THIRD QUARTER

Fiscal 2022 Report to Shareholders

Canaccord Genuity Group Inc. Reports Third Quarter Fiscal 2022 Results

Third quarter earnings per common share excluding significant items[1] of $0.69

Third quarter capital deployment initiatives include $100 million common share buyback and quarterly common share dividend increase to $0.085

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

TORONTO, February 9, 2022 – Canaccord Genuity Group Inc. (Canaccord Genuity Group, the Company, TSX: CF) today announced its financial results for the third fiscal quarter, ended December 31, 2021.

"All of our businesses delivered strong performances and we earned our second-highest quarterly revenue on record," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "Our third quarter was also a very productive period for strategic activities, including acquisitions in our wealth management and advisory businesses to increase our long-term value and enhance stability, in addition to a $100 million dollar share buyback. While we are navigating broad market headwinds, our franchise has never been stronger."

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 excluding significant items[1] of $550.8 million, a year-over-year improvement of 3.3% and our second-highest quarterly revenue on record ($552.2 million on an IFRS basis)
- Nine-month fiscal year-to-date revenue of $1.5 billion, an increase of 18.8% over the same period in the prior year
- Third quarter net income before taxes excluding significant items[1] of $113.4 million, a year-over-year improvement of 2.6% ($95.0 million and a year-over-year decrease of 4.3% on an IFRS basis)
- Net income before taxes excluding significant items[1] of $323.0 million for the first nine months of fiscal 2022, an improvement of 59.3% year-over-year ($281.7 million and year-over-year improvement of 54.6% on an IFRS basis)
- Diluted earnings per common share excluding significant items[1] for the third fiscal quarter of $0.69 per share ($0.52 per share on an IFRS basis), an increase of 11.3% compared to the third quarter of fiscal 2021
- Diluted earnings per common share excluding significant items[1] for the first nine months of fiscal 2022 of $2.00 per share ($1.64 on an IFRS basis), an increase of 73.9% compared to first nine months of fiscal 2021
- Record quarterly advisory revenue of $153.3 million, reflecting substantially increased contributions from our Canadian capital markets business and continued strong performance in the US and in the UK and Europe
- Total client assets[1] in our global wealth management business grew to a record $101.9 billion, an increase of 19.6% from Q3/21 reflecting year-over-year increases of 28.0% in Canada, 14.8% in the UK & Crown Dependencies, and 21.3% in Australia
- Purchased 2,808,316 common shares for cancellation under our normal course issuer bid (NCIB) during the nine months ended December 31, 2021
- Fiscal year-to-date capital deployment initiatives including dividends and share buybacks totalled $161.7 million including the substantial issuer bid of $100.0 million announced during the quarter
- Third quarter common share dividend of $0.085 per common share

(1) see Non-IFRS Measures on page 5

	Three months ended December 31		Year-over-year change	Three months ended September 30	Quarter-over-quarter change
	Q3/22	Q3/21		Q2/22	
Third fiscal quarter highlights – adjusted[1]					
Revenue excluding significant items[1]	$ **550,817**	$ 533,077	3.3%	$ 475,161	15.9%
Expenses excluding significant items[1]	$ **437,385**	$ 422,503	3.5%	$ 379,509	15.3%
Diluted earnings per common share excluding significant items[1]	$ **0.69**	$ 0.62	11.3%	$ 0.58	19.0%
Net Income excluding significant items[1]	$ **84,632**	$ 78,971	7.2%	$ 69,719	21.4%
Net Income attributable to common shareholders excluding significant items[1,3]	$ **75,098**	$ 75,160	(0.1)%	$ 63,326	18.6%
Third fiscal quarter highlights – IFRS					
Revenue	$ **552,217**	$ 533,077	3.6%	$ 475,161	16.2%
Expenses	$ **457,234**	$ 433,803	5.4%	$ 388,124	17.8%
Diluted earnings per common share	$ **0.52**	$ 0.54	(3.7)%	$ 0.49	6.1%
Net Income[2]	$ **66,732**	$ 68,451	(2.5)%	$ 61,785	8.0%
Net Income attributable to common shareholders[3]	$ **56,254**	$ 64,640	(13.0)%	$ 54,232	3.7%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 5
(2) Before non-controlling interests and preferred share dividends paid on the Series A and Series C preferred shares
(3) Net income attributable to common shareholders is calculated as the net income adjusted for non-controlling interests and preferred share dividends

Core business performance highlights:

Canaccord Genuity Wealth Management

The Company's combined global wealth management operations earned revenue of $184.9 million for the third fiscal quarter, and $546.1 million for the first nine months of fiscal 2022, year-over-year increases of 2.4% and 17.6% respectively. Net income before taxes excluding significant items[1] for this segment increased by 0.5% year-over-year to $39.4 million and 32.0% fiscal year-to-date, to $119.3 million.

- Wealth management operations in the UK & Crown Dependencies (CGWM UK) generated third quarter revenue of $81.7 million, an increase of 8.8% compared to Q2/22 and an increase of 16.6% compared to the same period last year. Net income before taxes excluding significant items[1] for this business was $22.2 million in Q3/22, up 38.9% year over year and 12.6% sequentially
- Canaccord Genuity Wealth Management (North America) generated $82.6 million in third quarter revenue, an increase of 14.1% compared to Q2/22, and a year-over-year decrease of 10.9%, reflecting reduced new issue activity in the current quarter compared to Q3/21. Net income before taxes excluding significant items[1] for this business was $15.2 million in Q3/22, which represents a year-over-year decrease of 24.4% and a sequential increase of 53.3%
- Wealth management operations in Australia generated $20.6 million in third quarter revenue, an increase of 9.7% compared to Q2/22 and an increase of 16.6% compared to the third quarter of last year. Net income before taxes excluding significant items[1] for this business was $2.0 million in Q3/22, down from $3.1 million in Q3/21 and down from $2.1 million in Q2/22 reflecting the cost of certain new hire incentives and technology enhancements

Total client assets[1] in the Company's global wealth management businesses at the end of the third fiscal quarter reached a new record of $101.9 billion.

- Client assets[1] in North America were $37.5 billion at December 31, 2021, an increase of 4.8% from $35.8 billion at the end of the previous quarter and an increase of 28.0% from $29.3 billion at December 31, 2020
- Client assets[1] in the UK & Crown Dependencies were $59.4 billion (£34.8 billion) at December 31, 2021, an increase of 3.3% from $57.5 billion (£33.6 billion) at the end of the previous quarter and an increase of 14.8% from $51.8 billion (£29.7 billion) at December 31, 2020
- Client assets[1] in Australia were $5.1 billion (AUD 5.5 billion) at December 31, 2021, an increase of 5.2% from $4.8 billion (AUD 5.3 billion) at the end of the previous quarter and an increase of 21.3% from $4.2 billion (AUD 4.3 billion) at December 31, 2020. In addition, client asset[1] totalling $17.3 billion (AUD 18.9 billion) are also held on record in less active and transactional accounts through our Australian platform

Canaccord Genuity Capital Markets

Globally, Canaccord Genuity Capital Markets earned revenue of $361.9 million for the third fiscal quarter and $991.0 million for the first nine months of fiscal 2022, year-over-year increases of 3.7% and 20.1% respectively. Despite the reduction in new issue activity, third quarter revenue contributions from higher-margin advisory activities increased 114.9% year-over-year to $152.0 million. Net income before taxes excluding significant items[1] for this segment was $93.8 million for the quarter and $251.2 million fiscal year-to-date, year-over-year improvements of 1.4% and 47.9% respectively.

- Canaccord Genuity Capital Markets led or co-led 89 investment banking transactions globally, raising total proceeds of $3.0 billion during fiscal Q3/22.
- Canaccord Genuity Capital Markets, including led and co-led transactions, participated in 167 investment banking transactions globally, raising total proceeds of $13.1 billion during fiscal Q3/22.

Revenue from our U.S. capital markets business increased by 18.1% year-over-year to $189.4 million. Advisory fees revenue amounted to $102.2 million for the three-month period, an increase of 98.9% compared to Q3/21. Fiscal year-to-date, the total revenue contribution from this business increased by 34.5% year-over-year, to $520.6 million. Net income before taxes excluding significant items[1] for this business for the first nine months of fiscal 2022 amounted to $122.2 million, an increase of 85.7% when compared to the first nine months of fiscal 2021 and

(1) see Non-IFRS Measures on page 5

surpassing all prior full fiscal year contributions. On December 31, 2021, we completed our acquisition of a leading U.S. Consumer-focused advisory firm, Sawaya Partners. The Company expects that this increased capability will be a significant contributor to building upon the successful growth of its advisory practice.

Third quarter revenue in our Canadian capital markets business amounted to $93.5 million, an increase of 63.9% compared to Q2/22 and a decrease of 22.9% year-over-year. Decreased contributions from new issue activities, commissions and fees, and trading during the third fiscal quarter were partially offset by a 186.6% increase in revenue earned from advisory activities, bringing the total to $33.8 million for the quarter. Advisory revenue was $70.0 million for the first nine months of fiscal 2022, an increase of 116.% over the same period in the prior year. Net income before taxes excluding significant items(1) for this business for the fiscal year-to-date amounted to $86.4 million, an increase of 32.3% when compared to the first nine months of fiscal 2021.

Revenue in our Australian capital markets operation amounted to $49.9 million for the third quarter, an increase of 45.0% compared to Q2/22, and an increase of 8.4% compared to the same period a year ago. The increase in the current quarter was largely driven by increased investment banking activity in our focus sectors. Net income before taxes excluding significant items(1) for this business amounted to $16.4 million, an increase of 37.2% year-over-year, and a quarterly record for this business.

Third quarter revenue in our UK & Europe capital markets business increased by 37.5% year-over-year to $29.0 million and by 53.4% fiscal-year to date to $91.1 million, largely due to higher investment banking and advisory fees revenue, which increased 32.6% and 112.5% respectively compared to Q3/21. Net income before taxes excluding significant items(1) for this business contributed third quarter pre-tax net income of $3.4 million, bringing its fiscal year-to-date contribution to $10.2 million, up from a loss of $1.1 million over the same period a year ago.

Summary of Corporate Developments:

On October 1, 2021, the Company announced that CGWM UK had completed the acquisition of the private client investment management business of Adam & Company (including the acquisition of the entire issued capital of Adam & Company Investment Management Limited). This acquisition marks the Company's entry into the Scottish market with a leading and well-established franchise and a strong brand.

On December 14, 2021, the Company announced that through CGWM UK, it has entered into a share purchase agreement to acquire Punter Southall Wealth Limited (PSW), including the intermediary-facing brand Psigma, from Punter Southall Group. Consideration on closing will comprise cash in the amount of £164 million (C$277.5 million) and an equity interest comprising newly issued ordinary shares in CGWM UK. In connection with the closing of the acquisition, it is expected that CGWM UK will add £100 million (C$169.2 million) to its existing bank facility. In addition, HPS Investment Partners, LLC on behalf of investment accounts and funds it manages has agreed to make an additional investment in CGWM UK on closing of the acquisition through the purchase of a new series of convertible preferred shares of CGWM UK in the amount of £65.3 million (C$110.5 million). On conclusion of the acquisition, it is expected that the Company will hold an approximate 66.9% equity equivalent interest in CGWM UK on an as converted basis. Closing is subject to customary closing conditions, including regulatory approval.

On December 31, 2021, the Company announced that it had completed its previously announced acquisition of Sawaya Partners, a leading M&A advisory firm to the consumer sector based in New York. Sawaya Partners will operate with Canaccord Genuity branding as "CG/Sawaya Partners" recognizing the significant goodwill and awareness of the Sawaya name in the consumer sector. All existing employees of Sawaya Partners will continue with the Company's U.S. capital markets business.

In a substantial issuer bid which commenced on December 22, 2021 and expired on January 27, 2022, the Company made an offer (the "Offer") to purchase for cancellation up to $100.0 million of its common shares. The Offer was made by way of a "modified Dutch auction", which allowed shareholders who chose to participate in the offer to individually select the price, within a price range of not less than $15.50 per Common Share and not more than $16.50 per common share (in increments of $0.10 per Common Share), at which they were willing to sell their common shares. Upon expiry of the offer, the Company determined that $15.50 was the lowest purchase price that allowed it to purchase the maximum number of common shares properly tendered to the offer, and not properly withdrawn, having an aggregate purchase price of approximately $100.0 million. Subsequent to the end of the quarter the Company therefore purchased for cancellation 6,451,612 of its common shares at a purchase price of $15.50 per share, representing approximately 6.1% of the issued and outstanding common shares on a non-diluted basis at January 31, 2022.

On January 3, 2022, the share structure for our Australia operations was reorganized through the sale of partly paid shares to selected employees of Canaccord Financial Group (Australia) Pty Ltd. (CFGA) and as a result the Company's ownership in CFGA decreased from 80% to 65%. For accounting purposes, the Company's ownership interest changed from 85% to 67% commencing the fourth quarter of fiscal 2022 because of shares held in an employee trust controlled by CFGA. The purpose of the change in the ownership structure was to provide further alignment with our employee base in the Australian region and to provide the business with capital and access to capital for growth.

Results for the third quarter of fiscal 2022 were impacted by the following significant items(1):

- Fair value adjustments on certain illiquid or restricted marketable securities recorded for IFRS reporting purposes, but which are excluded for management reporting purposes and are not used by management to assess operating performance
- Amortization of intangible assets acquired in connection with business combinations
- Certain incentive-based costs related to the acquisitions and growth initiatives of CGWM UK
- Acquisition-related costs comprised of professional fees related to the acquisitions of Adam & Company, Sawaya Partners as well as other prospective acquisition opportunities by CGWM UK
- Fair value adjustment related to the derivative liability component of the non-controlling interests related to the Convertible Preferred Shares issued by CGWM UK

(1) see Non-IFRS Measures on page 5

Summary of results for Q3 fiscal 2022 and selected financial information excluding significant items[1]

	Three months ended December 31		Quarter-over-quarter change	Nine months ended December 31		YTD over YTD change
(C$ thousands, except per share and % amounts)	2021	2020		2021	2020	
Revenue						
Revenue per IFRS	**$ 552,217**	$ 533,077	3.6%	**$ 1,546,209**	$ 1,301,162	18.8%
Significant items recorded in Corporate and Other						
Fair value adjustments on certain illiquid and restricted marketable securities	**$ (1,400)**	—	n.m.	**$ 3,600**	—	n.m.
Total revenue excluding significant items[1]	**$ 550,817**	$ 533,077	3.3%	**$ 1,549,809**	$ 1,301,162	19.1%
Expenses						
Expenses per IFRS	$ 457,234	$ 433,803	5.4%	$ 1,264,488	$ 1,118,976	13.0%
Significant items recorded in Canaccord Genuity Capital Markets						
Amortization of intangible assets	**$ 107**	$ 741	(85.6)%	**$ 560**	$ 2,232	(74.9)%
Acquisition-related costs	**$ 537**	$ 4,644	(88.4)%	**$ 537**	$ 4,644	(88.4)%
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	**$ 4,113**	$ 3,213	28.0%	**$ 10,439**	$ 9,827	6.2%
Acquisition-related costs	**$ 6,225**	$ 860	n.m.	**$ 8,145**	$ 860	n.m.
Incentive based costs related to acquisitions[2]	**$ 348**	$ 1,842	(81.1)%	**$ 2,794**	$ 3,102	(9.9)%
Costs associated with reorganization of CGWM UK[3]	**—**	—	—	**$ 794**	—	n.m.
Significant items recorded in Corporate and Other						
Costs associated with redemption of convertible debentures[4]	**—**	—	—	**$ 5,932**	—	n.m.
Change in derivative fair value[5]	**$ 8,519**	—	n.m.	**$ 8,519**	—	n.m.
Total significant items – expenses	**$ 19,849**	11,300	75.7%	**$ 37,720**	$ 20,665	82.5%
Total expenses excluding significant items[1]	**$ 437,385**	$ 422,503	3.5%	**$ 1,226,768**	$ 1,098,311	11.7%
Net income before taxes excluding significant items[1]	**$ 113,432**	$ 110,574	2.6%	**$ 323,041**	$ 202,851	59.3%
Income taxes (adjusted)[1]	**$ 28,800**	$ 31,603	(8.9)%	**$ 84,036**	$ 54,092	55.4%
Net income excluding significant items[1]	**$ 84,632**	$ 78,971	7.2%	**$ 239,005**	$ 148,759	60.7%
Significant item impacting net income attributable to common shareholders						
Non-controlling interests – IFRS	**$ 8,087**	$ 1,460	n.m.	**$ 14,341**	$ 4,499	218.8%
Amortization of equity component of the non-controlling interests in CGWM UK and other adjustment	**$ 944**	—	n.m.	**$ 1,844**	—	n.m.
Non-controlling interests (adjusted)[1]	**$ 7,143**	$ 1,460	n.m.	**$ 12,497**	$ 4,499	177.8%
Net income attributable to common shareholders, excluding significant items[1]	**$ 75,098**	$ 75,160	(0.1)%	**$ 219,415**	$ 137,207	59.9%
Earnings per common share excluding significant items[1] – basic	**$ 0.80**	$ 0.78	2.6%	**$ 2.29**	$ 1.42	61.3%
Diluted earnings per common share excluding significant items[1]	**$ 0.69**	$ 0.62	11.3%	**$ 2.00**	$ 1.15	73.9%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures.
(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Crown Dependencies wealth management business.
(3) Professional fees related to the issuance of Convertible Preferred Shares to CGWM UK on July 29, 2021.
(4) During the nine months ended December 31, 2021, the Company entered into a credit agreement for a senior secured first lien term loan facility ("loan facility") to partially fund the redemption of the convertible debentures. Transaction costs incurred in connection with the loan facility are recognized on an amortized cost basis and included in the effective interest rate of the facility. Interest associated with this loan facility is included in costs associated with redemption of convertible debentures for the nine months ended December 31, 2021.
(5) Fair value adjustment related to the derivative liability component of the non-controlling interests related to the Convertible Preferred Shares issued by CGWM UK

Diluted earnings per common share ("diluted EPS") is computed using the treasury stock method, giving effect to the exercise of all dilutive elements. The Convertible Preferred Shares issued by CGWM UK are factored into the diluted EPS by adjusting net income attributable to common shareholders of the Company to reflect our proportionate share of CGWM UK's earnings on an as converted basis if the calculation is dilutive. For the quarter ended Q3 fiscal 2022 and the nine months ended December 31, 2021, the effect of reflecting our proportionate share of CGWM UK's earnings is anti-dilutive under IFRS for diluted EPS purposes but dilutive for the purpose of determining diluted EPS excluding significant items[1]. As such, the diluted EPS under IFRS is computed based on net income attributable to common shareholders less accrued dividends on the Convertible Preferred Shares issued by CGWM UK. Net income attributable to common shareholders excluding significant items[1] reflects the Company's proportionate share of CGWM UK's net income excluding significant items[1] on an as converted basis.

The effect of reflecting the proportionate share of CGWM UK's earnings is only dilutive for Q3 fiscal 2022 and the nine-months ended December 31, 2021 for the purpose of determining the diluted EPS excluding significant items[1]. It was anti-dilutive for Q2 fiscal 2022.

(1) see Non-IFRS Measures on page 5

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

- Cash and cash equivalents balance of $1.8 billion, a decrease of $93.1 million from $1.9 billion
- Working capital of $728.3 million, an increase of $175.8 million from $552.5 million
- Total shareholders' equity of $1.11 billion, an increase of $0.9 million from $1.11 billion

Common and Series A and Series C Preferred Share Dividends:

On February 9, 2022, the Board of Directors approved a dividend of $0.085 per common share, payable on March 10, 2022, with a record date of February 25, 2022.

On February 9, 2022, the Board of Directors approved the following cash dividends: $0.25175 per Series A Preferred Share payable on March 31, 2022 with a record date of March 18, 2022; and $0.31206 per Series C Preferred Share payable on March 31, 2022 with a record date of March 18, 2022.

Non-IFRS Measures

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

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

Non-IFRS Measures (Adjusted Figures)

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

A reconciliation of non-IFRS measures that exclude significant items to the applicable IFRS measures from the unaudited interim condensed consolidated financial statements for the third quarter of fiscal 2022 can be found above in the table entitled "Summary of results for Q3 fiscal 2022 and selected financial information excluding significant items".

Non-IFRS Ratios

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

Supplementary Financial Measures

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

Management's Discussion and Analysis

Third quarter fiscal 2022 for the three and nine months ended December 31, 2021 — this document is dated February 9, 2022

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, 2021 compared to the corresponding period in the preceding fiscal year. The three-month period ended December 31, 2021 is also referred to as third quarter 2022 and Q3/22. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Genuity Group Inc. and "Canaccord Genuity Group" refers to the Company and its direct and indirect subsidiaries. This discussion should be read in conjunction with: the unaudited interim condensed consolidated financial statements for the three and nine month period ended December 31, 2021, beginning on page 31 of this report; our Annual Information Form (AIF) dated June 24, 2021; and the 2021 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2021 (Audited Annual Consolidated Financial Statements) in the Company's annual report dated June 1, 2021 (the 2021 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2021 except as disclosed in this MD&A. The Company's financial information is expressed in Canadian dollars unless otherwise specified. The Company's wealth management business in the UK & Crown Dependencies is referred to as CGWM UK in this Management's Discussion and Analysis.

Cautionary Statement Regarding Forward-Looking Information

This document may contain "forward-looking statements" (as defined under applicable securities laws). These statements relate to future events or future performance and reflect management's expectations, beliefs, plans, estimates, intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts, including business and economic conditions and the potential continued impacts of the COVID-19 pandemic on our business operations, financial results and financial condition and on the global economy and financial market conditions, and Canaccord Genuity Group's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement.

These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties and the potential continued impacts of the COVID-19 pandemic on our business operations, financial results and financial condition and on the global economy and financial market conditions discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its annual report and Annual Information Form (AIF) filed on www.sedar.com as well as the factors discussed in the sections entitled "Risk Management" in this MD&A and "Risk Factors" in the AIF, which include market, liquidity, credit, operational, legal, cyber and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2022 Outlook section in the annual MD&A and those discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its 2021 Annual Report and AIF filed on www.sedar.com. The preceding list is not exhaustive of all possible risk factors that may influence actual results. Readers are also cautioned that the preceding list of material factors or assumptions is not exhaustive.

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

Presentation of Financial Information and Non-IFRS Measures

This MD&A is based on the unaudited interim condensed consolidated financial statements for the three and nine-month period ended December 31, 2021 (Third quarter 2022 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The Third quarter 2022 Financial Statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), and using accounting policies consistent with those applied in preparing the Company's Audited Annual Consolidated Financial Statements for the year ended March 31, 2021.

NON-IFRS MEASURES

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

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

NON-IFRS MEASURES (ADJUSTED FIGURES)

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

A reconciliation of non-IFRS measures that exclude significant items to the applicable IFRS measures from the unaudited interim condensed consolidated financial statements for the third quarter of fiscal 2022 can be found in the table entitled “Summary of results for Q3 fiscal 2022 and selected financial information excluding significant items” on page 12.

NON-IFRS RATIOS

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

SUPPLEMENTARY FINANCIAL MEASURES

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

Business Overview

Through its principal subsidiaries, Canaccord Genuity Group Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, the Company has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services 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.

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

On July 29, 2021, HPS Investment Partners, LLC, on behalf of certain investment accounts and funds it manages (collectively, "HPS"), completed its investment in the Company's UK wealth management division. HPS has acquired convertible preferred shares (the "Convertible Preferred Share") in the amount of £125.0 million (C$218.0 million) issued by the Company's subsidiary, Canaccord Genuity Wealth Group Holdings (Jersey) Limited (CGWM UK). A portion of the proceeds was used to repay the senior secured first lien term loan facility of £69.0 million which was used to partially fund the redemption of the Company's 6.25% convertible unsecured senior subordinated debentures on April 9, 2021.

On an as converted basis the Convertible Preferred Shares represented 21.93% of the outstanding equity interest in CGWM UK as of December 31, 2021. Cumulative dividends, when, as and if declared by the board of directors of CGWM UK, are payable by CGWM UK 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 any dividends declared and paid in respect of ordinary shares of CGWM UK. No dividends may be paid on any other class of shares of CGWM UK unless and until the cumulative dividends on the Convertible Preferred Shares are declared and paid. 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 holders of the Convertible Preferred Shares 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 holders of the Convertible Preferred Shares would receive on an as converted basis. If a liquidity event has not occurred after five years, then CGWM UK 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 holders of the Convertible Preferred Shares with an internal rate of return of 11.5% (including all previously paid dividends). After the fifth anniversary the holders of the Convertible Preferred Shares have certain rights in respect of initiating a liquidity event. The Convertible Preferred Shares carry customary minority rights in respect of CGWM UK governance and financial matters, including representation on the CGWM UK board of directors.

In connection with the issuance of the Convertible Preferred Shares, CGWM UK provided for the purchase of certain equity instruments in CGWM UK by management and employees of CGWM UK which will reflect an approximate 4.6% equity-equivalent interest in CGWM UK. As of December 31, 2021, £24.6 million (CAD$42.7 million) of such equity instruments in CGWM UK were purchased in connection with this equity program. Included in these equity instruments of CGWM UK were preferred shares with the same economic attributes as the Convertible Preferred Shares (the "Preference Shares"). Preference Shares in the amount of £7.5 million (CAD$13.0 million) were issued to management as of December 31, 2021. The other equity interests purchased by management and employees of CGWM UK are ordinary shares of CGWM UK with certain restrictions on transfer and limited governance rights. In connection with the purchase of the ordinary shares, a limited recourse loan of £4.0 million (CAD$6.8 million) as well as certain full recourse employee loans were made. A management incentive arrangement has also been implemented which will provide for certain incentives with performance thresholds related to the future growth of CGWM UK.

On January 3, 2022, the Australia operations reorganized its share structure through the sale of partly paid shares to selected employees of Canaccord Financial Group (Australia) Pty Ltd. ("CFGA") and as a result, the Company's ownership in CFGA decreased to 65% from 80%. For accounting purposes, commencing the fourth quarter of fiscal 2022 the Company's ownership interest changes to 67% from 85% because of shares held in an employee trust controlled by CFGA. The purpose of the change in the ownership structure was to provide further alignment with our employee base in the Australian region and to provide the business with capital and access to capital for continued growth.

Operating results of Jitneytrade Inc. and Finlogik Inc. (collectively referred to as "Jitneytrade") since the closing date of June 6, 2018 are included as part of Canaccord Genuity Capital Markets Canada. 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. The acquisition of Sawaya Partners ("Sawaya") was completed on December 31, 2021 and therefore its operating results have not been included in Q3/22. Included as part of CGWM UK are the operating results of McCarthy Taylor Limited (renamed as CG McCarthy Taylor Limited) ("McCarthy Taylor") since the closing date of January 29, 2019, 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, and the private client investment management business of Adam & Company (including the acquisition of the entire issued capital of Adam & Company Investment Management Limited) since the closing date of October 1, 2021. 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.

Market Environment during Q3 fiscal 2022

Economic backdrop

During the three-month period, the latest COVID-19 variant (Omicron) led to a rapid reacceleration in infection cases around the world, but various measures remained less constraining compared to previous waves, which resulted in relatively resilient economic activity and supportive equity markets in our core sectors and geographies. Throughout this period, continued labour market improvements and inventory restocking activities in the face of persistent supply bottlenecks have sustained demand for manufactured products. Against this backdrop, inflation accelerated further, and the Federal Reserve began to taper its Quantitative Easing (QE) program.

The S&P 500 and the S&P/TSX returned 11.0% and 6.5% respectively during the three-month period but the MSCI Emerging Market index declined 0.8%. Commodities advanced 1.5%, supported by industrial metals and agriculture products. The relatively strong showing of commodity prices supported the Canadian dollar (+0.3%), despite flat crude oil prices during the quarter.

Investment banking and advisory

Despite the general underperformance of small and mid-cap equities during our third fiscal quarter, investment banking and advisory activities remained relatively robust. A continuance of accommodative cost of capital and above-average valuations across many segments of the market provided strong incentives for companies to issue capital or pursue public listings. High equity valuations also created an environment for companies to use their elevated share price to merge or buy other companies. A tighter labour market and product shortages have also supported a buoyant market for M&A activity.

Index Value at End of	Q3/21		Q4/21		Q1/22		Q2/22		Q3/22		
Fiscal Quarter	2020-12-31	(Y/Y)	2021-03-31	(Y/Y)	2021-06-30	(Y/Y)	2021-09-30	(Y/Y)	2021-12-31	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	304.3	13.9%	320.7	67.1%	355.0	50.4%	340.0	31.6%	339.8	11.7%	-0.1%
S&P IFCI Global Large Cap	291.7	15.3%	296.7	52.9%	307.5	36.2%	279.2	14.8%	274.8	-5.8%	-1.6%

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 pronounced impact on capital formation for smaller companies. Volatility in the business environment as well as changes in government policy and regulation 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

Over the three-month period, trading volumes in our core segments remained relatively stable on a year-over-year basis. Factors including the rapid spread of the Omicron variant, a further increase in inflation, and reduced support from central banks created a more volatile equity backdrop, leading investors to adjust their positioning throughout the quarter.

Average Value During	Q3/21		Q4/21		Q1/22		Q2/22		Q3/22		
Fiscal Quarter/Year	31-Dec-20	(Y/Y)	31-M ar-21	(Y/Y)	30-Jun-21	(Y/Y)	30-Sep-21	(Y/Y)	31-Dec-21	(Y/Y)	(Q/Q)
Russell 2000	1765.8	11.0%	2195.5	45.6%	2263.9	71.6%	2232.6	47.8%	2276.9	28.9%	2.0%
S&P 400 M id Cap	2116.9	6.6%	2498.9	33.5%	2705.3	62.6%	2695.9	44.1%	2792.7	31.9%	3.6%
FTSE 100	6201.6	-15.4%	6664.3	-3.0%	7008.1	17.2%	7083.9	16.9%	7240.6	16.8%	2.2%
M SCI EU M id Cap	1149.8	1.0%	1257.7	14.8%	1342.8	37.1%	1405.4	30.3%	1398.1	21.6%	-0.5%
S&P/TSX	16850.4	0.4%	18256.2	12.7%	19574.5	32.1%	20381.7	25.6%	21050.8	24.9%	3.3%

Global wealth management

The value of client assets in our wealth management businesses benefitted from higher equity prices during the three-month period and increased volatility — particularly in the resource and growth areas of the market — contributed to trading volume activity.

Total Return (excl. currencies)	Q3/ 21 Change (Q/ Q)	Q4/ 21 Change (Q/ Q)	Q1/ 22 Change (Q/ Q)	Q2/ 22 Change (Q/ Q)	Q3/ 22 Change (Q/ Q)	F iscal 2021 Change (Y/ Y)
S&P 500	12.1%	6.2%	8.5%	0.6%	11.0%	56.4%
S&P/TSX	9.0%	8.1%	8.5%	0.2%	6.5%	44.2%
M SCI EM ERGING M ARKETS	16.1%	4.0%	3.9%	-6.6%	-0.8%	53.5%
M SCI WORLD	14.8%	4.7%	7.5%	-1.0%	6.8%	55.3%
S&P GS COM M ODITY INDEX	14.5%	13.5%	15.7%	5.2%	1.5%	50.2%
US 10-YEAR T-BONDS	-1.9%	-6.7%	3.8%	-0.1%	0.9%	-8.1%
CAD/USD	4.6%	1.4%	1.3%	-2.2%	0.3%	12.0%
CAD/EUR	0.4%	5.6%	0.2%	0.1%	2.2%	5.3%

Outlook

Looking ahead, the expected decline in COVID-19 infections is expected to provide underpinnings for growth. As spending on goods normalizes, we anticipate that growth will be increasingly geared toward services and further improvements in labour markets will support wage growth. Rising labour income should help to offset the phasing out of several fiscal transfer programs to individuals. Overall, we believe that a maturing but incomplete inventory re-stocking cycle, declining savings and unemployment rates, and rising capex intentions are all near-term growth pillars.

However, headwinds could include a rapid increase in bond yields, increased energy prices and a stronger U.S. dollar, in addition to central banks acting in a less accommodative manner in a rising inflation environment. There is also some risk that central banks will need to engineer an economic slowdown if there is a rapid escalation in inflation.

These factors are symptomatic of mid-cycle dynamics which typically bring more volatility in financial markets and would support trading activities in our wealth management and capital markets businesses. While we foresee higher policy rates and bond yields going forward, we expect that financing conditions will remain highly accommodative considering that the increase is starting from a very low base. In all, we believe our investment banking and advisory services should continue to benefit from a supportive business environment, albeit with more uncertainties on the horizon as world central banks begin to normalize their respective monetary policies.

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.

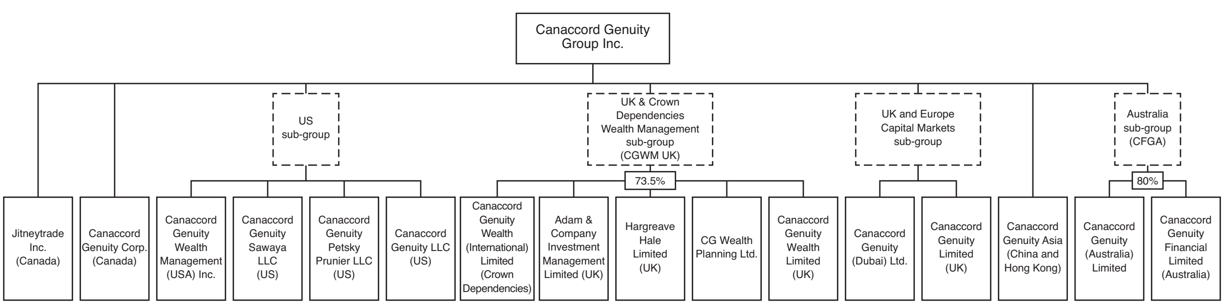
Canaccord Genuity Wealth Management

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, 2021.

As of December 31, 2021, the Company owned 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., and through that ownership an 80% indirect interest in Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited [previously Patersons Securities Limited] [March 31, 2021 — 80%], but for accounting purposes, the Company was considered to have had an 85% interest because of shares held in an employee trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2021 — 85%].

On January 3, 2022, the Australia operations through the issuance of partly paid shares reorganized its share structure and as a result the Company's ownership in Canaccord Financial Group (Australia) Pty Ltd. ("CFGA") decreased from 80% to 65%. For accounting purposes, the Company's ownership interest changed from 85% to 67% commencing the fourth quarter of fiscal 2022 because of shares held in an employee trust controlled by CFGA.

Convertible preferred shares issued to HPS by CGWM UK, preference shares and ordinary shares issued to management and employees of CGWM UK, together represent an approximate 26.5% equity equivalent interest on an as converted basis in CGWM UK, the UK and Crown Dependencies wealth management sub-group.

On December 14, 2021 the Company announced that it had entered into an agreement to acquire Punter Southall Wealth Limited. In connection with that acquisition, CGWM UK expects to issue a new series of convertible preferred share to HPS for purposes of partially funding the acquisition and new ordinary shares as a component of the overall consideration for the acquisition. On conclusion of the acquisition it is expected that the Company will have an approximate 66.9% equity equivalent interest in CGWM UK on an as converted basis.

Consolidated Operating Results

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

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended December 31 2021	2020	2019	Quarter over quarter change	Nine months ended December 31 2021	2020	2019	YTD over YTD change
Canaccord Genuity Group Inc. (CGGI)								
Revenue								
Commissions and fees	$ **197,009**	$ 184,186	$ 147,191	7.0%	$ **564,867**	$ 520,763	$ 421,308	8.5%
Investment banking	**151,025**	213,419	51,550	(29.2)%	**452,924**	455,612	188,343	(0.6)%
Advisory fees	**153,297**	72,004	60,691	112.9%	**370,704**	130,331	156,510	184.4%
Principal trading	**33,980**	51,113	27,149	(33.5)%	**117,018**	158,971	73,482	(26.4)%
Interest	**9,639**	5,791	16,622	66.4%	**25,764**	18,801	48,468	37.0%
Other	**7,267**	6,564	4,811	10.7%	**14,932**	16,684	16,108	(10.5)%
Total revenue	**552,217**	533,077	308,014	3.6%	**1,546,209**	1,301,162	904,219	18.8%
Expenses								
Compensation expense	**340,929**	328,647	186,649	3.7%	**953,489**	832,257	539,337	14.6%
Other overhead expenses(3)	**100,961**	99,377	97,892	1.6%	**287,685**	280,909	288,441	2.4%
Acquisition-related costs	**6,762**	5,504	—	22.9%	**8,682**	5,504	4,114	57.7%
Restructuring costs(4)	**—**	—	1,250	—	**—**	—	2,348	—
Change in derivative fair value	**8,519**	—	—	n.m.	**8,519**	—	—	n.m.
Costs associated with redemption of convertible debentures	**—**	—	—	—	**5,932**	—	—	n.m.
Share of loss (gain) of an associate	**63**	275	(60)	(77.1)%	**181**	306	174	(40.8)%
Total expenses	**457,234**	433,803	285,731	5.4%	**1,264,488**	1,118,976	834,414	13.0%
Income before income taxes	**94,983**	99,274	22,283	(4.3)%	**281,721**	182,186	69,805	54.6%
Net income	**66,732**	68,451	22,840	(2.5)%	**201,570**	130,408	60,308	54.6%
Net income attributable to:								
CGGI shareholders	**58,645**	66,991	22,509	(12.5)%	**187,229**	125,909	60,202	48.7%
Non-controlling interests	**8,087**	1,460	331	n.m.	**14,341**	4,499	106	218.8%
Earnings per common share – diluted	**0.52**	0.54	0.17	(3.7)%	**1.64**	1.01	0.45	62.4%
Dividends per common share	$ **0.085**	0.065	0.05	30.8%	$ **0.235**	0.175	0.15	34.3%
Total assets	$ **7,039,426**	$ 6,085,307	$ 4,453,741	15.7%				
Total liabilities	$ **5,692,955**	$ 5,110,664	$ 3,600,164	11.4%				
Non-controlling interests	$ **238,499**	$ 6,844	$ 2,343	n.m.				
Total shareholders' equity	$ **1,107,972**	$ 967,799	$ 851,234	14.5%				
Number of employees	**2,510**	2,296	2,316	9.3%				
Excluding significant items(5)								
Total revenue	**550,817**	533,077	308,014	3.3%	**1,549,809**	1,301,162	904,219	19.1%
Total expenses	**437,385**	422,503	277,004	3.5%	**1,226,768**	1,098,311	806,107	11.7%
Income before income taxes	**113,432**	110,574	31,010	2.6%	**323,041**	202,851	98,112	59.3%
Net income	**84,632**	78,971	30,458	7.2%	**239,005**	148,759	84,872	60.7%
Net income attributable to:								
CGGI shareholders	**77,489**	77,511	29,970	(0.0)%	**226,508**	144,260	84,402	57.0%
Non-controlling interests	**7,143**	1,460	488	n.m.	**12,497**	4,499	470	177.8%
Net income attributable to common shareholders, adjusted	**75,098**	75,160	27,619	(0.1)%	**219,415**	137,207	77,349	59.9%
Earnings per common share – diluted	$ **0.69**	$ 0.62	$ 0.23	11.3%	$ **2.00**	$ 1.15	$ 0.64	73.9%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.
(2) The operating results of the Australian operations have been fully consolidated, and a 15% non-controlling interest has been recognized for the three and nine months ended December 31, 2021, December 31, 2020 and December 31, 2019. The operating results of the CGWM UK have been fully consolidated, and a 1.5% non-controlling has been recognized for the three and nine months ended December 31, 2021. [three and nine months ended December 31, 2020 — $nil]
(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 CGWM UK, as well as real estate and other integration costs related to the acquisition of Patersons.
(5) Net income and earnings per common share excluding significant items reflect tax-effected adjustments related to such items. See Non-IFRS Measures on page 7 and the Selected Financial Information Excluding Significant Items table on page 12.
(6) Data includes the operating results of Thomas Miller since May 1, 2019, and Patersons since October 21, 2019.
n.m.: not meaningful

SUMMARY OF RESULTS FOR Q3 FISCAL 2022 AND SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

(C$ thousands, except per share and % amounts)	Three months ended December 31 2021	Three months ended December 31 2020	Quarter-over-quarter change	Nine months ended December 31 2021	Nine months ended December 31 2020	YTD-over-YTD change
Revenue						
Revenue per IFRS	**$ 552,217**	$ 533,077	3.6%	**$ 1,546,209**	$ 1,301,162	18.8%
Significant items recorded in Corporate and Other						
Fair value adjustments on certain illiquid and restricted marketable securities	**$ (1,400)**	—	n.m.	**$ 3,600**	—	n.m.
Total revenue excluding significant items	**$ 550,817**	$ 533,077	3.3%	**$ 1,549,809**	$ 1,301,162	19.1%
Expenses						
Expenses per IFRS	**$ 457,234**	433,803	5.4%	**$ 1,264,488**	$ 1,118,976	13.0%
Significant items recorded in Canaccord Genuity Capital Markets						
Amortization of intangible assets	**$ 107**	$ 741	(85.6)%	**$ 560**	$ 2,232	(74.9)%
Acquisition-related costs	**$ 537**	$ 4,644	(88.4)%	**$ 537**	$ 4,644	(88.4)%
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	**$ 4,113**	$ 3,213	28.0%	**$ 10,439**	$ 9,827	6.2%
Acquisition-related costs	**$ 6,225**	$ 860	n.m.	**$ 8,145**	$ 860	n.m.
Incentive based costs related to acquisitions[2]	**$ 348**	$ 1,842	(81.1)%	**$ 2,794**	$ 3,102	(9.9)%
Costs associated with reorganization of CGWM UK[3]	**—**	—	—	**$ 794**	—	n.m.
Significant items recorded in Corporate and Other						
Costs associated with redemption of convertible debentures[4]	**—**	—	—	**$ 5,932**	—	n.m.
Change in derivative fair value[5]	**$ 8,519**	—	n.m.	**$ 8,519**	—	n.m.
Total significant items – expenses	**$ 19,849**	$ 11,300	75.7%	**$ 37,720**	$ 20,665	82.5%
Total expenses excluding significant items	**$ 437,385**	$ 422,503	3.5%	**$ 1,226,768**	$ 1,098,311	11.7%
Net income before taxes excluding significant items[1]	**$ 113,432**	$ 110,574	2.6%	**$ 323,041**	$ 202,851	59.3%
Income taxes (adjusted)[1]	**$ 28,800**	$ 31,603	(8.9)%	**$ 84,036**	$ 54,092	55.4%
Net income excluding significant items[1]	**$ 84,632**	$ 78,971	7.2%	**$ 239,005**	$ 148,759	60.7%
Significant items impacting net income attributable to common shareholders						
Non-controlling interests – IFRS	**$ 8,087**	$ 1,460	n.m.	**$ 14,341**	$ 4,499	218.8%
Amortization of equity component of the non-controlling interests in CGWM UK and other adjustment	**$ 944**	—	n.m.	**$ 1,844**	—	n.m.
Non-controlling interests (adjusted)[1]	**$ 7,143**	$ 1,460	n.m.	**$ 12,497**	$ 4,499	177.8%
Net income attributable to common shareholders excluding significant items[1]	**$ 75,098**	$ 75,160	(0.1)%	**$ 219,415**	$ 137,207	59.9%
Earnings per common share excluding significant items[1] – basic	**$ 0.80**	$ 0.78	2.6%	**$ 2.29**	$ 1.42	61.3%
Diluted earnings per common share excluding significant items[1]	**$ 0.69**	$ 0.62	11.3%	**$ 2.00**	$ 1.15	73.9%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 7
(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth management business.
(3) Professional fees related to the issuance of Convertible Preferred Shares by CGWM UK to HPS on July 29, 2021.
(4) During the nine months ended December 31, 2021, the Company entered into a credit agreement for a senior secured first lien term loan facility ("loan facility") to partially fund the redemption of the convertible debentures. Transaction costs incurred in connection with the loan facility are recognized on an amortized cost basis and included in the effective interest rate of the facility. Interest associated with this loan facility is included in costs associated with redemption of convertible debentures for the nine months ended December 31, 2021.
(5) Fair value adjustment related to the derivative liability component of the non-controlling interests related to the Convertible Preferred Shares issued by CGWM UK.
n.m.: not meaningful

Diluted earnings per common share ("diluted EPS") is computed using the treasury stock method, giving effect to the exercise of all dilutive elements. The Convertible Preferred Shares issued by CGWM UK are factored into the diluted EPS by adjusting net income attributable to common shareholders of the Company to reflect our proportionate share of CGWM UK's earnings on an as converted basis if the calculation is dilutive. For the quarter ended Q3 fiscal 2022 and the nine months ended December 31, 2021, the effect of reflecting our proportionate share of CGWM UK's earnings is anti-dilutive under IFRS for diluted EPS purposes but dilutive for the purpose of determining diluted EPS excluding significant items[1]. As such, the diluted EPS under IFRS is computed based on net income attributable to common shareholders less accrued dividends on

(1) See Non-IFRS Measures on page 7

the Convertible Preferred Shares issued by CGWM UK. Net income attributable to common shareholders excluding significant items[1] reflects the Company's proportionate share of CGWM UK's net income excluding significant items[1] on an as converted basis.

The effect of reflecting the proportionate share of CGWM UK's net income excluding significant items[1] is only dilutive for Q3 fiscal 2022 and the nine-months ended December 31, 2021 for the purpose of determining the diluted EPS excluding significant items[1]. It was anti dilutivefor Q2 fiscal 2022.

Foreign exchange

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

Geographies

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

Goodwill

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

As of December 31, 2021, no impairment test was performed as no indicators of impairment were identified. Notwithstanding this determination as of December 31, 2021, changes or uncertainty in the economic environment may cause this determination to change. If the business climate changes and the Company is unable to achieve its internal forecasts the Company may determine that there has been impairment and the Company may be required to record a goodwill impairment charge in future periods in respect of CGWM UK, 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 2022 vs. third quarter 2021

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

Revenue for the three months ended December 31, 2021 was $552.2 million, an increase of 3.6% or $19.1 million compared to the same period a year ago. The Canaccord Genuity Capital Markets segment experienced an increase of $13.0 million or 3.7% in Q3/22 compared to the same quarter in the prior year mainly due to higher revenue recorded in our US and UK & Europe operations. Further contributing to the overall increase in consolidated revenue was an increase of $4.4 million or 2.4% in our global Canaccord Genuity Wealth Management segment compared to Q3/21.

Within our Canaccord Genuity Capital Markets operating segment, our US operations generated the largest revenue growth of $29.0 million or 18.1%, attributable to a significant increase in advisory fee revenue. Our UK & Europe operations recorded a $7.9 million or 37.5% increase in revenue over Q3/21, largely driven by an increase in investment banking and advisory activities. In Canada, overall revenue decreased by $27.8 million or 22.9% compared to Q3/21 due to lower investment banking revenue reflecting the decline in new issue activity, which was partially offset by a $22.0 million or 186.6% increase in advisory fee revenue. In addition, there was an increase in revenue of $3.9 million or 8.4% in our Australian operations due to higher investment banking activities in our focus sectors. The increase in overall revenue was also partially offset by decreases in commissions and principal trading revenue.

Revenue in our CGWM UK operations increased by $11.6 million or 16.6% compared to Q3/21 primarily driven by increases in client assets and fee-based revenue. Revenue from our North America wealth management operations decreased by $10.2 million or 10.9% compared to the three months ended December 31, 2020 due to lower investment banking revenue from a decrease in new issue activity. In addition, revenue generated in our Australian wealth management operations increased by $2.9 million or 16.6% compared to Q3/21.

Commissions and fees revenue is primarily generated from private client investment management trading activity and institutional sales and trading. Revenue generated from commissions and fees increased by $12.8 million or 7.0% to $197.0 million in Q3/22, reflecting higher commissions and fees revenue in our wealth management businesses partially offset by lower commissions and fees revenue in our capital markets businesses.

Investment banking revenue decreased by $62.4 million or 29.2% to $151.0 million in Q3/22, reflecting a reduction in new issue activity. In the US and Canada, investment banking revenue was down $10.0 million or 25.7% and $39.9 million or 46.6%, respectively, compared to Q3/21. These decreases were partially offset by modest increases of $3.6 million or 8.6% and $1.8 million or 32.6%, respectively, in our Australian and UK & Europe operations.

Advisory fee revenue was $153.3 million, an increase of $81.3 million or 112.9% from the same quarter a year ago. Our US operations generated the highest increase of $50.8 million or 98.9% compared to the same period in the prior year bringing the total to $102.2 million for the quarter. Additionally, our Canadian and UK & Europe operations reported increases of $22.0 million or 186.6% and $8.5 million or 112.5%, respectively, for the three months ended December 31, 2021.

Principal trading revenue was $34.0 million in Q3/22, representing a $17.1 million or 33.5% decrease compared to Q3/21, mainly as a result of decreased market volatility and trading activity in our US and Canadian capital markets operations compared to the same period in the prior year reducing opportunities for trading profits.

Interest revenue was $9.6 million for the three months ended December 31, 2021, representing an increase of $3.8 million or 66.4% from Q3/21, mostly attributable to our Canadian wealth management operations. Other revenue was $7.3 million for Q3/22, a small increase of $0.7 million or 10.7% from the same period a year ago.

Year-to-date fiscal 2022 vs. year-to-date fiscal 2021

Revenue for the nine months ended December 31, 2021 was $1.5 billion, an increase of 18.8% or $245.0 million compared to the same period a year ago. Revenue from our capital markets operations increased by $165.8 million or 20.1% to $991.0 million for the nine months ended December 31, 2021, as our core operating regions all experienced increases in revenue except for our Australian operations. Our wealth management operations also generated $546.1 million on a year-to-date basis in fiscal 2022, representing an increase of $81.7 million or 17.6% compared to the same period in the prior year.

Commissions and fees revenue was $564.9 million, representing an increase of $44.1 million or 8.5% compared to the nine months ended December 31, 2020, reflecting the growth in our global wealth management operations.

Investment banking revenue decreased slightly by $2.7 million or 0.6% to $452.9 million compared to the first nine months of fiscal 2021. Our UK & Europe and Canadian operations recorded increases in investment banking revenue of $10.2 million or 59.5% and $4.4 million or 3.1%, respectively, compared to the first nine months of fiscal 2021. Offsetting these increases was a decline in investment banking revenue earned in our Australian operations of $20.9 million or 17.5% due to reduced activity in our focus sectors as well as lower unrealized gains in certain inventory and warrant positions earned in respect of investment banking activity. Our US capital markets operations also reported a decrease of $4.0 million or 4.0% compared to the nine months ended December 31, 2020 due to reduced activity.

Advisory fees revenue of $370.7 million represented an increase of 184.4% or $240.4 million compared to the same period in the prior year. In particular, our US operations generated advisory fee revenue of $252.1 million in the nine-month period ended December 31, 2021, an increase of $174.7 million or 225.4% compared to the same period in the prior year.

Revenue derived from principal trading decreased in all our core operations as a result of reduced trading activity, to $117.0 million for the first nine months of fiscal 2022, a $42.0 million or 26.4% decrease compared to the same period in the prior year. Our US operations showed the largest decline in revenue of $28.5 million or 21.1% compared to the nine months ended December 31, 2020.

Interest revenue increased by $7.0 million or 37.0% compared to the nine months ended December 31, 2020 to $25.8 million on a year-to-date basis for fiscal 2022 mainly due to higher interest earned in our Canadian wealth management operations.

Other revenue decreased by $1.8 million or 10.5% to $14.9 million during the nine months ended December 31, 2021. During the nine months ended December 31, 2021, there was a change to the fair value adjustment recorded on certain illiquid or restricted marketable securities, resulting in a decrease in other revenue of $3.6 million recorded in the current period. This adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items(1). Future changes in the unrealized fair value of the marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations. Offsetting the fair value adjustment was an increase in foreign exchange gains during the nine months ended December 31, 2021.

Expenses

Expenses for the three months ended December 31, 2021 were $457.2 million, an increase of 5.4% or $23.4 million from Q3/21. Total expenses excluding significant items(1) as a percentage of revenue increased slightly by 0.1 percentage points compared to the three months ended December 31, 2020.

For the nine months ended December 31, 2021, expenses were $1.3 billion compared to $1.1 billion for the same period in the prior year, an increase of 13.0%. Total expenses excluding significant items(1) as a percentage of revenue decreased by 5.3 percentage points compared to the nine months ended December 31, 2020 as a result of a decrease in compensation ratio as well as certain overhead costs that do not vary proportionally with revenue.

(1) See Non-IFRS Measures on page 7

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended December 31		Quarter-over-quarter	Nine months ended December 31		YTD-over-YTD
	2021	2020	change	**2021**	2020	change
Compensation expense	**61.7%**	61.7%	(0.0) p.p.	**61.7%**	64.0%	(2.3) p.p.
Other overhead expenses[1]	**18.3%**	18.6%	(0.3) p.p.	**18.6%**	21.6%	(3.0) p.p.
Acquisition-related costs	**1.2%**	1.0%	0.2 p.p.	**0.6%**	0.4%	0.2 p.p.
Change in derivative fair value	**1.6%**	0.0%	1.5 p.p.	**0.5%**	0.0%	0.6 p.p.
Costs associated with redemption of convertible debentures	**0.0%**	0.0%	0.0 p.p.	**0.4%**	0.0%	0.4 p.p.
Share of loss (gain) of an associate	**0.0%**	0.1%	(0.1) p.p.	**0.0%**	0.0%	(0.0) p.p.
Total	**82.8%**	81.4%	1.4 p.p.	**81.8%**	86.0%	(4.2) p.p.

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

Compensation expense

Third quarter 2022 vs. third quarter 2021

Compensation expense in Q3/22 was $340.9 million, an increase of $12.3 million or 3.7% compared to Q3/21. Total compensation expense as a percentage of revenue remained constant at 61.7% in both Q3/22 and Q3/21.

Year-to-date fiscal 2022 vs. year-to-date fiscal 2021

Compensation expense for the nine months ended December 31, 2021 was $953.5 million, an increase of $121.2 million or 14.6% compared to the same period in the prior year. Compensation expense as a percentage of revenue decreased by 2.3 percentage points to 61.7% for the nine months ended December 31, 2021 due to an increase in revenue relative to fixed staff costs.

OTHER OVERHEAD EXPENSES

	Three months ended December 31		Quarter-over-quarter	Nine months ended December 31		YTD-over-YTD
(C$ thousands, except % amounts)	**2021**	2020	change	**2021**	2020	change
Trading costs	**$ 25,401**	$ 27,982	(9.2)%	**$ 79,236**	$ 82,734	(4.2)%
Premises and equipment	**5,389**	4,948	8.9%	**14,747**	14,310	3.1%
Communication and technology	**18,048**	16,020	12.7%	**53,537**	50,052	7.0%
Interest	**6,014**	6,724	(10.6)%	**16,115**	20,125	(19.9)%
General and administrative	**28,658**	22,690	26.3%	**71,997**	58,789	22.5%
Amortization[1]	**6,792**	6,145	10.5%	**18,648**	19,638	(5.0)%
Amortization of right of use assets	**5,464**	6,053	(9.7)%	**17,197**	18,864	(8.8)%
Development costs	**5,195**	8,815	(41.1)%	**16,208**	16,397	(1.2)%
Total other overhead expenses	**100,961**	99,377	1.6%	**287,685**	280,909	2.4%

(1) Includes amortization of intangible assets. See the Selected Financial Information Excluding Significant Items table on page 12.

Third quarter 2022 vs. third quarter 2021

Other overhead expenses were $101.0 million, an increase of 1.6% in Q3/22 compared to Q3/21. As a percentage of revenue, other overhead expenses were 18.3% in Q3/22 compared to 18.6% in Q3/21, a decrease of 0.3 percentage points.

General and administrative expense increased by $6.0 million or 26.3% for the quarter ended December 31, 2021 compared to the same period in the prior year due to higher promotion and travel expense as activity levels increased following the easing of COVID-19 restrictions.

Communication and technology expense also increased by $2.0 million or 12.7% to support the increased headcount and growth of the Company.

Partially offsetting these increases was a reduction in trading costs of $2.6 million compared to Q3/21, primarily due to lower trading activity in our US operations.

Interest expense also decreased by $0.7 million or 10.6% compared to Q3/21, primarily as a result of the redemption of the 6.25% convertible unsecured senior subordinated debentures on April 9, 2021 which resulted in lower interest expense in our Corporate & Other segment, partially offset by higher interest expense in our CGWM UK operations due to an additional bank loan obtained in connection with the acquisition of Adam & Company.

A reduction in incentive-based costs related to the acquisitions and growth initiatives in our CGWM UK operations was the primary reason for the decrease in development costs of $3.6 million compared to the same period in the prior year.

There were $6.8 million of acquisition-related costs recorded during the three months ended December 31, 2021. These costs comprised of legal and other professional fees related to the acquisitions of Adam & Company completed on October 1, 2021, Sawaya, completed on December 31, 2021, as well as our proposed acquisition of Punter Southall Wealth Limited.

There were $5.5 million of acquisition-related costs incurred for the three months ended December 31, 2020 related to re-measurement of the contingent consideration for the acquisitions of Jitneytrade and Thomas Miller.

As discussed above, on July 29, 2021, HPS acquired Convertible Preferred Shares in the amount of £125.0 million (C$218.0 million) issued by the Company's subsidiary, CGWM UK. The Convertible Preferred Shares and Preference Shares issued to management and employees of CGWM UK were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. During the three months ended December 31, 2021, there was a fair value adjustment of $8.5 million recorded in connection with the derivative liability.

Year-to-date fiscal 2022 vs. year-to-date fiscal 2021

Other overhead expenses for the nine months ended December 31, 2021 increased by $6.8 million to $287.7 million, an increase of 2.4% from the same period a year ago. As a percentage of revenue, other overhead expenses decreased by 3.0 percentage points compared to the nine months ended December 31, 2020.

General and administrative expense increased by $13.2 million or 22.5% for the nine months ended December 31, 2021 compared to the same period in the prior year due to increased promotion and travel expense as discussed above.

The redemption of the 6.25% convertible unsecured senior subordinated debentures at the beginning of fiscal 2022 in our Corporate and Other segment was the primary reason for the decline in interest expense from $20.1 million to $16.1 million for the current period.

As discussed above, there were $8.7 million of acquisition-related costs recorded during the nine months ended December 31, 2021, comprised of professional fees related to the acquisitions of Sawaya and Adam & Company, as well as the proposed acquisition of Punter Southall Wealth Limited.

In order to partially fund the redemption of the 6.25% convertible unsecured senior subordinated debentures and pursuant to the terms of the commitment letter entered into with investment funds and accounts managed or advised by HPS on March 18, 2021, the Company entered into a credit agreement on April 6, 2021 with the lenders, Lucid Agency Services Limited as administrative agent and Lucid Trustee Services Limited as security agent for a senior secured first lien term loan facility ("loan facility") in an aggregate principal amount of £69.0 million. This loan was repaid from the proceeds of the issuance of the Convertible Preferred Shares by CGWM UK to investment funds and accounts managed by HPS. Transaction costs incurred in connection with the loan facility are recognized on an amortized cost basis and included in the effective interest rate of the facility. Interest associated with this loan facility is included in costs associated with redemption of convertible debentures of $5.9 million for the nine months ended December 31, 2021.

Income tax

Third quarter 2022 vs. third quarter 2021

The effective tax rate for Q3/22 was 29.7%, reflecting a 1.3 percentage point decrease from the same quarter in the prior year. The change in effective tax rate is affected by the impact of certain expenses not deductible for tax purposes.

Year to date fiscal 2022 vs. year-to-date fiscal 2021

For the nine months ended December 31, 2021, the effective tax rate was 28.5%, a slight increase of 0.1 percentage points from the same period last year.

Net income

Third quarter 2022 vs. third quarter 2021

Net income for Q3/22 was $66.7 million compared to net income of $68.5 million in the same period a year ago. Diluted earnings per common share were $0.52 in Q3/22 compared to diluted earnings per common share of $0.54 in Q3/21.

Net income excluding significant items(1) for Q3/22 was $84.6 million compared to net income of $79.0 million in Q3/21. Diluted earnings per common share excluding significant items(1) were $0.69 in Q3/22 compared to diluted earnings per common share excluding significant items(1) of $0.62 in Q3/21.

Year to date fiscal 2022 vs. year-to-date fiscal 2021

Net income for the nine months ended December 31, 2021 was $201.6 million compared to net income of $130.4 million in the same period a year ago. Diluted earnings per common share were $1.64 in the current period compared to diluted earnings per common share of $1.01 in the same period in the prior year.

Net income excluding significant items(1) for year-to-date fiscal 2022 was $239.0 million compared to net income of $148.8 million for the same period in fiscal 2021. Diluted earnings per common share excluding significant items(1) were $2.00 for the nine-month period compared to diluted earnings per common share excluding significant items(1) of $1.15 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		Quarter-over-quarter change	Nine months ended December 31		YTD-over-YTD change
	2021	2020		**2021**	2020	
Revenue	**$ 361,893**	$ 348,875	3.7%	**$ 991,028**	$ 825,277	20.1%
Expenses						
Compensation expense	**208,151**	197,761	5.3%	**568,278**	485,545	17.0%

(1) See Non-IFRS Measures on page 7

(C$ thousands, except number of employees and % amounts)	Three months ended December 31 2021	2020	Quarter-over-quarter change	Nine months ended December 31 2021	2020	YTD-over-YTD change
Other overhead expenses	**56,042**	55,447	1.1%	**159,835**	159,033	0.5%
Acquisition-related costs	**537**	4,644	(88.4)%	**537**	4,644	(88.4)%
Total expenses	**264,730**	257,852	2.7%	**728,650**	649,222	12.2%
Intersegment allocations(3)	**4,037**	3,921	3.0%	**12,290**	13,118	(6.3)%
Income before income taxes(3)	**$ 93,126**	$ 87,102	6.9%	**$ 250,088**	$ 162,937	53.5%
Non-controlling interest(2)	**1,796**	1,115	61.1%	**3,396**	4,033	(15.8)%
Number of employees	**858**	785	9.3%			
Excluding significant items(4)						
Total expenses	**$ 264,086**	$ 252,467	4.6%	**$ 727,553**	$ 642,346	13.3%
Intersegment allocations(3)	**4,037**	3,921	3.0%	**12,290**	13,118	(6.3)%
Income before income taxes(3)	**$ 93,770**	$ 92,487	1.4%	**$ 251,185**	$ 169,813	47.9%
Non-controlling interest(2)	**1,796**	1,115	61.1%	**3,396**	4,033	(15.8)%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7
(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 15% non-controlling interest had been recognized and included in the Canaccord Genuity Capital Markets business segment for the three and nine months ended December 31, 2021 [three and nine months ended December 31, 2020 — 15%]. The non-controlling interest is the portion of the net income after income taxes of Canaccord Genuity (Australia) Limited not attributable to the Company.
(3) Income before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 24.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 12.

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 19 cities in 9 countries worldwide.

Revenue from Canaccord Genuity Capital Markets is generated from commissions and advisory fees earned in connection with investment banking and advisory transactions and institutional sales and trading activity, as well as trading gains and losses from Canaccord Genuity Capital Markets' principal trading activity including its international trading operations.

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

	Three months ended December 31 2021	2020	Quarter-over-quarter change	Nine months ended December 31 2021	2020	YTD-over-YTD change
Revenue generated in:						
Canada	**25.9%**	34.8%	(8.9) p.p	**27.0%**	29.6%	(2.6) p.p
UK & Europe	**8.0%**	6.1%	1.9 p.p	**9.2%**	7.2%	2.0 p.p
US	**52.3%**	46.0%	6.3 p.p	**52.5%**	46.9%	5.6 p.p
Australia	**13.8%**	13.1%	0.7 p.p	**11.3%**	16.3%	(5.0) p.p
Canaccord Genuity Capital Markets (total)	**100%**	100%		**100%**	100%	

p.p.: percentage points

Third quarter 2022 vs. third quarter 2021

Revenue

Canaccord Genuity Capital Markets generated revenue of $361.9 million in Q3/22, an increase of 3.7% or $13.0 million from the same quarter a year ago. Our US operations recorded the most significant increase in revenue, with an increase of $29.0 million or 18.1% compared to Q3/21, driven by significantly higher advisory fees revenue, which was partially offset by lower investment banking and principal trading revenue. Our UK & Europe operations also reflected a revenue increase of $7.9 million or 37.5% due to a growth in investment banking and advisory activities compared to Q3/21. Revenue in our Australian operations increased by $3.9 million or 8.4% due to an increase in investment banking activities compared to Q3/21. Partially offsetting these increases was a 22.9% decline in revenue from our Canadian operations, which was primarily driven by lower new issue and trading activities during the current quarter.

Expenses

Expenses for Q3/22 were $264.7 million, an increase of 2.7% or $6.9 million compared to Q3/21. Total expenses excluding significant items(1) as a percentage of revenue increased slightly by 0.6 percentage points compared to the same quarter in the prior year.

Compensation expense

Compensation expense for Q3/22 increased by $10.4 million or 5.3% compared to Q3/21. Total compensation expense as a percentage of revenue was 57.5%, 0.8 percentage points higher than in Q3/21.

In Canada, total compensation as a percentage of revenue decreased by 2.5 percentage points compared to Q3/21, largely due to changes in relative levels of fixed and variable compensation. Our US operations experienced an increase of 3.9 percentage points compared to the same period last year due to changes in the composition of revenue and the associated variable compensation associated with the different revenue streams. Total compensation as a percentage of revenue in our UK & Europe and Australian operations decreased by 1.7 percentage points and 6.1 percentage points, respectively, due to changes in relative levels of fixed and variable compensation.

(1) See Non-IFRS Measures on page 7

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

	Three months ended December 31		Quarter-over-quarter	Nine months ended December 31		YTD-over-YTD
	2021	2020	change	**2021**	2020	change
Canada	**50.9%**	53.4%	(2.5) p.p	**49.5%**	54.5%	(5.0) p.p
UK & Europe	**62.5%**	64.2%	(1.7) p.p	**65.4%**	65.7%	(0.3) p.p
US	**59.4%**	55.5%	3.9 p.p	**59.2%**	59.0%	0.2 p.p
Australia	**59.9%**	66.0%	(6.1) p.p	**61.1%**	63.3%	(2.2) p.p
Canaccord Genuity Capital Markets (total)	**57.5%**	56.7%	0.8 p.p	**57.3%**	58.8%	(1.5) p.p

p.p.: percentage points

Other overhead expenses

Other overhead expenses increased slightly by 1.1% compared to Q3 fiscal 2021. Total other overhead expenses excluding significant items[(1)] for Q3/22 were $56.0 million or 15.5% as a percentage of revenue.

General and administrative expense in Q3/22 increased by $4.6 million or 45.0% over Q3/21, largely due to an increase in promotion and travel and conference expenses in our Canadian and US operations due to the easing of COVID-19 restrictions. Communication and technology expense also increased by $1.1 million or 12.1% to support the growth in our capital markets operations.

Partially offsetting these increases was a decline in our development costs of $2.0 million or 87.7%, largely in our US operations. Lower trading activity in our US operations was the main reason for the $2.5 million or 10.7% decrease in trading costs. Amortization expense in Q3/22 declined by $0.4 million or 25.6% mainly due to a reduction in the amortization of intangible assets acquired in connection with a prior acquisition in our Canadian capital markets operations.

In connection with the acquisition of Sawaya, the Company recorded acquisition-related costs of $0.5 million during the third quarter. 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.

Income before income taxes

Income before income taxes, including allocated overhead expenses, was $93.1 million in Q3/22 compared to net income of $87.1 million in the same quarter a year ago. Net income before taxes excluding significant items[(1)] was $93.8 million in Q3/22 compared to $92.5 million in Q3/21. The increase was mostly attributable to higher revenue earned in our US and UK & Europe operations during Q3/22, and the impact of increased revenues from higher-margin advisory activities in the US, Canada, and the UK & Europe.

Year-to-date fiscal 2022 vs. year-to-date fiscal 2021

Revenue

For the nine months ended December 31, 2021, Canaccord Genuity Capital Markets generated revenue of $991.0 million, an increase of $165.8 million or 20.1% from the nine-month period a year ago. Driven by higher advisory fees revenue, our US and UK & Europe operations recorded the most significant increases, with revenue growing by $133.6 million or 34.5% and $31.7 million or 53.4%, respectively. In Canada, revenue increased by $22.9 million or 9.4% to $267.0 million for the nine months ended December 31, 2021 due to higher investment banking and advisory fees revenue. Offsetting these increases was a decline in revenue of $22.5 million or 16.7% recorded in our Australian operations resulting from lower investment banking activities in our focus sectors, which remained well above historic levels.

Expenses

Expenses for the nine months ended December 31, 2021 were $728.7 million, an increase of $79.4 million or 12.2% compared to the same period in the prior year. Total expenses as a percentage of revenue excluding significant items[(1)] decreased by 4.4 percentage points compared to the nine-month period in the prior year.

Compensation expense

Compensation expense for the nine months ended December 31, 2021 increased by $82.7 million or 17.0% compared to the same period in the prior year. Compensation expense as a percentage of revenue was 57.3%, a decrease of 1.5 percentage points compared to the first nine months of fiscal 2021.

Other overhead expenses

Other overhead expenses increased slightly by $0.8 million or 0.5% over the same period in the prior year. The most significant increase was in general and administrative expense, which increased by $7.6 million or 28.6% on a year over year basis, primarily due to increased promotion and travel and conference costs. The increase in general and administrative expense and other overhead expenses was partially offset by declines in trading costs of $5.1 million or 7.5%, primarily in our US operations, as well as a decline in amortization expense of $1.4 million or 27.7% compared to the first nine months of fiscal 2021. Amortization expense for the nine months ended December 31, 2021 was impacted by lower amortization of intangible assets in connection with a prior acquisition in our Canadian capital markets operations. Development costs also decreased by $2.0 million or 73.9% due to lower costs incurred in our US operations.

Income before income taxes

Income before income taxes, including allocated overhead expenses, was $250.1 million for the nine months ended December 31, 2021 compared to net income of $162.9 million in the same period a year ago. Net income before taxes excluding significant items[(1)] was $251.2 million in the current period, compared

(1) See Non-IFRS Measures on page 7

to income before income taxes of $169.8 million in the first nine months of fiscal 2021. The increase was mostly attributable to the increased contribution from higher revenue levels earned in our US and UK & Europe operations.

CANACCORD GENUITY WEALTH MANAGEMENT

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

CANACCORD GENUITY WEALTH MANAGEMENT NORTH AMERICA[1]

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	Three months ended December 31 2021	2020	Quarter-over-quarter change	Nine months ended December 31 2021	2020	YTD-over-YTD change
Revenue	**$ 82,589**	$ 92,741	(10.9)%	**$ 259,114**	$ 217,041	19.4%
Expenses						
Compensation expense	**49,443**	55,074	(10.2)%	**150,771**	129,650	16.3%
Other overhead expenses	**13,325**	13,661	(2.5)%	**42,996**	36,174	18.9%
Total expenses	**$ 62,768**	$ 68,735	(8.7)%	**$ 193,767**	$ 165,824	16.9%
Intersegment allocations[2]	**4,653**	3,954	17.7%	**14,104**	11,834	19.2%
Income before income taxes[2]	**$ 15,168**	$ 20,052	(24.4)%	**$ 51,243**	$ 39,383	30.1%
AUM (discretionary)[3]	**8,385**	5,728	46.4%			
AUA[4]	**37,472**	29,270	28.0%			
Number of Advisory Teams	**146**	144	1.4%			
Number of employees	**474**	433	9.5%			
Excluding significant items[5]						
Total expenses	**$ 62,768**	$ 68,735	(8.7)%	**$ 193,767**	$ 165,824	16.9%
Intersegment allocations[2]	**4,653**	3,954	17.7%	**14,104**	11,834	19.2%
Income before income taxes[2]	**$ 15,168**	$ 20,052	(24.4)%	**$ 51,243**	$ 39,383	30.1%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 24.
(3) AUM in Canada include all assets managed on a discretionary basis under programs that include CGWM's Managed Solutions Programs as well as its Private Investment Management Program. Services provided include the selection of investments and the provision of investment advice. See Non-IFRS Measures on page 7
(4) AUA in Canada is the market value of client assets administered by the Company, from which the Company earns commissions and fees and includes AUM. See Non-IFRS Measures on page 7
(5) Refer to Non-IFRS Measures on page 7 and the Selected Financial Information Excluding Significant Items table on page 12.

Third quarter 2022 vs. third quarter 2021

Revenue from Canaccord Genuity Wealth Management North America was $82.6 million, a decrease of $10.2 million or 10.9% compared to the three months ended December 31, 2020. The decrease was driven by a decline in investment banking revenue due to lower new issue activity, which was partially offset by higher commissions and fees revenue.

AUA[1] in Canada increased by 28.0% to $37.5 billion at December 31, 2021, compared to $29.3 billion at December 31, 2020. There were 146 Advisory Teams in Canada, an increase of two from a year ago. Fee-related revenue in our North American operations as a percentage of total revenue increased by 16.6 percentage points compared to Q3/21 and accounted for 42.8% of the wealth management revenue in Canada during the third quarter of fiscal 2022.

Total expenses for Q3/22 were $62.8 million, a decrease of $6.0 million or 8.7% compared to Q3/21 primarily due to a decrease in compensation expense due to the decrease in revenue. Total compensation expense was $49.4 million, a decrease of 10.2%. Total compensation expense as a percentage of revenue increased by 0.5 percentage points to 59.9% in Q3/22 compared to Q3/21.

Other overhead costs decreased by $0.3 million compared to the three months ended December 31, 2020. General and administrative expense decreased by $1.0 million due to a reversal of certain reserves in the current quarter. Offsetting these decreases was an increase in communication and technology expense of $1.1 million or 112.2% to support the continued growth and technology enhancements in our North American wealth management operations.

Income before taxes was $15.2 million for Q3 fiscal 2022, a decrease of $4.9 million or 24.4% as a result of a decline in revenue.

Year-to-date fiscal 2022 vs. year-to-date fiscal 2021

Revenue from Canaccord Genuity Wealth Management North America was $259.1 million for the nine months ended December 31, 2021, an increase of $42.1 million or 19.4% compared to the same period in the prior year, largely due to an increase in commission and fees revenue.

Total expenses for the nine months ended December 31, 2021 were $193.8 million, an increase of $27.9 million or 16.9% compared to the same period in the prior year. Total compensation expense as a percentage of revenue decreased by 1.5 percentage point to 58.2% for the nine-month period ended December 31, 2021.

Other overhead expenses increased by 18.9% over the same period in the prior year. General and administrative expense increased by $2.1 million or 35.0%, largely due to higher promotion and travel expense. Communication and technology expense increased by $1.6 million or 48.8% to support the increased headcount in this operation. Development costs increased by $1.7 million or 20.9% compared to the same period in the prior year as a result of the amortization of new hire incentive-based payments to new recruits.

Income before taxes was $51.2 million for the nine months ended December 31, 2021 compared to income before taxes of $39.4 million in the same period in the prior year primarily due to an increase in revenue.

(1) See Non-IFRS Measures on page 7

CANACCORD GENUITY WEALTH MANAGEMENT UK & CROWN DEPENDENCIES(1)(5)

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended December 31 2021	Three months ended December 31 2020	Quarter-over-quarter change	Nine months ended December 31 2021	Nine months ended December 31 2020	YTD-over-YTD change
Revenue	**$ 81,741**	$ 70,120	16.6%	**$ 230,179**	$ 202,379	13.7%
Expenses						
Compensation expense	**42,817**	38,309	11.8%	**124,416**	111,298	11.8%
Other overhead expenses	**20,811**	20,478	1.6%	**57,300**	56,726	1.0%
Acquisition-related cost	**6,225**	860	n.m.	**8,145**	860	n.m.
Total expenses	**69,853**	59,647	17.1%	**189,861**	168,884	12.4%
Intersegment allocations(2)	**269**	293	(8.2)%	**831**	858	(3.1)%
Income before income taxes(2)	**11,619**	10,180	14.1%	**39,487**	32,637	21.0%
Non-controlling interest(6)	**6,081**	—	n.m.	**10,243**	—	n.m.
AUM(3)	**59,407**	51,762	14.8%			
Number of investment professionals and fund managers	**226**	205	10.2%			
Number of employees	**576**	525	9.7%			
Excluding significant items(4)						
Total expenses	**$ 59,285**	$ 53,854	10.1%	**$ 168,046**	$ 155,456	8.1%
Intersegment allocations(2)	**269**	293	(8.2)%	**831**	858	(3.1)%
Income before income taxes(2)	**22,187**	15,973	38.9%	**61,302**	46,065	33.1%
Non-controlling interest(6)	**5,137**	—	n.m.	**8,399**	—	n.m.

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 24.
(3) AUM in the UK & Crown Dependencies is the market value of client assets managed and administered by the Company, from which the Company earns commissions and fees. This measure includes both discretionary and non-discretionary accounts. See Non-IFRS Measures on page 7
(4) Refer to Non-IFRS Measures on page 7 and the Selected Financial Information Excluding Significant Items table on page 12.
(5) Includes the operating results of Thomas Miller since the acquisition date of May 1, 2019.
(6) The non-controlling interest is the portion of the net income after income taxes of CGWM UK not attributable to the Company

Third quarter 2022 vs. third quarter 2021

Revenue generated by our Canaccord Genuity Wealth Management UK & Crown Dependencies operation is largely generated through fee-related accounts and portfolio management activities and, as such, is less sensitive to changes in levels of trading activity although more sensitive to changes in market values. Revenue for Q3/22 was $81.7 million, an increase of $11.6 million or 16.6% compared to Q3/21. Measured in local currency (GBP), revenue was £48.1 million in Q3/22 compared to £40.7 million in Q3/21, an increase of 18.1% compared to the same quarter last year. The increase was largely due to higher commissions and fees revenue earned during the quarter.

AUM(1) in the CGWM UK operations as of December 31, 2021 was $59.4 billion, an increase of 14.8% compared to $51.8 billion as of December 31, 2020, driven by increases in client asset values and fee-based revenue and new assets added to our platform following the completion of the acquisition of Adam & Company on October 1, 2021. Measured in local currency (GBP), AUM(1) increased by 17.0% from £29.7 billion at December 31, 2020 to £34.8 billion at December 31, 2021. Fee-related revenue in our UK & Crown Dependencies wealth management operations accounted for 80.6% of total revenue in Q3/22, an increase of 6.4 percentage points from the same period in the prior year.

Driven by the increase in revenue, total compensation expense increased by $4.5 million or 11.8% in Q3/22 compared to the three months ended December 31, 2020. Total compensation expense as a percentage of revenue decreased by 2.2 percentage points from 54.6% in Q3/21 to 52.4% in Q3/22.

Other overhead expenses were $20.8 million for Q3/22 compared to $20.5 million in Q3/21, a net increase of $0.3 million or 1.6% quarter over quarter. The majority of the increase related to interest expense from the additional bank loan obtained in connection of the acquisition of Adam & Company on October 1, 2021. Amortization expense also increased by $0.8 million or 19.3% compared to the same period in the prior year as a result of the amortization of intangible assets related to the Adam & Company acquisition. Offsetting these increases was a decline in development costs of $2.0 million or 77.8% as a result of lower incentive-based costs related to previous acquisitions and growth initiatives.

There were acquisition-related costs of $6.2 million recorded in Q3/22. These costs comprised of legal and other professional fees related to the acquisition of Adam & Company as well as the proposed acquisition of Punter Southall Wealth Limited. During the three months ended December 31, 2020, there were $0.9 million of acquisition-related costs related to the remeasurement of the contingent consideration for Thomas Miller.

Income before income taxes was $11.6 million compared to $10.2 million in Q3/21. Net income before taxes excluding significant items(1) was $22.2 million, representing a $6.2 million increase from the same period in the prior year largely due to net contribution from the higher revenue generated in the current quarter.

Year-to-date fiscal 2022 vs. year-to-date fiscal 2021

Revenue from Canaccord Genuity Wealth Management UK & Crown Dependencies was $230.2 million, an increase of $27.8 million or 13.7% compared to the same period in the prior year.

Expenses for the nine months ended December 31, 2021 increased by $21.0 million or 12.4% over the same period in the prior year. Compensation expense as a percentage of revenue decreased slightly by 0.9 percentage points to 54.1% for the nine months ended December 31, 2021.

(1) See Non-IFRS Measures on page 7

Other overhead expenses for the nine months ended December 31, 2021 were $57.3 million compared to $56.7 million in the same period in the prior year, a slight increase of 1.0% compared to the same period in the prior year. The largest increase in overhead expenses was interest expense, which increased by $1.2 million or 43.4% year over year as a result of additional borrowing costs in connection with the bank loan obtained for the acquisition of Adam & Company. Premises and equipment also increased by $0.9 million or 29.4% due to the reorganization of certain office locations. These increases were partially offset by decreases in development costs and amortization of right of use assets during the current period.

As discussed above, there were acquisition-related costs of $8.1 million recorded in the nine-months ended December 31, 2021 related to the acquisition of Adam & Company completed on October 1, 2021, the proposed acquisition of Punter Southall Wealth Limited and other prospective acquisitions.

Income before income taxes was $39.5 million compared to $32.6 million in the nine months ended December 31, 2020. Net income before taxes excluding significant items[1] was $61.3 million, representing a $15.2 million or 33.1% increase from the same period in the prior year reflecting the net contribution from higher revenue.

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 2021	Three months ended December 31 2020	Quarter-over-quarter change	Nine months ended December 31 2021	Nine months ended December 31 2020	YTD-over-YTD change
Revenue	$ 20,571	$ 17,636	16.6%	$ 56,840	$ 44,992	26.3%
Expenses						
Compensation expense	13,900	11,786	17.9%	38,260	30,417	25.8%
Other overhead expenses	4,781	2,839	68.4%	12,220	10,023	21.9%
Total expenses	18,681	14,625	27.7%	50,480	40,440	24.8%
Intersegment allocations[3]	—	—	—	—	15	(100.0)%
Income before income taxes[3]	1,890	3,011	(37.2)%	6,360	4,537	40.2%
Non-controlling interest[6]	210	345	(39.1)%	702	466	50.6%
AUM[4]	5,065	4,174	21.3%			
Number of investment professionals and fund managers	112	106	5.7%			
Number of employees	220	194	13.4%			
Excluding significant items[5]						
Total expenses	$ 18,563	$ 14,503	28.0%	$ 50,123	$ 40,079	25.1%
Intersegment allocations[3]	—	—	—	—	15	(100.0)%
Income before income taxes[3]	2,008	3,133	(35.9)%	6,717	4,898	37.1%
Non-controlling interest[6]	210	345	(39.1)%	702	477	47.2%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.
(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 24.
(4) AUM is the market value of client assets managed and administered by the Company. See Non-IFRS Measures on page 7
(5) Refer to Non-IFRS Measures on page 7 and the Selected Financial Information Excluding Significant Items table on page 12.
(6) The non-controlling interest is the portion of the net income after income taxes of Canaccord Genuity Wealth Management Australia not attributable to the Company.
n.m.: not meaningful

Third quarter 2022 vs. third quarter 2021

During the three months ended December 31, 2021, Canaccord Genuity Wealth Management Australia generated revenue of $20.6 million, an increase of $2.9 million or 16.6% compared to Q3/21. AUM[1] in the Australian wealth management operations was $5.1 billion as of December 31, 2021, an increase of $0.9 billion or 21.3% compared to Q3/21 partially due to an increase in market values. In addition, client assets[1] totalling $17.3 billion are also held on record in other less active accounts on our Australian wealth management platforms compared to $15.2 billion as of December 31, 2020. Fee-related revenue in our Australian operations as a percentage of total revenue accounted for 24.9% of the wealth management revenue during the third quarter of fiscal 2022, a decrease of 3.7 percentage points from the three months ended December 31, 2020 due to the increase in investment banking revenue in Q3/22.

Total compensation expense increased by $2.1 million or 17.9% in Q3/22 compared to Q3/21, broadly in line with the increase in commission-based revenue. Total compensation expense as a percentage of revenue was 67.6% for Q3/22, an increase of 0.7 percentage points from the same period in the prior year.

Other overhead expenses increased by $1.9 million or 68.4% compared to the three months ended December 31, 2020, mainly driven by an increase in development costs of $1.0 million related to the amortization of incentive-based payments to new recruits and other recruiting costs. In addition, general and administrative expense also increased by $0.5 million or 56.1% to support the growth in this operation.

Income before income taxes was $1.9 million in Q3/22 compared to $3.0 million in Q3/21. Net income before taxes excluding significant items[1] was $2.0 million for the three months ended December 31, 2021 compared to $3.1 million in the same period in the prior year, due to additional costs related to recruitment of new hires and expansion of this operation.

Year-to-date fiscal 2022 vs. year-to-date fiscal 2021

Revenue from Canaccord Genuity Wealth Management Australia was $56.8 million in the first nine months of fiscal 2022 compared to $45.0 million, an increase of $11.8 million or 26.3%.

(1) See Non-IFRS Measures on page 7

Expenses for the nine months ended December 31, 2021 totalled $50.5 million compared to $40.4 million for the same period in the prior year. Total compensation expense as a percentage of revenue was 67.3%, a slight decrease of 0.3% compared to the first nine months of fiscal 2021. Other overhead expenses were $12.2 million, an increase of $2.2 million or 21.9% compared to the nine months ended December 31, 2020, with increases in general and administrative expenses and development costs partially offset by a decrease in amortization of right of use assets expense.

Income before income taxes was $6.4 million in the nine months ended December 31, 2021, an increase of $1.8 million or 40.2% from the same period in the prior year. Net income before taxes excluding significant items[1] was $6.7 million compared to $4.9 million in the first nine months of fiscal 2021, 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 2021	Three months ended December 31 2020	Quarter-over-quarter change	Nine months ended December 31 2021	Nine months ended December 31 2020	YTD-over-YTD change
Revenue	$ **5,423**	$ 3,705	46.4%	$ **9,048**	$ 11,473	(21.1)%
Expenses						
Compensation expense	**26,618**	25,717	3.5%	**71,764**	75,347	(4.8)%
Other overhead expenses	**6,002**	6,952	(13.7)%	**15,334**	18,953	(19.1)%
Change in fair value of derivative liability	**8,519**	—	n.m.	**8,519**	—	n.m.
Costs associated with redemption of convertible debentures	**—**	—	—	**5,932**	—	n.m.
Share of loss of an associate	**63**	275	(77.1)%	**181**	306	(40.8)%
Total expenses	**41,202**	32,944	25.1%	**101,730**	94,606	7.5%
Intersegment allocations[2]	**(8,959)**	(8,168)	(9.7)%	**(27,225)**	(25,825)	(5.4)%
(Loss) before income taxes[2]	**(26,820)**	(21,071)	(27.3)%	**(65,457)**	(57,308)	(14.2)%
Number of employees	**382**	359	6.4%			
Excluding significant items[3]						
Revenue	$ **4,023**	$ 3,705	8.6%	$ **12,648**	$ 11,473	10.2%
Total expenses	**32,683**	32,944	(0.8)%	**87,279**	94,606	(7.7)%
Intersegment allocations[2]	**(8,959)**	(8,168)	(9.7)%	**(27,225)**	(25,825)	(5.4)%
Loss before income taxes[2]	**(19,701)**	(21,071)	6.5%	**(47,406)**	(57,308)	17.3%

(1) Financial measures are in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 7.
(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 24.
(3) Refer to Non-IFRS Measures on page 7 and Selected Financial Information Excluding Significant Items table on page 12.
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 2022 vs. third quarter 2021

Revenue in the Corporate and Other segment for the three months ended December 31, 2021 was $5.4 million, an increase of $1.7 million from the same quarter a year ago. During Q3 fiscal 2022, there was a change to the fair value adjustment recorded on certain illiquid or restricted marketable securities, resulting in an increase in revenue of $1.4 million. This adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items[1]. Future changes in the unrealized fair value of the marketable securities as determined under applicable accounting standards may be significant and will be recorded through the consolidated statements of operations.

Expenses for Q3/22 increased by $8.3 million or 25.1% to $41.2 million compared to the three months ended December 31, 2020. Total expenses excluding significant items[1] decreased slightly by $0.3 million or 0.8% from Q3 fiscal 2021.

Compensation expense increased by $0.9 million or 3.5% compared to the three months ended December 31, 2020, partially driven by an increase in PSU expense in the current period.

The decrease in other overhead expenses of $1.0 million over Q3/21 was largely related to the decrease in interest expense of $2.4 million or 83.2% as a result of the redemption of the 6.25% convertible unsecured senior subordinated debentures during the first quarter of fiscal 2022. This decrease was partially offset by an increase in general and administrative expense to support the growth of our infrastructure team.

The Convertible Preferred Shares issued to HPS and Preference Shares issued to management and employees of CGWM UK were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. During the three months ended December 31, 2021, there was an $8.5 million fair value adjustment recorded in connection with the derivative liability.

Overall, the loss before income taxes was $26.8 million in Q3/22 compared to a loss of $21.1 million in Q3/21. The net loss before taxes excluding significant items[1] was $19.7 million for the three months ended December 31, 2021, compared to $21.1 million for the same period in the prior year.

(1) See Non-IFRS Measures on page 7

Year-to-date fiscal 2022 vs. year-to-date fiscal 2021

Revenue in the Corporate and Other segment for the nine months ended December 31, 2021 was $9.0 million, a decrease of $2.4 million or 21.1% from the same period a year ago. During the nine months ended December 31, 2021, there was a change to the fair value adjustment recorded on certain illiquid or restricted marketable securities, resulting in a reduction in revenue of $3.6 million recorded. As discussed above, this adjustment is excluded for management reporting purposes as it is not used by management to assess operating performance and is excluded for purposes of determining net income excluding significant items(1).

Expenses for the nine months ended December 31, 2021 increased by $7.1 million or 7.5% compared to the first nine months of fiscal 2021. Total expenses excluding significant items(1) decreased by $7.3 million or 7.7% from the same period in the prior year.

Compensation expense decreased by $3.6 million or 4.8% compared to the nine months ended December 31, 2020.

Other overhead expenses decreased by 19.1% compared to the same period in the prior year largely due to a decrease in interest expense resulting from the redemption of the convertible debentures as discussed above, partially offset by increases in communication and technology expense and general and administrative expense to support the growth of our infrastructure teams.

As discussed above, in order to partially fund the redemption of the convertible debentures, the Company entered into loan facility of £69.0 million with HPS. Transaction costs incurred in connection with the loan facility are recognized on an amortized cost basis and included in the effective interest rate of the facility. Interest associated with this loan facility is included in costs associated with redemption of convertible debentures of $5.9 million for the nine months ended December 31, 2021.

Overall, the loss before income taxes was $65.5 million for the nine months ended December 31, 2021 compared to $57.3 million for the same period in the prior year. The net loss before taxes excluding significant items(1) was $47.4 million for the first nine months of fiscal 2022, a $9.9 million reduction from the loss before income taxes generated in 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, 2021. This information is unaudited but reflects all adjustments of a recurring nature, which are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as indications of future performance.

(C$ thousands, except number of employees and % amounts)	**Fiscal 2022**			Fiscal 2021				Fiscal 2020
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue								
Canaccord Genuity Capital Markets	**361,893**	304,919	324,216	486,951	348,875	241,549	234,853	176,579
Canaccord Genuity Wealth Management:								
North America	**82,589**	72,367	104,158	107,000	92,741	67,347	56,953	56,733
UK & Europe	**81,741**	75,109	73,329	74,950	70,120	64,308	67,951	68,354
Australia	**20,571**	18,752	17,517	17,257	17,636	14,322	13,034	12,851
Corporate and Other	**5,423**	4,014	(389)	20,368	3,705	2,831	4,937	5,131
Total revenue	**552,217**	475,161	518,831	706,526	533,077	390,357	377,728	319,648
Net income	**66,732**	61,785	73,053	139,394	68,451	32,993	28,964	26,246
Earnings per common share – basic	**$ 0.59**	$ 0.56	$ 0.72	$ 1.07	$ 0.67	$ 0.30	$ 0.26	$ 0.25
Diluted earnings per common share	**$ 0.52**	$ 0.49	$ 0.63	$ 0.93	$ 0.54	$ 0.25	$ 0.22	$ 0.21
Net Income excluding significant items(1)	**84,632**	69,719	84,654	137,128	78,971	36,891	32,897	21,451
Earnings per common share, excluding significant items(1) – basic	**$ 0.80**	$ 0.66	$ 0.84	$ 1.38	$ 0.78	$ 0.34	$ 0.30	$ 0.20
Diluted earnings per common share, excluding significant items(1)	**$ 0.69**	$ 0.58	$ 0.73	$ 1.20	$ 0.62	$ 0.28	$ 0.25	$ 0.17

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

With substantially increased capital raising and advisory activity in our core focus areas as well as continued contribution from our global wealth management operations, the Company posted quarterly firm wide revenue of $552.2 million in Q3/22, an increase of 16.2% from the previous quarter and an increase of 21.7% from the average quarterly revenue of the past eight quarters. Revenue from our core business activities including advisory activities and commission and fees continued to be strong in Q3/22, while reduced trading and investment banking activity levels in our key markets contributed to a year over year decline in our investment banking and principal trading revenue for the three-month period.

(1) See Non-IFRS Measures on page 7

Our advisory revenue was particularly strong in the current quarter at $153.3 million, a record for the consolidated group representing an increase of 10.0% from Q2/22 and an increase of 112.9% year over year.

Our Canaccord Genuity Capital Markets operations generated revenue of $361.9 million, an increase of 3.7% over Q3/21 and an increase of 18.7% 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 $189.4 million in Q3/22, the second highest quarterly revenue generated by this operating region. Our US operations recorded advisory revenue of $102.2 million in Q3/22, slightly lower than the record set in Q2 fiscal 2022. Our US operations have also been consistently profitable over the last eight consecutive quarters, with pre-tax income excluding significant items(1) reaching a near record high of $46.2 million in Q3/22.

Revenue in our Canadian capital markets operations was $93.5 million, an increase of 63.9% over Q2 fiscal 2022 but a decrease of 22.9% from the exceptionally strong performance a year ago. The Canadian operating region has been consistently profitable for the past eight quarters, with pre-tax profit margins excluding significant items(1) reaching 29.7% in Q3/22.

Revenue in our Australian capital markets operations increased by 8.4% year over year and 45.0% on a sequential basis driven by increased investment banking activity in our focus sectors. The pre-tax profit margin for our Australian capital markets operations was 32.8%, an increase of 6.9 percentage points from the previous quarter.

Our UK & Europe capital markets operations recorded revenue of $29.0 million for Q3/22, an increase of 9.9% over the average of the last eight quarters, largely due to higher advisory fees earned during the quarter. The increase in revenue led to income before income taxes of $3.4 million for Q3/22 compared to $0.1 million a year ago.

Our Canaccord Genuity Wealth Management North America operations have been positively impacted by improved transactional activity and a growth in client assets. Revenue was $82.6 million in Q3/22, an increase of $10.2 million or 14.1% compared to Q2/22 but a decrease of $10.2 million or 10.9% compared to the same period a year ago due to lower new issues activity. Assets under administration(1) were $37.5 billion, an increase of 28.0% year over year and 4.8% over the prior quarter, reflecting net inflows of new assets as well as higher market values. Assets under management(1) which are included in assets under administration increased by 46.4% from $5.7 billion in Q3/21 to $8.4 billion in Q3/22. Fee-based revenue has also continued to increase for this operating segment, reaching 42.8% in Q3/22.

The CGWM UK operations have contributed consistently to our revenue and profitability levels. Revenue for Q3/22 was $81.7 million, the highest in the past eight quarters. Pre-tax profit margins continued to be strong at 27.1% in Q3/22 excluding significant items(1), the highest in the last eight quarters. During Q3/22, the Company completed its acquisition of Adam & Company, which has already contributed to the profitability of this operation. At the end of Q3/22, fee-related revenue was at 80.6%, an increase of 6.4 percentage points from Q3/21 and highest in the past eight quarters. Assets under management(1) for this group increased by 14.8% as of the end of Q3/22 to $59.4 billion compared to Q3/21 due to the growth in market values as well as net new assets.

Revenue in our Australia wealth management operations reached a high of $20.6 million in Q3/22, an increase of 9.7% over the previous quarter. Assets under management(1) as of December 31, 2021 were $5.1 billion, an improvement of 5.2% compared to Q2/22 and 21.3% over Q3/21.

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

Intersegment Allocated Costs

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

Financial Condition

Below are specific changes in selected items on the Q3/22 unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $1.8 billion on December 31, 2021 compared to $1.9 billion on March 31, 2021. Refer to the Liquidity and Capital Resources section on page 26 for more details.

Securities owned were $1.2 billion on December 31, 2021 compared to $1.0 billion on March 31, 2021 mainly due to an increase in corporate and government debt owned as of December 31, 2021.

Accounts receivable were $3.1 billion at December 31, 2021 compared to $4.0 billion at March 31, 2021, mainly due to a decrease in receivables with brokers and investment dealers and clients.

Goodwill was $529.4 million and intangible assets were $196.2 million on December 31, 2021. On March 31, 2021, goodwill was $380.1 million and intangible assets were $150.9 million. These amounts represent the goodwill and intangible assets acquired through the purchases of

(1) See Non-IFRS Measures on page 7

Genuity Capital Markets, Collins Stewart Hawkpoint plc, Eden Financial Ltd., Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier, Thomas Miller, Patersons, Adam & Company and Sawaya.

Right-of-use assets were $79.2 million compared to $85.2 million at March 31, 2021, mainly due to amortization recorded during the period.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were $147.3 million at December 31, 2021 compared to $117.2 million at March 31, 2021.

LIABILITIES AND NON-CONTROLLING INTERESTS

Securities sold short were $876.3 million at December 31, 2021 compared to $889.6 million at March 31, 2021, mostly due to a decrease in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $4.4 billion at December 31, 2021, a decrease from $5.2 billion at March 31, 2021, mainly due to decreases in payables to brokers and investment dealers and clients.

Subordinated debt, income taxes payable and deferred tax liabilities were $39.4 million at December 31, 2021, a decrease from $77.3 million at March 31, 2021. The decrease was mostly due to the decrease in income tax payable.

There were also lease liabilities of $87.7 million recorded as of December 31, 2021 [March 31, 2021 — $94.9 million].

As discussed above, on July 29, 2021, HPS acquired Convertible Preferred Shares in the amount of £125.0 million (C$218.0 million) issued by the Company's subsidiary, CGWM UK.

The Convertible Preferred Shares and Preference Shares issued to management and employees of CGWM UK were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. The equity component of the Convertible Preferred Shares and Preferred Shares is included in the shareholders' equity and the derivative liability component of £25.0 million (C$42.7 million) is included in other liabilities in the statement of financial position as of December 31, 2021.

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller and Adam & Company. The loan is repayable in instalments of principal and interest and matures in September 2024. The interest rate on this loan is 3.998% per annum as at December 31, 2021 [March 31, 2021 — 2.1288% per annum]. The total bank loans outstanding as of December 31, 2021 net of financing charges was $161.3 million [March 31, 2021 — $78.3million].

Excluding the bank loan in connection with the acquisitions of Hargreave Hale, Thomas Miller and Adam & Company as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $661.8 million [March 31, 2021 — $637.1 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of December 31, 2021, there were no balances outstanding under these other credit facilities [March 31, 2021 — $nil].

During the period ended December 31, 2021, the Company paid the remaining contingent consideration in connection with the purchase of Petsky Prunier [March 31, 2021 — $29.2 million] and the deferred consideration related to the acquisition of Hargreave Hale [March 31, 2021 — $8.1 million]. As part of the acquisition of Sawaya, there were contingent consideration of $49.2 million included as other liabilities and deferred consideration of $11.4 million included as equity on the condensed consolidated statements of financial position as of December 31, 2021.

Non-controlling interests were $238.5 million at December 31, 2021 compared to $8.2 million as at March 31, 2021, an increase of $230.3 million related to the equity portion of the Convertible Preferred Shares component issued in CGWM UK. The non-controlling interests also represent 15% [March 31, 2021 — 15%] of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

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

Bank Indebtedness and Other Credit Facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of December 31, 2021, and March 31, 2021, the Company had no bank indebtedness outstanding under these facilities.

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

The following table summarizes the Company's long-term contractual obligations on December 31, 2021:

(C$ thousands)	Total	Fiscal 2023	Fiscal 2024 – Fiscal 2025	Fiscal 2026 – Fiscal 2027	Thereafter
Premises and equipment operating leases	134,637	28,621	50,734	21,058	34,224
Bank loan(1)	173,996	12,292	161,704	—	—
Total contractual obligations	308,633	40,913	212,438	21,058	34,224

(1) Bank loan obtained to finance a portion of the cash consideration for the acquisitions of Hargreave Hale, Thomas Miller and Adam & Company . The bank loan bears interest at 3.998% [March 31, 2021 — 2.6584%] per annum and is repayable in instalments of principal and interest and matures in September 2024.

Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, retained earnings and accumulated other comprehensive income. On December 31, 2021, cash and cash equivalents were $1.8 billion, a decrease of $93.1 million from $1.9 billion as of March 31, 2021. During the nine months ended December 31, 2021, financing activities used cash in the amount of $45.2 million, mainly due to redemption of convertible debentures, payment of deferred and contingent consideration, purchase of shares under the normal course issuer bid (NCIB), purchases of common shares for the long-term incentive plan (LTIP), and cash dividends paid on common and preferred shares, partially offset by proceeds from bank loan obtained in connection with the acquisition of Adam & Company as well as net proceeds from the issuance of Convertible Preferred Shares in CGWM UK . Investing activities used cash in the amount of $159.5 million for the acquisitions of Adam & Company and Sawaya, purchase of equipment and leasehold improvements and investments. Operating activities generated cash in the amount of $118.2 million, which was largely due to changes in non-cash working capital. A decrease in cash of $6.6 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the nine months ended December 31, 2020, cash used in financing activities decreased by $99.6 million due to redemption of convertible debentures, additional payments of deferred and contingent consideration, purchases of common shares under the NCIB, partially offset by proceeds from bank loan obtained in connection with the acquisition of Adam & Company as well as net proceeds from the issuance of Convertible Preferred Shares in CGWM UK in the current year. Cash used in investing activities increased by $157.4 million during the nine months ended December 31, 2021 compared to the same period last year, mainly due to the acquisitions of Adam & Company and Sawaya and the purchase of investments. Changes in non-cash working capital balances led to a decrease in cash provided by operating activities of $294.2 million. In addition, cash balances increased by $2.7 million from the effects of foreign exchange translation on cash balances in the nine months ended December 31, 2021 compared to the same period in the prior year. Overall, cash and cash equivalents increased by $536.9 million from $1.3 billion at December 31, 2020 to $1.8 billion at December 31, 2021.

The Company's business requires capital for operating and regulatory purposes. The Company's working capital, including cash and cash equivalents, is fully deployed by the Company in its 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 April 9, 2021, the Company completed the redemption of its 6.25% convertible unsecured senior subordinated debentures for $168.1 million.

Outstanding Share Data

	Outstanding shares as of December 31	
	2021	2020
Preferred shares		
Series A – issued shares outstanding	**4,540,000**	4,540,000
Series C – issued shares outstanding	**4,000,000**	4,000,000
Common shares		
Issued shares excluding unvested shares(1)	**88,221,160**	96,382,416
Issued shares outstanding(2)	**105,811,013**	107,996,382
Issued shares outstanding – diluted(3)	**104,038,347**	127,801,185
Average shares outstanding – basic	**96,062,581**	96,590,602
Average shares outstanding – diluted(4)	**109,863,340**	122,562,938

(1) Excludes 11,015,886 unvested shares purchased by employee benefit trusts for the LTIP, 6,451,612 shares committed to be purchased under the substantial issuer bid and 122,355 outstanding shares related to share purchase loans

(2) Includes 11,015,886 unvested shares purchased by employee benefit trusts for the LTIP, 6,451,612 shares committed to be purchased under the substantial issuer bid and 122,355 outstanding shares related to share purchase loans

(3) Includes 1,772,666 share issuance commitments net of forfeitures.

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

In a substantial issuer bid (SIB) which commenced on December 22, 2021, and expired on January 27, 2022, the Company made an offer to repurchase for cancellation up to $100.0 million of its common shares. The offer was made by way of a "modified Dutch auction", which allowed shareholders who chose to participate in the offer to individually select the price, within a price range of not less than $15.50 per common share and not more than $16.50 per common share (in increments of $0.10 per common share), at which they were willing to sell their common shares. Upon expiry of the offer, the Company determined that $15.50 was the lowest purchase price that allowed it to purchase the maximum number of common shares properly tendered to the offer, and not properly withdrawn, having an aggregate purchase price of approximately $100.0 million. The Company therefore purchased for cancellation 6,451,612 of its common shares at a purchase price of $15.50 per share, representing approximately 6.1% of the issued and outstanding common shares on a non-diluted basis at January 31, 2022.

On August 18, 2021, 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 5,342,990 of its common shares during the period from August 21, 2021 to August 20, 2022 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, 2021, there were 2,808,316 shares purchased under the NCIB. There were also 70,000 shares purchased under the NCIB during the year ended March 31, 2021 and cancelled during the nine months ended December 31, 2021.

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, 2021 and will continue for one year (to August 20, 2022) 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 105,393 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 2021 to July 2021 (25% of the ADTV of 421,574)). During the period of the SIB, no purchases of common shares under the NCIB were effected.

As of January 31, 2022, the Company has 105,877,680 common shares issued and outstanding.

On September 1, 2021, the Company announced the reset of the dividend rate on its Cumulative 5-year Rate Reset First Preferred Shares, Series A (the "Series A Preferred Shares"). Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 3.885% for the five years ended September 30, 2021. Commencing October 1, 2021, and ending on and including September 30, 2026, quarterly cumulative dividends, if declared, will be paid at an annual rate of 4.028%. The dividend rate will be reset every five years at a rate equal to the five-year Government of Canada yield plus 3.21%.

Holders of Series A Preferred Shares had the option to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series B (Series B Preferred Series), subject to certain conditions, on September 30, 2021 and have the option on September 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of September 30, 2021 was below the minimum required to proceed with the conversion and, accordingly, no Series B Preferred Shares were issued. Series B Preferred Shares would entitle any holders thereof to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 3.21%.

The Company had the option to redeem the Series A Preferred Shares on September 30, 2021 and has the option to redeem on September 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends.

Terms of the Series A and C Preferred Shares are disclosed in Note 19 of the March 31, 2021 consolidated financial statements.

Share-Based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2021 Annual Report except for the senior deferred share units plan adopted on June 1, 2021. Refer to Note 17 in the unaudited interim condensed consolidated financial statements for the nine months ended December 31, 2021.

Financial Instruments

FOREIGN EXCHANGE

The Company manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to these transactions are recognized in income during the period. Forward contracts outstanding to buy US dollars had a notional amount of US $2.5 million, a decrease of US $8.8 million from December 31, 2020. 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, 2021, the notional amount of the Canadian bond futures contracts outstanding was long $5.1 million [March 31, 2021 — short $1.1 million].

The fair value of all of the above futures contracts is nominal due to their short term to maturity. 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, deferred share units plan (DSUs) for senior executives and a performance stock option plan. Directors have the right to acquire DSUs. As referred to above certain equity instruments in CGWM UK were purchased by management and employees of CGWM UK in the aggregate amount of £24.6 million (CAD$42.2 million) in connection with the issuance of the Convertible Preferred Shares to HPS. In connection with the issuance of the ordinary shares, a limited recourse loan of £4.0 million (CAD$6.9 million) was made.

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

(C$ thousands)	**December 31, 2021 $**	March 31, 2021 $
Accounts receivable	**11,625**	4,686
Accounts payable and accrued liabilities	**3,723**	1,562

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended December 31, 2021 have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), as issued by the International Accounting Standards Board (IASB).

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

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

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

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

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

Changes in Accounting Policies

The accounting policies applied in the preparation of the Q3/22 unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the 2021 Audited Annual Consolidated Financial Statements.

Future Changes in Accounting Policies and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2021 Annual Report, during the nine months ended December 31, 2021.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of December 31, 2021, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2021.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes made in our internal control over financial reporting that occurred during the quarter ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Dividend Policy

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

Dividend Declaration

On February 9, 2022, the Board of Directors approved a dividend of $0.085 per common share, payable on March 10, 2022, with a record date of February 25, 2022.

On February 9, 2022, the Board of Directors approved the following cash dividends: $0.25175 per Series A Preferred Share payable on March 31, 2022 with a record date of March 18, 2022; and $0.31206 per Series C Preferred Share payable on March 31, 2022 with a record date of March 18, 2022.

Risks

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

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

The financial services business is subject to extensive regulation in all of the regions where Canaccord Genuity operates. Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation and change. Changing regulations and interpretations could have a significant impact on the Company's business and profitability. The Company has a disciplined capital management framework to maintain the level of capital that will meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators, to fund current and future operations, to ensure that the firm is able to meet its financial obligations as they come due, and to support the creation of shareholder value. The regulatory bodies that govern the Company's subsidiaries' use of regulatory capital are listed in Note 26 of the Company's 2021 Audited Annual Consolidated Financial Statements.

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

Risks associated with emerging industries such as the cannabis, 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.

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

Cybersecurity risk is the risk that the Company's information networks, data or internal systems will be damaged,

disrupted, misappropriated, stolen, accessed without permission or otherwise attacked. This risk exists due to the

interconnected nature of the Company's business with its clients, suppliers, vendors, partners and the public via the internet and other networks. As a result of this interconnectivity, third parties with which the Company does business with or that facilitate the Company's business may also be a source of cybersecurity risk to the firm. The Company has implemented a third- party risk management framework as part of onboarding new vendors and other third parties as well as vetting existing vendors. The purpose of this mitigant is to ensure all parties interacting with the Company are adhering to high standards as it relates to cybersecurity.

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

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 fiscal 2021 Annual Report, which are available on our website at www.cgf.com/investor-relations and on SEDAR at www.sedar.com

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

As at (in thousands of Canadian dollars)	Notes	December 31, 2021 $	March 31, 2021 $
ASSETS			
Current			
Cash and cash equivalents		**$1,790,177**	$1,883,292
Securities owned	4	**1,159,854**	1,041,583
Accounts receivable	6,18	**3,137,364**	3,973,442
Income taxes receivable		**9,568**	738
Total current assets		**6,096,963**	6,899,055
Deferred tax assets		**89,186**	81,229
Investments	7	**24,815**	12,193
Equipment and leasehold improvements		**23,724**	23,070
Intangible assets	10	**196,196**	150,923
Goodwill	10	**529,373**	380,115
Right-of-use assets		**79,169**	85,216
Total assets		**$7,039,426**	$7,631,801
LIABILITIES AND EQUITY			
Current			
Securities sold short	4	**876,313**	889,607
Accounts payable and accrued liabilities	6,18	**4,429,574**	5,160,600
Provisions	20	**6,693**	10,357
Income taxes payable		**6,266**	56,285
Subordinated debt	5,12	**7,500**	7,500
Current portion of bank loan	13	**6,843**	12,119
Current portion of lease liabilities		**24,446**	24,311
Current portion of contingent consideration	5	**11,034**	17,706
Convertible debentures		**—**	168,112
Total current liabilities		**5,368,669**	6,346,597
Deferred tax liabilities		**25,629**	13,552
Bank loan	13	**154,501**	66,200
Lease liabilities		**63,281**	70,591
Other liabilities	5,8	**80,875**	19,577
Total liabilities		**5,692,955**	6,516,517
Equity			
Preferred shares	14	**205,641**	205,641
Common shares	15	**582,160**	662,366
Contributed surplus		**—**	62,402
Deferred consideration	8	**11,378**	—
Retained earnings		**202,954**	73,220
Accumulated other comprehensive income		**105,839**	103,465
Total shareholders' equity		**1,107,972**	1,107,094
Non-controlling interests	9	**238,499**	8,190
Total equity		**1,346,471**	1,115,284
Total liabilities and equity		**$7,039,426**	$7,631,801

See accompanying notes

On behalf of the Board:

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

DANIEL DAVIAU
Director

TERRENCE A. LYONS
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, 2021**	December 31, 2020	**December 31, 2021**	December 31, 2020
REVENUE					
Commissions and fees		**$197,009**	$184,186	**$ 564,867**	$ 520,763
Investment banking		**151,025**	213,419	**452,924**	455,612
Advisory fees		**153,297**	72,004	**370,704**	130,331
Principal trading		**33,980**	51,113	**117,018**	158,971
Interest		**9,639**	5,791	**25,764**	18,801
Other		**7,267**	6,564	**14,932**	16,684
		552,217	533,077	**1,546,209**	1,301,162
EXPENSES					
Compensation expense		**340,929**	328,647	**953,489**	832,257
Trading costs		**25,401**	27,982	**79,236**	82,734
Premises and equipment		**5,389**	4,948	**14,747**	14,310
Communication and technology		**18,048**	16,020	**53,537**	50,052
Interest		**6,014**	6,724	**16,115**	20,125
General and administrative		**28,658**	22,690	**71,997**	58,789
Amortization		**6,792**	6,145	**18,648**	19,638
Amortization of right of use assets		**5,464**	6,053	**17,197**	18,864
Development costs		**5,195**	8,815	**16,208**	16,397
Acquisition-related costs	8	**6,762**	5,504	**8,682**	5,504
Change in derivative fair value	9	**8,519**	—	**8,519**	—
Costs associated with redemption of convertible debentures		**—**	—	**5,932**	—
Share of loss of an associate	7	**63**	275	**181**	306
		457,234	433,803	**1,264,488**	1,118,976
Net income before income taxes		**94,983**	99,274	**281,721**	182,186
Income taxes (recovery)					
Current		**33,375**	32,650	**80,767**	54,837
Deferred		**(5,124)**	(1,827)	**(616)**	(3,059)
	11	**28,251**	30,823	**80,151**	51,778
Net income for the period		**$ 66,732**	$ 68,451	**$ 201,570**	$ 130,408
Net income attributable to:					
CGGI shareholders		**$ 58,645**	$ 66,991	**$ 187,229**	$ 125,909
Non-controlling interests		**$ 8,087**	$ 1,460	**$ 14,341**	$ 4,499
Weighted average number of common shares outstanding (thousands)					
Basic		**94,997**	96,719	**96,063**	96,591
Diluted		**108,976**	123,760	**109,863**	122,563
Net income per common share					
Basic	15	**$ 0.59**	$ 0.67	**$ 1.88**	$ 1.23
Diluted	15	**$ 0.52**	$ 0.54	**$ 1.64**	$ 1.01
Dividend per common share	16	**$ 0.085**	$ 0.065	**$ 0.235**	$ 0.175
Dividend per Series A Preferred Share	16	**$ 0.25**	$ 0.24	**$ 0.74**	$ 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, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Net income for the period	**$66,732**	$68,451	**$201,570**	$130,408
Other comprehensive income				
Net change in unrealized gains (losses) on translation of foreign operations	**267**	(6,151)	**3,260**	(31,063)
Comprehensive income for the period	**66,999**	$62,300	**204,830**	$ 99,345
Comprehensive income attributable to:				
CGGI shareholders	**$57,822**	$61,370	**$187,979**	$ 94,797
Non-controlling interests [Note 9]	**$ 9,177**	$ 930	**$ 16,851**	$ 4,548

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, 2021	December 31, 2020
Preferred shares, opening and closing	14	$ 205,641	$ 205,641
Common shares, opening		662,366	663,553
Shares issued in connection with share-based payments		—	10
Acquisition of common shares for long-term incentive plan (LTIP)		(60,626)	(35,933)
Release of vested common shares from employee benefit trusts		34,115	38,143
Shares issued through exercise of performance share options (PSOs)		3,352	673
Issuance of shares in connection with settlement of Jitneytrade contingent consideration		—	2,000
Reversal of shares committed to be purchased under normal course issuer bid		8,181	—
Shares purchased and cancelled under normal course issuer bid		(19,989)	(1,505)
Shares committed to be purchased under substantial issuer bid		(44,801)	—
Unvested share purchase loans		(438)	(132)
Common shares, closing	15	582,160	666,809
Convertible debentures – equity, opening and closing		—	5,156
Contributed surplus, opening		62,402	101,501
Share-based payments, amortization net of vestings		(28,236)	(41,085)
Change in current and deferred taxes relating to share based payments		11,845	5,749
Shares purchased and cancelled under normal course issuer bid		(18,963)	39
Shares committed to be purchased under substantial issuer bid		(27,486)	
Unvested share purchase loans		438	132
Contributed surplus, closing		—	66,336
Retained earnings (deficit), opening		73,220	(193,131)
Net income attributable to CGGI shareholders		187,229	125,909
Financial instruments measured at fair value through other comprehensive income		—	4,091
Preferred shares dividends	16	(7,053)	(7,053)
Common shares dividends	16	(22,729)	(16,654)
Shares committed to be purchased under substantial issuer bid		(27,713)	
Retained earnings, closing		202,954	(86,838)
Deferred consideration, opening		—	6,545
Deferred consideration in connection with acquisition of Sawaya Partners	8	11,378	—
Deferred consideration, closing		11,378	6,545
Accumulated other comprehensive income, opening		103,465	139,353
Reclassification of other comprehensive income to non-controlling interest		1,624	—
Reclassification of realized gains on disposal of financial instruments measured at fair value through other comprehensive income		—	(4,091)
Other comprehensive income (loss) attributable to CGGI shareholders		750	(31,112)
Accumulated other comprehensive income, closing		105,839	104,150
Total shareholders' equity		1,107,972	967,799
Total non-controlling interest	9	238,499	6,844
Total equity		1,346,471	974,643

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, 2021 $	December 31, 2020 $
OPERATING ACTIVITIES			
Net income for the period		$ 201,570	$ 130,408
Items not affecting cash			
Amortization		18,648	19,638
Amortization of right of use assets		17,197	18,864
Deferred income tax recovery		(616)	(3,059)
Share-based compensation expense	17	66,980	69,342
Share of loss of associate	7	181	306
Interest expense in connection with lease liabilities		4,344	4,351
Non-cash portion of acquisition-related costs		—	5,504
Impairment of investment in associates		—	2,500
Changes in non-cash working capital			
Increase in securities owned		(118,271)	(131,479)
Decrease in accounts receivable		836,078	206,100
(Decrease)/increase in net income taxes payable		(59,510)	11,270
Decrease in securities sold short		(13,294)	(121,705)
(Decrease)/ increase in accounts payable, accrued liabilities and provisions		(835,095)	200,394
Cash provided by operating activities		118,212	412,434
FINANCING ACTIVITIES			
Repayment of bank loan		(5,127)	—
Proceeds from bank loan obtained in connection with the acquisition of Adam & Company		88,465	—
Acquisition of common shares for long-term incentive plan		(60,626)	(35,933)
Proceeds from issuance of convertible preferred shares and other equity instruments in UK & Crown Dependencies wealth management operations, net of acquisition related costs		224,660	—
Redemption of convertible debentures		(168,112)	—
Proceeds from exercise of performance share options		3,352	—
Purchase and cancellation of common shares under normal course issuer bid		(38,952)	(1,466)
Cash dividends paid on common shares		(22,729)	(16,654)
Cash dividends paid on preferred shares		(7,253)	(7,053)
Payment of deferred and contingent consideration		(37,139)	(59,598)
Lease payments		(21,781)	(22,416)
Payment of long-term liability		—	(1,721)
Cash used in financing activities		(45,242)	(144,841)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(2,324)	(1,418)
Purchase of investments		(14,161)	(663)
Investment in associates		(1,490)	—
Purchase of intangibles		(2,664)	—
Acquisition of Adam & Company, net of cash acquired	8	(93,316)	—
Acquisition of Sawaya Partners, net of cash acquired	8	(45,513)	—
Cash used in investing activities		(159,468)	(2,081)
Effect of foreign exchange on cash balances		(6,617)	(9,360)
(Decrease)/increase in cash position		(93,115)	256,152
Cash position, beginning of period		1,883,292	997,111
Cash position, end of period		1,790,177	1,253,263
Supplemental cash flow information			
Interest received		$ 25,838	$ 18,494
Interest paid		$ 15,102	$ 19,390
Income taxes paid		$ 137,042	$ 43,801

See accompanying notes

Notes to Unaudited Interim Condensed Consolidated Financial Statements

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

1. Corporate Information

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

Canaccord Genuity Group Inc. was incorporated on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act (British Columbia)* and continues in existence under the Business Corporations Act (British Columbia). The Company's head office is located at Suite 2200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

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

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

2. Basis of Preparation

STATEMENT OF COMPLIANCE

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

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended March 31, 2021 (March 31, 2021 consolidated financial statements) filed on SEDAR on June 1, 2021. All defined terms used herein are consistent with those terms defined in the March 31, 2021 consolidated financial statements.

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

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

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on February 9, 2022.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The global pandemic related to the 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 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. Given that the full extent of the impact that COVID-19, including government and/or regulatory responses to the outbreak, will have on the global economy and the Company's business is highly uncertain and difficult to predict at this time, there is a higher level of uncertainty with respect to management's judgements and estimates. The extent to which the Company's business and financial condition will continue to be affected by the COVID-19 pandemic will depend on future developments including the spread of variants, efficacy of vaccines against new variants, the achievement of mass vaccinations and the impact of related controls and public health restrictions imposed by government authorities.

Significant judgments, estimates and assumptions have been made in respect of a number of matters including consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment and testing of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair values of level 2 and 3 financial instruments, capitalization of intangible assets related to software costs, provisions and the valuation of the non-controlling interest — derivative component. 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 and finite lives. Judgements, 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 acquisitions of Adam & Company and Sawaya Partners.

During the period ended December 31, 2021, certain institutional investors completed the purchase of Convertible Preferred Shares issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited (CGWM UK), a subsidiary of the Company. The Convertible Preferred Shares issued contain no obligation for the Company to deliver cash or other financials assets. Judgment was used to conclude that the Convertible Preferred Shares are a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of CGWM UK.

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

In the discussions below, unless otherwise noted, Hargreave Hale Limited is referred to as "Hargreave Hale", Petsky Prunier LLC is referred to as "Petsky Prunier", McCarthy Taylor Limited (renamed as CG McCarthy Taylor Limited) is referred to as "McCarthy Taylor", Thomas Miller Wealth Management Limited (renamed as CG Wealth Planning Limited) and the private client business of Thomas Miller Investment (Isle of Man) Limited are referred to as "Thomas Miller", Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) is referred to as "Patersons", Sawaya Partners is referred to as "Sawaya", the private client investment management business acquired from Adam & Company (including the acquisition of the entire issued capital of Adam & Company Investment Management Limited) is referred as "Adam & Company", 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, 2021.

4. Securities Owned and Securities Sold Short

	December 31, 2021		March 31, 2021	
	Securities owned	**Securities sold short**	**Securities owned**	**Securities sold short**
Corporate and government debt	**$ 848,108**	**$ 759,846**	$ 770,455	$ 777,996
Equities and convertible debentures	**311,746**	**116,467**	271,128	111,611
	$ 1,159,854	**$ 876,313**	$ 1,041,583	$ 889,607

As at December 31, 2021, corporate and government debt maturities range from 2022 to 2079 [March 31, 2021 – 2021 to 2080] and bear interest ranging from 0.00% to 15.00% [March 31, 2021 – 0.00% to 31.50%].

5. Financial Instruments

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

	Fair value through profit and loss		Fair value through other comprehensive income		Amortized cost		Total	
	December 31, 2021 $	March 31, 2021 $	December 31, 2021 $	March 31, 2021 $	December 31, 2021 $	March 31, 2021 $	December 31, 2021 $	March 31, 2021 $
Financial assets								
Securities owned	**$1,159,854**	$1,041,583	**$—**	$—	**$ —**	$ —	**$1,159,854**	**$1,041,583**
Accounts receivable from brokers and investment dealers	**—**	—	**—**	—	**1,537,338**	2,434,162	**1,537,338**	**2,434,162**
Accounts receivable from clients	**—**	—	**—**	—	**914,715**	848,549	**914,715**	**848,549**
RRSP cash balances held in trust	**—**	—	**—**	—	**479,125**	494,476	**479,125**	**494,476**
Other accounts receivable	**—**	—	**—**	—	**206,186**	196,255	**206,186**	**196,255**
Investments	**11,047**	6,882	**—**	—	**—**	—	**11,047**	**6,882**
Total financial assets	**$1,170,901**	$1,048,465	**$—**	$—	**$3,137,364**	$3,973,442	**$4,308,265**	**$5,021,907**
Financial liabilities								
Securities sold short	**$ 876,313**	$ 889,607	**$—**	$—	**$ —**	$ —	**$ 876,313**	**$ 889,607**
Accounts payable to brokers and investment dealers	**—**	—	**—**	—	**1,116,480**	1,845,236	**1,116,480**	**1,845,236**
Accounts payable to clients	**—**	—	**—**	—	**2,443,217**	2,559,721	**2,443,217**	**2,559,721**
Other accounts payable and accrued liabilities	**—**	—	**—**	—	**869,877**	755,643	**869,877**	**755,643**
Subordinated debt	**—**	—	**—**	—	**7,500**	7,500	**7,500**	**7,500**
Convertible debentures	**—**	—	**—**	—	**—**	168,112	**—**	**168,112**
Deferred consideration		8,087	**—**	—	**—**	—		**8,087**
Contingent consideration	**49,208**	29,196	**—**	—	**—**	—	**49,208**	**29,196**
Bank loan	**—**	—	**—**	—	**161,344**	78,319	**161,344**	**78,319**
Non-controlling interest – derivative	**42,701**	—	**—**	—	**—**	—	**42,701**	—
Total financial liabilities	**$ 968,222**	$ 926,890	**$—**	$—	**$4,598,418**	$5,414,531	**$5,566,640**	**$6,341,421**

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

FAIR VALUE HIERARCHY

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

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

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

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

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

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

		Estimated fair value		
		December 31, 2021		
	December 31, 2021	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	39,912	—	39,912	—
Government debt	808,196	586,881	221,315	—
Corporate and government debt	848,108	586,881	261,227	—
Equities	308,750	178,793	95,463	34,494
Convertible debentures	2,996	—	2,996	—
Equities and convertible debentures	311,746	178,793	98,459	34,494
	1,159,854	765,674	359,686	34,494
Investments	11,047	—	—	11,047
	1,170,901	765,674	359,686	45,541
Securities sold short				
Corporate debt	(3,371)	—	(3,371)	—
Government debt	(756,475)	(501,620)	(254,855)	—
Corporate and government debt	(759,846)	(501,620)	(258,226)	—
Equities	(116,467)	(87,544)	(28,923)	—
Equities and convertible debentures	(116,467)	(87,544)	(28,923)	—
	(876,313)	(589,164)	(287,149)	—
Contingent consideration	(49,208)	—	—	(49,208)
Non-controlling interest – derivative	(42,701)	—	—	(42,701)
	(968,222)	(589,164)	(287,149)	(91,909)

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

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

Movement in net Level 3 financial assets/(liabilities)

Balance, March 31, 2021	$ 9,351
Payment of contingent consideration in connection with acquisition of Thomas Miller	5,142
Payment of contingent consideration in connection with acquisition of Petsky Prunier	24,055
Payment of contingent consideration in connection with Hargreave Hale	7,942
Addition of contingent consideration in connection with Sawaya	(49,208)
Movement in fair value of level 3 securities owned during the period	(5,219)
Addition of investments	7,140
Addition of non-controlling interest derivative in connection with Convertible Preferred Shares [Note 9]	(42,701)
Reclassification of investments from FVPTL to equity investment	(3,000)
Foreign exchange revaluation	130
Balance, December 31, 2021	(46,368)

FAIR VALUE ESTIMATION

i. Level 2 financial instruments

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

ii. Level 3 financial instruments

The fair value for Level 3 investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the level 3 held for trading investments as at December 31, 2021 was $34.5 million [March 31, 2021 – $39.8 million].

As at December 31, 2021, the Company, either directly or through a wholly owned subsidiary, held investments in Capital Markets Gateway, InvestX Capital Ltd. and Proactive Group Holdings Inc. which have been classified as Level 3 financial instruments given they do not have any observable inputs or market indicators [Note 7]. During the nine months ended December 31, 2021, the investment held in Katipult Technology Corp. was reclassified from FVTPL to an equity accounted investment.

During the period ended December 31, 2021, the Company paid the remaining contingent consideration in connection with the purchase of Petsky Prunier [March 31, 2021 – $29.2 million] and the deferred consideration related to the acquisition of Hargreave Hale [March 31, 2021 – $8.1 million]. As part of the acquisition of Sawaya, there was contingent consideration of $49.2 million recorded as of December 31, 2021.

The Convertible Preferred Shares and Preference Shares issued to management and employees of CGWM UK [Note 9] were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. The derivative liability component of £25.0 million (C$42.7 million) is included in the statement of financial position as of December 31, 2021. During the nine months ended December 31, 2021, a fair value adjustment of $8.5 million was recorded in connection with the derivative liability. [Note 9]

The deferred and contingent consideration and the non-controlling interests — derivative are included as other liabilities in the statement of financial position as at December 31, 2021.

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

FOREIGN EXCHANGE FORWARD CONTRACTS

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

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

Forward contracts outstanding at December 31, 2021:

	Notional amount (millions)		Average price	Maturity	Fair value
To sell US dollars	USD$	nil	—	—	—
To buy US dollars	USD$	2.5	$ 1.26(CAD/USD)	January 4, 2022	—

Forward contracts outstanding at March 31, 2021:

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

The Company's Canaccord Genuity Wealth Management segment in the UK & Crown Dependencies trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the Euro. The weighted average term to maturity is 62 days as at December 31, 2021 [March 31, 2021 – 54 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at December 31, 2021 and March 31, 2021, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	December 31, 2021			March 31, 2021		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	**$79**	**$72**	**$12,384**	$113	$100	$19,014

FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At December 31, 2021, the notional amount of the bond futures contracts outstanding was long $5.1 million [March 31, 2021 – short $1.1 million].

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

SECURITIES LENDING AND BORROWING

	Cash		**Securities**	
	Loaned or delivered as collateral	**Borrowed or received as collateral**	**Loaned or delivered as collateral**	**Borrowed or received as collateral**
December 31, 2021	$256,763	$149,021	$188,917	$257,434
March 31, 2021	$232,558	$ 39,404	$ 63,536	$232,126

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

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by either unpaid client securities and/or securities owned by the Company. As at December 31, 2021 the Company had $nil balance outstanding [March 31, 2021 – $nil].

BANK LOAN

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller and Adam & Company. The balance outstanding at December 31, 2021, net of unamortized financing fees, was $161.3 million [March 31, 2021 – $78.3 million] [Note 13]

SHORT-TERM LOAN FACILITY

On April 9, 2021, the Company redeemed the entire $132.7 million principal amount of its outstanding Debentures due December 31, 2023. The total redemption price including accrued interest was $168.1 million which was fully accrued at March 31, 2021. In order to fund the redemption in part, and pursuant to the terms of a commitment letter entered into with certain institutional investors on March 18, 2021, the Company entered into a credit agreement on April 6, 2021 with certain lenders for a senior secured first lien term loan facility in an aggregate principal amount of £69.0 million. This loan was repaid from the proceeds of the issuance of the Convertible Preferred Shares by CGWM UK to certain institutional investors on July 29, 2021.

OTHER CREDIT FACILITIES

Excluding the bank loan in connection with the acquisitions of Hargreave Hale, Thomas Miller and Adam & Company as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $661.8 million [March 31, 2021 – $637.1 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of December 31, 2021, there were no balances outstanding under these other credit facilities [March 31, 2021 – $nil].

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

6. Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	December 31, 2021 $		March 31, 2021 $
Brokers and investment dealers	**1,537,338**	$	2,434,162
Clients	**914,715**		848,549
RRSP cash balances held in trust	**479,125**		494,476
Other	**206,186**		196,255
	3,137,364	$	3,973,442

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021 $		March 31, 2021 $
Brokers and investment dealers	**1,116,480**	$	1,845,236
Clients	**2,443,217**		2,559,721
Other	**869,877**		755,643
	4,429,574	$	5,160,600

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

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client's account. Interest on margin loans and on amounts due to clients is based on a floating rate [December 31, 2021 – 5.45% to 6.25% and 0.00% to 0.05%]; [March 30, 2021 – 5.45% to 6.25% and 0.00% to 0.05%].

As at December 31, 2021, the allowance for doubtful accounts was $3.5 million [March 31, 2021 – $6.8 million].

7. Investments

		December 31, 2021		March 31, 2021
Investments accounted for under the equity method	**$**	**13,768**	$	5,311
Investments held as fair value through profit and loss		**11,047**		6,882
	$	**24,815**	$	12,193

Breakdown of investments as follow:

INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

		December 31, 2021		March 31, 2021
Canaccord Genuity G Ventures Corp.	**$**	**1,311**	$	—
Canaccord Genuity Growth II Corp.		**—**		2,897
InterCure Ltd.		**1,785**		1,785
Katipult Technology Corp.		**3,000**		—
Link Investment Management Inc.		**2,500**		—
International Deal Gateway Blockchain Inc.		**4,500**		—
Other		**672**		629
	$	**13,768**	$	5,311

INVESTMENTS HELD AS FAIR VALUE THROUGH PROFIT AND LOSS

	December 31, 2021	March 31, 2021
Capital Markets Gateway LLC	$ 3,907	$ 3,882
InvestX Capital Ltd	3,140	—
Proactive Group Holdings Inc.	4,000	—
Katipult Technology Corp.	—	3,000
	$ 11,047	$ 6,882

During the nine months ended December 31, 2021, the Company, through a wholly owned subsidiary, made an investment of $1.4 million for Class B preferred share and warrants of Canaccord Genuity G Ventures Corp. (CGGV). CGGV is a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. The Company holds a 20.0% interest in CGGV and is considered to exert significant influence over the operations of CGGV. Accordingly, the investment in CGGV is accounted for using the equity method. The Company's equity portion of the net loss of CGGV for the period ended December 31, 2021 was $0.2 million.

The Company also made investments of $2.5 million in Series A preferred share units in Link Investment Management Inc. ("Link") and $4.5 million in Series A preferred share units of International Deal Gateway Blockchain Inc. ("IDG") during the nine months ended December 31, 2021. The Company is considered to exert significant influence over the operations of Link and IDG factoring in potential voting rights, even though the Company does not currently have any entitlement to a share of the net assets of these companies. Accordingly, these investments are treated as equity investments and included as investments in the consolidated statement of financial position as at December 31, 2021.

In addition, during the nine months ended December 31, 2021, the Company also invested US $2.5 million ($3.1 million) in Series A preferred shares of InvestX Capital Ltd ("InvestX"), as well as an investment of $4.0 in the preferred shares of Proactive Group Holdings Inc. ("Proactive"). The Company does not exert significant influence over the operations of InvestX or Proactive. Accordingly, the investments in InvestX and Proactive are accounted for as financial assets measured at FVTPL and included as investments on the consolidated statement of financial position as at December 31, 2021.

8. Business Combinations

i) Adam & Company

On October 1, 2021, the Company, through CGWM UK completed its acquisition of the private client investment management business of Adam & Company (including the acquisition of the entire issued capital of Adam & Company Investment Management Limited) for £54.0 million (C$93.3 million). In connection with the completion of the acquisition, a subsidiary of the Company modified its existing banking arrangements and increased its bank loan by an additional £53.3 million (C$91.2 million as of December 31, 2021) [Notes 5 and 13].

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

CONSIDERATION PAID

Cash	$ 93,316
	93,316

NET ASSETS ACQUIRED

Accounts receivable	$ 5,875
Equipment and leasehold improvements	673
Accounts payable and accrued liabilities	(2,334)
Identifiable intangible assets	52,601
Deferred tax liability related to identifiable intangible assets	(12,773)
Goodwill	49,274
	$ 93,316

Identifiable intangible assets of $52.6 million were recognized and relate to customer relationships and brand name. The goodwill of $49.3 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

The above amounts included in the purchase price allocation are preliminary. The purchase price and the fair value of the net assets acquired from Adam & Company are estimates, which were made by management at the time of the preparation of these unaudited interim condensed consolidated financial statements based on available information. Amendments may be made to these amounts as well as the identification of intangible assets and the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company during the nine months ending December 31, 2021 in connection with the acquisition of Adam & Company were $2.1 million which comprised mainly of professional fees.

Revenue and net income generated by Adam & Company including acquisition-related costs, were $5.1 million and $0.8 million, respectively, since the acquisition date.

Had Adam & Company been consolidated from April 1, 2021, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately $1.6 billion and $206.3 million, respectively, for the nine months ended December 31, 2021. These figures represent historical results and are not necessarily indicative of future performance.

ii. Sawaya Partners

On December 31, 2021, the Company completed its acquisition of Sawaya Partners (Sawaya), a leading independent M&A advisory firm to the consumer sector based in the US. The initial cash consideration was US$ 36.0 million (C$45.5 million), with additional contingent consideration of up to US$ 40.0 million (C$49.2 million on a discounted basis) payable over a period of four years following completion, subject to achievement of performance targets related to revenue. There was also deferred consideration of US$ 9.0 million (C$ 11.4 million), payable over a period of four years following completion, in cash or shares based on the Company's option subject to a 12-month election period after the date of acquisition.

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

CONSIDERATION PAID

Cash	$	45,513
Deferred consideration		11,378
Contingent consideration		49,208
	$	106,099

NET ASSETS ACQUIRED

Accounts receivable	77
Equipment and leasehold improvements	1,122
Right of use assets	4,070
Accounts payable and accrued liabilities	(76)
Lease liabilities	(4,070)
Identifiable intangible assets	3,287
Goodwill	101,689
	$106,099

Identifiable intangible assets of $3.3 million were recognized and relate to the contract book and brand name. The goodwill of $101.7 million represents the value of expected synergies arising from the acquisition.

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

Amendments may be made to these amounts as well as the identification of intangible assets and the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company during the nine months ending December 31, 2021 in connection with the acquisition of Sawaya were $0.5 million which comprised mainly of professional fees.

9. Non-Controlling Interests

The non-controlling interests as of December 31, 2021 comprised of the following:

	Australia		UK & Crown Dependencies		Total	
As at and for the period ended December 31	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Balance, opening	**8,190**	156	**—**	—	**8,190**	156
Comprehensive income attributable to non-controlling interests	**5,011**	4,548	**11,840**	—	**16,851**	4,548
Foreign exchange on non-controlling interests	**660**	2,140	**—**	—	**660**	2,140
Dividends paid to non-controlling interest	**(4,909)**	—	**—**	—	**(4,909)**	—
Issuance of convertible preferred shares, net of discount	**—**	—	**212,449**	—	**212,449**	—
Issuance of equity instruments to management and employees	**—**	—	**42,658**	—	**42,658**	—
Acquisition-related costs, net of deferred tax	**—**	—	**(2,834)**	—	**(2,834)**	—
Share-based payment	**—**	—	**1,740**	—	**1,740**	—
Reclassification to derivative liability on issuance date	**—**	—	**(34,682)**	—	**(34,682)**	—
Reclassification of other comprehensive income on issuance date	**—**	—	**(1,624)**	—	**(1,624)**	—
Balance, ending	**8,952**	6,844	**229,547**	—	**238,499**	6,844

Comprehensive income attributable to non-controlling interests	Three months ended Dec 31 2021 $	Three months ended Dec 31, 2020 $	Nine months ended Dec 31 2021 $	Nine months ended Dec 31 2020 $
Australia	**2,076**	930	**5,011**	4,548
UK & Crown Dependencies	**7,101**	—	**11,840**	—
Total	**9,177**	930	**16,851**	4,548

UK & Crown Dependencies Wealth Management

On July 29, 2021, certain institutional investors acquired convertible preferred shares (“Convertible Preferred Shares”) in the amount of £125.0 million (C$218.0 million) issued by CGWM UK. A portion of the proceeds was used to repay the senior secured first lien term loan facility of £69.0 million which was used to partially fund the redemption of the Company’s 6.25% convertible unsecured senior subordinated debentures on April 9, 2021 [Note 5].

On an as converted basis the Convertible Preferred Shares represent 21.93% of the outstanding equity interest in CGWM UK as at December 31, 2021. Cumulative dividends, when, as and if declared by the board of directors of CGWM UK, are payable by CGWM UK 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 any dividends declared and paid in respect of ordinary shares of CGWM UK. No dividends may be paid on any other class of shares of CGWM UK unless and until the cumulative dividends on the Convertible Preferred Shares are declared and paid. 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 holders of the Convertible Preferred Shares 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 holders of the Convertible Preferred Shares would receive on an as converted basis. If a liquidity event has not occurred after five years, then CGWM UK 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 holders of the Convertible Preferred Shares with an internal rate of return of 11.5% (including all previously paid dividends). After the fifth anniversary the holders of the Convertible Preferred Shares have certain rights in respect of initiating a liquidity event. The Convertible Preferred Shares carry customary minority rights in respect of CGWM UK governance and financial matters, including representation on the CGWM UK board of directors.

In connection with the issuance of the Convertible Preferred Shares, CGWM UK provided for the purchase of certain equity instruments in CGWM UK by management and employees of CGWM UK which will reflect an approximate 4.6% equity-equivalent interest in CGWM UK. As of December 31, 2021, £24.6 million (CAD$42.7 million) of such equity instruments in CGWM UK were purchased in connection with this equity program. Included in these equity instruments of CGWM UK were preferred shares with the same economic attributes as the Convertible Preferred Shares (the “ Preference Shares”). Preference Shares in the amounts of £7.5 million (CAD$13.0 million) were issued to management as of December 31, 2021. The other equity interests purchased by management and employees of CGWM UK are ordinary shares of CGWM UK with certain restrictions on transfer and limited governance rights. In connection with the purchase of the ordinary shares, a limited recourse loan of £4.0 million (CAD$6.9 million) as well as certain full recourse employee loans were made. A management incentive arrangement has also been implemented which will provide for certain incentives with performance thresholds related to the future growth of CGWM UK.

The Convertible Preferred Shares and Preference Shares do not give rise to any obligation for the Company to deliver cash or other financial assets to the holders thereof. The Convertible Preferred Shares and Preference Shares were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of CGWM UK. The equity component of the Convertible Preferred Shares and Preference Shares are included in equity and the derivative liability component is included in other liabilities in the statement of financial position as of December 31, 2021.

The fair value of the Convertible Preferred Shares and Preference Shares at issuance was allocated to the respective equity and derivative liability components. The fair value of the derivative liability was established first and the residual amount was recorded to the equity component. The derivative component will be remeasured at the end of each reporting period using the Company’s best estimate of its value. During the nine months ended December 31, 2021, a fair value adjustment of $8.5 million was recorded in the consolidated statement of operations. The carrying value of the derivative liability at December 31, 2021 was $42.7 million and included in other liabilities in the unaudited interim condensed consolidated statements of financial position.

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

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

Australia

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 as of December 31, 2021 [March 31, 2021 – 80%]. Canaccord Genuity (Australia) Limited (CGAL) operates in the capital markets segment, while the wealth management business is carried out by Canaccord Genuity Financial Limited (CGFL). See Note 21 Subsequent Events.

10. Goodwill and Other Intangible Assets

	Goodwill $	Brand names (indefinite life) $	Brand names $	Customer relationships $	Technology $	Trading licenses $	Fund management $	Contract book $	Favourable lease $	Client Books $	Total $
Gross amount											
Balance, March 31, 2021	702,747	44,930	544	163,546	39,632	625	38,781	6,150	526	—	294,734
Additions	150,963	—	1,571	51,789	2,149	—	—	2,528	—	1,893	59,930
Foreign exchange	(1,705)		4	(1,772)	(413)	(16)	(457)	26	3	—	(2,625)
Reclassification	—	—	—	181	(181)	—	—	—	—	—	—
Balance, December 31, 2021	852,005	44,930	2,119	213,744	41,187	609	38,324	8,704	529	1,893	352,039
Accumulated amortization and impairment											
Balance, March 31, 2021	(322,632)	—	(364)	(96,245)	(27,194)	(625)	(12,811)	(6,150)	(422)	—	(143,811)
Amortization	—	—	(187)	(7,865)	(2,206)	—	(2,722)	—	(102)	(162)	(13,244)
Foreign exchange	—	—	3	767	292	16	163	(26)	(5)	2	1,212
Balance, December 31, 2021	(322,632)	—	(548)	(103,343)	(29,108)	(609)	(15,370)	(6,176)	(529)	(160)	(155,843)
Net book value											
March 31, 2021	380,115	44,930	180	67,301	12,438	—	25,970	—	104	—	150,923
December 31, 2021	529,373	44,930	1,571	110,401	12,079	—	22,954	2,528	—	1,733	196,196

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

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

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

	Intangible assets with indefinite lives		Goodwill		Total	
	December 31, 2021 $	March 31, 2021 $	December 31, 2021 $	March 31, 2021 $	December 31, 2021 $	March 31, 2021 $
Canaccord Genuity Capital Markets CGUs						
Canada	$44,930	$44,930	$101,732	$101,732	$146,662	$146,662
US	—	—	199,735	97,441	199,735	97,441
Canaccord Genuity Wealth Management CGUs						
UK & Crown Dependencies (Channel Islands)	—	—	92,263	93,374	92,263	93,374
UK & Crown Dependencies (UK wealth)	—	—	132,838	84,651	132,838	84,651
Australia	—	—	2,805	2,917	2,805	2,917
	$44,930	$44,930	$529,373	$380,115	$574,303	$425,045

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. As of December 31, 2021 no indicators of impairment were identified.

11. 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, 2021 $	December 31, 2020 $	December 31, 2021 $	December 31, 2020 $
Net income before income taxes	**94,983**	99,274	**281,721**	182,186
Income taxes at the statutory rate of 27.0% (F2021: 27.0%)	**25,639**	26,803	**76,061**	49,191
Difference in tax rates in foreign jurisdictions	**(108)**	(518)	**(281)**	(739)
Non-deductible items affecting the determination of taxable income	**4,305**	2,999	**4,844**	3,782
Share based payments	**(52)**	(519)	**(2,810)**	(2,870)
Change in accounting and tax base estimate	**(5)**	1,830	**93**	2,800
Impact of change in tax rate on deferred tax liabilities in connection with intangible assets acquired in respect of previous acquisitions	**—**	—	**3,171**	—
(Utilization of tax losses previously not recognized) tax losses and other temporary differences not recognized	**(404)**	98	**(375)**	172
Other	**(1,124)**	130	**(552)**	(558)
Income tax expense – current and deferred	**28,251**	30,823	**80,151**	51,778

12. Subordinated Debt

	December 31, 2021 $	March 31, 2021 $
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	**7,500**	7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of the Investment Industry Regulatory Organization of Canada (IIROC). As at December 31, 2021 and March 31, 2021, the interest rates for the subordinated debt were 6.45% and 6.45%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

13. Bank Loan

	December 31, 2021 $	March 31, 2021 $
Loan	**$ 164,228**	$79,051
Less: Unamortized financing fees	**(2,884)**	(732)
	161,344	78,319
Current portion	**6,843**	12,119
Long term portion	**$ 154,501**	$66,200

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller and Adam & Company. The loan is repayable in instalments of principal and interest and matures in September 2024. The interest rate on this loan is 3.998% per annum as at December 31, 2021 [March 31, 2021 – 2.1288% per annum].

In connection with the acquisition of Adam & Company on October 1, 2021 , a subsidiary of the Company increased its bank loan by an additional £53.3 million (C$91.2 million as of December 31, 2021) [Note 5]. The proceeds from the additional bank loan, net of financing charges, is £51.8 million [C$ 88.5 million] and has been included in cash on the statement of operations as of December 31, 2021.

14. Preferred Shares

	December 31, 2021		March 31, 2021	
	Amount $	Number of shares	Amount $	Number of shares
Series A Preferred Shares issued and outstanding	**110,818**	**4,540,000**	110,818	4,540,000
Series C Preferred Shares issued and outstanding	**97,450**	**4,000,000**	97,450	4,000,000
Series C Preferred Shares held in treasury	**(2,627)**	**(106,794)**	(2,627)	(106,794)
	94,823	**3,893,206**	94,823	3,893,206
	205,641	**8,433,206**	205,641	8,433,206

On September 1, 2021, the Company announced the reset of the dividend rate on its Cumulative 5-year Rate Reset First Preferred Shares, Series A (the "Series A Preferred Shares"). Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 3.885% for the five years ended September 30, 2021. Commencing October 1, 2021 and ending on and including September 30, 2026, quarterly cumulative dividends, if declared, will be paid at an annual rate of 4.028%. The dividend rate will be reset every five years at a rate equal to the five-year Government of Canada yield plus 3.21%.

Holders of Series A Preferred Shares had the option to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series B (Series B Preferred Series), subject to certain conditions, on September 30, 2021 and have the option on September 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of September 30, 2021 was below the minimum required to proceed with the conversion and, accordingly, no Series B Preferred Shares were issued. Series B Preferred Shares would entitle any holders thereof to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 3.21%.

The Company had the option to redeem the Series A Preferred Shares on September 30, 2021 and has the option to redeem on September 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends.

Terms of the Series A and C Preferred Shares are disclosed in Note 19 of the March 31, 2021 consolidated financial statements.

15. Common Shares

	December 31, 2021		March 31, 2021	
	Amount $	Number of shares	Amount $	Number of shares
Issued and fully paid	**732,863**	**105,811,013**	749,500	108,191,331
Shares committed to repurchase under the normal course issuer bid	**—**	**—**	(8,181)	(689,500)
Shares committed to repurchase under the substantial issuer bid	**(44,801)**	**(6,451,612)**	—	—
Held for share-based payment plans	**(1,839)**	**(122,355)**	(1,401)	(122,355)
Held for the LTIP	**(104,063)**	**(11,015,886)**	(77,552)	(11,588,393)
	582,160	**88,221,160**	662,366	95,791,083

In a substantial issuer bid (SIB) which commenced on December 22, 2021, and expired on January 27, 2022, the Company made an offer to repurchase for cancellation up to $100.0 million of its common shares. The offer was made by way of a "modified Dutch auction", which allowed shareholders who chose to participate in the offer to individually select the price, within a price range of not less than $15.50 per common share and not more than $16.50 per common share (in increments of $0.10 per common share), at which they are willing to sell their common shares. The Company recorded an accrual of $100.0 million as at December 31, 2021 in accounts payable and accrued liabilities on the condensed consolidated statements of financial position to reflect its commitment to repurchase its common shares under the SIB. Common shares are reduced by the number of shares estimated to be repurchased at the weighted average share value, with the excess recorded as a reduction to contributed surplus and retained earnings. [Note 21[ii]]

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount $
Balance, March 31, 2021	**108,191,331**	749,500
Shares cancelled under normal course issuer bid	**(2,878,316)**	(19,989)
Shares issued in connection with exercise of PSO [note 17]	**497,998**	3,352
Balance, December 31, 2021	**105,811,013**	**732,863**

On August 18, 2021, 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 5,342,990 of its common shares during the period from August 21, 2021 to August 20, 2022 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, 2021, there were 2,808,316 shares purchased under the NCIB. There were also 70,000 shares purchased under the NCIB during the year ended March 31, 2021 and cancelled during the nine months ended December 31, 2021.

[iii] EARNINGS PER COMMON SHARE

	For the three months ended		For the nine months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Basic earnings per common share				
Net income attributable to CGGI shareholders	$ 58,645	$ 66,991	$ 187,229	125,909
Preferred shares dividends	(2,391)	(2,351)	(7,093)	(7,053)
Net income available to common shareholders	56,254	64,640	180,136	118,856
Weighted average number of common shares (number)	94,996,557	96,719,401	96,062,581	96,590,602
Basic earnings per share	$ 0.59	$ 0.67	$ 1.88	$ 1.23
Diluted earnings per common share				
Net income available to common shareholders	56,254	64,640	180,136	118,856
Interest on convertible debentures, net of tax	—	1,732	—	5,183
Adjusted net earnings available to common shareholders	56,254	66,372	180,136	124,039
Weighted average number of common shares (number)	94,996,557	96,719,401	96,062,581	96,590,602
Dilutive effect in connection with LTIP (number)	10,899,558	11,104,962	10,882,606	10,998,580
Dilutive effect in connection with performance stock options (number)	3,080,033	1,189,493	2,918,153	227,556
Dilutive effect in connection with convertible debentures (number)	—	13,272,500	—	13,272,500
Dilutive effect in connection with acquisition of Petsky Prunier (number)	—	1,473,700	—	1,473,700
Adjusted weighted average number of common shares (number)	108,976,148	123,760,056	109,863,340	122,562,938
Diluted earnings per common share	$ 0.52	$ 0.54	$ 1.64	$ 1.01

16. Dividends

COMMON SHARE DIVIDENDS

The Company declared the following common share dividend during the nine months ended December 31, 2021:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 18, 2021	June 30, 2021	$ 0.075	$ 8,059
August 27, 2021	September 10, 2021	$ 0.075	$ 8,015
November 26, 2021	December 10, 2021	$ 0.075	$ 7,936

On February 9, 2022, the Board of Directors approved a dividend of $0.085 per common share, payable on March 10, 2022, with a record date of February 25, 2022 [Note 21].

PREFERRED SHARE DIVIDENDS

The Company declared the following preferred share dividends during the nine months ended December 31, 2021:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 18, 2021	June 30, 2021	$ 0.24281	$ 0.31206	$ 2,351
September 17, 2021	September 30, 2021	$ 0.24281	$ 0.31206	$ 2,351
December 17, 2021	December 31, 2021	$ 0.25175	$ 0.31206	$ 2,391

On February 9, 2022, the Board approved a cash dividend of $0.25175 per Series A Preferred Share payable on March 31, 2022 to Series A Preferred shareholders of record as at March 18, 2022 [Note 21].

On February 9, 2022, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on March 31, 2022 to Series C Preferred shareholders of record as at March 18, 2022 [Note 21].

17. Share-Based Payment Plans

I. LONG-TERM INCENTIVE PLAN

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

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

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

There were 4,798,225 RSUs granted in lieu of cash compensation to employees during the nine-month period ended December 31, 2021 [December 31, 2020 – 5,804,407 RSUs]. The Trusts purchased 4,516,556 common shares during the nine months ended December 31, 2021 [December 31, 2020 – 4,534,485 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, 2021 was $13.45 [December 31, 2020 – $5.91].

	Number
Awards outstanding, March 31, 2021	11,663,809
Grants	4,798,225
Vested	(5,089,063)
Forfeited	(178,670)
Awards outstanding, December 31, 2021	**11,194,301**

	Number
Common shares held by the Trusts, March 31, 2021	11,588,393
Acquired	4,516,556
Released on vesting	(5,089,063)
Common shares held by the Trusts, December 31, 2021	**11,015,886**

II. PERFORMANCE SHARE UNITS

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

The PSUs were measured at fair value on the grant date. Changes in value of the PSUs at each reporting period are amortized over the remaining vesting period and recorded as a compensation expense in the statement of operations. During the year ended March 31, 2021, the PSU plan was amended to include certain employment-related conditions to the vesting of the awards resulting in a change in the periodic expense recorded during the vesting period. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at December 31, 2021 was $135.0 million [March 31, 2021 – $85.9 million].

III. PERFORMANCE STOCK OPTIONS

The Company adopted a performance share option (PSO) plan for certain senior executives. The PSOs have a term of five years and will time-vest ratably over four years (with one-third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, and have a four times exercise price cap on payout value (i.e., the gain on the exercise of the options is limited to three times the exercise price). During the nine months ended December 31, 2021, the stock price performance vesting conditions had been met on all the outstanding options. A total of 3,332,337 options outstanding (net of options already exercised) had met both stock price performance and time-based vesting conditions and are therefore fully vested and outstanding.

The following is a summary of the Company's PSOs as at December 31, 2021:

	Number of PSOs		Weighted average exercise price ($)
Balance, March 31, 2021	6,237,001	$	6.78
Exercised	(497,998)	$	6.73
Balance, December 31, 2021	**5,739,003**	**$**	**6.79**

IV. SENIOR EXECUTIVE DEFERRED SHARE UNITS

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

The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to DSUs at December 31, 2021 was $4.9 million [March 31, 2021 – $ nil].

V. SHARE-BASED COMPENSATION EXPENSE

	For the three months ended		For the nine months ended	
	December 31, 2021 $	December 31 , 2020 $	December 31, 2021 $	December 31, 2020 $
Long-term incentive plan	**2,522**	9,652	**7,344**	12,844
Deferred share units (cash-settled)	**604**	2,089	**1,812**	3,165
Deferred share units (cash-settled) – senior executives	**1,638**	—	**4,935**	—
PSU (cash-settled)	**17,648**	7,683	**50,000**	47,775
PSO	**218**	548	**1,149**	2,183
Other share-based payment plan	**—**	2,079	**1,740**	3,375
Total share-based compensation expense	**22,630**	22,051	**66,980**	69,342

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, 2021	**March 31, 2021**
Accounts receivable	**11,625**	$ 4,686
Accounts payable and accrued liabilities	**3,723**	1,562

19. Segmented Information

The Company operates in two industry segments as follows:

Canaccord Genuity Capital Markets – includes investment banking, advisory, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the UK, Europe and Dubai, Australia and the US. Operations located in Other Foreign Locations under Canaccord Genuity Asia are also included in Canaccord Genuity Capital Markets.

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

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

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

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity Capital Markets Canada segment, as it relates to the acquisitions of Genuity and Jitneytrade. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to the Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management segments in the UK & Crown Dependencies (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisitions of Eden Financial Ltd., Hargreave Hale, McCarthy Taylor, Thomas Miller and Adam & Company is allocated to the Canaccord Genuity Wealth Management UK & Crown Dependencies (UK Wealth) segment. Amortization of identifiable intangible assets acquired through the acquisition of Petsky Prunier and Sawaya 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, 2021				December 31, 2020			
	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Commissions and fees	44,192	152,814	3	197,009	51,400	132,786	—	184,186
Investment banking	127,383	23,642	—	151,025	171,869	41,550	—	213,419
Advisory fees	152,034	1,263	—	153,297	70,731	1,273	—	72,004
Principal trading	33,737	243	—	33,980	50,843	270	—	51,113
Interest	2,522	5,901	1,216	9,639	1,340	3,439	1,012	5,791
Other	2,025	1,038	4,204	7,267	2,692	1,179	2,693	6,564
Expenses, excluding undernoted	256,749	130,460	31,216	418,425	243,365	128,903	28,019	400,287
Amortization	1,126	5,488	178	6,792	1,513	4,511	121	6,145
Amortization of right of use assets	3,413	1,340	711	5,464	3,532	1,690	831	6,053
Development costs	285	4,876	34	5,195	2,312	5,663	840	8,815
Interest expense	2,620	2,913	481	6,014	2,486	1,380	2,858	6,724
Acquisition related costs	537	6,225	—	6,762	4,644	860	—	5,504
Non-controlling interest derivative liability fair value adjustment	—	—	8,519	8,519	—	—	—	—
Share of loss of an associate	—	—	63	63	—	—	275	275
Income (loss) before intersegment allocations and income taxes	97,163	33,599	(35,779)	94,983	91,023	37,490	(29,239)	99,274
Intersegment allocations	4,037	4,922	(8,959)	—	3,921	4,247	(8,168)	—
Income (loss) before income taxes	93,126	28,677	(26,820)	94,983	87,102	33,243	(21,071)	99,274

For the nine months ended

	December 31, 2021				December 31, 2020			
	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Commissions and fees	126,018	438,841	8	564,867	149,915	370,848	—	520,763
Investment banking	368,056	84,868	—	452,924	378,362	77,250	—	455,612
Advisory fees	367,018	3,686	—	370,704	127,973	2,302	56	130,331
Principal trading	116,488	530	—	117,018	158,194	777	—	158,971
Interest	6,560	14,988	4,216	25,764	4,674	10,341	3,786	18,801
Other	6,888	3,220	4,824	14,932	6,159	2,894	7,631	16,684
Expenses, excluding undernoted	704,098	385,853	83,055	1,173,006	618,279	337,599	82,264	1,038,142
Amortization	3,666	14,495	487	18,648	5,069	14,238	331	19,638
Amortization of right of use assets	10,583	4,382	2,232	17,197	10,328	6,115	2,421	18,864
Development costs	715	15,378	115	16,208	2,744	12,703	950	16,397
Interest expense	9,051	5,855	1,209	16,115	8,158	3,633	8,334	20,125
Acquisition related costs	537	8,145	—	8,682	4,644	860	—	5,504
Non-controlling interest derivative liability fair value adjustment	—	—	8,519	8,519	—	—	—	—
Costs associated with redemption of convertible debentures	—	—	5,932	5,932	—	—	—	—
Share of loss of an associate	—	—	181	181	—	—	306	306
Income (loss) before intersegment allocations and income taxes	262,378	112,025	(92,682)	281,721	176,055	89,264	(83,133)	182,186
Intersegment allocations	12,290	14,935	(27,225)	—	13,118	12,707	(25,825)	—
Income (loss) before income taxes	250,088	97,090	(65,457)	281,721	162,937	76,557	(57,308)	182,186

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

	For the three months ended		For the nine months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Canada	**179,826**	216,291	**529,847**	466,509
UK, Europe & Crown Dependencies	**110,769**	91,228	**321,297**	261,776
United States	**191,152**	161,896	**525,931**	393,073
Australia	**70,470**	63,662	**169,134**	179,804
	552,217	533,077	**1,546,209**	1,301,162

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, 2021:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2021	$ 8,551	$ 1,806	$ 10,357
Additions	810	—	810
Utilized	(4,419)	(55)	(4,474)
Balance, December 31, 2021	**4,942**	**1,751**	**6,693**

COMMITMENTS, LITIGATION PROCEEDINGS AND CONTINGENT LIABILITIES

In the normal course of business, the Company is involved in litigation, and as of December 31, 2021, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of December 31, 2021, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

There were no additional changes to the Company's commitments or contingencies from those described in Note 28 of the March 31, 2021 audited consolidated financial statements.

The Company has entered into a lease for which the asset is still under construction, and therefore the right-of-use asset and the lease liability related to this lease is not recorded, as at December 31, 2021, since the lease has not yet commenced, The Company's undiscounted lease commitments were as follows, as at:

	December 31, 2021
Less than 1 year	$ 1,390
From 1 to 3 years	7,300
Thereafter	34,178
	42,868

21. Subsequent Events

I. AUSTRALIA NON-CONTROLLING INTEREST

On January 3, 2022, the share structure for our Australian operations was reorganized through the sale of partly paid shares to selected employees of Canaccord Financial Group (Australia) Pty Ltd. (CFGA) and as a result the Company's ownership in CFGA (decreased from 80% to 65%. For accounting purposes, commencing the fourth quarter of fiscal 2022 the Company's ownership interest changes to 67% from 85% because of shares held in an employee trust controlled by CFGA. The purpose of the change in the ownership structure was to provide further alignment with our employee base in the Australian region and to provide the business with capital and access to capital for continued growth.

II. SUBSTANTIAL ISSUER BID

Upon expiry of the substantial issuer bid on January 27, 2022, the Company determined that $15.50 was the lowest purchase price that allowed it to purchase the maximum number of common shares properly tendered to the offer, and not properly withdrawn, having an aggregate purchase price of approximately $100.0 million. The Company therefore purchased for cancellation 6,451,612 of its common shares at a purchase price of $15.50 per share, representing 6.1% of the issued and outstanding common shares on a non-diluted basis at January 31, 2022. [Note 15]

III. DIVIDENDS

On February 9, 2022, the Board of Directors approved a dividend of $0.085 per common share, payable on March 10, 2022, with a record date of February 25, 2022 [Note 16].

On February 9, 2022, the Board of Directors approved the following cash dividends: $0.25175 per Series A Preferred Share payable on March 31, 2022 with a record date of March 18, 2022; and $0.31206 per Series C Preferred Share payable on March 31, 2022 with a record date of March 18, 2022 [Note 16].

22. Comparatives

Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period. Other liabilities now include deferred and contingent consideration which were previously presented separately.

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.

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. 2021 Annual Report is available on our website at www.cgf.com. For a printed copy, please contact the Investor Relations department.

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

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q4/22	June 2, 2022	June 17, 2022	June 30, 2022	June 17, 2022	June 30, 2022
Q1/23	August 4, 2022	September 16, 2022	September 30, 2022	September 2, 2022	September 15, 2022
Q2/23	November 2, 2022	December 23, 2022	January 3, 2023	December 2, 2022	December 15, 2022
Q3/23	February 8, 2023	March 17, 2023	March 31, 2023	February 24, 2023	March 10, 2023

(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, 2021 $	March 31, 2021 $
ASSETS			
Current			
Cash and cash equivalents		**$1,790,177**	$1,883,292
Securities owned	4	**1,159,854**	1,041,583
Accounts receivable	6,18	**3,137,364**	3,973,442
Income taxes receivable		**9,568**	738
Total current assets		**6,096,963**	6,899,055
Deferred tax assets		**89,186**	81,229
Investments	7	**24,815**	12,193
Equipment and leasehold improvements		**23,724**	23,070
Intangible assets	10	**196,196**	150,923
Goodwill	10	**529,373**	380,115
Right-of-use assets		**79,169**	85,216
Total assets		**$7,039,426**	$7,631,801
LIABILITIES AND EQUITY			
Current			
Securities sold short	4	**876,313**	889,607
Accounts payable and accrued liabilities	6,18	**4,429,574**	5,160,600
Provisions	20	**6,693**	10,357
Income taxes payable		**6,266**	56,285
Subordinated debt	5,12	**7,500**	7,500
Current portion of bank loan	13	**6,843**	12,119
Current portion of lease liabilities		**24,446**	24,311
Current portion of contingent consideration	5	**11,034**	17,706
Convertible debentures		**—**	168,112
Total current liabilities		**5,368,669**	6,346,597
Deferred tax liabilities		**25,629**	13,552
Bank loan	13	**154,501**	66,200
Lease liabilities		**63,281**	70,591
Other liabilities	5,8	**80,875**	19,577
Total liabilities		**5,692,955**	6,516,517
Equity			
Preferred shares	14	**205,641**	205,641
Common shares	15	**582,160**	662,366
Contributed surplus		**—**	62,402
Deferred consideration	8	**11,378**	—
Retained earnings		**202,954**	73,220
Accumulated other comprehensive income		**105,839**	103,465
Total shareholders' equity		**1,107,972**	1,107,094
Non-controlling interests	9	**238,499**	8,190
Total equity		**1,346,471**	1,115,284
Total liabilities and equity		**$7,039,426**	$7,631,801

See accompanying notes

On behalf of the Board:

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

DANIEL DAVIAU — Director

TERRENCE A. LYONS — 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, 2021**	December 31, 2020	**December 31, 2021**	December 31, 2020
REVENUE					
Commissions and fees		**$197,009**	$184,186	**$ 564,867**	$ 520,763
Investment banking		**151,025**	213,419	**452,924**	455,612
Advisory fees		**153,297**	72,004	**370,704**	130,331
Principal trading		**33,980**	51,113	**117,018**	158,971
Interest		**9,639**	5,791	**25,764**	18,801
Other		**7,267**	6,564	**14,932**	16,684
		552,217	533,077	**1,546,209**	1,301,162
EXPENSES					
Compensation expense		**340,929**	328,647	**953,489**	832,257
Trading costs		**25,401**	27,982	**79,236**	82,734
Premises and equipment		**5,389**	4,948	**14,747**	14,310
Communication and technology		**18,048**	16,020	**53,537**	50,052
Interest		**6,014**	6,724	**16,115**	20,125
General and administrative		**28,658**	22,690	**71,997**	58,789
Amortization		**6,792**	6,145	**18,648**	19,638
Amortization of right of use assets		**5,464**	6,053	**17,197**	18,864
Development costs		**5,195**	8,815	**16,208**	16,397
Acquisition-related costs	8	**6,762**	5,504	**8,682**	5,504
Change in derivative fair value	9	**8,519**	—	**8,519**	—
Costs associated with redemption of convertible debentures		**—**	—	**5,932**	—
Share of loss of an associate	7	**63**	275	**181**	306
		457,234	433,803	**1,264,488**	1,118,976
Net income before income taxes		**94,983**	99,274	**281,721**	182,186
Income taxes (recovery)					
Current		**33,375**	32,650	**80,767**	54,837
Deferred		**(5,124)**	(1,827)	**(616)**	(3,059)
	11	**28,251**	30,823	**80,151**	51,778
Net income for the period		**$ 66,732**	$ 68,451	**$ 201,570**	$ 130,408
Net income attributable to:					
CGGI shareholders		**$ 58,645**	$ 66,991	**$ 187,229**	$ 125,909
Non-controlling interests		**$ 8,087**	$ 1,460	**$ 14,341**	$ 4,499
Weighted average number of common shares outstanding (thousands)					
Basic		**94,997**	96,719	**96,063**	96,591
Diluted		**108,976**	123,760	**109,863**	122,563
Net income per common share					
Basic	15	**$ 0.59**	$ 0.67	**$ 1.88**	$ 1.23
Diluted	15	**$ 0.52**	$ 0.54	**$ 1.64**	$ 1.01
Dividend per common share	16	**$ 0.085**	$ 0.065	**$ 0.235**	$ 0.175
Dividend per Series A Preferred Share	16	**$ 0.25**	$ 0.24	**$ 0.74**	$ 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, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Net income for the period	**$66,732**	$68,451	**$201,570**	$130,408
Other comprehensive income				
Net change in unrealized gains (losses) on translation of foreign operations	**267**	(6,151)	**3,260**	(31,063)
Comprehensive income for the period	**66,999**	$62,300	**204,830**	$ 99,345
Comprehensive income attributable to:				
CGGI shareholders	**$57,822**	$61,370	**$187,979**	$ 94,797
Non-controlling interests [Note 9]	**$ 9,177**	$ 930	**$ 16,851**	$ 4,548

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, 2021	December 31, 2020
Preferred shares, opening and closing	14	$ 205,641	$ 205,641
Common shares, opening		662,366	663,553
Shares issued in connection with share-based payments		—	10
Acquisition of common shares for long-term incentive plan (LTIP)		(60,626)	(35,933)
Release of vested common shares from employee benefit trusts		34,115	38,143
Shares issued through exercise of performance share options (PSOs)		3,352	673
Issuance of shares in connection with settlement of Jitneytrade contingent consideration		—	2,000
Reversal of shares committed to be purchased under normal course issuer bid		8,181	—
Shares purchased and cancelled under normal course issuer bid		(19,989)	(1,505)
Shares committed to be purchased under substantial issuer bid		(44,801)	—
Unvested share purchase loans		(438)	(132)
Common shares, closing	15	582,160	666,809
Convertible debentures – equity, opening and closing		—	5,156
Contributed surplus, opening		62,402	101,501
Share-based payments, amortization net of vestings		(28,236)	(41,085)
Change in current and deferred taxes relating to share based payments		11,845	5,749
Shares purchased and cancelled under normal course issuer bid		(18,963)	39
Shares committed to be purchased under substantial issuer bid		(27,486)	
Unvested share purchase loans		438	132
Contributed surplus, closing		—	66,336
Retained earnings (deficit), opening		73,220	(193,131)
Net income attributable to CGGI shareholders		187,229	125,909
Financial instruments measured at fair value through other comprehensive income		—	4,091
Preferred shares dividends	16	(7,053)	(7,053)
Common shares dividends	16	(22,729)	(16,654)
Shares committed to be purchased under substantial issuer bid		(27,713)	
Retained earnings, closing		202,954	(86,838)
Deferred consideration, opening		—	6,545
Deferred consideration in connection with acquisition of Sawaya Partners	8	11,378	—
Deferred consideration, closing		11,378	6,545
Accumulated other comprehensive income, opening		103,465	139,353
Reclassification of other comprehensive income to non-controlling interest		1,624	—
Reclassification of realized gains on disposal of financial instruments measured at fair value through other comprehensive income		—	(4,091)
Other comprehensive income (loss) attributable to CGGI shareholders		750	(31,112)
Accumulated other comprehensive income, closing		105,839	104,150
Total shareholders' equity		1,107,972	967,799
Total non-controlling interest	9	238,499	6,844
Total equity		1,346,471	974,643

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, 2021 $	December 31, 2020 $
OPERATING ACTIVITIES			
Net income for the period		$ 201,570	$ 130,408
Items not affecting cash			
Amortization		18,648	19,638
Amortization of right of use assets		17,197	18,864
Deferred income tax recovery		(616)	(3,059)
Share-based compensation expense	17	66,980	69,342
Share of loss of associate	7	181	306
Interest expense in connection with lease liabilities		4,344	4,351
Non-cash portion of acquisition-related costs		—	5,504
Impairment of investment in associates		—	2,500
Changes in non-cash working capital			
Increase in securities owned		(118,271)	(131,479)
Decrease in accounts receivable		836,078	206,100
(Decrease)/increase in net income taxes payable		(59,510)	11,270
Decrease in securities sold short		(13,294)	(121,705)
(Decrease)/ increase in accounts payable, accrued liabilities and provisions		(835,095)	200,394
Cash provided by operating activities		118,212	412,434
FINANCING ACTIVITIES			
Repayment of bank loan		(5,127)	—
Proceeds from bank loan obtained in connection with the acquisition of Adam & Company		88,465	—
Acquisition of common shares for long-term incentive plan		(60,626)	(35,933)
Proceeds from issuance of convertible preferred shares and other equity instruments in UK & Crown Dependencies wealth management operations, net of acquisition related costs		224,660	—
Redemption of convertible debentures		(168,112)	—
Proceeds from exercise of performance share options		3,352	—
Purchase and cancellation of common shares under normal course issuer bid		(38,952)	(1,466)
Cash dividends paid on common shares		(22,729)	(16,654)
Cash dividends paid on preferred shares		(7,253)	(7,053)
Payment of deferred and contingent consideration		(37,139)	(59,598)
Lease payments		(21,781)	(22,416)
Payment of long-term liability		—	(1,721)
Cash used in financing activities		(45,242)	(144,841)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(2,324)	(1,418)
Purchase of investments		(14,161)	(663)
Investment in associates		(1,490)	—
Purchase of intangibles		(2,664)	—
Acquisition of Adam & Company, net of cash acquired	8	(93,316)	—
Acquisition of Sawaya Partners, net of cash acquired	8	(45,513)	—
Cash used in investing activities		(159,468)	(2,081)
Effect of foreign exchange on cash balances		(6,617)	(9,360)
(Decrease)/increase in cash position		(93,115)	256,152
Cash position, beginning of period		1,883,292	997,111
Cash position, end of period		1,790,177	1,253,263
Supplemental cash flow information			
Interest received		$ 25,838	$ 18,494
Interest paid		$ 15,102	$ 19,390
Income taxes paid		$ 137,042	$ 43,801

See accompanying notes

Notes to Unaudited Interim Condensed Consolidated Financial Statements

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

1. Corporate Information

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

Canaccord Genuity Group Inc. was incorporated on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act (British Columbia)* and continues in existence under the Business Corporations Act (British Columbia). The Company's head office is located at Suite 2200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

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

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

2. Basis of Preparation

STATEMENT OF COMPLIANCE

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

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended March 31, 2021 (March 31, 2021 consolidated financial statements) filed on SEDAR on June 1, 2021. All defined terms used herein are consistent with those terms defined in the March 31, 2021 consolidated financial statements.

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

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

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on February 9, 2022.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The global pandemic related to the 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 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. Given that the full extent of the impact that COVID-19, including government and/or regulatory responses to the outbreak, will have on the global economy and the Company's business is highly uncertain and difficult to predict at this time, there is a higher level of uncertainty with respect to management's judgements and estimates. The extent to which the Company's business and financial condition will continue to be affected by the COVID-19 pandemic will depend on future developments including the spread of variants, efficacy of vaccines against new variants, the achievement of mass vaccinations and the impact of related controls and public health restrictions imposed by government authorities.

Significant judgments, estimates and assumptions have been made in respect of a number of matters including consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment and testing of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair values of level 2 and 3 financial instruments, capitalization of intangible assets related to software costs, provisions and the valuation of the non-controlling interest — derivative component. 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 and finite lives. Judgements, 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 acquisitions of Adam & Company and Sawaya Partners.

During the period ended December 31, 2021, certain institutional investors completed the purchase of Convertible Preferred Shares issued by Canaccord Genuity Wealth Group Holdings (Jersey) Limited (CGWM UK), a subsidiary of the Company. The Convertible Preferred Shares issued contain no obligation for the Company to deliver cash or other financials assets. Judgment was used to conclude that the Convertible Preferred Shares are a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of CGWM UK.

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

In the discussions below, unless otherwise noted, Hargreave Hale Limited is referred to as "Hargreave Hale", Petsky Prunier LLC is referred to as "Petsky Prunier", McCarthy Taylor Limited (renamed as CG McCarthy Taylor Limited) is referred to as "McCarthy Taylor", Thomas Miller Wealth Management Limited (renamed as CG Wealth Planning Limited) and the private client business of Thomas Miller Investment (Isle of Man) Limited are referred to as "Thomas Miller", Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) is referred to as "Patersons", Sawaya Partners is referred to as "Sawaya", the private client investment management business acquired from Adam & Company (including the acquisition of the entire issued capital of Adam & Company Investment Management Limited) is referred as "Adam & Company", 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, 2021.

4. Securities Owned and Securities Sold Short

	December 31, 2021		March 31, 2021	
	Securities owned	**Securities sold short**	**Securities owned**	**Securities sold short**
Corporate and government debt	**$ 848,108**	**$ 759,846**	$ 770,455	$ 777,996
Equities and convertible debentures	**311,746**	**116,467**	271,128	111,611
	$ 1,159,854	**$ 876,313**	$ 1,041,583	$ 889,607

As at December 31, 2021, corporate and government debt maturities range from 2022 to 2079 [March 31, 2021 – 2021 to 2080] and bear interest ranging from 0.00% to 15.00% [March 31, 2021 – 0.00% to 31.50%].

5. Financial Instruments

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

	Fair value through profit and loss		Fair value through other comprehensive income		Amortized cost		Total	
	December 31, 2021 $	March 31, 2021 $	December 31, 2021 $	March 31, 2021 $	December 31, 2021 $	March 31, 2021 $	December 31, 2021 $	March 31, 2021 $
Financial assets								
Securities owned	**$1,159,854**	$1,041,583	**$—**	$—	**$ —**	$ —	**$1,159,854**	**$1,041,583**
Accounts receivable from brokers and investment dealers	**—**	—	**—**	—	**1,537,338**	2,434,162	**1,537,338**	**2,434,162**
Accounts receivable from clients	**—**	—	**—**	—	**914,715**	848,549	**914,715**	**848,549**
RRSP cash balances held in trust	**—**	—	**—**	—	**479,125**	494,476	**479,125**	**494,476**
Other accounts receivable	**—**	—	**—**	—	**206,186**	196,255	**206,186**	**196,255**
Investments	**11,047**	6,882	**—**	—	**—**	—	**11,047**	**6,882**
Total financial assets	**$1,170,901**	$1,048,465	**$—**	$—	**$3,137,364**	$3,973,442	**$4,308,265**	**$5,021,907**
Financial liabilities								
Securities sold short	**$ 876,313**	$ 889,607	**$—**	$—	**$ —**	$ —	**$ 876,313**	**$ 889,607**
Accounts payable to brokers and investment dealers	**—**	—	**—**	—	**1,116,480**	1,845,236	**1,116,480**	**1,845,236**
Accounts payable to clients	**—**	—	**—**	—	**2,443,217**	2,559,721	**2,443,217**	**2,559,721**
Other accounts payable and accrued liabilities	**—**	—	**—**	—	**869,877**	755,643	**869,877**	**755,643**
Subordinated debt	**—**	—	**—**	—	**7,500**	7,500	**7,500**	**7,500**
Convertible debentures	**—**	—	**—**	—	**—**	168,112	**—**	**168,112**
Deferred consideration		8,087	**—**	—	**—**	—		**8,087**
Contingent consideration	**49,208**	29,196	**—**	—	**—**	—	**49,208**	**29,196**
Bank loan	**—**	—	**—**	—	**161,344**	78,319	**161,344**	**78,319**
Non-controlling interest – derivative	**42,701**	—	**—**	—	**—**	—	**42,701**	—
Total financial liabilities	**$ 968,222**	$ 926,890	**$—**	$—	**$4,598,418**	$5,414,531	**$5,566,640**	**$6,341,421**

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

FAIR VALUE HIERARCHY

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

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

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

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

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

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

		Estimated fair value		
		December 31, 2021		
	December 31, 2021	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	39,912	—	39,912	—
Government debt	808,196	586,881	221,315	—
Corporate and government debt	848,108	586,881	261,227	—
Equities	308,750	178,793	95,463	34,494
Convertible debentures	2,996	—	2,996	—
Equities and convertible debentures	311,746	178,793	98,459	34,494
	1,159,854	765,674	359,686	34,494
Investments	11,047	—	—	11,047
	1,170,901	765,674	359,686	45,541
Securities sold short				
Corporate debt	(3,371)	—	(3,371)	—
Government debt	(756,475)	(501,620)	(254,855)	—
Corporate and government debt	(759,846)	(501,620)	(258,226)	—
Equities	(116,467)	(87,544)	(28,923)	—
Equities and convertible debentures	(116,467)	(87,544)	(28,923)	—
	(876,313)	(589,164)	(287,149)	—
Contingent consideration	(49,208)	—	—	(49,208)
Non-controlling interest – derivative	(42,701)	—	—	(42,701)
	(968,222)	(589,164)	(287,149)	(91,909)

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

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

Movement in net Level 3 financial assets/(liabilities)

Balance, March 31, 2021	$ 9,351
Payment of contingent consideration in connection with acquisition of Thomas Miller	5,142
Payment of contingent consideration in connection with acquisition of Petsky Prunier	24,055
Payment of contingent consideration in connection with Hargreave Hale	7,942
Addition of contingent consideration in connection with Sawaya	(49,208)
Movement in fair value of level 3 securities owned during the period	(5,219)
Addition of investments	7,140
Addition of non-controlling interest derivative in connection with Convertible Preferred Shares [Note 9]	(42,701)
Reclassification of investments from FVPTL to equity investment	(3,000)
Foreign exchange revaluation	130
Balance, December 31, 2021	(46,368)

FAIR VALUE ESTIMATION

i. Level 2 financial instruments

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

ii. Level 3 financial instruments

The fair value for Level 3 investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the level 3 held for trading investments as at December 31, 2021 was $34.5 million [March 31, 2021 – $39.8 million].

As at December 31, 2021, the Company, either directly or through a wholly owned subsidiary, held investments in Capital Markets Gateway, InvestX Capital Ltd. and Proactive Group Holdings Inc. which have been classified as Level 3 financial instruments given they do not have any observable inputs or market indicators [Note 7]. During the nine months ended December 31, 2021, the investment held in Katipult Technology Corp. was reclassified from FVTPL to an equity accounted investment.

During the period ended December 31, 2021, the Company paid the remaining contingent consideration in connection with the purchase of Petsky Prunier [March 31, 2021 – $29.2 million] and the deferred consideration related to the acquisition of Hargreave Hale [March 31, 2021 – $8.1 million]. As part of the acquisition of Sawaya, there was contingent consideration of $49.2 million recorded as of December 31, 2021.

The Convertible Preferred Shares and Preference Shares issued to management and employees of CGWM UK [Note 9] were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument by delivering the economic equivalent of a variable number of common shares of CGWM UK. The derivative liability component of £25.0 million (C$42.7 million) is included in the statement of financial position as of December 31, 2021. During the nine months ended December 31, 2021, a fair value adjustment of $8.5 million was recorded in connection with the derivative liability. [Note 9]

The deferred and contingent consideration and the non-controlling interests — derivative are included as other liabilities in the statement of financial position as at December 31, 2021.

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

FOREIGN EXCHANGE FORWARD CONTRACTS

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

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

Forward contracts outstanding at December 31, 2021:

	Notional amount (millions)		Average price	Maturity	Fair value
To sell US dollars	USD$	nil	—	—	—
To buy US dollars	USD$	2.5	$ 1.26(CAD/USD)	January 4, 2022	—

Forward contracts outstanding at March 31, 2021:

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

The Company's Canaccord Genuity Wealth Management segment in the UK & Crown Dependencies trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the Euro. The weighted average term to maturity is 62 days as at December 31, 2021 [March 31, 2021 – 54 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at December 31, 2021 and March 31, 2021, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	December 31, 2021			March 31, 2021		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	**$79**	**$72**	**$12,384**	$113	$100	$19,014

FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At December 31, 2021, the notional amount of the bond futures contracts outstanding was long $5.1 million [March 31, 2021 – short $1.1 million].

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

SECURITIES LENDING AND BORROWING

	Cash		**Securities**	
	Loaned or delivered as collateral	**Borrowed or received as collateral**	**Loaned or delivered as collateral**	**Borrowed or received as collateral**
December 31, 2021	$256,763	$149,021	$188,917	$257,434
March 31, 2021	$232,558	$ 39,404	$ 63,536	$232,126

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

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by either unpaid client securities and/or securities owned by the Company. As at December 31, 2021 the Company had $nil balance outstanding [March 31, 2021 – $nil].

BANK LOAN

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller and Adam & Company. The balance outstanding at December 31, 2021, net of unamortized financing fees, was $161.3 million [March 31, 2021 – $78.3 million] [Note 13]

SHORT-TERM LOAN FACILITY

On April 9, 2021, the Company redeemed the entire $132.7 million principal amount of its outstanding Debentures due December 31, 2023. The total redemption price including accrued interest was $168.1 million which was fully accrued at March 31, 2021. In order to fund the redemption in part, and pursuant to the terms of a commitment letter entered into with certain institutional investors on March 18, 2021, the Company entered into a credit agreement on April 6, 2021 with certain lenders for a senior secured first lien term loan facility in an aggregate principal amount of £69.0 million. This loan was repaid from the proceeds of the issuance of the Convertible Preferred Shares by CGWM UK to certain institutional investors on July 29, 2021.

OTHER CREDIT FACILITIES

Excluding the bank loan in connection with the acquisitions of Hargreave Hale, Thomas Miller and Adam & Company as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $661.8 million [March 31, 2021 – $637.1 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of December 31, 2021, there were no balances outstanding under these other credit facilities [March 31, 2021 – $nil].

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

6. Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	December 31, 2021 $		March 31, 2021 $
Brokers and investment dealers	**1,537,338**	$	2,434,162
Clients	**914,715**		848,549
RRSP cash balances held in trust	**479,125**		494,476
Other	**206,186**		196,255
	3,137,364	$	3,973,442

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021 $		March 31, 2021 $
Brokers and investment dealers	**1,116,480**	$	1,845,236
Clients	**2,443,217**		2,559,721
Other	**869,877**		755,643
	4,429,574	$	5,160,600

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

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client's account. Interest on margin loans and on amounts due to clients is based on a floating rate [December 31, 2021 – 5.45% to 6.25% and 0.00% to 0.05%]; [March 30, 2021 – 5.45% to 6.25% and 0.00% to 0.05%].

As at December 31, 2021, the allowance for doubtful accounts was $3.5 million [March 31, 2021 – $6.8 million].

7. Investments

		December 31, 2021		March 31, 2021
Investments accounted for under the equity method	**$**	**13,768**	$	5,311
Investments held as fair value through profit and loss		**11,047**		6,882
	$	**24,815**	$	12,193

Breakdown of investments as follow:

INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

		December 31, 2021		March 31, 2021
Canaccord Genuity G Ventures Corp.	**$**	**1,311**	$	—
Canaccord Genuity Growth II Corp.		**—**		2,897
InterCure Ltd.		**1,785**		1,785
Katipult Technology Corp.		**3,000**		—
Link Investment Management Inc.		**2,500**		—
International Deal Gateway Blockchain Inc.		**4,500**		—
Other		**672**		629
	$	**13,768**	$	5,311

INVESTMENTS HELD AS FAIR VALUE THROUGH PROFIT AND LOSS

	December 31, 2021	March 31, 2021
Capital Markets Gateway LLC	$ 3,907	$ 3,882
InvestX Capital Ltd	3,140	—
Proactive Group Holdings Inc.	4,000	—
Katipult Technology Corp.	—	3,000
	$ 11,047	$ 6,882

During the nine months ended December 31, 2021, the Company, through a wholly owned subsidiary, made an investment of $1.4 million for Class B preferred share and warrants of Canaccord Genuity G Ventures Corp. (CGGV). CGGV is a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. The Company holds a 20.0% interest in CGGV and is considered to exert significant influence over the operations of CGGV. Accordingly, the investment in CGGV is accounted for using the equity method. The Company's equity portion of the net loss of CGGV for the period ended December 31, 2021 was $0.2 million.

The Company also made investments of $2.5 million in Series A preferred share units in Link Investment Management Inc. ("Link") and $4.5 million in Series A preferred share units of International Deal Gateway Blockchain Inc. ("IDG") during the nine months ended December 31, 2021. The Company is considered to exert significant influence over the operations of Link and IDG factoring in potential voting rights, even though the Company does not currently have any entitlement to a share of the net assets of these companies. Accordingly, these investments are treated as equity investments and included as investments in the consolidated statement of financial position as at December 31, 2021.

In addition, during the nine months ended December 31, 2021, the Company also invested US $2.5 million ($3.1 million) in Series A preferred shares of InvestX Capital Ltd ("InvestX"), as well as an investment of $4.0 in the preferred shares of Proactive Group Holdings Inc. ("Proactive"). The Company does not exert significant influence over the operations of InvestX or Proactive. Accordingly, the investments in InvestX and Proactive are accounted for as financial assets measured at FVTPL and included as investments on the consolidated statement of financial position as at December 31, 2021.

8. Business Combinations

i) Adam & Company

On October 1, 2021, the Company, through CGWM UK completed its acquisition of the private client investment management business of Adam & Company (including the acquisition of the entire issued capital of Adam & Company Investment Management Limited) for £54.0 million (C$93.3 million). In connection with the completion of the acquisition, a subsidiary of the Company modified its existing banking arrangements and increased its bank loan by an additional £53.3 million (C$91.2 million as of December 31, 2021) [Notes 5 and 13].

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

CONSIDERATION PAID

Cash	$ 93,316
	93,316

NET ASSETS ACQUIRED

Accounts receivable	$ 5,875
Equipment and leasehold improvements	673
Accounts payable and accrued liabilities	(2,334)
Identifiable intangible assets	52,601
Deferred tax liability related to identifiable intangible assets	(12,773)
Goodwill	49,274
	$ 93,316

Identifiable intangible assets of $52.6 million were recognized and relate to customer relationships and brand name. The goodwill of $49.3 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

The above amounts included in the purchase price allocation are preliminary. The purchase price and the fair value of the net assets acquired from Adam & Company are estimates, which were made by management at the time of the preparation of these unaudited interim condensed consolidated financial statements based on available information. Amendments may be made to these amounts as well as the identification of intangible assets and the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company during the nine months ending December 31, 2021 in connection with the acquisition of Adam & Company were $2.1 million which comprised mainly of professional fees.

Revenue and net income generated by Adam & Company including acquisition-related costs, were $5.1 million and $0.8 million, respectively, since the acquisition date.

Had Adam & Company been consolidated from April 1, 2021, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately $1.6 billion and $206.3 million, respectively, for the nine months ended December 31, 2021. These figures represent historical results and are not necessarily indicative of future performance.

ii. Sawaya Partners

On December 31, 2021, the Company completed its acquisition of Sawaya Partners (Sawaya), a leading independent M&A advisory firm to the consumer sector based in the US. The initial cash consideration was US$ 36.0 million (C$45.5 million), with additional contingent consideration of up to US$ 40.0 million (C$49.2 million on a discounted basis) payable over a period of four years following completion, subject to achievement of performance targets related to revenue. There was also deferred consideration of US$ 9.0 million (C$ 11.4 million), payable over a period of four years following completion, in cash or shares based on the Company's option subject to a 12-month election period after the date of acquisition.

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

CONSIDERATION PAID

Cash	$	45,513
Deferred consideration		11,378
Contingent consideration		49,208
	$	106,099

NET ASSETS ACQUIRED

Accounts receivable	77
Equipment and leasehold improvements	1,122
Right of use assets	4,070
Accounts payable and accrued liabilities	(76)
Lease liabilities	(4,070)
Identifiable intangible assets	3,287
Goodwill	101,689
	$106,099

Identifiable intangible assets of $3.3 million were recognized and relate to the contract book and brand name. The goodwill of $101.7 million represents the value of expected synergies arising from the acquisition.

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

Amendments may be made to these amounts as well as the identification of intangible assets and the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company during the nine months ending December 31, 2021 in connection with the acquisition of Sawaya were $0.5 million which comprised mainly of professional fees.

9. Non-Controlling Interests

The non-controlling interests as of December 31, 2021 comprised of the following:

	Australia		UK & Crown Dependencies		Total	
As at and for the period ended December 31	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Balance, opening	**8,190**	156	**—**	—	**8,190**	156
Comprehensive income attributable to non-controlling interests	**5,011**	4,548	**11,840**	—	**16,851**	4,548
Foreign exchange on non-controlling interests	**660**	2,140	**—**	—	**660**	2,140
Dividends paid to non-controlling interest	**(4,909)**	—	**—**	—	**(4,909)**	—
Issuance of convertible preferred shares, net of discount	**—**	—	**212,449**	—	**212,449**	—
Issuance of equity instruments to management and employees	**—**	—	**42,658**	—	**42,658**	—
Acquisition-related costs, net of deferred tax	**—**	—	**(2,834)**	—	**(2,834)**	—
Share-based payment	**—**	—	**1,740**	—	**1,740**	—
Reclassification to derivative liability on issuance date	**—**	—	**(34,682)**	—	**(34,682)**	—
Reclassification of other comprehensive income on issuance date	**—**	—	**(1,624)**	—	**(1,624)**	—
Balance, ending	**8,952**	6,844	**229,547**	—	**238,499**	6,844

Comprehensive income attributable to non-controlling interests	Three months ended Dec 31 2021 $	Three months ended Dec 31, 2020 $	Nine months ended Dec 31 2021 $	Nine months ended Dec 31 2020 $
Australia	**2,076**	930	**5,011**	4,548
UK & Crown Dependencies	**7,101**	—	**11,840**	—
Total	**9,177**	930	**16,851**	4,548

UK & Crown Dependencies Wealth Management

On July 29, 2021, certain institutional investors acquired convertible preferred shares (“Convertible Preferred Shares”) in the amount of £125.0 million (C$218.0 million) issued by CGWM UK. A portion of the proceeds was used to repay the senior secured first lien term loan facility of £69.0 million which was used to partially fund the redemption of the Company’s 6.25% convertible unsecured senior subordinated debentures on April 9, 2021 [Note 5].

On an as converted basis the Convertible Preferred Shares represent 21.93% of the outstanding equity interest in CGWM UK as at December 31, 2021. Cumulative dividends, when, as and if declared by the board of directors of CGWM UK, are payable by CGWM UK 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 any dividends declared and paid in respect of ordinary shares of CGWM UK. No dividends may be paid on any other class of shares of CGWM UK unless and until the cumulative dividends on the Convertible Preferred Shares are declared and paid. 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 holders of the Convertible Preferred Shares 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 holders of the Convertible Preferred Shares would receive on an as converted basis. If a liquidity event has not occurred after five years, then CGWM UK 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 holders of the Convertible Preferred Shares with an internal rate of return of 11.5% (including all previously paid dividends). After the fifth anniversary the holders of the Convertible Preferred Shares have certain rights in respect of initiating a liquidity event. The Convertible Preferred Shares carry customary minority rights in respect of CGWM UK governance and financial matters, including representation on the CGWM UK board of directors.

In connection with the issuance of the Convertible Preferred Shares, CGWM UK provided for the purchase of certain equity instruments in CGWM UK by management and employees of CGWM UK which will reflect an approximate 4.6% equity-equivalent interest in CGWM UK. As of December 31, 2021, £24.6 million (CAD$42.7 million) of such equity instruments in CGWM UK were purchased in connection with this equity program. Included in these equity instruments of CGWM UK were preferred shares with the same economic attributes as the Convertible Preferred Shares (the “ Preference Shares”). Preference Shares in the amounts of £7.5 million (CAD$13.0 million) were issued to management as of December 31, 2021. The other equity interests purchased by management and employees of CGWM UK are ordinary shares of CGWM UK with certain restrictions on transfer and limited governance rights. In connection with the purchase of the ordinary shares, a limited recourse loan of £4.0 million (CAD$6.9 million) as well as certain full recourse employee loans were made. A management incentive arrangement has also been implemented which will provide for certain incentives with performance thresholds related to the future growth of CGWM UK.

The Convertible Preferred Shares and Preference Shares do not give rise to any obligation for the Company to deliver cash or other financial assets to the holders thereof. The Convertible Preferred Shares and Preference Shares were treated as a compound instrument comprised of an equity component, representing discretionary dividends and a liquidation preference, and a liability component that reflects a derivative to settle the instrument, if applicable, by delivering the economic equivalent of a variable number of common shares of CGWM UK. The equity component of the Convertible Preferred Shares and Preference Shares are included in equity and the derivative liability component is included in other liabilities in the statement of financial position as of December 31, 2021.

The fair value of the Convertible Preferred Shares and Preference Shares at issuance was allocated to the respective equity and derivative liability components. The fair value of the derivative liability was established first and the residual amount was recorded to the equity component. The derivative component will be remeasured at the end of each reporting period using the Company’s best estimate of its value. During the nine months ended December 31, 2021, a fair value adjustment of $8.5 million was recorded in the consolidated statement of operations. The carrying value of the derivative liability at December 31, 2021 was $42.7 million and included in other liabilities in the unaudited interim condensed consolidated statements of financial position.

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

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

Australia

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 as of December 31, 2021 [March 31, 2021 – 80%]. Canaccord Genuity (Australia) Limited (CGAL) operates in the capital markets segment, while the wealth management business is carried out by Canaccord Genuity Financial Limited (CGFL). See Note 21 Subsequent Events.

10. Goodwill and Other Intangible Assets

	Goodwill $	Brand names (indefinite life) $	Brand names $	Customer relationships $	Technology $	Trading licenses $	Fund management $	Contract book $	Favourable lease $	Client Books $	Total $
Gross amount											
Balance, March 31, 2021	702,747	44,930	544	163,546	39,632	625	38,781	6,150	526	—	294,734
Additions	150,963	—	1,571	51,789	2,149	—	—	2,528	—	1,893	59,930
Foreign exchange	(1,705)		4	(1,772)	(413)	(16)	(457)	26	3	—	(2,625)
Reclassification	—	—	—	181	(181)	—	—	—	—	—	—
Balance, December 31, 2021	852,005	44,930	2,119	213,744	41,187	609	38,324	8,704	529	1,893	352,039
Accumulated amortization and impairment											
Balance, March 31, 2021	(322,632)	—	(364)	(96,245)	(27,194)	(625)	(12,811)	(6,150)	(422)	—	(143,811)
Amortization	—	—	(187)	(7,865)	(2,206)	—	(2,722)	—	(102)	(162)	(13,244)
Foreign exchange	—	—	3	767	292	16	163	(26)	(5)	2	1,212
Balance, December 31, 2021	(322,632)	—	(548)	(103,343)	(29,108)	(609)	(15,370)	(6,176)	(529)	(160)	(155,843)
Net book value											
March 31, 2021	380,115	44,930	180	67,301	12,438	—	25,970	—	104	—	150,923
December 31, 2021	529,373	44,930	1,571	110,401	12,079	—	22,954	2,528	—	1,733	196,196

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

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

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

	Intangible assets with indefinite lives		Goodwill		Total	
	December 31, 2021 $	March 31, 2021 $	December 31, 2021 $	March 31, 2021 $	December 31, 2021 $	March 31, 2021 $
Canaccord Genuity Capital Markets CGUs						
Canada	$44,930	$44,930	$101,732	$101,732	$146,662	$146,662
US	—	—	199,735	97,441	199,735	97,441
Canaccord Genuity Wealth Management CGUs						
UK & Crown Dependencies (Channel Islands)	—	—	92,263	93,374	92,263	93,374
UK & Crown Dependencies (UK wealth)	—	—	132,838	84,651	132,838	84,651
Australia	—	—	2,805	2,917	2,805	2,917
	$44,930	$44,930	$529,373	$380,115	$574,303	$425,045

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. As of December 31, 2021 no indicators of impairment were identified.

11. 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, 2021 $	December 31, 2020 $	December 31, 2021 $	December 31, 2020 $
Net income before income taxes	**94,983**	99,274	**281,721**	182,186
Income taxes at the statutory rate of 27.0% (F2021: 27.0%)	**25,639**	26,803	**76,061**	49,191
Difference in tax rates in foreign jurisdictions	**(108)**	(518)	**(281)**	(739)
Non-deductible items affecting the determination of taxable income	**4,305**	2,999	**4,844**	3,782
Share based payments	**(52)**	(519)	**(2,810)**	(2,870)
Change in accounting and tax base estimate	**(5)**	1,830	**93**	2,800
Impact of change in tax rate on deferred tax liabilities in connection with intangible assets acquired in respect of previous acquisitions	**—**	—	**3,171**	—
(Utilization of tax losses previously not recognized) tax losses and other temporary differences not recognized	**(404)**	98	**(375)**	172
Other	**(1,124)**	130	**(552)**	(558)
Income tax expense – current and deferred	**28,251**	30,823	**80,151**	51,778

12. Subordinated Debt

	December 31, 2021 $	March 31, 2021 $
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	**7,500**	7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of the Investment Industry Regulatory Organization of Canada (IIROC). As at December 31, 2021 and March 31, 2021, the interest rates for the subordinated debt were 6.45% and 6.45%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

13. Bank Loan

	December 31, 2021 $	March 31, 2021 $
Loan	**$ 164,228**	$79,051
Less: Unamortized financing fees	**(2,884)**	(732)
	161,344	78,319
Current portion	**6,843**	12,119
Long term portion	**$ 154,501**	$66,200

A subsidiary of the Company entered into a senior credit facility to finance a portion of the cash consideration for its acquisitions of Hargreave Hale, Thomas Miller and Adam & Company. The loan is repayable in instalments of principal and interest and matures in September 2024. The interest rate on this loan is 3.998% per annum as at December 31, 2021 [March 31, 2021 – 2.1288% per annum].

In connection with the acquisition of Adam & Company on October 1, 2021 , a subsidiary of the Company increased its bank loan by an additional £53.3 million (C$91.2 million as of December 31, 2021) [Note 5]. The proceeds from the additional bank loan, net of financing charges, is £51.8 million [C$ 88.5 million] and has been included in cash on the statement of operations as of December 31, 2021.

14. Preferred Shares

	December 31, 2021		March 31, 2021	
	Amount $	Number of shares	Amount $	Number of shares
Series A Preferred Shares issued and outstanding	**110,818**	**4,540,000**	110,818	4,540,000
Series C Preferred Shares issued and outstanding	**97,450**	**4,000,000**	97,450	4,000,000
Series C Preferred Shares held in treasury	**(2,627)**	**(106,794)**	(2,627)	(106,794)
	94,823	**3,893,206**	94,823	3,893,206
	205,641	**8,433,206**	205,641	8,433,206

On September 1, 2021, the Company announced the reset of the dividend rate on its Cumulative 5-year Rate Reset First Preferred Shares, Series A (the "Series A Preferred Shares"). Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 3.885% for the five years ended September 30, 2021. Commencing October 1, 2021 and ending on and including September 30, 2026, quarterly cumulative dividends, if declared, will be paid at an annual rate of 4.028%. The dividend rate will be reset every five years at a rate equal to the five-year Government of Canada yield plus 3.21%.

Holders of Series A Preferred Shares had the option to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series B (Series B Preferred Series), subject to certain conditions, on September 30, 2021 and have the option on September 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of September 30, 2021 was below the minimum required to proceed with the conversion and, accordingly, no Series B Preferred Shares were issued. Series B Preferred Shares would entitle any holders thereof to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 3.21%.

The Company had the option to redeem the Series A Preferred Shares on September 30, 2021 and has the option to redeem on September 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends.

Terms of the Series A and C Preferred Shares are disclosed in Note 19 of the March 31, 2021 consolidated financial statements.

15. Common Shares

	December 31, 2021		March 31, 2021	
	Amount $	Number of shares	Amount $	Number of shares
Issued and fully paid	**732,863**	**105,811,013**	749,500	108,191,331
Shares committed to repurchase under the normal course issuer bid	**—**	**—**	(8,181)	(689,500)
Shares committed to repurchase under the substantial issuer bid	**(44,801)**	**(6,451,612)**	—	—
Held for share-based payment plans	**(1,839)**	**(122,355)**	(1,401)	(122,355)
Held for the LTIP	**(104,063)**	**(11,015,886)**	(77,552)	(11,588,393)
	582,160	**88,221,160**	662,366	95,791,083

In a substantial issuer bid (SIB) which commenced on December 22, 2021, and expired on January 27, 2022, the Company made an offer to repurchase for cancellation up to $100.0 million of its common shares. The offer was made by way of a "modified Dutch auction", which allowed shareholders who chose to participate in the offer to individually select the price, within a price range of not less than $15.50 per common share and not more than $16.50 per common share (in increments of $0.10 per common share), at which they are willing to sell their common shares. The Company recorded an accrual of $100.0 million as at December 31, 2021 in accounts payable and accrued liabilities on the condensed consolidated statements of financial position to reflect its commitment to repurchase its common shares under the SIB. Common shares are reduced by the number of shares estimated to be repurchased at the weighted average share value, with the excess recorded as a reduction to contributed surplus and retained earnings. [Note 21[ii]]

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount $
Balance, March 31, 2021	**108,191,331**	749,500
Shares cancelled under normal course issuer bid	**(2,878,316)**	(19,989)
Shares issued in connection with exercise of PSO [note 17]	**497,998**	3,352
Balance, December 31, 2021	**105,811,013**	**732,863**

On August 18, 2021, 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 5,342,990 of its common shares during the period from August 21, 2021 to August 20, 2022 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, 2021, there were 2,808,316 shares purchased under the NCIB. There were also 70,000 shares purchased under the NCIB during the year ended March 31, 2021 and cancelled during the nine months ended December 31, 2021.

[iii] EARNINGS PER COMMON SHARE

	For the three months ended		For the nine months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Basic earnings per common share				
Net income attributable to CGGI shareholders	$ 58,645	$ 66,991	$ 187,229	125,909
Preferred shares dividends	(2,391)	(2,351)	(7,093)	(7,053)
Net income available to common shareholders	56,254	64,640	180,136	118,856
Weighted average number of common shares (number)	94,996,557	96,719,401	96,062,581	96,590,602
Basic earnings per share	$ 0.59	$ 0.67	$ 1.88	$ 1.23
Diluted earnings per common share				
Net income available to common shareholders	56,254	64,640	180,136	118,856
Interest on convertible debentures, net of tax	—	1,732	—	5,183
Adjusted net earnings available to common shareholders	56,254	66,372	180,136	124,039
Weighted average number of common shares (number)	94,996,557	96,719,401	96,062,581	96,590,602
Dilutive effect in connection with LTIP (number)	10,899,558	11,104,962	10,882,606	10,998,580
Dilutive effect in connection with performance stock options (number)	3,080,033	1,189,493	2,918,153	227,556
Dilutive effect in connection with convertible debentures (number)	—	13,272,500	—	13,272,500
Dilutive effect in connection with acquisition of Petsky Prunier (number)	—	1,473,700	—	1,473,700
Adjusted weighted average number of common shares (number)	108,976,148	123,760,056	109,863,340	122,562,938
Diluted earnings per common share	$ 0.52	$ 0.54	$ 1.64	$ 1.01

16. Dividends

COMMON SHARE DIVIDENDS

The Company declared the following common share dividend during the nine months ended December 31, 2021:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 18, 2021	June 30, 2021	$ 0.075	$ 8,059
August 27, 2021	September 10, 2021	$ 0.075	$ 8,015
November 26, 2021	December 10, 2021	$ 0.075	$ 7,936

On February 9, 2022, the Board of Directors approved a dividend of $0.085 per common share, payable on March 10, 2022, with a record date of February 25, 2022 [Note 21].

PREFERRED SHARE DIVIDENDS

The Company declared the following preferred share dividends during the nine months ended December 31, 2021:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 18, 2021	June 30, 2021	$ 0.24281	$ 0.31206	$ 2,351
September 17, 2021	September 30, 2021	$ 0.24281	$ 0.31206	$ 2,351
December 17, 2021	December 31, 2021	$ 0.25175	$ 0.31206	$ 2,391

On February 9, 2022, the Board approved a cash dividend of $0.25175 per Series A Preferred Share payable on March 31, 2022 to Series A Preferred shareholders of record as at March 18, 2022 [Note 21].

On February 9, 2022, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on March 31, 2022 to Series C Preferred shareholders of record as at March 18, 2022 [Note 21].

17. Share-Based Payment Plans

I. LONG-TERM INCENTIVE PLAN

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

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

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

There were 4,798,225 RSUs granted in lieu of cash compensation to employees during the nine-month period ended December 31, 2021 [December 31, 2020 – 5,804,407 RSUs]. The Trusts purchased 4,516,556 common shares during the nine months ended December 31, 2021 [December 31, 2020 – 4,534,485 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, 2021 was $13.45 [December 31, 2020 – $5.91].

	Number
Awards outstanding, March 31, 2021	11,663,809
Grants	4,798,225
Vested	(5,089,063)
Forfeited	(178,670)
Awards outstanding, December 31, 2021	**11,194,301**

	Number
Common shares held by the Trusts, March 31, 2021	11,588,393
Acquired	4,516,556
Released on vesting	(5,089,063)
Common shares held by the Trusts, December 31, 2021	**11,015,886**

II. PERFORMANCE SHARE UNITS

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

The PSUs were measured at fair value on the grant date. Changes in value of the PSUs at each reporting period are amortized over the remaining vesting period and recorded as a compensation expense in the statement of operations. During the year ended March 31, 2021, the PSU plan was amended to include certain employment-related conditions to the vesting of the awards resulting in a change in the periodic expense recorded during the vesting period. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at December 31, 2021 was $135.0 million [March 31, 2021 – $85.9 million].

III. PERFORMANCE STOCK OPTIONS

The Company adopted a performance share option (PSO) plan for certain senior executives. The PSOs have a term of five years and will time-vest ratably over four years (with one-third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, and have a four times exercise price cap on payout value (i.e., the gain on the exercise of the options is limited to three times the exercise price). During the nine months ended December 31, 2021, the stock price performance vesting conditions had been met on all the outstanding options. A total of 3,332,337 options outstanding (net of options already exercised) had met both stock price performance and time-based vesting conditions and are therefore fully vested and outstanding.

The following is a summary of the Company's PSOs as at December 31, 2021:

	Number of PSOs		Weighted average exercise price ($)
Balance, March 31, 2021	6,237,001	$	6.78
Exercised	(497,998)	$	6.73
Balance, December 31, 2021	**5,739,003**	**$**	**6.79**

IV. SENIOR EXECUTIVE DEFERRED SHARE UNITS

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

The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to DSUs at December 31, 2021 was $4.9 million [March 31, 2021 – $ nil].

V. SHARE-BASED COMPENSATION EXPENSE

	For the three months ended		For the nine months ended	
	December 31, 2021 $	December 31 , 2020 $	December 31, 2021 $	December 31, 2020 $
Long-term incentive plan	**2,522**	9,652	**7,344**	12,844
Deferred share units (cash-settled)	**604**	2,089	**1,812**	3,165
Deferred share units (cash-settled) – senior executives	**1,638**	—	**4,935**	—
PSU (cash-settled)	**17,648**	7,683	**50,000**	47,775
PSO	**218**	548	**1,149**	2,183
Other share-based payment plan	**—**	2,079	**1,740**	3,375
Total share-based compensation expense	**22,630**	22,051	**66,980**	69,342

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, 2021	March 31, 2021
Accounts receivable	**11,625**	$ 4,686
Accounts payable and accrued liabilities	**3,723**	1,562

19. Segmented Information

The Company operates in two industry segments as follows:

Canaccord Genuity Capital Markets – includes investment banking, advisory, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the UK, Europe and Dubai, Australia and the US. Operations located in Other Foreign Locations under Canaccord Genuity Asia are also included in Canaccord Genuity Capital Markets.

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

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

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

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity Capital Markets Canada segment, as it relates to the acquisitions of Genuity and Jitneytrade. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to the Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management segments in the UK & Crown Dependencies (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisitions of Eden Financial Ltd., Hargreave Hale, McCarthy Taylor, Thomas Miller and Adam & Company is allocated to the Canaccord Genuity Wealth Management UK & Crown Dependencies (UK Wealth) segment. Amortization of identifiable intangible assets acquired through the acquisition of Petsky Prunier and Sawaya 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, 2021				December 31, 2020			
	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Commissions and fees	44,192	152,814	3	197,009	51,400	132,786	—	184,186
Investment banking	127,383	23,642	—	151,025	171,869	41,550	—	213,419
Advisory fees	152,034	1,263	—	153,297	70,731	1,273	—	72,004
Principal trading	33,737	243	—	33,980	50,843	270	—	51,113
Interest	2,522	5,901	1,216	9,639	1,340	3,439	1,012	5,791
Other	2,025	1,038	4,204	7,267	2,692	1,179	2,693	6,564
Expenses, excluding undernoted	256,749	130,460	31,216	418,425	243,365	128,903	28,019	400,287
Amortization	1,126	5,488	178	6,792	1,513	4,511	121	6,145
Amortization of right of use assets	3,413	1,340	711	5,464	3,532	1,690	831	6,053
Development costs	285	4,876	34	5,195	2,312	5,663	840	8,815
Interest expense	2,620	2,913	481	6,014	2,486	1,380	2,858	6,724
Acquisition related costs	537	6,225	—	6,762	4,644	860	—	5,504
Non-controlling interest derivative liability fair value adjustment	—	—	8,519	8,519	—	—	—	—
Share of loss of an associate	—	—	63	63	—	—	275	275
Income (loss) before intersegment allocations and income taxes	97,163	33,599	(35,779)	94,983	91,023	37,490	(29,239)	99,274
Intersegment allocations	4,037	4,922	(8,959)	—	3,921	4,247	(8,168)	—
Income (loss) before income taxes	93,126	28,677	(26,820)	94,983	87,102	33,243	(21,071)	99,274

For the nine months ended

	December 31, 2021				December 31, 2020			
	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Commissions and fees	126,018	438,841	8	564,867	149,915	370,848	—	520,763
Investment banking	368,056	84,868	—	452,924	378,362	77,250	—	455,612
Advisory fees	367,018	3,686	—	370,704	127,973	2,302	56	130,331
Principal trading	116,488	530	—	117,018	158,194	777	—	158,971
Interest	6,560	14,988	4,216	25,764	4,674	10,341	3,786	18,801
Other	6,888	3,220	4,824	14,932	6,159	2,894	7,631	16,684
Expenses, excluding undernoted	704,098	385,853	83,055	1,173,006	618,279	337,599	82,264	1,038,142
Amortization	3,666	14,495	487	18,648	5,069	14,238	331	19,638
Amortization of right of use assets	10,583	4,382	2,232	17,197	10,328	6,115	2,421	18,864
Development costs	715	15,378	115	16,208	2,744	12,703	950	16,397
Interest expense	9,051	5,855	1,209	16,115	8,158	3,633	8,334	20,125
Acquisition related costs	537	8,145	—	8,682	4,644	860	—	5,504
Non-controlling interest derivative liability fair value adjustment	—	—	8,519	8,519	—	—	—	—
Costs associated with redemption of convertible debentures	—	—	5,932	5,932	—	—	—	—
Share of loss of an associate	—	—	181	181	—	—	306	306
Income (loss) before intersegment allocations and income taxes	262,378	112,025	(92,682)	281,721	176,055	89,264	(83,133)	182,186
Intersegment allocations	12,290	14,935	(27,225)	—	13,118	12,707	(25,825)	—
Income (loss) before income taxes	250,088	97,090	(65,457)	281,721	162,937	76,557	(57,308)	182,186

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

	For the three months ended		For the nine months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Canada	**179,826**	216,291	**529,847**	466,509
UK, Europe & Crown Dependencies	**110,769**	91,228	**321,297**	261,776
United States	**191,152**	161,896	**525,931**	393,073
Australia	**70,470**	63,662	**169,134**	179,804
	552,217	533,077	**1,546,209**	1,301,162

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, 2021:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2021	$ 8,551	$ 1,806	$ 10,357
Additions	810	—	810
Utilized	(4,419)	(55)	(4,474)
Balance, December 31, 2021	**4,942**	**1,751**	**6,693**

COMMITMENTS, LITIGATION PROCEEDINGS AND CONTINGENT LIABILITIES

In the normal course of business, the Company is involved in litigation, and as of December 31, 2021, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of December 31, 2021, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

There were no additional changes to the Company's commitments or contingencies from those described in Note 28 of the March 31, 2021 audited consolidated financial statements.

The Company has entered into a lease for which the asset is still under construction, and therefore the right-of-use asset and the lease liability related to this lease is not recorded, as at December 31, 2021, since the lease has not yet commenced, The Company's undiscounted lease commitments were as follows, as at:

	December 31, 2021
Less than 1 year	$ 1,390
From 1 to 3 years	7,300
Thereafter	34,178
	42,868

21. Subsequent Events

I. AUSTRALIA NON-CONTROLLING INTEREST

On January 3, 2022, the share structure for our Australian operations was reorganized through the sale of partly paid shares to selected employees of Canaccord Financial Group (Australia) Pty Ltd. (CFGA) and as a result the Company's ownership in CFGA (decreased from 80% to 65%. For accounting purposes, commencing the fourth quarter of fiscal 2022 the Company's ownership interest changes to 67% from 85% because of shares held in an employee trust controlled by CFGA. The purpose of the change in the ownership structure was to provide further alignment with our employee base in the Australian region and to provide the business with capital and access to capital for continued growth.

II. SUBSTANTIAL ISSUER BID

Upon expiry of the substantial issuer bid on January 27, 2022, the Company determined that $15.50 was the lowest purchase price that allowed it to purchase the maximum number of common shares properly tendered to the offer, and not properly withdrawn, having an aggregate purchase price of approximately $100.0 million. The Company therefore purchased for cancellation 6,451,612 of its common shares at a purchase price of $15.50 per share, representing 6.1% of the issued and outstanding common shares on a non-diluted basis at January 31, 2022. [Note 15]

III. DIVIDENDS

On February 9, 2022, the Board of Directors approved a dividend of $0.085 per common share, payable on March 10, 2022, with a record date of February 25, 2022 [Note 16].

On February 9, 2022, the Board of Directors approved the following cash dividends: $0.25175 per Series A Preferred Share payable on March 31, 2022 with a record date of March 18, 2022; and $0.31206 per Series C Preferred Share payable on March 31, 2022 with a record date of March 18, 2022 [Note 16].

22. Comparatives

Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period. Other liabilities now include deferred and contingent consideration which were previously presented separately.