes	176,055	89,264	(83,133)	182,186	48,757	54,760	(33,712)	69,805
Intersegment allocations	13,118	12,707	(25,825)	—	12,721	10,238	(22,959)	—
Income (loss) before income taxes	162,937	76,557	(57,308)	182,186	36,036	44,522	(10,753)	69,805

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		For the nine months ended	
	December 31, 2020 $	December 31, 2019 $	**December 31, 2020 $**	December 31, 2019 $
Canada	**216,291**	98,624	**466,509**	333,919
UK & Europe (including Dubai)	**91,228**	102,093	**261,776**	282,789
United States	**161,896**	83,115	**393,073**	246,981
Australia	**63,662**	24,182	**179,804**	40,530
	533,077	308,014	**1,301,162**	904,219

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 nine months ended December 31, 2020:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2020	$ 4,545	$ 2,190	$ 6,735
Additions	6,384	—	6,384
Utilized	(732)	(375)	(1,107)
Balance, December 31, 2020	**10,197**	**1,815**	**12,012**

COMMITMENTS, LITIGATION PROCEEDINGS AND CONTINGENT LIABILITIES

In the normal course of business, the Company is involved in litigation, and as of December 31, 2020, 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 December 31, 2020, 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, 2020 audited consolidated financial statements except as noted below.

In respect of the proceedings to determine the quantum of damages in the action against Collins Stewart (C.I.) Limited, now called Canaccord Genuity Wealth (International) Limited (CGWIL), referred to in Note 19 of the unaudited interim condensed consolidated financial statements for the six months ended September 30, 2020,CGWIL has been granted leave to appeal on one ground and will seek further leave to appeal on three other grounds. As at the date of these unaudited interim condensed consolidated financial statements, the probable outcome of any further proceedings in respect of this matter cannot be determined and changes to the damages award, if any, cannot be reasonably estimated. The ultimate resolution of this matter will not have a material effect on the financial position of the Company.

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 December 31, 2020, since the lease has not yet commenced, The Company's undiscounted lease commitments were as follows, as at:

	December 31, 2020
Less than 1 year	$ —
From 1 to 3 years	5,562
Thereafter	37,306
	$ 42,868

21. Subsequent Events

i. Convertible debentures

On January 18, 2021, the Company announced its intention to seek approval from each of the holders of its 6.25% convertible unsecured senior subordinated debentures ("Debentures") to make certain amendments to the indenture governing the Debentures. The proposed amendments include the addition of a right of the Company to redeem, at its option and from time to time, between April 1, 2021 and October 31, 2021, any or all of the outstanding Debentures for specified consideration plus any accrued and unpaid interest. The proposed amendments also suspend the Debenture holders' right to convert their Debentures into common shares, at the current exercise price of $10.00 until November 1, 2021. The proposed amendments are subject to the approval of the Debenture holders, the TSX and Computershare Trust of Canada, as Debenture trustee (as applicable). Unless the Company obtains written consents from holders of at least two-thirds of the principal amount of the Debentures outstanding, consent will be sought at a special meeting of the Debenture holders to be held on February 22, 2021.

ii. UK wealth Management

On February 3, 2021, the Company's wholly-owned subsidiaries, Canaccord Genuity Wealth Group Holdings Limited and Canaccord Genuity Group Holdings (Jersey) Limited ("JerseyCo), entered into an agreement with certain institutional investors (the "Investors") whereby the Investors agreed to invest in JerseyCo. Subject to regulatory approval and other customary closing conditions, the Investors will acquire Convertible Preferred Shares (the "Convertible Preferred Shares") to be issued by JerseyCo. JerseyCo is the parent company of the Company's wealth management operating subsidiaries in the UK, the Channel Islands and in the Isle of Man.

The Investors will purchase Convertible Preferred Shares for an aggregate purchase price of £122.5 million (C$217 million), and the initial liquidation preference applicable to the Convertible Preferred Shares will be £125 million (C$219 million). On an as converted basis the Convertible Preferred Shares will represent 21.93% of the outstanding equity interest in JerseyCo. Cumulative dividends are payable by JerseyCo on the Convertible Preferred Shares at the greater of an annual 7.5% coupon and the proportionate share that such shares would receive, on an as converted basis, in respect of dividends paid by JerseyCo. If a liquidity event occurs before the end of five years the Convertible Preferred Shares will carry a liquidation preference equal to the greatest of (i) the amount of principal plus accrued but unpaid dividends attributable to the Convertible Preferred Shares had they been issued five years prior, (ii) an amount equal to 1.5 multiplied by the issue price of the Convertible Preferred Shares (less any previously paid dividends), or (iii) the amount which the Investors would receive on an as converted basis. If a liquidity event occurs on or after the fifth anniversary then the Convertible Preferred Shares will carry a liquidation preference equal to the greater of (i) the amount of principal plus accrued but unpaid dividends attributable to the Convertible Preferred Shares or (ii) the amount which the Investors would receive on an as converted basis. If a liquidity event has not occurred after five years, then JerseyCo has an option to acquire the Convertible Preferred Shares at the greater of the applicable liquidation preference amount and the amount which would provide the Investors with an internal rate of return of 11.5% (including all previously paid dividends). After the fifth anniversary the Investors have certain rights in respect of initiating a liquidity event. The Convertible Preferred Shares carry customary minority rights in respect of JerseyCo governance and financial matters.

It is expected that in connection with this transaction Jerseyco will implement an equity-based management incentive plan with performance thresholds and a purchase of Convertible Preferred shares in the additional amount of £6.0 million (C$10.5 million).

iii. Dividends

On February 3, 2021, the Board of Directors approved a dividend of $0.065 per common share, payable on March 10, 2021, with a record date of February 26, 2021 [Note 16].

On February 3, 2021, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on March 31, 2021 with a record date of March 19, 2021; and $0.31206 per Series C Preferred Share payable on March 31, 2021 with a record date of March 19, 2021 [Note 16].